

# ECONOMIC CONDITIONS IN NORTH VIET-NAM

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## *Introduction*

Japan does not maintain formal diplomatic relations with North Viet-Nam (The Viet-Nameese Democratic Republic), nor have any trade agreements been negotiated to date, either on a government or private level. The only trade between the two countries is restricted to private commercial transactions which amount to about U.S. \$ 15 million annually. For these reasons, perhaps, there is little information on the actual conditions in that country.

The following article is an attempt to clarify the economic and trade position of North Viet-Nam on the basis of recent foreign dispatches and other informative material and reports of Japanese who have recently visited that country.

It is well known that the official government publications of Communist countries are extremely limited in number, and even when statistics are published they lack concrete form and generally are expressed in ratios compared with previous years. Such being the case, it is extremely difficult to assess the true economic state of these countries correctly. We are unavoidably compelled for the time being to base our research work on such materials. Present inadequacies will have to be supplemented as new materials or data become available in the future.

It must be noted here that the views and opinions that may be expressed in this paper are solely those of the present writer.

## *I. An Economic Survey*

### 1. General Information

As is well known, Viet-Nam is situated on the Indo-Chinese peninsula of Southeast Asia, with the East China Sea on the east and the south and land borders with Cambodia and Laos on the west.

With a total area of 328,000 square kilometres, Viet-Nam is divided at present into North Viet-Nam and South Viet-Nam by the 17th Parallel by the terms of the Geneva Agreement of July 20, 1954. As a result, North Viet-Nam occupies an area of 159,000 square kilometres, or an area about twice that of Hokkaidō, the northern island of Japan.

According to the national census of March 1, 1960, the total population of North Viet-Nam was 15,916,955 persons (7,687,414 males and 8,229,141 females). South Viet-Nam has an area of 170,000 square kilometres and its population as at the end of 1960 was about 14 million.

## 2. Industries

North Viet-Nam is mountainous and has comparatively few plains, and under French administration, because of its extremely backward state of its agriculture, it yearly imported rice from what is now South Viet-Nam.

However, after receiving its independence, the development of agriculture became a prime task of the new government, and, as a result, agricultural production is said to have increased rapidly to the benefit of the national economy. Further, as 60 per cent of the country is covered by woods and forests, it possesses good forestry resources, and it exports more than 100 different kinds of timber.

Coastal fishing is carried on in the Gulf of Tongking and along the southern coasts, areas which are particularly rich in fishing resources. The annual fish hauls are estimated at 1 million tons.

On independence, industry was limited to cottage enterprises, the only large-scale enterprises being the Hongguy coal mines which had been operated by the French, and the Haiphong Cement Plant. These existing enterprises were expanded and new ones started until in 1959 industrial production levels were about four times the 1955 figure, and in 1960 industrial production represented a 19.5 per cent advance over the previous year. Under the First Five-Year Plan, the 1965 industrial production target was set at about one and half times over the 1960 figure, or an advance of 20 per cent annually.

## II. National Finances of North Viet-Nam

### 1. Budget

Since the establishment of the Viet-Nameese Democratic Republic, practically all the deficits in the national budgets had been covered by the issue of Treasury Department notes or Government-issued notes, until the establishment of the National Bank in 1951. Then Government notes were abolished in favour of bank-notes and efforts were made to balance the budget. This has gradually produced favourable results and the price of goods is said to have been stabilized.

#### (I) Revenue

Main revenue sources in 1961 were as follows:

- |  |                            |
|--|----------------------------|
| (1) Income from enterprises and works..... | 948,084,000 dong           |
|  | (17.9% increase over 1960) |
| (2) Tax revenue.....                       | 398,396,000 dong           |
|  | (19% increase over 1960)   |
| (3) Aid and credits                        | Not available              |
|  | (38.7% increase over 1961) |

#### (II) Expenditures

Main expenditures were as follows:

- |                                |  |
|--------------------------------|--|
| (1) Investments and loans..... | 993,003,000 dong (58.8% of total budget) |
|                                | (11.9% increase over 1960)               |
| (2) Current expenditures.....  | 642,811,000 dong (38% of total budget)   |

- (3) Total Reserves (23% increase over 1960)  
53,807,000 dong (3.2% of total budget)

## 2. Finance

### (a) Banking System

The National Bank of Viet-Nam was established in May of 1951 by the order of the President of North Viet-Nam as the sole banking institution with the status of a Government department or ministry. With its head office in Hanoi, it has branches and agents in cities, towns, and villages throughout the country.

