



RESEARCH ARTICLE

# Refuelling the Cold War: The China factor in the United States and Japan's pursuit of economic détente with the USSR, 1972–1980

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## Abstract

This article evaluates China's influence on the making and unmaking of economic détente in the 1970s. Utilizing recently declassified documents in Japan, the United States, and China, this article demonstrates that Chinese officials used both diplomatic and commercial means to influence their Japanese and American counterparts to prevent them from developing economic relations with the Soviet Union. During this process, Japanese and American industrialists had to carefully weigh up their participation in governments' geopolitical schemes when pursuing business opportunities in the two socialist countries. This cautious attitude led to shifting dynamics in economic détente and varying outcomes for development projects. Chinese activism also prompted changes in Japan and the United States when decision-makers sought to benefit from the Sino-Soviet confrontation and maximize their economic and geopolitical gains. This article, therefore, features economic détente as a dynamic, multi-lateral process and emphasizes that the volatile geopolitics in Northeast Asia played a crucial role in ending détente and redrew the global Cold War to carry stronger economic overtones.

**Keywords:** Détente; economic diplomacy; energy policy; Cold War; Siberian development

## Introduction

The decade of détente saw the stabilizing of strategic competition between the Soviet Union and the United States, and various economic collaborations between the two blocs. As US-Soviet relations improved in the early 1970s, Western entrepreneurs were excited to explore the economic opportunities behind the Iron Curtain. During this period, the Soviet Union invited Japanese and American investors to develop Siberia's rich natural resources—gas, coal, and timber. For a decade, technocrats from Japan and the United States collaborated with their Soviet counterparts on mining equipment, port facilities, gas pipelines, and railroad projects in exchange for natural resources and energy from Siberia. However, the invasion of Afghanistan put an end to this cooperative relationship. At first glance, it seems this was a story of failed economic ventures during the intermission in Cold War confrontation.

The results of established studies seem to support this observation. Historians argue that economic détente was flawed, and attributed its failure to domestic opposition, especially in the United States. According to John Gaddis, resistance from both the bureaucratic system and Congress effectively ended the most critical aspect of economic détente—namely, Soviet use of Western funding and the granting of Most Favorable Nation (MFN) status in the United States—and therefore Kissinger’s designs to link economic interdependence to Moscow’s political restraint.<sup>1</sup> Barbara Zanchetta, too, argues that Congress—through the Jackson-Vanik Amendment to the Trade Act of 1974—cost the Nixon and Ford administrations their ‘most important carrot’ in implementing the realpolitik design of the Soviet Union.<sup>2</sup> Eventually, Zbigniew Brzezinski’s triumph over Cyrus Vance (who had a more doveish stance on détente) in setting the direction of the administration’s foreign policy towards China and the Soviet Union depleted the last reserve of trust between Washington and Moscow, and the sanctions following the Soviet invasion of Afghanistan was a nail in the coffin for the decade of economic détente.<sup>3</sup>

However, few scholars have paid adequate attention to China’s position in the unmaking of this scheme. For Zanchetta, China played a ‘supporting’—albeit crucial—role in US-Soviet relations. Policies towards China, Zanchetta argues, ‘were subordinated to the overriding necessities dictated by the relationship between Washington and Moscow’.<sup>4</sup> This assessment is also expressed in other historiographies dedicated to studying economic détente, which focus primarily on developments in the Atlantic world and evaluate the détente with respect to Moscow’s economic relations with Western Europe and the United States.<sup>5</sup>

Admittedly, some historians, especially those from Japan, have included China and Japan in this analytical framework. In the edited volume *The Strategic Quadrangle: Russia, China, Japan, and the United States in East Asia*, David Lampton discusses how China navigated the last decades of the Cold War, carefully pursuing military détente and economic cooperation with the United States, Japan, and the Soviet Union from

<sup>1</sup>John L. Gaddis, *Strategies of containment: A critical appraisal of American national security policy during the Cold War* (New York: Oxford University Press, 2005), pp. 312–313.

<sup>2</sup>Barbara Zanchetta, *The transformation of American international power in the 1970s* (New York: Cambridge University Press, 2014), p. 156.

<sup>3</sup>The extent to which Brzezinski’s hawkish line prevailed in ending the economic détente is up for debate. According to Alan Dobson, economic détente survived after 1979, especially in the oil industry. The United States continued to provide oil-drilling equipment to the Soviet Union, despite their deteriorating relationship and the reintroduction of oil equipment to the embargo list. The eventual collapse of economic détente, Dobson points out, was from Soviet miscalculation of the American response to its invasion of Afghanistan. See Alan P. Dobson, *US economic statecraft for survival, 1933–1991: Of sanctions, embargoes, and economic warfare* (London and New York: Routledge, 2002), pp. 226–229.

<sup>4</sup>Zanchetta, *The transformation of American international power*, p. 12.

<sup>5</sup>Historiographies from Alan Dobson, Phillip Hanson, Poul Villume, and Oliver Bange offer detailed analyses of the economic détente and its influence in the European theatre, while paying little attention to co-development projects in East Siberia between the United States, Japan, and the USSR. See Philip Hanson, *Western economic statecraft in east–west relations: Embargoes, sanctions, linkage, economic warfare, and detente* (London: Royal Institute of International Affairs, 1988); Poul Villume and Oliver Bange, *The long detente: Changing concepts of security and cooperation in Europe, 1950s–1980s* (New York: Central European University Press, 2016).

the 1970s on.<sup>6</sup> Iokibe Makoto and Suzuki Keisuke, on the other hand, focus on the part Moscow played in undermining Japan's parallel diplomacy with China and the Soviet Union.<sup>7</sup> According to them, Japan struggled to maintain geopolitical equilibrium through developing parallel diplomacy with Moscow and Beijing. The Soviet Union's 'uncompromising stances' towards the dispute with Japan over the four southernmost Kuril islands of Iturup/Etorofu, Kunashir/Kunashiri, Shikotan, and Habomai rendered such efforts futile.<sup>8</sup> Others, including Wakatsuki Hidekazu and Hara Kimie, saw Japan's inclination to develop a relationship with Beijing at the expense of Moscow as the inevitable result of Japan's tragedy in big power politics.<sup>9</sup> However, these scholars do not pay much attention to China's direct influence in the unmaking of economic détente, and interpret Beijing's actions—both the energy deal proposals and the diplomatic coordination with Tokyo in the formation of an anti-Soviet coalition—in the context of bilateral relations rather than that of the global Cold War.

However, recently declassified documents made available in the Diplomatic Archives of the Japanese Ministry of Foreign Affairs suggest that China—and the Chinese factor in American and Japanese policy-making processes—played a more profound role than previously assumed. During this period, Chinese diplomats frequently communicated with their Japanese and American counterparts on economic détente and the Soviet agenda in Siberia. The Chinese leadership also aimed to create an anti-Soviet coalition among individual politicians in Japan and the United States and to boost anti-Soviet momentum in both countries. Similar efforts were made in the corporate world: Chinese leaders used economic diplomacy to influence key industrialists involved in the economic détente—Nagano Shigeo, Armand Hammer, Kawai Yoshinari, and Inayama Yasuhiro—to redirect their interest from the Soviet Union to China. Examining China's diplomatic activism regarding Siberian development helps unveil China's more substantial initiative in international intervention when its interests were at stake.

The China factor also loomed large in policy-making processes in Washington and Tokyo. Proponents for détente—Tanaka, Kissinger/Nixon, and Vance—had to address

<sup>6</sup>See Michael Mandelbaum, *The strategic quadrangle: Russia, China, Japan, and the United States in East Asia* (New York: Council on Foreign Relations Press, 1995).

<sup>7</sup>Makoto Iokibe, Kazuya Sakamoto and Masayuki Tadokoro, *Sengo Nihon gaikō-shi shinpan [Diplomatic history of postwar Japan. New version]* (Tokyo: Yūhikaku Aruma, 2006), p. 173; Suzuki Keisuke, in his study of the failed Tyumen oil project, argues that China's oil diplomacy and the Soviet Union's insistence on including railroad construction in the package contributed to the failure of the project. See Keisuke Suzuki, 'I taisei-kan de no daikibo keizai kyōryoku (sono 1): Chumeni purojekuto e no ichikōsatsu' [Large-scale economic cooperation between different political systems, Part I: An investigation of Tyumen project], *Keizai-gaku Kenkyū*, vol. 3, no. 4, December 1994, pp. 47–69; Keisuke Suzuki, 'I taisei-kan de no daikibo keizai kyōryoku (sono 2): Chumeni purojekuto e no ichikōsatsu' [Large-scale economic cooperation between different political systems, Part II: An investigation of Tyumen project], *Keizai-gaku Kenkyū*, vol. 5, no. 6, February 1995, pp. 1–25.

<sup>8</sup>Iokibe et al., *Sengo Nihon gaikō-shi shinpan*, p. 173. In Japanese, the islands are called the 'Four Northern Islands/Northern Territories' (Hoppōyontō/Hoppōryōdo). In English, the dispute is sometimes referred to as the 'South Chishima Islands dispute'.

<sup>9</sup>Kimie Hara, *Japanese-Soviet/Russian relations since 1945: A difficult peace* (London: Routledge, 1996), p. 149; Hidekazu Wakatsuki, 'Reisen kōzō no ryūdō to Nihon no mosaku—ichi kyū nana rei-nendai' [Shifting dynamics of Cold War structure and Japan's exploration in the 1970s], in *Sengo Nihon no Ajia gaikō [Japan's diplomacy in postwar Asia]*, (ed.) Taizō Miyagi (Kyoto: Mineruba Shobō, 2015), pp. 145–149.

China's concerns in their strategies for dealing with the Soviet Union. At the same time, their opponents raised Chinese concerns about thwarting specific Siberian development projects. Consequently, economic détente strayed from its original design. This was true during the Ford and Carter administrations: Kissinger attempted to repurpose economic détente to maintain the United States' initiative in bilateral relations between China, Japan, and the Soviet Union. These efforts, in turn, led Japanese technocrats to adjust their assessment of economic détente and transform from being opponents of economic détente under the Nixon/Ford administrations to its proponents during the Carter administration. In this way, economic détente can also be understood as a highly volatile process during which each party struggled to adapt to the developments in this multilateral competition.

In line with these enquiries, this article examines China's diplomatic manoeuvres and the United States and Japan's responses, and shows how these actions facilitated and sabotaged economic détente with the Soviet Union. Utilizing newly declassified documents in Japan and the United States and published materials from China, this article offers an overview of China's approaches to the United States and Japan, and evaluates its influence on both countries' decision-making processes regarding economic détente. From Kissinger's shifting agenda regarding economic détente to Japanese diplomats' clever use of Sino-Soviet competition to maximize economic gains in both countries, this article reveals economic détente as a dynamic process in which different actors incorporated China-related factors to shape the form and extent to which economic détente took place. This analysis shows how highly volatile geopolitics in Northeast Asia helped end détente and refuelled the global Cold War in the 1970s.

