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# NATIONAL INTELLIGENCE ESTIMATE

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## Main Trends in Japan's External Relations

Submitted by



ACTING DIRECTOR OF CENTRAL INTELLIGENCE

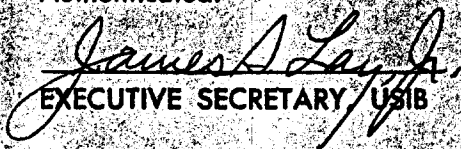
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## MAIN TRENDS IN JAPAN'S EXTERNAL RELATIONS

### CONCLUSIONS

A. Japan is acquiring an increasingly important position in the international economic community; its remarkable economic growth will soon make it the third most productive nation after the US and the USSR. At the same time, Japan is becoming progressively more assertive in world and regional affairs. The constraints on Japan's willingness to seek international political responsibilities are bound to diminish further over time, nevertheless its acceptance of such responsibilities, and its exercise of influence and power in international affairs generally, will probably not increase to the degree suggested by its powerful economic position within the next 5 to 10 years.<sup>1</sup>

B. We believe that Japan will continue to identify its basic interests with those of the US and the Free World over the next 5 to 10 years. In particular, it will probably devote important diplomatic efforts to cementing friendly relationships with its leading trading partners—the US, Canada, and Australia. These economic ties and an increasing similarity of political goals have aroused Japanese interest in the development of an informal grouping of advanced Pacific nations.

C. Japan will continue to rely primarily on the US for its strategic security. In relations with the US, Okinawa is likely to continue as a troublesome problem, but we foresee no effective opposition in Japan to the continued application of the US-Japan Security Treaty past 1970. During the next five years, Japan will probably not decide to develop nuclear weapons but it will keep the option open. It will also improve its conventional military capabilities, particularly its air and sea defense forces.

<sup>1</sup>The Director of Intelligence and Research, Department of State, believes that A greatly underestimates the probable significance of the political role Japan the next decade.

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D. Japan will probably avoid direct military involvement in efforts to "contain" communism; in certain circumstances, however, the Japanese might be willing to accept a limited measure of responsibility for the defense of lines of communication in the Northeast Asian area.

E. Japan sees Communist China as a long-range competitor for influence in East Asia, but the Japanese will continue to avoid unnecessary provocation of Peking while working, mainly through economic means, to limit its influence. In the Japanese view, security in Asia can best be insured by the development in Peking of a less militant and more realistic view of the outside world; Japan will attempt to foster any such tendencies in China, taking care not to impair its own relationship with the US.

F. Japan will seek to expand its influence in South Korea and Taiwan, and in Southeast Asia, but its interests in the latter region are less compelling. Japan is reluctant to become deeply involved in the region's political turbulence, considers that security there is primarily the responsibility of the US, and is aware that Southeast Asia trade is not critically important to Japan's economy. Japan's most likely course for the next few years will be to continue its present emphasis on economic assistance; its role in the political field will probably grow but it will still move carefully, applying its influence in support of stability and regional cooperation.

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## DISCUSSION

### I. INTRODUCTION

1. The basic direction of Japan's foreign policy is unlikely to change over the next 5 to 10 years: Japan will continue to rely on the US for military security and to identify its basic interests with those of the US and the Free World in general. This policy is rooted in Japan's self-interest as seen by its ruling conservative leaders and by most moderate political elements, and is supported by a substantial majority of the population. Within this established framework, however, Japan is likely to become progressively more assertive in world and regional affairs, to take more initiatives in developing and protecting its national interests, and to be less restrained than formerly by pacifist and other emotions generated by World War II.

2. This outlook is already evident in the conduct of Japan's external relations. It is partly a result of the passage of time since the war and the rebirth of pride in being Japanese. Of equal importance, perhaps, is Japan's increasingly eminent position in the world economic community.<sup>2</sup> This has led Japanese leaders to assume growing international responsibilities in matters of trade liberalization, monetary affairs, and assistance to less developed countries. It has provided them with important leverage in the conduct of affairs with larger nations. And, inevitably, it will lead them toward a greater concern with political developments in areas of major interest to Japan.