The main business of the bank consists of the issue of bank-notes, savings deposits, loans to economic enterprises, aid and guidance to credit co-operatives, and the management of the National Treasury and wage funds of State enterprises.<sup>1</sup>

### (b) Currency System

The National Bank issued new bank-notes and both the new and the old dong were circulated at the rate of 10 old dong to the new dong, until 1955 when these currencies were unified into one system. Further, on March 1, 1959, a new denomination appeared with a new dong set at the value of 1,000 dongs of the above-mentioned bank-notes.

### (c) Exchange

The foreign exchange rate of the national bank-notes is 3.5 dong to the U.S. Dollar, 9.9 dong to the Pound sterling, 0.1837 dong to the French franc, and 0.306 dong to the rouble.<sup>2</sup>

## III. *Economic Construction of the Country*

The economic development of North Viet-Nam may be roughly divided into the following five periods: the period of French colonial rule (1862-1945) and the War of Resistance to the French (1946-1954) prior to the establishment of the North Viet-Nameese Democratic Republic; the period of economic reconstruction and rehabilitation (1955-1957), the three-year economic development plan (1958-1960) and the current first five-year State plan for socialist economic development (1961-1965). A brief survey of each of these periods follows.

### 1. Outline of the Three-Year Economic Development Plan (1958-1960) and its Performance.

The economic recovery plan (1955-1957) of North Viet-Nam, whose main purpose was to carry out land reform and to return production to the 1939 level, was completed in 1957, and the "three-year plan for the development and reorganization of the economy and for cultural development" was started in 1958 and completed in 1960. The three-year plan was aimed at the social-

<sup>1</sup> North Viet-Nam uses a system where wage funds are deposited with the bank.

<sup>2</sup> Soviet Ministry of External Trade, *Бюлетень Иностранной Коммерческой Информации БИККИ*=BIKI, Moscow, July 4, 1963.

ization of the individual enterprises, farms and cottage industries and the privately-managed enterprises of capitalists. It also was intended to provide the basis for the economic development of the country, consolidating State enterprises, accelerating the pace of economic development, and at vigorously pushing Socialist construction.

In order to achieve these aims and purposes successfully, emphasis in the three-year plan was placed on the following points:

(1) Raising industrial and agricultural production.

(2) Incorporating farming, cottage industries, and capitalist enterprises into a socialist framework, at the same time developing and strengthening State enterprises.

(3) Improving the material and cultural life of the people, and particularly that of the workers, and building up the national defence capability on the basis of increased industrial capacity.

The following targets were set for 1960 based on 1957 figures: (1) A 73.6 per cent increase in over-all agricultural production, (2) an 86.4 per cent advance in the production of the traditional industries (excepting modern plants) and cottage industries, (3) a 169 per cent increase in production for the new factories. Furthermore, the plan envisaged a ratio of 64.7 to 35.3<sup>1</sup> in 1960 between agricultural and industrial production, respectively, when the production of the modern factories should have reached 14.4 per cent of the total industrial production.

The performance of this three-year plan was as follows, according to the data published by the North Vietnamese Government.

(1) Socialization of the Economy

The socialization of agriculture, cottage and capitalistic private industries and retail trade is said to have been completed for all practical purposes by the end of 1960. Thus, in agriculture, slightly more than 40,000 agricultural producers' co-operatives were established by the end of that year, with 85 per cent of the total farming households having been organized into them as members. Further, 87.8 per cent of the workers in cottage industries had joined various kinds of co-operatives,<sup>2</sup> while 82 per cent of those engaged in retail trade or other service industries were either organized into co-operatives, or were made sales agents of the State-operated commercial enterprises or sought employment in industry.

(2) Agriculture

The annual production of the main agricultural products, including rice, maize, sweet potatoes and pulse, rose at an average increase rate of 6 per cent during the three-year period from 1958 to 1960. Rice production in 1959 reached 5,400,000 tons, or more than double the prewar high of 2,400,000 tons reached in 1939, with the per capita production amounting to 2,410 kilogrammes (as against the prewar record figure of 1,304 kilogrammes recorded

<sup>1</sup> The ratio between agricultural and industrial production in 1957, the first year of the three-year plan, is not known.