### Debates over economic détente in Japan and the United States and China's diplomatic manoeuvres, 1972–1974

Although détente in Europe was well under way at the turn of the 1970s, the two visits to East Asia by Nixon and Gromyko at the beginning of 1972 still carried intense Cold War overtones. Nixon's visit to Beijing in January coincided with Soviet Foreign Minister Gromyko's visit to Tokyo. The geopolitical reshuffling Nixon initiated cast a long shadow over Soviet-Japanese rapprochement in January 1972. For the first time, Moscow was prepared to discuss Japan's claim to the 'Northern Territories' and was ready to move forward with economic collaboration with Japan by welcoming Japanese investment in exchange for Soviet oil extracted in West Siberia. For observers, Nixon's visit to China helped Japan to reach a Soviet compromise after years of neglect and contempt.<sup>10</sup>

However, not all observers interpreted Gromyko's rapprochement as a Soviet concession. For some in Washington, the Soviet proposal for Japan to join in Siberian development was a countermeasure to the United States' new geopolitical strategy, and economic détente allowed the Soviets to sabotage China's diplomatic breakthrough. On the eve of Kissinger's visit to Tokyo in June 1972, Helmut Sonnenfeldt and William Hyland, Kissinger's counsellors on the National Security Council (NSC), sent a

<sup>10</sup>Hendrik Smith, 'Japan-USSR: One flirtation deserves another', *New York Times*, 30 January 1972, p. 4.

memorandum to Kissinger reminding him of the Soviet scheme to use this project to drive a wedge in the Sino-Japanese normalization process. As the report states, trading Soviet natural resources for Japanese credit and technical know-how had ‘a great appeal in the Japanese economic and business communities’. This trade became ‘a link to Tokyo that would be strong insurance against Japanese involvement with China’.<sup>11</sup>

Sonnenfeldt and Hyland’s concern was not unfounded. In Japan, economic détente found strong support within the political and corporate establishments in the wake of the Nixon Shock. Interestingly, many supporters in Japan were Beijing’s ‘old friends’ (Lao Peng You), who played a crucial role in facilitating Sino-Japanese normalization in 1972.<sup>12</sup> Some pro-China industrialists—Nagano Shigeo, Kawai Yoshinari, Imasato Hiroki, and Inayama Yoshihiro—had maintained business relations with China since the 1950s through barter trade arrangements.<sup>13</sup> Through these relations, these industrialists fraternized with Chinese decision-makers, including Zhou Enlai and Liao Chengzhi, who saw them as alternate sources for industrial technology. The same group of industrialists was equally invested in improving Japan’s economic relations with the Soviet Union, as they believed both countries possessed the potential to address Japan’s lack of raw materials and energy. In the mid-1960s, these entrepreneurs became banner-bearers of the ‘resource-developer faction’ (*shigen kaihatsu-ha*) in the corporate world and explored ways to exchange Soviet resources for Japanese industrial goods. In 1965, the Japanese approached the Soviet Union through the Keidanren and established the Japan-Soviet Economic Cooperation Committee (JSECC) with Nagano, Imasato, and Kawai at the centre of the Japanese delegation. In 1967, Nagano led a JSECC delegation to Moscow and wrote about Soviet goodwill towards Japan and ‘Siberia’s rich and endless natural resources’.<sup>14</sup> Kawai Ryoichi, the president of the Komatsu Group, and his father Kawai Yoshinari, the managing director of the

<sup>11</sup>Helmut Sonnenfeldt and William G. Hyland, ‘Memorandum for MR. KISSINGER. subject: Soviet-Japanese relations’, published online on 7 April 1972, available at <https://www.proquest.com/government-official-publications/soviet-japanese-relations-includes-memorandum/docview/1679117675/se-2>, [last accessed 29 November 2023].

<sup>12</sup>Industrialists who played roles in Sino-Japanese normalization include Saeki Isamu, the head of the Osaka Chamber of Commerce and Industry; Fujiyama Aiichiro, the former head of the Japanese Chamber of Commerce and Industry (JCCI) and foreign minister during the Kishi administration; and Nagano Shigeo, the head of New Nippon Steel, who also served as the president of the JCCI. For research regarding their involvement in Sino-Japanese normalization, see Bohao Wu, ‘Uneasy friends and convenient enemies: Sino-Japanese competition and coordination in Cold War Asia, 1950–1972’, PhD thesis, Graduate School of Arts and Sciences, Harvard University, 2023.

<sup>13</sup>From the 1950s to the 1970s, Japanese traders maintained business relations with China through two channels: the ‘Friendship Trade’ (*You hao mao yi; Yūko bōeki*) via small, left-wing trading companies, and the barter agreements involving large corporations. In the 1950s, the barter trade existed under four Private Agreements on Trade between China and Japan (*Zhong Ri min jian mao yi xie ding, Nichū minkan bōeki kyōtei*) signed between 1952 and 1958. In 1962, Liao Chengzhi and Takasaki Tatsunosuke (the former Minister of International Trade and Industries in the Kishi administration) came to another agreement. The Liao-Takasaki Trade Agreement (extended and renamed the Memorandum Trade Agreement in 1968) lasted until 1974, when the two governments drew up a formal trade agreement between the two countries. For studies on these agreements, see Mayumi Itoh, *Pioneers of Sino-Japanese relations: Liao and Takasaki* (New York: Palgrave Macmillan, 2012); Amy King, *China-Japan relations after World War II: Empire, industry and war, 1949–1971* (Cambridge, MA: Cambridge University Press, 2016).

<sup>14</sup>Shigeo Nagano, ‘Ippo zenshin shita Shiberia kyōdō kaihatsu’ [One step forward with cooperation in Siberian development], *Keizai Zasshi Daiyamondo*, vol. 55, no. 32, July 1967, p. 21.

Keidanren, advocated for the so-called 'Kawai Plan' (Kawai Koso) to export industrial equipment to the USSR in exchange for natural resources in Siberia.<sup>15</sup> These efforts were well recognized by the Soviet side: Yoshinari played a key role in brokering a deal when the president of Gosplan, Nikolai Baibakov, visited Japan in 1968 by ensuring Japanese credit for the Soviet purchase of consumer goods, despite initial opposition from the government.<sup>16</sup>

In this way, Sino-Japanese normalization sent mixed messages to these industrialists. On the one hand, the trade opportunities that the Chinese leadership provided were tempting for Japanese industrialists, who were eager to revisit the heyday that Japanese industry had enjoyed in mainland China in the prewar period. On the other hand, opportunities in China coincided with their interests in the Soviet Union. Thus Japanese entrepreneurs found themselves in a awkward position in the Sino-Soviet confrontation, which prompted them to adopt a parallel policy to the two communist giants, emphasizing unbiased approaches to boost economic collaboration with both. This line of thought was articulated by Nagano who, on the eve of Sino-Japanese normalization, wrote that the best way for Japan to preserve itself was to act as the 'glue' between the great powers and facilitate economic cooperation between them since Japan was 'caught up, both economically and geopolitically, in the triangular power dynamics between the Soviet Union, China, and the United States'.<sup>17</sup> Japan's economic ties with all three parties put them in a delicate situation, in which both corporations and the government had to weigh geopolitical implications in pursuing their commercial interests.

Aware of Japanese industrialists' thinking, Chinese diplomats tried to dissuade the Japanese from seeking economic collaboration with the Soviets. To their Japanese counterparts, Chinese diplomats depicted the Soviet Union as an untrustworthy partner in an economic partnership and cited China's own experiences as an example. When Nakasone Yasuhiro visited Beijing in 1972, Premier Zhou Enlai told the Minister of International Trade and Industry that, with regard to long-term economic collaboration, 'the Soviet side could easily terminate [the cooperation] anytime, and China believed it was not in Japan's interest'.<sup>18</sup> In January 1973, the Chinese ambassador to Burma, Chen Zhaoyuan, warned his Japanese counterpart in Yangon, Ambassador

<sup>15</sup>Rei Takeuchi, 'Shiberia kaihatu ni kakeru burudōzā kawai yoshinari jūtaku-nan mo mokuzai shidai! Soren-zai ni kakeru yaso okina' [Kawai Yoshinari, a bulldozer betting on Siberian development. Eighty-year-old man betting on Soviet timber to solve undersupply of residential houses], *Zaikai*, vol. 16, no. 4, March 1968, pp. 76–79.

<sup>16</sup>Baibakofu Soren fuku shushō ken renpō gosupuran gichō no mizuta ōkura daijin hyōkei no sai no kaidan yoshi' [Memorandum of conversation between Soviet vice president and the chairman of Gosplan Baibakov and Minister of Finance Mizuta at the time of visit], 17 January 1968, Nisso Keizai [Japan-Soviet Relations Economy], 2018-0529, The Diplomatic Archives of the Ministry of Foreign Affairs, Tokyo, Japan (hereafter cited as DAMOFAJ). See also 'Baibakofu Soren fuku shushō no zaikai shunō to no kaidan' [Vice president Baibakov's conversation with corporate leaders], 1 February 1968, Nisso Keizai [Japan-Soviet Economy], 2018-0529, DAMOFAJ.

<sup>17</sup>'Tokubetsu zadan-kai Nihon no katsuro o saguru' [Special roundtable discussion: Exploring Japan's path to revitalization], *Bungei Shunjū*, vol. 49, no. 14, November 1971, p. 101.

<sup>18</sup>'Shiberia kaihatu ni tsuite shū Onrai sōri no Nakasone daijin ni taisuru hatsugen (Yomiuri shinbun bō kisha no naiwa)' [Premier Zhou Enlai's Statement on Siberian Development with Minister Nakasone (informal conversation with Yomiuri correspondent)], 14 February 1973, Nisso Shiberia kaihatu purojekuto [Japanese-Soviet Siberian development projects], 2014-5913, DAMOFAJ.

Suzuki, of the danger that the Soviets could weaponize Japanese investment in Siberia. According to Suzuki's report, Ambassador Chen cited the 'inhuman treatment' China suffered when the Soviet Union cut off its oil supply in 1960.<sup>19</sup> He suggested that instead Japan consider China as an alternate source for energy since his country had 'overcome this obstacle to reach self-sufficiency in oil production and is ready to provide oil to Japan upon its request'.<sup>20</sup> Ambassador Chen's promise to Japan was partially supported by China's surging oil exports to Japan, which were disproportionately high compared to China's oil production and exports to other areas. The success of the Daqing and Bohai oil drilling projects largely helped China expand its oil production, which increased from 30.65 million tons in 1970 to 104.05 million tons in 1976.<sup>21</sup> Moreover, China's oil exports to Japan expanded rapidly, from one million tons in 1973 to 8.14 million tons in 1975.<sup>22</sup> This trajectory contrasts starkly with China's exports to other regions, which exhibited a downward trend during this time.<sup>23</sup> The political intentions behind China's efforts to stimulate oil exports to Japan and the messages sent through diplomatic channels became clear when Japan sought stronger economic ties with the Soviet Union.