3. The Japanese Government is opposed to the spread of Communist influence in Asia. As a matter of general policy, however, Japan is likely to avoid heavy involvement in efforts having as their declared purpose the containment of communism. Many Japanese, including some conservative leaders, do not see a direct Communist military threat to Japan at this time. With regard to the USSR, there is suspicion of its ultimate ambition in Northeast Asia but the Japanese, sure of the US umbrella, are relatively confident that the Soviets will not resort to force to achieve their objectives. It is generally believed in Japan that Soviet leaders will maintain their friendly pose in hopes of weaning Japan from the US alliance and preventing a closer Japanese relationship with Peking, as well as to keep open the possibility of developing an expanded Soviet-Japanese economic relationship.

4. Concern about Communist China has been growing recently, but few Japanese leaders expect a Chinese military attack on Japan. There is some appre-

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<sup>2</sup>In terms of purchasing power of gross national product (GNP), Japan now ranks above France and the UK and is on the verge of overtaking West Germany to become the world's third most productive nation (after the US and USSR). In volume of international trade, it will surpass Canada and France and move into fourth place in the early 1970's (after the US, West Germany, and the UK). In the early 1980's, the people of Japan will be able to achieve living standards comparable to those of the more advanced Western European countries. (See table and graph at Annex for 1966 Japanese trade statistics.)

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hension over the potentialities of China's massive armies, but little respect for its air or sea arms. China's recent progress in the development of nuclear weapons and delivery systems is causing concern among some informed Japanese, and the radicalism of the Chinese cultural revolution has had a disillusioning effect on Japanese generally. To the extent that there is concern in Japan over the Chinese military threat in the near term, it is now chiefly in terms of the possibility of war between China and the US in which Japan, with its US bases, might somehow become involved. This accounts in large part for the sensitivity of the Japanese to US military actions in Southeast Asia or elsewhere which might conceivably provoke Peking to fight. There is also growing concern that once the Chinese amass a nuclear arsenal, they will attempt nuclear blackmail.

5. There are other important reasons for continued reluctance in Japan to participate in military containment efforts in East Asia and elsewhere in the world. Japanese leaders are extremely sensitive over the health of an economy so dependent on foreign trade, and they are unlikely to pursue courses of action which might jeopardize profitable markets and critical sources of supply. Moreover, the Japanese people in general do not yet share their leaders' interest in assuming responsibilities overseas. There are still psychological restraints on political activity in Southeast Asia resulting from the war, but more important today are Japanese popular concerns with domestic needs. Despite Japan's brilliant economic performance, living standards in general are still below those of Western Europe and the populace is well aware of this. The discrepancy is particularly obvious in the public sector of the economy; roads, housing, and sanitation facilities are grossly inadequate, and there is considerable pressure on the government to raise budgetary expenditures to meet these needs. Finally, the very success of Japan's domestic and foreign policies in the past decade make for inertia and a reluctance to entertain very significant shifts of resources to defense or foreign aid.

## II. THE ESTIMATE

### A. General

6. In the following estimate, we start from the judgment that Japanese foreign policies will evolve in the context of continued conservative political predominance in a generally favorable economic environment, with high rates of economic growth likely through the early 1970's. We believe, in short, that the "mainstream" factions of the Liberal-Democratic Party will maintain their position of dominance for at least the next several years. After that, even if they should lose their commanding majority, power would probably pass to a moderate centrist coalition rather than to a Marxian Socialist government bent on drastic changes in domestic and foreign policy.