<sup>2</sup> An association of members engaged in similar work or trade.

in 1939). In 1960, the area of land under crops in 1960 increased by 2.3 per cent over 1959, but the total production of foodstuffs stood at 5,580,000 tons or slightly below the level of 1959, this being due mainly to damage caused by natural disasters.

### (3) Industry

Ten factories were left by the French and eighteen others were constructed during the war of resistance, and, more than 100 other factories and mills, including power plants, cement, textile, fertilizer and machinery manufacturing factories were constructed with the help of economic aid (referred to later in this paper) provided by the Soviet Union, Communist China, and other Socialist countries. As a result, industrial production increased at the high annual average rate of 42.7 per cent between 1955 and 1960. The industrial production index for 1960 stood at 520.5 on a scale of 100 for 1955, with the proportion of industrial production to the gross national product increasing to 31.4 per cent in 1957 and 41.3 per cent from 1.5 per cent in 1954.

Furthermore, heavy industry also made rapid progress. In the machinery manufacturing sector, North Viet-Nam is now able to produce many types of modern lathes, small-size blast furnaces, equipment for oil mills and brick-making factories, rice-polishing machines capable of processing 15-45 tons per day, launches, barges, and similar articles. The production of coal, cement, apatite, tin and other items is said to have registered a 3 to 19-fold increase over 1955.

## 2. First Five-Year Plan for Socialist Economic Development (1961-1965)

The first five-year plan started in 1961 making use of the results achieved in the previous three-year plan. According to statements made at the Third Congress of the Viet-Nameese Party of Labour held in September of 1960, the basic tasks set for the plan were as follows:

(1) To give priority to the development of heavy industry and to develop agriculture and industry simultaneously, to make special efforts for the development of light industry, food processing industries, and transportation.

(2) To prepare the foundations of Socialist agriculture and industry.

Industry-wise, the plan envisaged a 148 per cent increase (an average annual increase of 20 per cent) in industrial production during the five-year period, specifically a 215 per cent advance in producer goods (an annual average increase of 25.8 per cent) and a 110 per cent advance (an average annual advance of 16 per cent) in the output of consumer goods.

Among the different industries, importance was attached to the development of chemical and metallurgical industries (which use electricity in large quantities), the iron-steel manufacturing industry, and the machinery manufacturing industry. It is estimated that, as a result of the development of agriculture and industry during the five-year period, the ratio between agricultural and industrial production, which was 58.8 to 41.3 in 1960, will give place to 49 to 51 in 1965. With this, North Viet-Nam will emerge as an

industrial nation.

### 3. Performance of the Plan for 1961.

According to statements made by the North Vietnamese Government at the beginning of 1962, the performance of the plan for 1961, the first year of the five-year plan, may be summed up as follows:

(1) The machinery and cement manufacturing industries were the only industries that achieved the targets set for the first year, while both agricultural production and total industrial production were far below their target figures. (The agricultural production, which at the beginning of 1960 was estimated to increase by 28.6 per cent in that year, rose only by 8.8 per cent, while the total industrial production advanced by only 10 per cent as against the target of 29 per cent.) This appears to mean that the plan was not necessarily being fulfilled satisfactorily. As a result, it is believed, the first five-year plan would have to be revised considerably.

On the other hand, it appears that efforts are being continued to develop agricultural production and that progress is being made in the construction of various industrial enterprises closely related to the development of agriculture. We can cite as examples the Bang Thack Hydraulic Electric Power Station (which was constructed with Soviet aid some 150 kilometres south of Hanoi), the Van Diem Sugar Refinery completed with Poland's and Communist China's aid which has a daily productive capacity of 100 tons and is the largest sugar refining plant in North Viet-Nam, and various other medium and small light industrial enterprises. However, the shortage of funds and technological inadequacies had severe repercussions in various fields of industrial activity. Thus, in 1962, North Viet-Nam set itself the important task of redressing an imbalance existing among various industries, while upholding the principle of giving priority to the development of heavy industry.

**Table 1. PERFORMANCE OF THE PLAN IN 1961 BY INDUSTRY.**

(a) Total agricultural production	As against 1960	8.8% increase
Co-operativization of farmers	As against 1960	89% increase
Area under crop		Increase of 210,000 hectares
Arable land utilization rate	As against 1960	1.57%
	As against 1961	1.67%
Foodstuff production	5,850,000 tons	18% increase
Unhulled rice	4,660,000 tons	
Minor cereals	1,190,000 tons	
(b) Total mining production		8.6% increase
Coal	2,800,000 tons	7.7% increase
Tin	5,500,000 tons	17.3% increase
Chromium		51.9% increase
(c) Total manufacturing production		10.0% increase
Machinery manufacturing industry		59.9% increase
Agricultural machinery manufacturing industries		33.0% increase
(d) Transportation		12.5% increase

Source: *BIKI*, 1962, *passim*.