China's warning echoed through the Japanese establishment, especially among officials in the Ministry of Foreign Affairs (MOFA), who had a more sceptical view of economic cooperation with the Soviet Union than did their peers in the Ministry of International Trade and Industries (MITI). In an estimate of the prospects of Siberian development dated 19 February 1973, MOFA officials cited the example of the Soviet Union cutting off China's oil supply during the Sino-Soviet split, and expressed concern for 'the danger of suffering significant constraint on the diplomacy with the Soviet Union should Japan fail to include countermeasures to prevent the Soviet Union from breaking the agreement'.<sup>24</sup> At the same time, Moscow's envoys made diplomatic overtures to mitigate Chinese influence. In Japan, Soviet diplomats tried to link Nakasone's China trip to Japanese-Soviet collaboration and threatened to reconsider Japan's contribution to Siberian development. On 9 January 1973, Ambassador Troyanovsky invited both Nagano and Imasato Hiroki, the president of Japan's state-owned company International Petroleum Exploration (INPEX), to the Soviet embassy and told them that the Soviet Union would not tolerate Japan's lack of action on Siberian development indefinitely. 'Moscow's temperament is limited,' Troyanovsky

<sup>19</sup>Takashi Suzuki, 'Chūgoku taishi naiwa (chū so kankei)' [Informal conversation with Chinese Ambassador (regarding Sino-Soviet relations)], 24 January 1973, Nisso Shiberia kaihatsu purojekuto [Japanese-Soviet Siberian development projects], 2014-5913, DAMOFAJ.

<sup>20</sup>Ibid.

<sup>21</sup>Xin Li, 'The evolution of petroleum import-export status of China since 1949', *Journal of Southwest Petroleum University (Social Science Edition)*, vol. 16, no. 1, 2014, pp. 1-6; also see Yingzhong Lu, *Fueling one billion: An insider's story of Chinese energy policy development* (Washington, DC: Washington Institute Press, 1993), p. 48.

<sup>22</sup>Gaimushō Chūgoku-ka, 'Chūgoku to no aida no shigen mondai' [On the matter of resource between Japan and China], 8 August 1977, Nitchū kankei [Sino-Japanese Relations], 2016-1714, DAMOFAJ.

<sup>23</sup>Stephen Sternheimer, *East-West technology transfer: Japan and the communist bloc* (Washington, DC: Center for Strategic and International Studies, Georgetown University, 1980), p. 59.

<sup>24</sup>Gaimushō Tōō daiikka, 'Shiberia kaihatsu ni tsuite' [Regarding Siberian development], 19 February 1973, Nisso Shiberia kaihatsu purojekuto [Japanese-Soviet Siberian development projects], 2014-5913, DAMOFAJ.

told the two Japanese industrialists, 'and could well see Minister Nakasone's visit to China as the right time to terminate Japanese-Soviet collaboration.'<sup>25</sup> Troyanovsky also clarified to Imasato that the oil project was especially endangered under such circumstances: 'The USSR sees no need to actively seek a market for its oil abroad. Therefore, we will not offer it to Japan if the country does not need it.'<sup>26</sup>

Soviet diplomats' efforts also received help from proponents for economic détente, especially in the White House. For Nixon and Kissinger, economic détente was a comprehensive package covering a wide range of topics, including the sale of American grain to the Communist Bloc, more generous terms on technological assistance to the USSR, and multilateral projects for the development of Russia's rich natural resources in Siberia with credit and equipment from both Japan and the United States. During Kissinger's visit to Moscow in October 1972, the two sides agreed that the United States would offer non-discriminative tariffs to the Soviet Union and remove legal obstacles so that the United States could provide credit to Soviet development projects through its official Export-Import Bank.<sup>27</sup> In particular, both Nixon and Kissinger saw Siberian development, especially projects with Japanese funding and technological output, as an essential aspect of the United States' overall economic détente with the Soviet Union.

Admittedly, Nixon and Kissinger's agenda met with opposition from both within and outside the White House. Peter G. Peterson, the US Secretary of Commerce in charge of negotiating with the Soviet side, was sceptical of the White House's eagerness to achieve an economic breakthrough in Moscow. In a memorandum sent to Nixon on 19 May 1972, Peterson told the president that it was not in American interests to move swiftly in the Siberian oil and gas negotiations. In his view, the Soviet Union was eager to reach an economic cooperation agreement because 'they need the U.S. market and money and know-how for big raw material and gas deals'. Therefore, Peterson argued that it was more advantageous for the United States to move slowly and wait for the Soviets to compromise.<sup>28</sup> However, despite Peterson's reluctance, Kissinger repeatedly pressed him to make concessions to the Soviet side on the interest rate during the negotiations to create favourable conditions for the rapid advancement of the project.<sup>29</sup> Peterson eventually succumbed to the pressure from the White House

<sup>25</sup>'11:30–13:40 Zainichi Soren taishikan' [11:30 to 13:40, at Soviet Embassy in Japan], 19 February 1973, Nisso Shiberia kaihatu purojekuto [Japanese-Soviet Siberian Development Projects], 2014-5913, DAMOFAJ.

<sup>26</sup>Ibid.

<sup>27</sup>For the various elements of the economic détente negotiated between the United States and the Soviet Union, see 'President's visit to the USSR June–July 1974, Volume III—Possible cooperative agreements', Box 77, National Security Council Files, Henry A. Kissinger (HAK) Office Files: Country Files—Europe-U.S.S.R.; Yorba Linda, CA: Richard Nixon Presidential Library and Museum (hereafter cited as RNPLM).

<sup>28</sup>Peter G. Peterson, 'Economic announcement at the Moscow summit—How important and desirable is it to make specific economic agreements (and, if necessary, concessions)?', 19 May 1972, MOSCOW TRIP ECONOMIC TALKS Henry A. Kissinger [1 of 4], Box 74, National Security Council Files: Henry A. Kissinger (HAK) Office Files: Country Files—Europe-U.S.S.R., RNPLM.

<sup>29</sup>'Transcript of telephone conversation between the President's Assistant for National Security Affairs (Kissinger) and Secretary of Commerce Percy', 13 October 1972, *Foreign Relations of the United States*, 1969–1976, Volume XV, Soviet Union, June 1972–August 1974, Document 60, pp. 213–215. Another conversation of a similar nature took place on the same day when Kissinger told Peterson not to 'settle for what



and moved quickly to conclude an initial agreement with the Soviet side before the end of 1972.

The White House's conciliatory attitude towards Moscow concerned the Chinese leadership, which then advised caution for American involvement in Siberian development, especially in terms of Japan's participation in it. Since 1972, the Chinese ambassador to the United Nations, Huang Hua, had frequently communicated with Kissinger and enquired about the American stance on Siberian development, including the possibility of American investment in the Tyumen oil-natural gas projects and Yakutsk coal development.<sup>30</sup> As negotiations for Siberian development progressed considerably in the latter half of 1973, Beijing also stepped up its diplomatic efforts with the United States. In November 1973, Mao directly warned the American side that China hoped that the United States would not import Soviet gas and that it preferred Japan not to become the sole sponsor in Siberian development projects due to its inability to withstand pressure from the Soviets.<sup>31</sup>

To address Beijing's disappointment, Kissinger and Nixon adopted a rather opportunistic approach to secure Japan's involvement. On the one hand, Kissinger repeatedly assured the Chinese side that the United States shared China's concern for Japan's possible economic dependence on the Soviet Union. In talks between the Chinese and American delegations in November 1973, the Chinese leadership harshly criticized the Japanese leadership's ambivalent attitude towards the Soviet Union. According to the position paper, the Chinese side argued that Japan's main shortcoming was 'that some of their statesmen tend to be shortsighted ... the US cannot ask too much, out of consideration of the shallowness of their foundations and their hodgepodge public opinion'.<sup>32</sup> In response, the American side agreed to examine the Chinese position and admitted that Japan was at 'a crucial point' between 'a more traditional nationalism and maintaining its present orientation. And it has many temptations'.<sup>33</sup> To quell Chinese concerns, Kissinger even told Deng Xiaoping that the United States would become involved in preventing Japan from being taken advantage of by the Soviet Union.

At the same time, Nixon and Kissinger worked to strengthen Japan's commitment to Siberian development. These efforts were most visible in the first half of 1974,

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we've got' and not to further test Soviet patience. See National Archives, Nixon Presidential Materials, NSC Files, Kissinger Telephone Conversations (Telcons), Box 16, Chronological File.

<sup>30</sup>For examples of conversations between Huang Hua and Kissinger that touched on Siberian development, see 'Top Secret, Memorandum of Conversation' [Discussion of Vietnamese conflict and Cambodia with Huang Hua], Kissinger's Transcripts, 1968–1977, Digital National Security Archives (hereafter cited as DNSA), published online on 16 April 1973, available at <https://www.proquest.com/government-official-publications/discussion-vietnamese-conflict-cambodia-with/docview/1679137737/se-2>, [last accessed 28 November 2023]; 'Top Secret, Memorandum of Conversation' [Discussion with Huang Hua; Includes talking points], Kissinger's Transcripts, 1968–1977, DNSA, published online on 26 July 1972, available at <https://www.proquest.com/government-official-publications/discussion-with-huang-hua-includes-talking-points/docview/1679125242/se-2>, [last accessed 11 November 2023].

<sup>31</sup>SOVIET UNION: I. November 1973 talks, Chinese position in November 1973', 'PRC Summaries of Previous Talks [1973] [2 of 2]', Box 99, National Security Council Files: Henry A. Kissinger (HAK) Office Files: Country Files—Far East, RNPLM.

<sup>32</sup>Ibid.

<sup>33</sup>US position in November 1973', 'PRC Summaries of Previous Talks [1973] [1 of 2]', Box 99, National Security Council Files: Henry A. Kissinger (HAK) Office Files: Country Files—Far East, RNPLM.

when they communicated frequently with the Japanese side in an effort to dismiss the latter's scepticism towards American determination to bring about an economic détente. Fearing that the Jackson-Vanik Amendment would jeopardize the entire economic package in Siberia, Tanaka instructed Ambassador Yasukawa in May 1974 to seek to coordinate with Kissinger and work on the most adamant critics of economic détente in Congress, namely Senators Henry Jackson and Russell Long and Congressman Wilbur Miles.<sup>34</sup> To ensure Japanese participation, Kissinger and Nixon gave positive signals to Yasukawa despite apparent difficulties. In his meeting with Yasukawa, Kissinger downplayed opposition in Congress and encouraged Yasukawa to approach Senator Jackson to discuss Japan's concerns.<sup>35</sup> However, Yasukawa's proposal was stonewalled. Milles, Jackson, and Rogue all told Yasukawa not to expect a positive outcome from Congress. According to Japanese records, Jackson clarified to Yasukawa that 'American participation in Siberian development is impossible.' At the same time, Rogue and Milles told the Japanese ambassador that Jackson's stance made 'any compromise seemingly impossible'. This position contrasts starkly with Kissinger's somewhat ambiguous statement, which assured the Japanese that American participation—through the private sector with the White House's blessing—remained possible.<sup>36</sup> Furthermore, Nixon was committed to persuading the Japanese side to stay on course even after Yasukawa's failed mission. On 21 May 1974, the president met with Japanese Foreign Minister Ohira and advocated the necessity of economic collaboration in Siberia. Both the United States and Japan must treat the USSR and China 'evenhandedly', the president emphasized, and it was correct for Japan to proceed with 'discussions with the Soviet Union on developing their oil and gas reserves and with increasing trade and contact with the PRC'.<sup>37</sup> These diplomatic efforts show how Nixon and Kissinger were committed to economic détente while keeping China on the fence.