7. There are, of course, many external variables which could significantly affect our estimates: major changes in the US defense posture in the western Pacific; strong protectionist trends in US trade policy; worldwide constrictions of markets brought on, for example, by a general economic depression; significant

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changes in Communist China's attitude toward its neighbors; or increased belligerence on the part of the Soviet Union in the Far East. The implications of such contingencies are considered in this estimate.

## B. National Security and the US Alliance

8. Despite the absence of any feeling of an imminent direct threat to their security, the leaders of Japan—as they contemplate the Communist giants on the Asian mainland—are sensible of the need for a powerful military protector. They prefer to see the US take this role. They also see the military alliance as an essential component in the complex of bilateral arrangements—political and economic—which have proven advantageous for almost two decades. Maintenance of these arrangements is strongly favored by the conservative leadership and by most middle-of-the-road political elements in Japan. We foresee no effective opposition, therefore, to the continued application of the US-Japan Security Treaty past 1970.<sup>3</sup>

9. The most troublesome problem in the security field is the status of Okinawa. National feeling against US occupation of the Ryukyus continues to grow and will in time cause the Japanese Government to press even more strongly for the return of complete administrative control. Prime Minister Sato has virtually committed himself before the electorate to obtaining, within the next few years, at least a timetable for “reversion.” The Japanese may accept reversion under terms which would not bring US bases in the Ryukyus under the same restrictions as those imposed on US bases in the home islands—i.e., no nuclear weapons and prior consultation on major military deployments. Japanese attitudes in this connection will be greatly affected by the overall military environment in the western Pacific; a relatively peaceful situation would probably accelerate demands for reversion without special privileges. In any case, the Okinawa issue will probably be the most difficult problem in US-Japanese relations over the next few years. The US bases in Japan proper are no longer an important political issue, though they are seen by some Japanese as an embarrassing remnant of the Occupation and hence do constitute a residual irritant in bilateral relations.

10. During the next few years, it is probable that considerations of self-respect and national prestige as well as defense needs will lead the Japanese to improve their conventional military capabilities. The emphasis will be upon the development of air and sea defenses for the home islands. Japan will strive to become increasingly self-sufficient in the production of conventional armaments, not only for military and prestige reasons, but to save foreign exchange and establish new export lines.

11. We do not believe that Japan will make a firm decision during the next five years to develop nuclear weapons systems. Japanese nuclear “allergies” are

<sup>3</sup>The “Treaty of Mutual Cooperation and Security” became effective on 28 January 1960. Its term is indefinite, but after 10 years either party may terminate it after one year's notice.

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weakening, but they are still very strong. In addition, Japan could not utilize its existing nuclear facilities for weapons research and production without breaking a series of international agreements, including the projected nuclear non-proliferation treaty. Another obstacle would be the very limited supplies of high-grade uranium deposits in Japan and the difficulty of procuring sufficient unsafeguarded supplies from abroad. In any case, so long as the US alliance remains firm and the US discourages Japanese acquisition of nuclear weapons, it would be difficult for proponents of Japanese nuclear armament to justify publicly the heavy expenditures, although these would be well within Japanese economic capabilities.

12. The Japanese will not, however, foreclose the option to develop nuclear weapons systems. Continuing technological advances in the field of space rocketry will make the production of delivery vehicles progressively easier. The Japanese already have experience in building nuclear reactors for power generation and have an impressive supporting technological base. They have plans to build more power reactors and chemical separation facilities to process the plutonium produced in such reactors. Recent Japanese studies have indicated to them a probable future need for an independent capability to produce enriched uranium fuel. Such facilities, though designed for civilian needs could, of course, produce material for weapons.

13. *Contingencies.* In certain contingencies, Japan might give serious consideration to the development of nuclear weapons. For example, failure to achieve effective nuclear nonproliferation agreements and the acquisition of nuclear weapons by India would probably encourage some Japanese nationalists to demand nuclear weapons. It is unlikely that the Japanese Government would accede to these demands. If it did, any nuclear weapons program undertaken in these circumstances would probably be a relatively limited one, designed more for prestige than to meet overall defense requirements. It would not be intended to supplant Japanese reliance on the US for strategic security.