## 4. Main Targets of the State Plan for 1962

Main targets envisaged in the 1962 State plan were as follows.<sup>1</sup> In setting these targets the performance of the 1961 State plan was reckoned with.

- |   |                    |                                |
|---|--------------------|--------------------------------|
| (a) Total industrial production   | 2,226,000,000 dong | (20% increase as against 1961) |
| (b) Total agricultural production   | 2,600,000,000 dong | (11% increase over 1961)       |
| (c) State investments in basic construction in the economic and cultural sectors. | 989,000,000 dong   |                                |
| (d) Foreign trade export  |                    | 36.2% increase over 1961       |
| Foreign trade import  |                    | 22.9% increase over 1961       |

## 5. Performance of the Production Plan for 1962

According to statistical figures released by the Central Statistical Bureau of North Viet-Nam, the performance figures of the 1962 State plan were as follows.

**Table 2. PERFORMANCE OF 1962 PRODUCTION PLANS**

	Fulfilment Rates of 1962 Production Plans	As against 1961
I) Industrial production	100.3%	23.3% increase
a) Industries directly managed by Central Gov't	104.3%	30.2% increase
1) Producer goods	99.2%	30.8% increase
2) Consumer goods	101.8%	19.3% increase
b) State-run industries	108.7%	29.5% increase
II) Agricultural production		
a) Total production		5.5% increase
1) Crops		2.5% increase
2) Livestock		14.7% increase
3) By-products of livestock breeding		8.4% increase

Source: Soviet Ministry of External Trade, *BIKI*, Feb. 21, 1963 issue.

The increase in agricultural production as seen in Table 2 may be ascribed to land reclamation and improved land utilization.

The performance of the production plans as given in these tables is based on the official figures released by the North Viet-Nameese Government, and it is not possible to confirm their reliability from other sources. According to information recently received from North Viet-Nam, the country has been plagued by long droughts since the spring of this year and Communist Chinese and Soviet aid has not come up to the expectations of the North Viet-Nameese authorities. It is expected, therefore, that the North Viet-Nameese Government will be compelled to pare down the target figures originally set for the five-year plan for this and the following year and to change

<sup>1</sup> The figures are based on a report given by the Vice-Premier of North Viet-Nam in the National Assembly held in April, 1962.

**Table 3.** PERFORMANCE RATES OF 1962 PRODUCTION PLANS OF MAIN PRODUCER AND CONSUMER GOODS

(in percentages)

	Fulfilment Rates of 1962 Production Plans	As against 1961
Electric Power	101.3	122.6
Coal	102.8	117.9
Coking Coal	106.2	195.1
Tin	103.5	107.3
Cement	100.5	100.3
Chemical Fertilizer	116.2	231.8
Cotton Fabrics	101.5	103.5
Silk Fabrics	107.7	123.2
Yarn*	105.8	105.4
Apparels	102.8	108.6
Knitted Goods	104.1	121.3
Paper	107.8	268.8
Tea	103.9	109.7
Sugar	94.4	193.5

Source: Same as Table 1.

Note: \*Believed to be silk and cotton yarn.

its priorities, stressing agriculture rather than heavy industry. It is probable, too, that the visits of private Japanese trade missions were delayed from spring until early July this year to suit the convenience of the North Viet-Nameese side, when small groups of Japanese businessmen were permitted to visit that country independently.

The export of Hongguy coal, which averaged more than 60,000 tons each month last year, has now dwindled to the 10,000-20,000 ton level.

#### IV. Economic Aid to North Viet-Nam

North Viet-Nam depends to a great extent on the help of the Socialist countries, the Soviet Union and Communist China in particular, for its economic development. Thus, aid without compensation from these and other Communist countries is said to have comprised 70 per cent in 1955, 51 per cent in 1956, and 42 per cent in 1957 of the total revenues of the North Viet-Nameese Government.<sup>1</sup> The amounts of economic aid from China and the Soviet Union are as shown in Table 4.

Country-wise, Communist China accounted for 64.5 per cent of the total credits granted to North Viet-Nam in 1959, the Soviet Union 27.8 per cent, and other Communist bloc countries 7.7 per cent.