Nevertheless, although Kissinger and Nixon intentionally neglected Chinese opposition to Siberian development, Beijing's concerns provided ammunition to opponents of the economic détente. These concerns helped in their efforts to sabotage negotiations regarding specific projects. The collapse of Tyumen oil development best exemplifies this pattern. Since 1973, diplomatic officials in the United States and Japan had argued against this project by citing possible countermeasures from China. In an estimation dated 22 February 1972, MOFA officials contended that Siberian development would significantly boost the Soviet Union's economic potential during wartime,

<sup>34</sup>According to MOFA's internal records, Tanaka instructed Ambassador Yasukawa to seek and 'demand U.S cooperation' (*kyoryoku o seshimeta*) from Kissinger on Siberian development. See Gaimushō Tōō Daiikka, 'Shiberia kaihatsu o meguru nichibeikan no ugoki (jijitsu kankei)' [Actions between Japan and United States regarding the Siberian Development (Factual Sheet)], 23 May 1974, Nisso Shiberia kaihatsu gōben jigyō [Japan-Soviet co-development projects], 2017-1084, DAMOFAJ.

<sup>35</sup>Takeshi Yasukawa, 'Kisshinjā chōkan to no kaidan' [Conversation with Secretary Kissinger], 23 April 1974, Nisso Shiberia kaihatsu gōben jigyō [Japan-Soviet co-development projects], 2017-1084, DAMOFAJ.

<sup>36</sup>Gaimushō Tōō daiikka, 'Shiberia kaihatsu o meguru nichibeikan no ugoki (jijitsu kankei)'.

<sup>37</sup>'Nixon, Japanese Foreign Minister Masayoshi Ohira', Box 4, Memoranda of Conversations—Nixon Administration, Ann Arbor, MI: Gerald R. Ford Presidential Library and Museum (hereafter cited as GRPLM), published online on 21 May 1974, available at <https://www.fordlibrarymuseum.gov/library/document/0314/1552704.pdf>, [accessed 15 July 2024].

thus placing more pressure on China and Japan.<sup>38</sup> Another report from 7 September 1972 called for a ‘complete review’ of the necessity of the Tyumen oil project. This report cited ‘a series of unsolved difficulties on its impact on [the country’s] diplomacy with China and its enhancement of Soviet military potential’ as the reason for its recommendation.<sup>39</sup> Japanese diplomats even reached out to their peers in Washington for support. On 16 January 1974, senior officials from the MOFA and the State Department agreed to ‘hold a reserved attitude’ towards the Tyumen oil project since it would ‘raise the alarm in China’ about Soviet military potential in the Far East.<sup>40</sup> This argument was further substantiated when Chinese officials approached the Japanese side and expressed concern about the project’s military potential. Interestingly, to avoid appearing weak, Chinese diplomats tried to cast Siberian development as a threat to the Western bloc while downplaying its danger to China’s northern borders. In May 1974, a Japanese diplomat in Moscow reported his Chinese counterpart’s opinion on the Soviet build-up in Siberia. ‘China considers the Second Trans-Siberian Railway’s military significance was to the West rather than to China and Japan’, the Chinese diplomat proclaimed, stating that the Siberian railroad would ‘transform Siberia into a safe home and prepare Soviet Union for military conflict with the United States and NATO countries’.<sup>41</sup>

In hindsight, China’s warning served its purpose. The State Department and the MOFA dismissed Beijing’s emphasis on the significance of Siberian development for the European theatre. Nevertheless, they cited Chinese concern for this project as a risk to consider. James Hodgson, American ambassador to Tokyo, conveyed this position to Nixon. On 9 July 1974, Nixon met Hodgson and told him to convey the United States’ ‘sympathetic’ view of the Japanese project in Siberia in Tokyo. Disagreeing with the president’s interpretation, Hodgson reminded Nixon that it was necessary to ‘be careful about the Chinese attitude’ since the ‘pipeline is so emotional. Later, it may be offensive.’<sup>42</sup> This was also true on the Japanese side when MOFA officials decided to end support for Tyumen oil development. When the Nixon administration faced collapse after the Watergate investigation, Japanese officials also found that the White House’s determination to support Japanese investment in Siberia had dwindled, and they decided to act against the project. On 23 May 1974, vice ministers (who are career officials in the bureaucracy) from the MOFA, MITI, and Ministry of Finance called for a joint meeting and decided to let the Tyumen oil project ‘fade away’ in

<sup>38</sup>Gaimushō Tōō daiikka, ‘Nishi Shiberia sekiyu kaihatsu no gunji-teki sokumen’ [Military aspects of oil development projects in West Siberia], 22 February 1972, Nisso Shiberia kaihatsu purojekuto [Japanese-Soviet Siberian development projects], 2014-5913, DAMOFAJ.

<sup>39</sup>Ibid.

<sup>40</sup>Gaimushō Tōō daiikka, ‘Otō 49-5: Soren ni kansuru Nichibei hikōshiki kyōgi daisankai kaigi (Shōwa 49-nen 1 gatsu 16-nichi oyobi 17-nichi)’ [East Europe file no. 49-5: The third meeting of informal consulting committee regarding the Soviet Union between Japan and the United States (16–17 January 1974)], January 1974, Soren ni kansuru Nichibei kyōgi [U.S.-Japan consultation regarding the Soviet Union], 2019-1554, DAMOFAJ, pp. 26–27.

<sup>41</sup>‘Dai ni Shiberia tetsudō ni kansuru Chūgoku no kangaekata’ [Chinese consideration for the second trans-Siberian railroad], 29 May 1974, ‘Nisso Chumeni sekiyu kaihatsu yunyū purojekuto’ [Soviet-Japanese oil development and import project in Tyumen], 2019-1815, DAMOFAJ.

<sup>42</sup>9 July 1974—Nixon, Ambassador James Hodgson (Japan), Box 4, Memoranda of Conversations—Nixon Administration, National Security Adviser, Memoranda of Conversations, 1973–1977, GFPLM, pp. 2–3.

such a way that would ‘not jeopardize other interests in the Japan-Soviet economic cooperation’.<sup>43</sup> In particular, the Japanese side would follow MOFA officials’ plan by instructing Nagano and Imasato to convey Japan’s preference to participate in railroad construction and ask the Soviet side to approach the Japanese government directly. The Japanese government would then stall and inform the Soviet side of its decision to ‘reconsider’ this project at an ‘appropriate time’.<sup>44</sup> Imasato was furious to learn of the government’s decision and refused to deliver the message on the government’s behalf.<sup>45</sup> Nevertheless, the project ended when Nagano finally informed the Soviet side of Japan’s withdrawal.

By revisiting economic détente from 1972 to 1974, it is possible to interpret the diplomatic manoeuvres that China, Japan, and the Soviet Union adopted around economic détente as responses to the geopolitical reshuffling created by the Nixon shock. During this period, China made meaningful—albeit limited—efforts to dissuade Japan and the United States from pursuing these projects. Their efforts produced mixed results: while Beijing’s diplomatic overtures failed to exert sufficient influence on the White House, they nevertheless found support among dissidents for economic détente, who then cited Chinese concerns in their opposition. This model is also seen in the latter half of the 1970s, when Beijing sought—this time intentionally—a coalition with hardliners in Japan and the United States to sabotage economic détente.

### Shifting strategies regarding economic détente under the Ford and Carter administrations, 1974–1978

The collapse of the Nixon administration did not end this multilateral competition for economic détente, however. Losing its most fervent supporter, the economic détente in which the United States acted as the credit supplier lost considerable momentum under Ford, especially after the president signed into law the Trade Bill of 1974 with the Jackson-Vanik Amendment included. However, Kissinger did not give up on the idea of economic détente. Recognizing that economic détente in its original form was impossible, Kissinger, under Ford, adjusted his expectations and kept economic détente alive

<sup>43</sup>Gaimushō Tōō daiikka, ‘Chumeni sekiyu purojekuto ni tsuite taiso kaitō ni kansuru ōkura tsūsan kankei kyokuchō to no kyōgi’ [Consultation with related bureau directors of the Ministry of Finance and the Ministry of International Trade and Industry regarding response to Soviet side on the Tyumen oil project], 23 May 1974, Nisso Shiberia kaihatsu gōben jigyō [Japan-Soviet co-development projects], 2017-1084, DAMOFAJ.

<sup>44</sup>Gaimushō Tōō daiikka, ‘Dai ni Shiberia ōdan tetsudō kensetsu Soren teian ni taishite seifu no torubeki kihon hōshin’ [Basic policy lines the Government should take regarding Soviet proposal for the construction of the second trans-Siberian railroad], 12 April 1974, Nisso Shiberia kaihatsu gōben jigyō [Japan-Soviet co-development projects], 2017-1084, DAMOFAJ.

<sup>45</sup>On 28 May 1974, Nagano, Imasato, and Uemura met with officials from the three ministries and received the government directive to inform the Soviets of Japan’s decision to shelve the Tyumen oil project, with or without railroad construction. During the meeting, Nagano enquired whether this decision was related to China’s concern for the project, while Imasato resentfully left the meeting early and refused to inform the Soviet side of the government’s position. Eventually, Nagano and Uemura accepted the government’s position. See Gaimushō Tōō daiikka, ‘Chumeni sekiyu taisaku (Keidanren to no kyōgi kekka)’ [Countermeasures for the Tyumen oil (as a result of consultation with Keidanren)], 28 May 1974, Nisso Shiberia kaihatsu gōben jigyō [Japan-Soviet co-development projects], 2017-1084, DAMOFAJ.

by repurposing it for a new geopolitical scheme, namely, utilizing economic means to maintain the United States' superior role in regional politics.

Kissinger's new agenda is best seen in the White House's strategy at the Ford-Brezhnev summit in Vladivostok in November 1974. Prior to the trip, Kissinger told Ford to remind the general secretariat that keeping Japan involved in Siberian development was important in preventing China from gaining too much influence in Japan:

You could mention to Brezhnev the danger of a Japanese-Chinese alliance. Say that is why we want to keep Japan tied to us and that is why we support Japan in Siberia ... For 10 years we should support the Chinese, then, we may have to join the Soviet Union ... Don't give Brezhnev all this, but let him know there are things that only you two can do.<sup>46</sup>

This line was held at Vladivostok when Ford and Kissinger warned Brezhnev against the possible revival of pan-Asianism with the Sino-Japanese alliance at its centre. 'I want to tell you that we ourselves would view with great misgivings close relations between China and Japan,' Kissinger told Gromyko and Brezhnev. 'A combination of Japan and China would be a very unhappy one, because it could acquire racial overtones.'<sup>47</sup> To expel Soviet doubt about the United States' stance on Soviet-Japanese cooperation, Ford responded positively when Gromyko asked whether the 'United States favours expansion of economic cooperation between the Soviet Union and Japan', especially in the field of gas and oil exploration.<sup>48</sup> In response, Brezhnev and Gromyko fully endorsed plans to prevent China and Japan from becoming closer to each other.