14. The Japanese might consider the acquisition of a nuclear capability if concern over Communist military strength in East Asia were to become much greater than at present. This situation could result from an unexpectedly rapid and extensive missile deployment by the Chinese, coupled with the adoption of a policy of nuclear blackmail by a self-confident Peking regime. It might also stem from a Sino-Soviet rapprochement (admittedly most unlikely at this stage) which appeared to include renewed cooperation between their military forces.

15. In calculating their course of action under such circumstances, Japanese leaders would be acutely sensitive to any evidence of a weakening in US determination to defend the area. This applies both to the maintenance of US forces in the northern Pacific and to the credibility of US nuclear protection. If such evidence appeared, the Japanese would probably feel compelled to review their entire security position. Neutralist alternatives might be considered. An unarmed neutralism would almost certainly be rejected; the Japanese leadership recognizes the perils, consequently the impracticality, of unarmed neutrality in

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the volatile East Asian environment. Neutralism founded on a strong, nuclear-armed, and independent Japanese military establishment would have greater appeal, but we believe that this alternative would only be adopted as a last resort. Japan's leaders would appreciate the severe domestic political and economic problems involved in providing entirely for their own defense: vastly increased military expenditures, crossing of the nuclear weapons threshold, conscription and, possibly, amendment of the "no war" constitution. In overseas relations too, it is recognized that a military buildup of the required proportions would be detrimental to Japan's longer range interests, causing mistrust among the non-Communist nations of East Asia and sharpening the hostility of the Communist states. We believe, therefore, that in the face of an enlarged Soviet or Chinese Communist military threat, Japan would probably seek reaffirmation of US security commitments. Meanwhile, acting with prudence, Japan would accelerate the buildup of its own conventional forces and perhaps initiate a limited or shared nuclear weapons program.

16. Alternatively, should the Chinese Communist threat appear to diminish, Japanese interest in nuclear weapons would probably lag and many might be attracted by the idea of reducing or cutting "unnecessary" defense ties with the US. They might see this as conducive to gaining an influential and profitable role for Japan in China's struggle toward political and economic maturity. In our view, however, such reasoning would probably not prevail in Japanese Government circles. Tokyo would certainly wish to exploit fully any commercial opportunities on the mainland and to improve political relations. If circumstances were favorable, the Japanese would also try to promote a US-Chinese rapprochement. In any event, however, the Japanese would not wish to damage the established and highly advantageous political and economic relationship with the US. This relationship, in which the US consistently accounts for some 30 percent of Japan's trade, may be as compelling as its security requirements in guaranteeing Japan's continued desire to align itself with the US.

17. Certain economic contingencies may be of vital importance in the context of the US-Japanese security relationship. A major return to protectionism in US trade policy would greatly upset the Japanese. While it might not have a critical impact on the Japanese economy, there would be strong resentment against the US which might lead to a loosening in political ties. Simultaneous protectionist trends in Western Europe would further strengthen the arguments of those calling for a reassessment of Japan's Free World alignment. A severe depression in the US or Western Europe could lead to an economic crisis in Japan and, in turn, to increased political strength for extremists of both left and right.

### C. Japan in Asia

18. *China* is, of course, the central problem for Japan in Asia. Japan is concerned to contain China's influence within its present limits. But as indicated above, Japan will rely mainly on US military power to give effect to the military aspects of this policy of containment. We do not envision a Japanese contribution of land forces to a conflict which might develop in Northeast Asia within

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the next five years or so. However, it is possible that Japanese air and sea units would accept a measure of responsibility for the defense of lines of communication in and around Japan, Okinawa, South Korea, and perhaps Taiwan.