An explanation follows which gives in detail Soviet and Chinese aid to North Viet-Nam, and this has been compiled from information gleaned from

<sup>1</sup> A document released in February of 1960 by the Economic Development Committee of West Germany.

**Table 4. CHINESE AND SOVIET ECONOMIC AID TO NORTH VIET-NAM**  
(In millions of old roubles: One million old roubles are equal to 2,500,000 U.S. dollars)

	Communist China		Soviet Union	
	Grants	Credits	Grants	Credits
1955	800 (July)		400 (July)	
1956				30 (December)
1957				
1958				
1959	100 (February)	300 (February)		100 (March)
1960			20 (December)	350 (August)
				430 (December)
1961		630 (January)		
Total	900	930	420	910
Grand Total		1,830		1,330

Source: Soviet Ministry of External Trade, *BIKI*, 1953-1963, *passim*.

Notes: 1. ( ) indicates the time of signing of the agreement.

2. Chinese aid before 1959 in terms of old roubles at the conversion rate of one yuan to one old rouble. Figures for 1961 are expressed in terms of old roubles.

the Soviet journal of foreign trade, *Внешняя Торговля*, February, 1963, in the article "Economic Co-operation between the Soviet Union and other Socialist Countries."

As many as 188 industrial enterprises were constructed with aid given by Communist countries during the 1955-1960 period. Of these, 96 were established with grants and the remaining 85 by credits. It appears that most credits were granted in 1960 and 1961. These credits are playing an important role in the implementation of the first five-year plan.

#### (1) Soviet Aid

The Soviet Union began granting economic and technical aid to North Viet-Nam immediately after peace was restored to Indo-China. In 1955, it gave that country a grant amounting to 400 million old roubles.

This grant was used for constructing and restoring 25 industrial enterprises and public facilities, many of which are now in operation. Included among them are the Hanoi Machinery Works, the first of its kind in North Viet-Nam and capable of producing 3,000 tons of metal products annually, a tin refinery, and an electric power plant. In 1959 and 1960, the Soviet Union extended a credit of more than 1 million old roubles. This credit was used for the construction of a 24,000 kw thermal power plant, collective farms for growing tropical crops (coffee, tea, rubber, etc.), an industrial art school, and similar purposes.

Further, the Soviet Union was scheduled to extend aid<sup>1</sup> for the construction of 43 enterprises during the five-year plan. In addition, under the North Viet-Nameese-Soviet economic assistance agreement, South Viet-Nam

<sup>1</sup> It is not clear whether "aid" here means grant or credit.

was to construct a total of 206 industrial and other enterprises, of which 40 are already in operation.

(2) Communist Chinese Aid

Although nothing is known about Communist Chinese aid to North Viet-Nam prior to the armistice agreement of July 1954, the Chinese Government gave an 800 million yuan grant (800 million old roubles, \$ 21,500,000) in July of 1955. Further, in February of 1959, Communist China agreed to a 100 million yuan grant and a 300 million yuan credit, but there is no information as to how this agreement was implemented.

Then, early in 1961, it granted a credit of 630 million old roubles (or 140 million new roubles). According to a joint communique issued by the trade delegations of the two countries following the signing of this agreement, Communist China was to provide an outright grant, long-term credit and plant equipment: (a) The grant amounted to 147,500,000 roubles, (b) the equipment provided was to be used for the construction or expansion of 28 industrial plants (metal, electric power, light industry, etc.) and transportation enterprises, and (c) the preceding grant was to be used only for the payment of plant and technical assistance goods to be provided by Communist China during the period 1961-1967.

V. Outline of External Trade

The three-year plan for the development of the North Viet-Nameese national economy assigned the following tasks to its external trade agencies:

(1) Vigorous promotion of international trade, and the importation of equipment and raw materials vital to the development of the domestic economy; and (2) strengthening North Viet-Nam's international position by promoting co-operation and mutual assistance among its Socialist partners.

An outline of the development of its foreign trade during this period according to data and materials published by the North Viet-Nameese Government follows:

Exports during 1960 registered an approximately 10-fold increase over 1955. At first, the main export items were agricultural products such as coffee and tea, and minerals, such as anthracite, apatite, and chromium ore. However, as industry developed, the proportions of exported agricultural products changed in favour of industrial products, as will be seen from the following table.