In contrast, Kissinger took a completely different tone in subsequent meetings with the Chinese and Japanese. In his meeting with a Chinese delegation led by Deng Xiaoping, Kissinger continued to assure Chinese officials that Washington shared China's concern for Japan's vested interest in the Soviet Union and proclaimed that it was 'a very dangerous course' for Japan to 'come closer to the Soviet Union'.<sup>49</sup> Similarly, Kissinger told Prime Minister Miki a few months later that Washington would not approve efforts to help the 'Soviets in any anti-Chinese manoeuvre in Asia'.<sup>50</sup> In particular, Kissinger warned the Japanese prime minister not to play along with Soviet overtures: 'If there is a danger, it is that Japan might over-analyse our policy and initiate a leap-frog exercise that would be detrimental to both our interests ... We

<sup>46</sup>'16 November 1974—Ford, Kissinger', Box 7, National Security Adviser, Memoranda of Conversations, GRFPLM, pp. 4–5.

<sup>47</sup>'VLADIVOSTOK SUMMIT, Memcons, 23–24 November 1974', Box 1, Kissinger Reports on USSR, China, and Middle East Discussions, GRFPLM, p. 17.

<sup>48</sup>*Ibid.*, pp. 17–18.

<sup>49</sup>Summaries of Kissinger/Teng Discussions, November 1974 (Prepared for HK Trip October 1975 and Ford Trip December 1975)', 25–29 November 1974, Box 2, Kissinger Reports on USSR, China, and Middle East Discussions, GRFPLM, p. 1.

<sup>50</sup>Memorandum of conversation: President's first meeting with Prime Minister Miki', 5 August 1975, Box 14, Memoranda of Conversations—Ford Administration, Memoranda of Conversations, 1973–1977, GRFPLM, p. 7.

should not cooperate in the Soviet efforts to isolate China.<sup>51</sup> Kissinger's strategy was to remind each party of the indispensable role the United States could—and would, if necessary—play in the bilateral relations of the other two. Economic détente, therefore, became a way for the United States to assert its authority as the arbiter in the geopolitical equilibrium of Northeast Asia.

Kissinger's scheme, however, achieved limited success in Japan and China. The White House's ambivalent attitude towards economic détente was troubling to the Chinese leadership, which increasingly attributed the Soviet Union's economic cooperation with the West to the acquiescence of the United States. Eventually, Beijing's dissatisfaction was put forward by Deng Xiaoping during Ford's visit to Beijing in December 1975. The Chinese vice-premier talked extensively—without diplomatic embellishment—about the United States' failure to manage the Soviets' economic offence. According to Deng, the United States and its allies—namely, Japan, Italy, France, Britain, and West Germany—had greatly expanded their economic relations with the Soviet Union by providing more than ten billion dollars' worth of credit and more than 200 technical assistance projects.<sup>52</sup> Although Kissinger explained that among its allies the United States supplied the least amount of credit and technology to the Soviet side, Deng was unconvinced and pointed out that, despite the figure, 'the attitude of the United States is crucial' since it would influence its allies.<sup>53</sup> Deng commented that it was 'not strategically beneficial' for the United States to 'make up for the weakness of the Soviet Union by your strong points'.<sup>54</sup> This position contrasted with Beijing's previous stance, which mainly criticized mischief-making on the part of Japan and saw the United States as a possible ally in checking the former's economic collaboration with the Soviet Union.

Kissinger also underestimated Japanese officials' ambition to improve the country's geopolitical and economic stance through Sino-Soviet competition. On 19 March 1975, MOFA officials articulated this strategy in a policy paper, stating that Japan could benefit from Sino-Soviet rivalry by 'developing economic relations with one without undermining our relations with the other' and instructed that Japan should 'to the extent possible move forward with economic cooperation [with the Soviet Union], including the Siberian development projects'.<sup>55</sup> The MOFA officials' strategy was implemented when Moscow became frustrated at its setback in Washington. The Trade Bill of 1974 prevented Moscow from easy access to American credit. Consequently, Moscow shifted its attention away from Washington to Tokyo, which had demonstrated more interest in economic cooperation with the Soviet Union.

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<sup>51</sup>Ibid., p. 8.

<sup>52</sup>United States National Security Council Staff, 'Approaches to dealing with the Soviet Union' [President Ford's meeting with Deng Xiaoping], Kissinger Transcripts, 1968–1977, DNSA, published online on 2 December 1975, available at <https://www.proquest.com/government-official-publications/approaches-dealing-with-soviet-union-president/docview/1679068802/se-2>, [last accessed 27 November 2023].

<sup>53</sup>Ibid.

<sup>54</sup>Ibid.

<sup>55</sup>Chūso kankei no dōkō to wagakuni no taichu taiso seisaku' [Developments in Sino-Soviet relations and our country's policies with China and Soviet Union], 19 March 1975, Chūgoku Soren kankei [Sino-Soviet relations], 2017-0039, DAMOFAJ.

In 1975, Soviet officials stepped up their efforts to agree on long-term economic and technological cooperation with Japan since it had already reached similar levels of cooperation with West Germany, France, and Italy.<sup>56</sup> In particular, Moscow was hopeful about Japanese entrepreneurs, who had been demonstrating a more positive attitude towards the Soviets' economic overtures. In August, Brezhnev welcomed a Keidanren delegation led by President Doko Tokio in Crimea and informed him of Soviet interest in exploring long-term economic cooperation.<sup>57</sup> 'The Soviet-Japanese economic collaboration is a bilateral issue between the two countries,' the general secretariat told Doko, 'and it will not be subjected to influence from a third country.'<sup>58</sup> However, Soviet overtures received little sympathy from the government. In June 1976, Ivan Semichastnov, the first deputy foreign trade minister, brought the issue up with Prime Minister Miki Takeo. According to the minister, the Soviet Union wanted to sign a comprehensive economic and technical cooperation agreement with Japan, given that it had already reached agreements of a similar nature with France and Italy. In response, Miki told the Soviet envoy that such an agreement was not necessary if the current economic cooperation between the two countries was to proceed as planned. What was needed between Japan and the Soviet Union 'was not an economic agreement but a peace treaty'.<sup>59</sup> Gromyko's visit in January 1976 made little difference. In light of the hostile diplomatic environment caused by the defection of the Soviet pilot Belenko and the visit of Foreign Minister Miyazawa to disputed waters near the Japan-claimed South Kuril Islands, the Soviet foreign minister failed to secure any new agreement on Siberian development; his suggestion to reopen negotiations for the Tyumen oil project and the conditional sale of Japanese railroad equipment met with little enthusiasm from the Japanese side. According to the memorandum, Miki told the Soviet foreign minister that Japan 'had already come to a conclusion on these matters' and refused to discuss Siberian development further with the Soviet delegation.<sup>60</sup>

China was surprised—albeit relieved—to see Japan not complying with Soviet demands. On 7 January 1976, *The People's Daily* published an article titled 'Japanese People Shall Never Bend to Soviet Pressure', praising Japanese leadership's 'firm

<sup>56</sup>'Patorichefu Soren gaikoku bōeki daijin to no kaidan no sai no sankō shiryō' [Reference materials for the meeting with Patolichev, Minister of Foreign Trade of the Soviet Union], 23 May 1977, Patorichefuso ren gaikoku boeki daijin hōnichi (1977-nen) [The visit of Minister of Foreign Trade of the Soviet Union Patolichev to Japan (in 1977)], 2016-1739, DAMOFAJ.

<sup>57</sup>Soviet Embassy Information Department, 'Leonid Brezhnev's speech at the plenary meeting of the CPSU central committee (Excerpts relating to some aspects of the party's international activities)', March 1976, Office of Staff Secretary, 1976 Campaign Transition File, Confidential File, 11/76-1/77, Container 1, Atlanta, GA: Jimmy Carter Presidential Library and Museum (hereafter cited as JCPLM), p. 7.

<sup>58</sup>Keizai Dantai Rengō-kai and Nihon Roshia Keizai Iinkai, *Nisso keizai iinkai-shi: Nisso keizai kyōryoku shihanseiki no ayumi: 1965-1992* [A history of Soviet-Japanese economic cooperation committee: A quarter-century of Japan-Soviet economic cooperation, 1965-1992] (Tokyo: Keizai Dantai Rengō-kai, 1993), pp. 115-116.

<sup>59</sup>'Miki sōri ni taisuru semichasutonofu dai ichi jikan no hyōkei hōmon' [Courtesy visit by First Deputy Minister Semichastnov to Prime Minister Miki], 13 June 1975, Nisso yōjin kaidan [Conversations between Japanese and Soviet dignitaries], 2018-0033, DAMOFAJ.

<sup>60</sup>Guromuiko no Miki sōri hyōkei [Courtesy visit by Gromyko to Prime Minister Miki], 16 January 1976, Guromuiko sōri gaimu daijin hōnichi (1976-nen) [Foreign Minister Gromyko's visit to Japan (in 1976)], 2019-1605, DAMOFAJ.

stance' against Moscow's diplomatic scheme.<sup>61</sup> The position was also conveyed to Japan through diplomatic channels: the Japanese embassy in Yugoslavia reported on 15 January that Chinese diplomats told their Yugoslavian counterparts that China 'could feel relief knowing that Gromyko did not make a breakthrough in its negotiation with the Japanese government'.<sup>62</sup> Moscow's frustration with the impasse in Soviet-Japanese relations was also notable. In March 1976, Brezhnev openly told his comrades at the Plenary Meeting of the CPSU Central Committee that despite constructive talks with Japanese business circles, 'the behaviour of the Japanese authorities seriously clouded the general atmosphere of Soviet-Japanese relations'.<sup>63</sup> This view starkly contrasted with his praise for the Japanese government under Tanaka from 1972 to 1974.

The commencement of the Carter administration in 1976 added new dynamism to this multilateral game and effectively ended Kissinger's efforts to enhance American initiative in three sets of bilateral relations. The deepening rivalry between Secretary of State Cyrus Vance and National Security Advisor Zbigniew Brzezinski was especially stark when it came to the *détente*, as the two had opposing views regarding China and Japan's role in improving the United States' stance on competition with the Soviet Union.<sup>64</sup> The differences between the State Department and the NSC persisted until 1980, when Brzezinski emerged victorious.<sup>65</sup> Compared to Kissinger's time, the White House lost its edge in managing economic *détente*, let alone in managing the roles of China and Japan.

Discord among American decision-makers liberated decision-makers in China and Japan to pursue their agendas for economic *détente*. On the Chinese side, the White House's ambivalent attitude towards *détente* prompted doubts about the American position in the possible Sino-Soviet conflict. In response, Chinese diplomats stepped up their efforts to form an anti-Soviet coalition with hardliners in Japan and the United States. In addition to the more widely known visit by Brzezinski in May 1978, Beijing's diplomatic efforts in Japan had already been under way since 1977. In April, the Chinese leadership warmly welcomed a visit from Hogen Shinsaku, a senior diplomat in the MOFA and the first president of the Japan International Cooperation Agency (JICA), the semi-official branch for managing the country's official development assistance (ODA) programmes. Chinese officials' interest in Hogen was primarily attributed

<sup>61</sup>'Ri ben ren min jue bu xiang Su lian ya li qu fu' [Japanese people shall never bend to Soviet pressure], *People's Daily*, 7 January 1976, p. 6.