19. In the prevailing Japanese view, prospects for peace in Asia can best be advanced by avoiding provocation of Communist China while promoting trade and other contacts. There are other, more direct Japanese approaches to the China problem. Japan has become, and almost certainly hopes to remain, China's leading trading partner (although China accounts for only about three percent of Japan's total trade). While the profit motive is predominant in Japanese business circles, some Japanese leaders view economic interchange with Communist China as a contribution to the "pacification" of Peking. In time, it is hoped, China will abandon its unmitigated hostility toward the outside world and adopt more realistic attitudes on the pattern of the USSR. And certainly, if Peking should adopt a less militant policy and if there appeared to be prospects for a significant expansion of trade, pressure in Japan for the establishment of full relations with Peking would increase.

20. At the same time, Japan sees China as a probable long-range competitor throughout East Asia and is taking advantage of China's current infirmities to entrench itself in the markets of this region, hoping thereby to diminish China's political as well as its economic prospects. It seems clear that some Japanese leaders view their nation as uniquely qualified to provide the sort of leadership which the underdeveloped nations of East and Southeast Asia require to attain economic and political stability.

21. *South Korea and Taiwan* are strategically and historically of overriding importance to Japan. In each case, Japan has overtaken the US as leading trading partner, and will probably take the lead as a provider of economic assistance in a few years. In the ROK, Japan already exerts some covert influence on behalf of political elements favorable to its commercial interests. In official channels, there are bilateral working arrangements in matters of defense, intelligence, and internal security. These ties will grow, although traditional Korean distrust of the Japanese will compel both governments to move cautiously. In Taiwan, the situation is roughly similar, with close personal relationships helping to smooth the way toward establishment of a special position for the Japanese.

22. Japan's interests in the more distant lands of *Southeast Asia* are less compelling. Trade is important; Japan ranks at or near the top as a trading partner in every country. But this trade amounts to only about 10 percent of Japan's total, and there is widespread awareness in Japan that Southeast Asia is not central to the nation's prosperity. Continued rapid expansion of Japanese trade requires developed markets, and Southeast Asia with its low purchasing power is unlikely to become of great importance to the Japanese economy for many years. Moreover, the raw materials production of Southeast Asia is increasingly inadequate to Japan's industrial needs.

23. Japan's political interest in the area is likely to grow, even if its economic involvements remain relatively moderate. Developments in Southeast Asia will

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probably offer broad opportunities to exert political influence, both in regional affairs and within specific countries. Nevertheless, Japan's most likely course for the next few years will be to continue its present emphasis on bilateral and multilateral economic aid, while moving slowly in the political field to apply its influence in support of stability and regional cooperation. Security in the region will still be viewed as primarily the responsibility of the US. There will also be an unwillingness to become deeply involved in the region's political turbulence lest such activity reawaken fears of Japanese domination, prejudice commercial interests in the area, and mar Japan's political prestige on the world scene.

24. Among the countries of Southeast Asia, *Indonesia* may offer the greatest attraction to Japan. It is the largest, most strategically situated, and richest in resources of the countries in the region. It is also actively encouraging foreign investment. In addition, neither the US nor any Western European nation yet holds the inside political and economic track in Djakarta. It remains politically unstable, however, and a long-term petitioner for foreign assistance. Japan will be willing to continue, along with the US, as a major provider of economic assistance to Indonesia. The Japanese are still reluctant to commit themselves to an influential role in Indonesia's internal and external affairs, but this reluctance may diminish in time.

25. *Vietnam* will remain an area of acute Japanese concern at least until the situation there is resolved. Although Japan has no intention of becoming militarily involved, the government should not have difficulty withstanding press and opposition criticism of its support for US policy (so long as the situation there does not change radically for the worse) and will continue to attempt to play a role in promoting negotiations. As an ultimate solution, Japan would probably support neutralization of the Indochina area, coupled with provisions designed to prevent a recurrence of the war. Japan might be willing to participate in truce supervision in a nonmilitary capacity and is prepared to assist in postwar reconstruction both in the South and North.