Table 5. PROPORTION OF THE EXPORT OF AGRICULTURAL PRODUCTS TO THAT OF INDUSTRIAL PRODUCTS

	(in percentages)	
	Agricultural Products	Industrial Products
1957	58	42
1958	46	54
1959	38	62
1960	29.4	70.6

Source: A Survey by Asian Affairs Bureau of the Japanese Ministry of Foreign Affairs.

Among agricultural products, semi-processed items such as tapioca and peanut oil gradually appeared as export items, while clothing apparel, wooden articles, rubber goods, tobacco, and other items came to be included among the industrial exports.

The make up of import items gradually changed with producer goods gaining at the expense of consumer goods. This was due, of course, to the Government's policy of fostering rapid industrialization to promote the Socialist construction of the country. Thus, the import of producer goods, which comprised 70 per cent of the total import in 1958, rose to 90 per cent in 1960. On the other hand, the import of consumer goods declined from 29 per cent to 9 per cent during the same period.

This situation may be explained by the growing domestic production of various kinds of machine tools, rolling stock, and other industrial products.

#### 1. Commercial Relations with Foreign Countries

North Viet-Nam's foreign trade is conducted through the Mineral Products Export-Import Corporation, the Machinery Export-Import Corporation, and various other corporations, established according to their businesses, under the supervision of the Foreign Trade Department.

At present, North Viet-Nam maintains commercial relations with 46 countries, and carries out trade on a government-to-government basis, technical co-operation and other types of agreements with eleven others—the Soviet Union, Communist China, and East European Socialist countries being included among these countries. Further, it has government-to-government trade agreements with 11 non-Communist countries, including France and the United Arab Republic.

The country also has commercial relations, but no trade agreements, with 25 non-Communist countries including Japan, West Germany, and Italy.

**Table 6. NORTH VIET-NAM'S COMMERCIAL RELATIONS WITH FOREIGN COUNTRIES**

(As of 1963)

	Date of Conclusion of First Agreement	Contents
A Socialist Countries		
1. Communist China	Dec. 24, 1954	Government-to-government long-term trade agreement, technical co-operation agreement, settlement agreement.
2. Soviet Union	July 18, 1955	As above
3. Czechoslovakia	Aug. 10, 1955	"
4. Bulgaria	Oct. 1, 1955	"
5. Hungary	Dec. 16, 1955	"
6. East Germany	Jan. 31, 1956	"
7. Poland	Feb. 7, 1956	"
8. Roumania	April 17, 1956	"
9. Mongolia	June 10, 1957	"
10. North Korea	Dec. 1, 1957	"
11. Albania	Feb. 16, 1959	"

	Date of Conclusion of First Agreement	Contents
<b>B Non-Communist Countries</b>		
1. India	Sept. 22, 1956	Government-to-Government trade agreement
2. France	Oct. 14, 1956	As above
3. Indonesia	Jan. 8, 1957	"
4. UAR	Dec. 31, 1957	"
5. Cambodia	Nov. 19, 1958	"
6. Iraq	July 8, 1959	"
7. Cuba*	Dec. 2, 1960	"
8. Yemen	Feb. 7, 1961	"
9. Guinea	March 5, 1961	"
10. Laos	Dec., 1961	Government-to-Government economic co-operation agreement.
<b>C Countries maintaining commercial relations with North Viet-Nam without trade agreements:</b>		
Australia, Belgium, Britain Burma, Ceylon, the Federation of Mali, Ghana, Hongkong, Italy, Japan, Lebanon, Libya, Morocco, the Netherlands, Nigeria, Norway, Pakistan, Senegal, Saudi Arabia, Singapore, Sweden, Switzerland, Tunisia, West Germany, and Yugoslavia.		

Source: As same as Table 5.

Note: \*The Japanese Government does not regard Cuba as a Socialist country for statistical purposes.

Detailed statistical data available are so limited that it is extremely difficult to obtain a complete picture of the country's foreign trade activities. However, it is generally believed that the trade volume ratio between the Socialist countries and capitalist countries is 75 to 25. North Viet-Nam's recent trade with the capitalist countries is as follows:

**Table 7. NORTH VIET-NAM'S TRADE WITH CAPITALIST COUNTRIES**  
(In millions of U.S. dollars)

	Export	Import	Total
1956	*	8.9	
1957	6.0	19.1	25.1
1958	8.4	13.5	21.9
1959	14.1	14.0	28.1
1960	10.0	14.8	24.9

Source: U.S. Department of State, *The Battle Act in New Times*, March 22, 1962.