<sup>62</sup>Guromuiko gaishō hōnichi (Chūgoku no mikata) [Foreign Minister Gromyko's visit to Japan (China's perspective)], 15 January 1976, Guromuiko sōri gaimu daijin hōnichi (1976-nen) [Foreign Minister Gromyko's visit to Japan (in 1976)], 2019-1605, DAMOFAJ.

<sup>63</sup>Soviet Embassy Information Department, 'Leonid Brezhnev's Speech at the Plenary Meeting of the CPSU Central Committee (Excerpts relating to some aspects of the party's international activities)', March 1976, Office of Staff Secretary, 1976 Campaign Transition File, Confidential File, 11/76-1/77, Container 1, JCPLM, pp. 7–8.

<sup>64</sup>According to Vance's memoir, one of the main differences between Brzezinski and Vance on the implications of *détente* in Asia was the former's interest in using Sino-American relations as a deterrent to the Soviet Union, while Vance emphasized the repercussions it would have on American relations with the Soviet Union and its Asian allies, namely, South Korea and Japan. See Cyrus Vance, *Hard choices: Critical years in American foreign policy* (New York: Simon and Schuster, 1983), pp. 78–79.

<sup>65</sup>See Mary DuBois Sexton, 'The wages of principle and power: Cyrus R. Vance and the making of foreign policy in the Carter administration', PhD thesis, Graduate School of Arts and Sciences, Georgetown University, 2009.



to his long-held position as an anti-communist hardliner within the government since the 1950s, opposing negotiations with the Soviet Union and normalization with the PRC. However, Hogen's seemingly unfriendly attitude towards China did not prevent Vice Foreign Minister Yu Zhan and Vice Premier Li Xiannian from talking about China's interests in an anti-Soviet coalition, with Hogen playing a role in it. On 30 April, Yu and Li met with Hogen and warned him of the dangers of Japanese investment in Siberia. 'While the Soviet Union does not turn down any credit [from the West], it is unclear how Soviets would repay it,' Minister Yu told Hogen. 'We estimate that it will not pay back but settle the debt through a war.'<sup>66</sup> Hogen welcomed Yu's argument and cited the eventual collapse of negotiations for the BAM railroad as evidence of Soviet untrustworthiness. In Hogen's meeting with the vice premier, Li also referred to the danger of extending credit to the Soviet Union: 'It is necessary to think from the strategic perspective, as it is similar to feeding a tiger only to have yourself devoured when it gets stronger.'<sup>67</sup> In addition to casting doubts over Soviet-Japanese economic cooperation, Yu and Li expressed China's interest in fostering anti-Soviet factions in relevant countries. As Yu put it, 'Unfortunately, people with your mind do not have an advantage in [Western] countries ... Therefore, our diplomacy aims to make people of your faction gain the advantage in different countries.'<sup>68</sup> Yu and Li's statement reflected China's uneasiness with détente and its eagerness to find allies in Tokyo.

The Japanese government, in turn, exploited Beijing's anxiety to maximize its economic gains and simultaneously used Sino-Japanese cooperation as leverage for negotiations with the Soviets. Juxtaposed with Hogen's visit, a Keidanren delegation, led by Doko and Inayama, also arrived in Beijing to discuss a potential agreement on long-term economic cooperation and trade. Compared to Hogen's talks with the Chinese side, the negotiations between Inayama, the head of the Japanese negotiation team, and Chinese officials were much more difficult. The Japanese petroleum and electricity industries' demand for oil and coal exports greatly exceeded China's current energy output. However, to the surprise of Inayama and Doko, the Chinese demonstrated a lenient attitude towards Japanese demands. According to President Hua Guofeng, China agreed about the need for long-term trade deals and was ready to 'consider Japanese offers without reservation'.<sup>69</sup> After months of negotiation, Inayama reached an agreement with Chinese officials in January 1978, with both sides agreeing to boost trade volume between the two countries to ten billion dollars from 1978 to 1985. Chinese negotiators made various compromises to secure this deal. According to Inayama, to meet the Japanese oil giants' demand for China to increase its oil exports to Japan to 15 million tons annually by 1985, Chinese experts quickly expanded their oil extraction efforts in Daqing by opening another five drilling areas in addition to

<sup>66</sup>'Hōgen sōsai to yo Jin gaikō-bu fuku buchō to no kaidan kiroku' [Record of Conversation between President Hogen and Vice Minister Yu Zhan of the Chinese Ministry of Foreign Affairs], 12 May 1977, Nitchū kankei, 2016-1714, DAMOFAJ, p. 11.

Sternheimer, *East-West technology transfer*, p. 59.

<sup>67</sup>'Hōgen sōsai to ri sen'nen fuku sōri to no kaidan' [Conversation between President Hogen and Vice Premier Li Xiannian], 11 May 1977, Nitchū kankei, 2016-1714, DAMOFAJ, p. 11.

<sup>68</sup>'Hōgen sōsai to yo Jin gaikō-bu fuku buchō to no kaidan kiroku', p. 26.

<sup>69</sup>Heishirō Ogawa, 'Kakokuhō shuseki no Dokō Keidanren kaichō ikkō to no kaidan kiroku' [Record of conversation between Chairman Hua Guofeng and Keidanren President Doko's group], 2 April 1978, Nitchū kankei, 2016-1714, DAMOFAJ, p. 11.

its original ten.<sup>70</sup> In this way, it is possible to see China's concession as another way to expand its influence on Japan's geopolitical stance through economic means.

The Japanese side, too, agreed to the strong geopolitical overtones embedded in this deal, especially when Soviet Minister of Foreign Trade Patolichev's visit to Tokyo in May 1977 failed to secure long-term economic cooperation with Japan.<sup>71</sup> Inayama proclaimed in an interview that it was 'essential to attach economic [incentives] to Sino-Japanese rapprochement, which was indispensable for peace-making efforts in the world', and he assured his audience that the United States would view this development 'from a bigger perspective' and welcome it.<sup>72</sup> New developments in Sino-American interactions quickly substantiated Inayama's statement. A few months later, Beijing issued an invitation to Brzezinski through the Chinese embassy in Iran. The Chinese made Brzezinski's visit a showcase of China's favour of him by rolling out the red carpet, a treatment usually reserved for the secretary of state and the president.<sup>73</sup> Without consulting Vance and Carter, Brzezinski returned the favour by encouraging Fukuda to take a firmer stance on Soviet aggression when he stopped in Japan to meet with the Japanese prime minister.<sup>74</sup> In this way, China's strategy to supplement its economic deals by forming a hardline coalition seemed to pay off.

China's progress with anti-Soviet hardliners frustrated Moscow, which then exploited every chance to attack Sino-Japanese economic collaboration. On 7 September 1978, Kosygin told the members of the Japanese Diet that Japan's investment in China 'was destined for total failure' since the Chinese would use the investment from Japan and Europe to prepare for a war against the Soviet Union. In addition, Kosygin tried to encourage Japanese interest in participating in the Soviet Union's next five-year plan since 'for the long-term economic plan, it becomes harder to partake the later it gets'.<sup>75</sup> However, despite a bitter statement from Moscow, the Soviets still offered concessions in subsequent negotiations with Japan in the hope of tilting the country towards the Soviet Union. On 23 August 1978, representatives of Japanese industry reported that the Soviets immediately changed their attitude after China and Japanese merchants came to terms on 14 August to export 300,000 tons of coal to Japan. The deal prompted the Soviet side to show greater enthusiasm for

<sup>70</sup>Yasuhiro Inayama, 'Nichū chōki bōeki torikime o musunde kaetta inayama yoshihiro no Chūgoku zakkubaran' [Real impression of China from Inayama Yasuhiro, who came back after successfully securing the long-term trade agreement with China], *Zaikai*, vol. 26, no. 5, March 1978, p. 35.

<sup>71</sup>Prior to Patolichev's visit to Japan in May 1977, MOFA officials argued that, in their estimation, Japan could not benefit from a long-term agreement, holding that Japan would no longer be able to use energy trade with China as a bargaining tool with the Soviets. See 'Taiso keizai kankei ni taisuru waga hō no kihonteki tachiba' [Our basic stance on the economic relations with Soviet Union], 23 May 1977, Patorichefuso ren gaikoku bōeki daijin hōnichi (1977-nen), 2016-1739, DAMOFAJ.

<sup>72</sup>Inayama, 'Nichū chōki bōeki torikime o musunde kaetta inayama yoshihiro no Chūgoku zakkubaran', pp. 35, 37.

<sup>73</sup>Betty Blad, *An outsider in the White House: Carter, his advisors, and the making of American foreign policy* (Ithaca: Cornell University Press, 2009), p. 142.

<sup>74</sup>*Ibid.*, p. 143.

<sup>75</sup>'Kokkai chōtōha hōso shinzen giin-dan (kosuigin to no kaidan) (A)' [Diet members' bipartisan delegation of friendship to Soviet Union (conversation with Kosygin) (Part A)], 7 September 1978, Tai Soren shakkan kyōyo/Shiberia kaihatsu purojekuto [Loan provision to the Soviet Union/Siberian development project], 2019-1809, DAMOFAJ.

negotiations to secure new contracts for Yakutsk coal mines.<sup>76</sup> The negotiations concluded in early 1979, when the Soviet Union accepted additional investment in Yakutsk from Japan in exchange for more coal export quotas.<sup>77</sup> In this way, Japan managed to salvage economic détente by facilitating and maximizing its gains from Sino-Soviet competition.

The shrinking of the American initiative reflected the shifting dynamics of economic détente in the post-Nixon era. From 1974 to 1978, economic détente diverted from Kissinger's original scheme to develop Soviet economic dependence on the Western bloc. This process was facilitated by Kissinger himself and decision-makers in Beijing and Tokyo, with the latter pushing hard against Kissinger's attempt to keep the United States as the controlling force in quadrilateral relations. This was especially true in the first years of the Carter administration, when Chinese and Soviet officials competed for economic influence. At the same time, the Japanese aimed to maximize their economic gains by exploiting the Sino-Soviet confrontation. Consequently, on the eve of the Soviet invasion of Afghanistan, economic détente had more Japanese and Chinese input.

### China's energy diplomacy and Japan's struggle to preserve economic cooperation with the USSR, 1978–1980

Economic détente took yet another twist at the turn of 1980. As the situation in Afghanistan, Iran, and Indochina escalated, Beijing gained a long-awaited opportunity to work on remaining sympathizers regarding economic détente. In addition to their usual hardline statement on the Soviet threat, Chinese officials made more economic overtures during their visits to Japan and the United States and were open to exploring possible joint ventures in the energy industry and additional oil and coal exports.