26. Further afield, in the subcontinent—*India, Pakistan, and Ceylon*—Japanese interests are likely to remain strictly economic. This might change in the event of a greatly heightened Chinese military threat throughout East Asia, which would tend to draw Japan toward some sort of modest cooperation with India. Even in this instance, it is unlikely that the Japanese would seek any close political or security alignment with the Indians, whom they tend to view as relatively impotent militarily, disorganized politically, and economically unpromising. There is, in addition, no important body of thought in Japan which deems the subcontinent relevant to Japan's security position.

#### D. The "Pacific Community"

27. Japan's most vital economic interests are focused in North America and the western Pacific. The US is overwhelmingly Japan's most important trading partner. Far behind, but in second place, is Australia. Canada is third. In

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total, these three countries supply 40 percent of Japan's imports, and purchase only a slightly smaller proportion of its exports. Trade with Australia and New Zealand could increase significantly if Britain enters the European Common Market and Commonwealth nations lose their preferential trade arrangements with the UK. Awareness is also growing in Japan of the untapped raw material potential in Australia, Canada, and, most recently, Alaska. These economic prospects, as well as an increased similarity of political interests, have aroused Japanese interest in the development of a community of advanced Pacific nations—the US, Canada, Australia, New Zealand, and Japan.

28. Though still vague in concept, this grouping of politically stable areas connected by safe lines of communication is viewed by some Japanese as a counterweight to the EEC and other Atlantic Community economic organizations, which Japan fears may ultimately work to its economic disadvantage.<sup>4</sup> The Japanese also regard this concept as a useful device in countering any isolationist trends that might grow in the US. Moreover, the Japanese policy-makers see the grouping as useful in assuring the participation of the several wealthy Pacific nations in the task of furnishing economic aid to Southeast Asia.

29. The Japanese will probably devote important diplomatic efforts over the next 5 or 10 years to the cementing of friendly relationships with these countries, though they will probably not press, in the short run, for a formal political organization of the community. We also doubt that Japan will seek a formal security pact within this community, as the US-Japan Security Treaty and the ANZUS pact are sufficient from the Japanese viewpoint.

#### E. Elsewhere in the World

30. Japan has little interest in exerting influence in the political affairs of such relatively remote areas as *Latin America, the Middle East, and Africa*. We do not foresee any real change in this attitude for some time to come. There is an unwillingness to risk antagonizing potential customers and suppliers by taking sides in any dispute not directly affecting Japan's security. These regions together account for only about 18 percent of Japanese trade and are not of critical economic importance, with the notable exception of the Persian Gulf, which supplies some 90 percent of Japan's crude petroleum imports.

31. *Europe* is of increasing economic importance to Japan because of its potential as an export market and source of capital. Relations with Europe are strongly influenced by Japan's desire to be recognized as a full member of the "club" of advanced industrial nations.

<sup>4</sup>The basis of the Pacific community already exists to some degree in prevailing trade and investment patterns. Japan's top three trading partners, as noted above, are the US, Australia, and Canada. Japan ranks as second among US trading partners, third among those of Canada, and Australia, and fourth for New Zealand.

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32. *The USSR.* With both sides agreed on the advantages of peaceful relations, the Japanese-Soviet detente seems likely to continue over the next five years. Over the longer run, however, the range of rapprochement is limited on the Japanese side by the conservative Japanese leadership's antipathy toward communism and its continuing mistrust of Soviet intentions in East Asia, and on the Soviet side by opposition to any expansion of Japan's role in Asia which tended to further the Western orientation of nations in the area. Other irritants which will continue to inhibit closer relations are Japanese territorial claims against the Soviet Union, Japanese support for US policy and operations in Southeast Asia, and the continuing Soviet propensity to involve themselves in what the Japanese construe as Japan's internal affairs.