Notes: 1. \*indicates less than U.S.\$ 50,000.

2. It is not clear whether these figures are based on customs clearance or foreign exchange documents.

## 2. Trade with Japan

Japan's trade relations with North Viet-Nam have been based on the import of Hongguy coal ever since the days of French rule.

The termination of the war of independence in July of 1954 opened the

way for Japan's direct trading with North Viet-Nam, but Japan had no normal diplomatic relations with that country, nor was Japan in a position to negotiate a government-to-government trade agreement for a variety of reasons. It was in April of 1956 before the private trade delegations of the Japan International Trade Promotion Association (Nihon Kokusai Boeki Sokushin Kyokai) and the Japan-Viet-Nam Trade Association (Nichi-Etsu Boeki Kai) were permitted to enter that country and Japan's private trading circles were able to make direct contact with North Viet-Nam.

(a) Conditions up to 1958

In May of 1956, the first private trade agreement<sup>1</sup> was signed in Hanoi between a private Japanese delegation and the representatives of the North Viet-Nameese General Export-Import Corporation. As the result of this agreement, trade performance during that year between the two countries was as shown in the following table:

**Table 8. TRADE PERFORMANCE IN 1956 (September-December)**

Exported to Japan			Imported from Japan		
Commodity	Quantity	Value (Pounds)	Commodity	Quantity	Value (Pounds)
Hongguyey Coal	27,504 M/T	120,862	Cotton cloth	335,925 M	37,769
			Bicycle tubes tires	40,000 sets	22,320
			Paper	499 M/T	55,363
			Sugar	300 M/T	14,563
			Other items		7,584
Total		120,862			137,599
Grand Total		258,461 (About 723,250)			

Source: A survey by the Japan-Viet-Nam Trade Association.

Then, in March of 1958, a second private trade agreement was initiated in Hanoi by the same representatives of the first agreement.

The second agreement differed from the first as follows: The flow of trade was doubled to give \$ 8,400,000 one way, and the principle of exchange of equivalent goods, adopted to balance imports with exports (but not actually enforced) was abolished with the result that the export items from both countries were increased. Consequently, North Viet-Nam exported Hongguyey coal, apatite, maize, pulse, tapioca and other goods, and received cotton cloth, rayon yarn, galvanized steel sheets, steel wires, ammonium sulphate, and other goods from Japan. Total transactions between the two countries during 1957 and 1958 amounted to \$ 7,850,000 and \$ 8,180,000, respectively, on a customs clearance basis.

(b) Conditions after 1959

In February of 1959, meetings were held in Hanoi to conclude a third private-level trade agreement. But the North Viet-Nameese delegates, angered

<sup>1</sup> The agreement was valid for one year, and the amount of one-way trade permitted was \$ 4,200,000.

by Japan reaching a reparations agreement with South Viet-Nam, refused to enter a trade agreement. No trade agreement between the two countries has resulted since.

Then, at the end of 1960, another Japanese trade delegation visited North Viet-Nam in the hope of reaching a trade agreement, but failed to achieve its purpose, as the North Viet-Nameese side continued in its hostile attitude towards Japan. However, it was reported that the North Viet-Nameese representatives made it clear that even failing a trade agreement with Japan, it could purchase steel products, chemical fertilizers, chemical fiber products and other items and could supply Japan with coal and other products, on reasonable and mutually profitable terms and conditions.

Thus, in spite of the absence of a trade agreement, the trade performance between the two countries has been maintained on the level of \$ 15 million, as is shown in the following table.

**Table 9. JAPAN-NORTH VIET-NAM TRADE IN AND AFTER 1960**  
(In million U.S. dollars)

	Japan's Exports	Japan's Imports
1960	5,950	10,196
1961	4,587	12,696
1962	3,353	12,954
1963 (Jan.-May)	698	3,461

Source: Finance Ministry, *Customs clearance statistics*.

However, Japan's imports from North Viet-Nam are far in excess of exports to that country every year. A Japanese trade mission is scheduled to visit Hanoi in July this year hoping to correct this situation.

If the delegation succeeds in its mission and if, as a result, the imbalance of trade between Japan and North Viet-Nam, which appears to be centred on Japan's import of Hongguy coal, is rectified, there are hopes that the trade volume will expand gradually, although the scope for expansion will necessarily be limited.