Deng's interaction with Armand Hammer exemplifies China's efforts to address pro-Soviet industrialists through energy deals. Before Deng's visit, Armand Hammer had made repeated requests to the White House for an audience with Deng, but failed to receive an invitation. This was partly attributed to Hammer's connection to the Soviet Union which made him an unwanted guest for the state reception for the Chinese leader.<sup>78</sup> However, Hammer's pro-Soviet position did not bother Deng, who recognized

<sup>76</sup>'Minami yākuto genryō tan purojekuto kankei Nisso tōjisha-kan (daisankai teiki) kyōgi kaisai mondai' [Issues of holding (the third periodic) consultations with the Soviet side regarding the South Yakut coking coal project], 16 August 1978, Tai Soren shakkan kyōyo/minami yakūto tan kaihatsu kyōryoku purojekuto [Loan Provision to the Soviet Union/South Yakut coal development cooperation project], 2015-0730, DAMOFAJ.

<sup>77</sup>'Afugan jiken-go no Nisso keizai kankei' [Soviet-Japanese economic relations after the Afghanistan incident], 17 September 1980, Afuganisutan mondai/tai Soren seisai sochi [Afghanistan issue/sanctions against the Soviet Union], 2017-0530, DAMOFAJ.

<sup>78</sup>Armand Hammer and Neil Lyndon, *Hammer: Witness to history* (London and New York: Simon Schuster, 1987), pp. 456–458. Hammer's recollection is partially supported by a memorandum dated 13 May 1980 from Judy Powell to Carter, which noted that the White House had denied Hammer's request to meet with the president since August 1978, which was surprising, considering Hammer's role in Carter's campaign. Another document dated 20 October 1979 from Tom Beard to David Aaron also noted that Hammer's request for an audience with the president was at the discretion of the NSC (under Brzezinski). See Tom Beard, 'Memorandum for David Aaron', 20 October 1979, Presidential Papers of Jimmy Carter, National

him without introduction when Hammer attended the reception held in Texas uninvited and sat at Deng's table. The Chinese leader immediately invited him to visit China at his convenience.<sup>79</sup>

Hammer thus visited Beijing in May 1980 and returned home with a 30-year contract to develop An Tai Bao coal mines, China's largest surface mine area at the time, and two oil exploration and development contracts in the South China Sea.<sup>80</sup> The political considerations involved in this deal were obvious: according to Chinese records, the Island Creek Company, a sub-company of Occidental Petroleum, was not on the original list of candidates for An Tai Bao prepared by China's Ministry of Coal (MoC). From September 1978 to May 1979, MoC technocrats, including the Peabody Energy Corporation and Utah International, reached out to several American companies to develop An Tai Bao. However, with support from Deng and Chai Zemin, ambassador to the United States, the Island Creek Company, which Chinese technocrats considered the 'least technologically sophisticated and lacked managerial know-how', easily made it onto the shortlist and eventually won the contract.<sup>81</sup>

Chinese officials also stepped up their economic diplomacy with the Japanese establishment in the government and the business world. In the first half of 1979, Beijing made additional efforts to solicit Japanese investment, especially in the energy sector. China hosted delegations from the Japan Oil Association and Japan Coal Association to discuss possible joint ventures and gave industrial giants—for instance, the Mitsui Mining Company—access to coal-rich provinces for tours.<sup>82</sup> The Chinese side also made concessions to facilitate negotiations in the oil sector. Chinese technocrats approached the Japan Petroleum Corporation (Nihon Sekiyu Kodan), the government-owned company in charge of Japan's overseas oil development projects and national reserves, in June 1978 to explore potential cooperation on oil fields in the Bohai Sea. Initially, the negotiations made little progress due to China's scepticism of Japanese demands,

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Security Affairs, Brzezinski Material, Name File, Hammer, Armand, 10/79-6/80 through Lukasik, Andrei, 4/79, Collection No. 9, Box 2, JCPLM; and Judy Powell, 'Memorandum for the president: Armand Hammer meeting', 13 May 1980, Presidential Papers of Jimmy Carter, National Security Affairs, Brzezinski Material, Name File, Hammer, Armand, 10/79-6/80 through Lukasik, Andrei, 4/79, Collection No. 9, Box 2, JCPLM.

<sup>79</sup>Hammer and Lyndon, *Hammer: Witness to history*, p. 458. Hammer's recollection was supported by Chinese records, which also noted Deng's warm welcome for Hammer. See Xuan Wang, 'Pingshuo Pingshuo (Yi)' [A review of Pingshuo Project, (Part 1)], *Shenzhou*, vol. 7, 2015, pp. 102–106.

<sup>80</sup>Hammer and Lyndon, *Hammer: Witness to history*, p. 460.

<sup>81</sup>According to Chen Rixin, president of the An Tai Bao Coal Mine Committee, the report from the Ministry of Coal to the Central Planning Committee held that the original choices were more prepared than the Island Creek Company, while Island Creek had a better 'political foundation'. Chen also mentioned that the Chinese ambassador to the United States, Chai Zemin, also intervened and favoured Occidental Petroleum over other candidates. See Wang, 'Pingshuo Pingshuo (Yi)', p. 106; regarding the Ministry of Coal's report in 1983 on the final decision to cooperate with the Island Creek, see Zhijie Wang (ed.), *Shuozhou mei tan zhi* [A chronicle of coal industry in Shuozhou] (Beijing: Fang zhi chu ban she, 2009), p. 780.

<sup>82</sup>These visits included coal mines in Yanzhou, Shandong and Gujiao, and Shaoxi, as well as oil and gas excavations in the South Bohai area. See 'Sonoda daijin hatsugen-yō shiryō (tai tōshōhei fuku sōri, ōka gaikō buchō-yō) (Shōwa 54-nen 2 getsu 6-7-nichi)' [Materials for Minister Sonoda's statement (with Vice Premier Deng Xiaoping and Foreign Minister Huang Hua) (6–7 February 1979)], February 1979, Tōshōhei Chūgoku kokumu-in fuku sōri hōnichi (1979-nen) [Vice Premier Deng Xiaoping's visit to Japan (in 1979)], 2021-0547, DAMOFAJ. For Mitsui's visits, also see Wang, *Shuozhou mei tan zhi*, p. 873.

including a product-sharing agreement, the establishment of a joint venture, and the use of yen credit instead of dollars. The Chinese offered many concessions in subsequent negotiations after the Japanese conveyed their concerns during Deng's visit to Japan in February 1979.<sup>83</sup> Eventually, on 17 October and 6 December, both sides agreed to prospect and develop oil fields in the Bohai Sea area through a joint venture.<sup>84</sup> Nagano's company also benefitted greatly from this deal: New Nippon Steel received oil pipeline and platform contracts in the Bohai Sea, including the Chengbei Oil Field and Bozhong 28-1 Oil Field.<sup>85</sup>

China made progress in energy cooperation, while Soviet-Japanese cooperation was stymied. In April 1979, the fourth meeting of the small committee of the Soviet-Japanese Economic Cooperation Council (SJECC) ended with little progress being made. As Japanese economic media outlets observed, 'Despite Soviet promotion of "massive, long-term economic cooperation," the meeting ended without actual breakthroughs. It is possible to say that the proposal carries more psychological significance than actual contents.'<sup>86</sup> Even Nagano had to admit that the meeting was unsuccessful, especially compared with Sino-Japanese economic cooperation. As he put it,

many juxtapose this meeting with the prospering economic relation between China and Japan, and care about what is achieved [here]. However, the atmosphere [of this meeting] was truly pragmatic—we evaluated the past and hope to accumulate more in the future.<sup>87</sup>

In September, the eighth general meeting of the JSECC also concluded without reaching a new agreement on projects. This was frustrating for Japanese industrialists, who hoped to mitigate the impact of the second oil shock through new energy deals in Siberia.

Beijing's overtures, therefore, arrived at an opportune moment to address these industrialists' anxiety. In May 1980, Hua and Vice Premier Gu Mu visited Japan.

<sup>83</sup> According to the report from China's National Energy Commission to the Party Central in April 1981, the eventual contract 'had some flaws and disadvantages due to the lack of experience, which should be amended if possible'. See Zhongyang cai jing ling dao xiao zu ban gong shi, 'Zhong yang cai jing ling dao xiao zu hui yi ji yao di jiu qi ting qu bo hai shi you kan tan lun zheng hui de hui bao' [Minutes of the meeting of the Central Financial and Economic Leading Group, Issue 9: Hearing the report regarding the feasibility of Bohai Oil Exploration and Development], 10 April 1981, cited in Bohai you tian zhi bian zuan wei yuan hui, *Bohai you tian zhi* [The chronicle of Bohai oil field] (Tianjin: Tianjin ren min chu ban she, 1993), pp. 402–403.

<sup>84</sup> Akira Matsuzawa, 'Bokkai no sekiyu Kaihatsu' [Oil development in Bohai Area], in 'Wagakuni kaigai sekiyu kaihatsu no genjō to shōrai' [Current status and future of Japan's overseas oil development], (ed.) Tomoya Takei, *Sekiyu Gakkai Zasshi*, vol. 5, no. 8, August 1982, pp. 66–72.

<sup>85</sup> For New Nippon Steel's involvement, see 'Biao 2-3, hai shang shi you gong cheng she shi yi lan biao' [Chart 2.3, A list of constructions for offshore oil engineering], Bohai you tian zhi bian zuan wei yuan hui, *Bohai you tian zhi*, 1993, pp. 32–36.

<sup>86</sup> Soren no iyoku to genkai mo hakkiri shita Nisso keizai iinkai' [The Japan-Soviet Economic Commission made clear the aspirations and limitations of the Soviet Union], *Keizai tenbō*, vol. 51, no. 6, April 1979, p. 17.

<sup>87</sup> Shigeo Nagano, 'Shiberia kaihatsu kyōryoku no hatten o mezashite dai 4-kai Nisso gōdō iinkai kanbu kaigi' [Aiming to further the Siberian development cooperation: On the fourth Japan-Soviet Joint Committee Executive Meeting], *Keidanren geppō*, vol. 27, no. 4, April 1979, p. 38.

During their visit, the two Chinese leaders painted a rosy picture of Sino-Japanese energy cooperation: Hua promised Prime Minister Ohira that China would develop economic cooperation with Japan from ‘long-term, strategic considerations’. Hua not only assured Ohira that China would deliver eight million tons of oil—as per the agreement in 1978—to Japan that year but also proclaimed that ‘China could expand its coal export to Japan to ten million tons annually by 1985 should joint ventures [with Japan] proceed smoothly.’<sup>88</sup> Similarly, in his conversation with Foreign Minister Okita Saburo, Gu made numerous overtures to solicit Japanese interest in the Chinese plan to develop energy resources. According to the memorandum, China planned to increase its oil exports to Japan in the long run and thought of the plan ‘not in the next one or two years, but until 1985 or even 1990’.<sup>89</sup> In addition, Gu assured Okita that China was prepared to open more coal mines for joint ventures with the Japanese and ‘hoped to accelerate these projects through collaboration at the governmental level’.<sup>90</sup> Gu even made further promises to compensate for Japanese loss in the case of Soviet invasion: ‘the worry for potential Soviet incursion into the Northeast is useless ... Should Japanese economic interest suffer from possible Soviet invasion,’ Gu told Okita, ‘China will compensate Japan’s loss through [projects] in other regions.’<sup>91</sup> Ohira gladly accepted China’s overtures and charged technocrats from the MITI with facilitating the projects.