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ANNEX

JAPAN'S TRADE, 1966 - 1968  
(In millions of dollars)

COUNTRY OR AREA	EXPORTS (FOB)		IMPORTS (CIF)		TOTAL TRADE	
					Percent	
WORLD TOTAL	9,776	12,971	9,523	12,987	19,299	(100.0)
North America	3,503	4,831	3,444	4,138	6,947	(36.0)
US	2,969	4,786	2,658	3,527	5,627	(29.2)
Canada	256		451		707	
Mexico	50		178		228	
Other	228		157		385	
South America	279	343	446	610	725	(3.8)
Africa	729	940	420	839	1,149	(6.0)
South Africa	127	170	133	334	260	
Other	602		287		889	
Europe	1,575	1,876	1,216	1,876	2,791	(14.4)
USSR	214		300		514	
Other Communist	99		50		149	
West Germany	247		237		484	
UK	225		214		439	
Other Non-Communist	790		415		1,205	
Southwest Asia	332		1,213		1,545	(8.0)
Iran	72		362		434	
Other Persian Gulf	171	141	821	677	992	341
Other	89		30		119	
South Asia	308	337	248	376	556	(2.9)
India	167		206		373	
Pakistan	100		31		131	
Other	41		11		52	
Australasia	399	522	832	1,115	1,231	(6.4)
Australia	298		680		978	
New Zealand	59		113		172	
Pacific Islands	42		39		81	

Footnotes are at end of table.

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JAPAN'S TRADE, 1966 (Continued) - 1968  
(In millions of dollars)

COUNTRY OR AREA	EXPORTS (FOB)		IMPORTS (CIF)		TOTAL TRADE	
						Percent
Southeast Asia	1,139	1,468	1,029	1,710	2,168	(11.2)
North Vietnam	6		10		16	
South Vietnam	138		5		143	
Laos	3		"		3	
Cambodia	12		7		19	
Thailand	301	365	153	147	454	512
Burma	47	39	15	12	62	57
Malaysia	89	104	307	343	396	447
Singapore	143		30		173	
Philippines	278	411	325	398	603	599
Indonesia	119	146	176	251	295	397
Other	3		"		3	
Northeast Asia	1,510		674		2,184	(11.3)
Ryukyus	230	266	79	97	309	352
South Korea	335	602	72	101	407	703
Taiwan	255	271	147	150	402	621
Hong Kong	370	467	47	54	417	521
Communist China	315	325	306	224	621	549
North Korea	5		23		28	
Mongolia	"		"		"	

2,681 (10.3)

Source: Japan. Ministry of Finance. Customs Bureau.  
" Less than \$1 million.

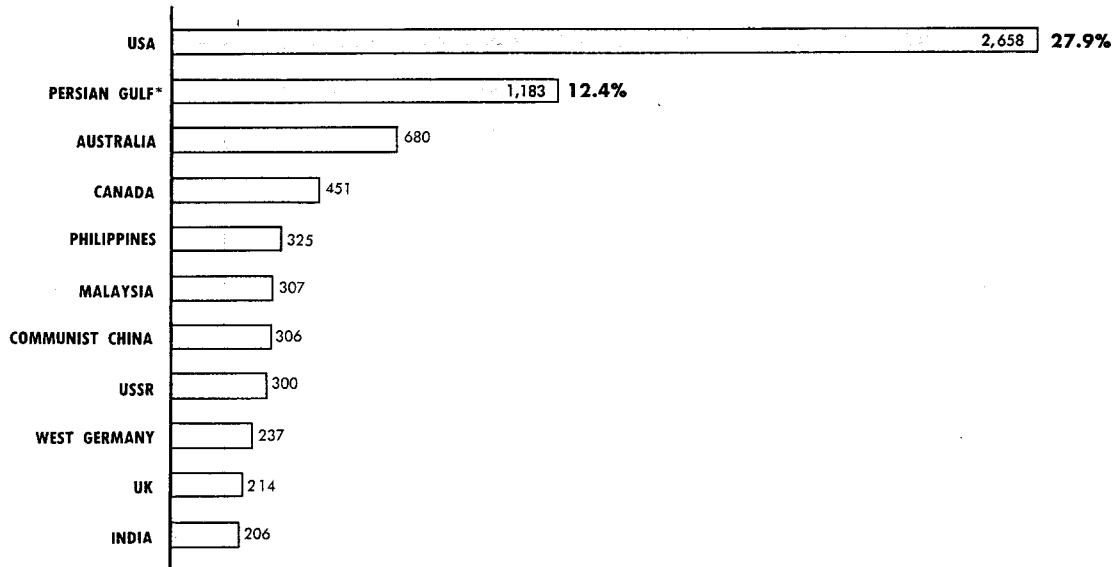
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## JAPAN'S MAJOR SUPPLIERS, 1966