The contrast between Japan’s economic cooperation with China and with the Soviet Union prompted Japanese technocrats in the MOFA—once opponents of Japanese investment in Siberia—to abandon their original stance and advocate for the necessity of economic collaboration with Moscow. In a policy paper dated June 1980, the Foreign Ministry warned against disruption to geopolitical equilibrium should Soviet-Japanese economic cooperation be overly undermined: ‘because the economic collaboration between China and Japan would keep expanding rapidly in the foreseeable future’, the policy paper stated, ‘constraining Soviet-Japanese economic cooperation would bring not only economic loss but also diplomatic difficulties’.<sup>92</sup> MOFA’s position echoed that of MITI officials, who were anxious to point out that West Germany and France managed to maintain close economic ties with the USSR despite opposition from the United States. Therefore, MITI officials contended that the government should approve government-sponsored credit to supply equipment to the Soviet side ‘at the earliest possible date’ in the face of potential challenges from German and French suppliers.<sup>93</sup> Some Japanese industrialists, including Nagano, joined the chorus by urging the government to reconsider the necessity of economic cooperation with the

<sup>88</sup>‘Nitchūkankei (Ka sōri no hōnichi, dainikai shunō kaidan, sono san) (A)’ [Japan-China relations (Prime Minister Hua’s visit to Japan, second government-head meeting, Part 3) (A)], 28 May 1980, Kakokuhō Chūgoku kokumuinsōri hōnichi [Chinese Premier Hua Guofeng’s visit to Japan], 2016-1196, DAMOFAJ.

<sup>89</sup>‘Okita gaishō Kokuboku fuku sōri kondan naiyō (5 gatsu 28-nichi oide ikura kōkan)’ [Contents of the meeting between Foreign Minister Okita and Vice Premier Gu Mu (May 28th at Iikura Building)], 28 May 1980, Ka Kokuhō Chūgoku kokumuinsōri hōnichi, 2016-1196, DAMOFAJ.

<sup>90</sup>Ibid.

<sup>91</sup>Ibid.

<sup>92</sup>‘Taiso keizai bōeki kankei (tōmen no taisho hōshin)’ [Economic and trade relations with the Soviet Union (current policies)], 3 June 1980, Afuganisutan mondai/tai Soren seisai sochi, 2017-0348, DAMOFAJ.

<sup>93</sup>‘1 Oku-doru ika no shinki anken de kinkyū ni kōteki sapurayāzu kurejitto o kyōyo suru hitsuyō no aru anken (ni-ken)’ [New projects worth less than \$100 million that require urgent provision of public

Soviet Union as Western European allies were not cooperating in complying with the sanctions against the Soviet Union imposed by the United States.<sup>94</sup> Activism from within the government and the corporate world prompted the Ohira administration to maintain Soviet-Japanese cooperation at an acceptable level and kept open diplomatic channels for Soviet economic overtures throughout the early 1980s.

Japanese technocrats also took the initiative to seek both Beijing and Washington's understanding of their new approach. Donoguri Mitsuro, the vice-director of the Eurasia Bureau in the MOFA, defended Japan's decision when his Chinese counterpart, Wang Jinqin, confronted him in September 1980. According to Donoguri, 'The active participation in the development of Siberia is in Japan's essential national interests, in which the pursuit of energy diversification was included.'<sup>95</sup> MOFA officials also worked to secure exemptions from the United States for industrial equipment and bank credit in US dollars for the Siberian projects. During Ohira's visit to the United States in May 1980, Japanese officials asked the Americans to understand Japan's interests in the Soviet Union and Japan's request for exemptions from the sanctions. Eventually, both sides agreed that the United States would 'acquiesce' to Japan's request, including Japan's export of \$350 million worth of large-diameter steel pipes and \$70.5 million of new credit to the oil drilling project in Sakhalin.<sup>96</sup> In exchange, Japan would work with the United States on other aspects of economic sanctions and 'cautiously review supplying credit and technology [to the Soviet Union] in the future'.<sup>97</sup>

However, these efforts failed to salvage economic détente and Japan's plan to use it to maintain a form of geopolitical equilibrium in Northeast Asia. Compared to the rapid expansion of Sino-Japanese economic relations, the negotiations between the Japanese and Soviet delegations on Siberian development—through SJEC and diplomatic channels—still lagged behind and failed to reach any new agreement in the 1980s.<sup>98</sup> This result was in line with the United States' return to a more confrontational stance with the Soviet Union under the Reagan administration. Economic

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supplier credits (2 projects)], 12 September 1980, Afuganisutan mondai/tai Soren seisai sochi, 2017-0530, DAMOFAJ.

<sup>94</sup>After the Soviet invasion of Afghanistan, the Carter Administration's sanctions included freezing loans and suppliers' credit to Soviet Union by the Western bloc and suspending licensing for industrial equipment and strategic goods sales.

<sup>95</sup>Gaimushō Tōō daiikka, 'Chūgoku gaikō-bu Soren Tōō Tsukasa fuku Tsukasa-chō to dōnowaki ōa-kyoku shingi-kan to no kaidan' [Meeting between the Deputy Director-General of the Soviet Union's Eastern Europe Department, Ministry of Foreign Affairs of China, and Deputy Director-General of the European and Asia Bureau Donoguri], 3 September 1980, Nisso yōjin kaidan, 2018-0033, DAMOFAJ.

<sup>96</sup>'Taiso keizai bōeki kankei (tōmen no taisho hōshin)'. For the list of projects that were exempted from the sanctions, see 'Afugan jiken-go no Nisso keizai kankei' [Soviet-Japanese economic relations after the Afghanistan incident], 17 September 1980, Afuganisutan mondai/tai Soren seisai sochi, 2017-0530, DAMOFAJ.

<sup>97</sup>Ibid.

<sup>98</sup>These negotiations include Foreign Minister Abe Shintaro's meeting with Soviet Ambassador Vladimir Pavlov in December 1982, during which the former made it clear that Japan 'will not separate economy from politics' in pursuing economic cooperation with the Soviet Union. This cast a long shadow on the SJEC delegation Nagano led to Moscow in 1983. The ninth meeting of the SJEC in 1983 was the final meeting between the two sides, which only resumed after the collapse of the Soviet Union. See 'Abe daijin pafurofu chū Nitsu Soren taishi kaidan-yō shiryō' [Materials for the meeting between Minister Abe and Soviet Ambassador to Japan Pavlov], 4 December 1982, Nisso yōjin kaidan, 2016-0734, DAMOFAJ.

détente, whether in the form of Kissinger's original design or the Japanese attempts at alteration, ended in the wake of China's ascension into the global market.

## Conclusion

The legacy of Siberian development and economic détente still haunts contemporary politics. Following the outbreak of the Russo-Ukrainian War in February 2022, the United States invoked a new wave of sanctions on Russia, prompting a large group of American enterprises to leave Russia. Exxon Mobil also relinquished its investment in the 'Sakhalin 1' offshore oil platform. When the Russian government approved the new operating body of the Sakhalin oil project on 15 November 2022, the Sakhalin Oil and Gas Development Company (SODECO) was granted a 30 per cent share in the reshuffled operating body.<sup>99</sup> Established in 1974 and retaining its name after reorganization in 2000, SODECO had continued to participate in Siberian development since 1995 and had remained relevant—with permission and even the direct participation of the Japanese government—at the time of American withdrawal.<sup>100</sup> This, in some way, serves as a reminder that the highly volatile nature of economic détente remains relevant in contemporary politics and continues to play a role in the geopolitical game of Northeast Asia in a meaningful way.

This article offers a case study of these dynamics by demonstrating the multilateral factors involved in the making and unmaking of economic détente. The shifting dynamics of economic détente throughout the 1970s helped shape the highly volatile nature of policy-making for all parties at the height of the global Cold War. Kissinger's convoluted scheme to use economic détente to foster Soviet dependence on the United States quickly gave way to the overarching goal of maintaining American superiority in its respective relations with China, Japan, and the Soviet Union. By simultaneously featuring economic détente as a deterrent to the Sino-Japanese alliance and a cornerstone of Soviet-Japanese coordination, Kissinger hoped to keep the United States relevant even after its actual contribution to economic détente was greatly diminished due to the Jackson-Vanik Amendment. In this way, Kissinger's economic détente was more adaptive than previously assumed and was subject to external contingencies larger than his strategy for managing the competition between the United States and the Soviet Union.

Similarly, Chinese and Japanese initiatives were crucial in the shifting dynamism of economic détente. While Beijing constantly sought to discourage Washington and Tokyo from pursuing economic détente, its actions prompted various, and sometimes unexpected, responses from the United States and Japan. Throughout the 1970s, the Chinese leadership mindfully used its oil and coal exports to Japan as a diplomatic tool, hoping to lure Japanese decision-makers—in both the corporate world and the government—to pursue alternatives to Soviet resources. These efforts prompted

<sup>99</sup>Takeo Kumagai, 'Russia approves Japan's SODECO participation in new Sakhalin 1 oil, gas project operator', S&P Global Commodity Insights, published online on 15 November 2022, available at <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/111522-russia-approves-japans-sodeco-participation-in-new-sakhalin-1-oil-gas-project-operator>, [accessed 15 July 2024].

<sup>100</sup>'Russia: Sakhalin 1 Project', Oil and Gas E&P, JAPEX, available at <https://www.japex.co.jp/en/business/oilgas/sakhalin1/>, [accessed 15 July 2024].



countermeasures from the Soviet side, which also sought to sabotage Sino-Japanese economic cooperation by either threatening to terminate Soviet-Japanese economic collaboration or providing concessions in subsequent negotiations to win Japanese support. Under these circumstances, Sino-Soviet competition allowed Japan to benefit diplomatically and commercially from the ongoing geopolitical struggle.

In addition to Chinese factors, this article also sheds light on how the Japanese government and industrialists adapted to economic détente and maximized their interests. MOFA officials' shifting attitudes towards economic détente—from its critics in the early 1970s under the Nixon and Ford administrations to its advocates in the wake of the Soviet invasion of Afghanistan—provide an example of Japan's goal of maintaining geopolitical equilibrium. China and Japan's efforts not only helped them adapt to economic détente as the American leadership designed it in the first place but also repurposed it to divert from the White House's scheme. This, in some way, speaks to the multilateral nature of economic détente.

Indeed, the quadrilateral competition and coordination in Siberian development during the 1970s was an example of the overall economic détente spanning the Eurasian continent. Parallel to energy development in the Soviet Union and China, the four countries also sponsored economic aid and technology transfer to Indochina, the Korean Peninsula, and Central Asia. From Iran to Vietnam and to the two Koreas, equipment and industrial know-how labelled in different languages flooded local factories, reflecting the tensions between different agendas in geopolitical competition. Therefore, pursuing this line of enquiry may help reappraise the pivotal decade of the 1970s as a truly global moment: the Cold War, long an ideological competition and military confrontation, was refuelled and transformed to carry ever-stronger economic overtones during this time.

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