(in millions of dollars)

WORLD TOTAL \$9,523 (100.0%)



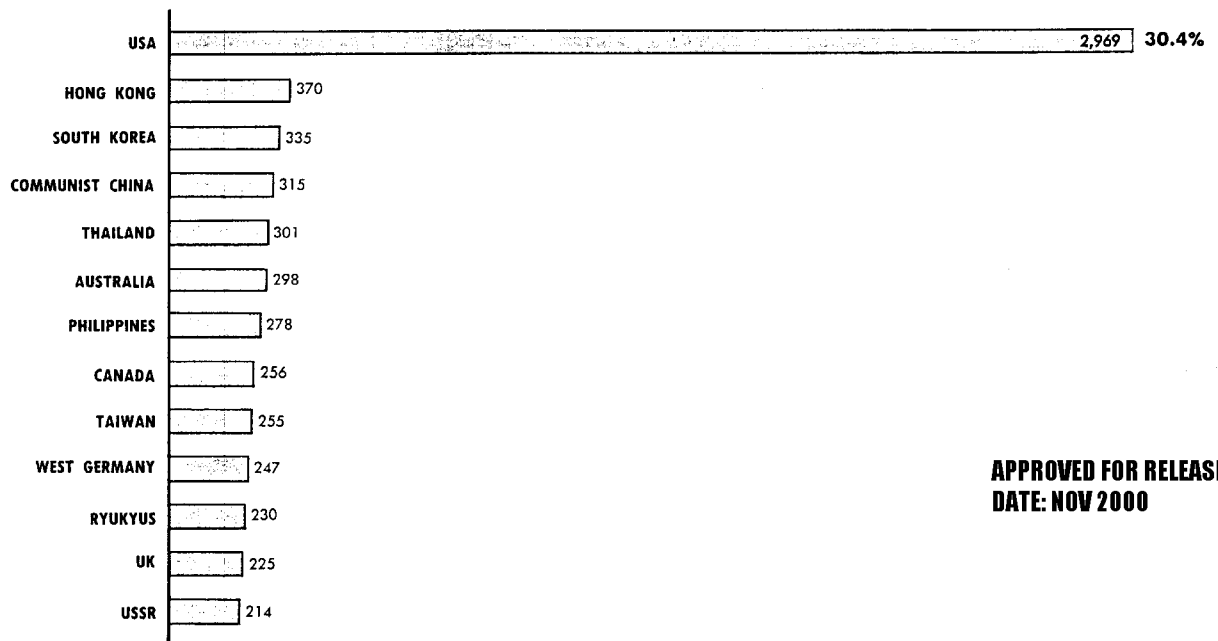
\*Includes Iran (362), Kuwait (290), Saudi Arabia-Kuwait Neutral Zone (186), Saudi Arabia (247), Iraq (67), Bahrain (10), Trucial Oman and Qatar (21); imports are almost entirely petroleum.

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## JAPAN'S MAJOR MARKETS, 1966

(in millions of dollars)

WORLD TOTAL \$9,776 (100.0%)



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