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***Ups and Downs in Iran – Japan Trade Relations: From the
End of Nāser-al-Dīn Era to the Rise of Reza Shah (1891 -
1941 AD)***

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Abstract

Japan was the first Asian nation in the nineteenth century which successfully implemented modernization. Therefore, to ensure its economic progress it sought new markets to sell its products. Iran, also with various motivations, to compensate for its backwardness sought to develop its relations with Japan. The present study attempts to study the ups and downs of trade relations between Iran and Japan in the contemporary era. Based on its findings, the study reveals that the First World War and the Bolshevik revolution in Russia boosted the trade between Iran and Japan and Japan became one of the Iran's top ten trade partners and the Japanese products officially entered Iran. Due to official relations, the trade activities between the two nations entered a new phase. Iran needed to be industrialized. Therefore, it hired Japanese experts and specialists to accelerate its progress. The trade balance between the two nations was equal in the beginning years of the Reza

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Shah era but gradually the Japanese benefitted more and this process continued.

Keywords: Iran, Japan -Trade Relations, Nāser-al-dīn Shah, Reza Shah.

Introduction

In the middle ages and the ancient era, China acted as the bridge between Japan and the Middle East including Iran. (Mizuguchi, 2002, p.94) We do not have enough information about the trade relations between Iran and Japan from the Safavid era to Nāṣer-al-dīn Shah era. Probably due to Japan's voluntary isolation and its lack of foreign relations, its relations with Iran were at its lowest state. (Oikawa, 1998, p. 139)

As a consequence of the Renaissance and industrial developments in the western countries, the world witnessed changes and developments. These changes affected both Iran and Japan. The Japanese attained constitutionalism sooner than Iranians did. Therefore, on account of their constant hard work, Japan progressed rapidly in a short time. In order to increase its development and progress, Japan needed to have both political and economic relations with other nations. (Zhapon dar Asr-e Tahavol; Yek Gharn az Doraneh Nowsazi, 1975, p. 111) In other words, after the modernization movement in 1968, following three centuries of isolation, Japan continued to build its country and to compensate for its backwardness from Europe and America.

To develop themselves, The Japanese had to make their presence felt in the world and had to involve themselves in the changes and developments in the world. As a result, they increased their relations with other nations. Iran, disillusioned by its relations with the colonizing west, turned to the emerging Japan.

The present study, probing into the motivations of Iran and Japan in establishing trade relations, attempts to deal with the economic relations between Iran and Japan from the final years of Nāṣer-al-dīn Shah to the end of the Reza Shah era which lasted almost fifty years. This study is concerned with the ups and downs in the trade relations of the two nations, their trade balance and the products exchanged between the two countries. The literature shows that in spite of its significance, the subject of this study has received little attention and the Literature on this study suffers from the dearth of scholarly material. Two studies have been conducted on the economic relations of Iran and Japan. The article by Nobuaki Kondo translated by Majid Shabestari into Persian. Kondo

has dealt with the beginning of the political relations between Iran and Japan in the Qajar period and has considered the history of political relations between the two nations culminating in the entrance of political and economic groups sent by Japan into Iran and the Iranian political and economic boards who arrival in Japan. He has considered the travel logbooks of Japanese passengers and has presented valuable information. (Kondo, 2008, pp. 547-556) Kondo has also dealt with the history of political relations between Iran and Japan.

This study enjoys its reliance on Japanese sources and researches, which make it very valuable. However, this scholar has not used the Iranian sources and archives. The next study on this subject is an article entitled Trade Relations between Iran and Japan During Reza Shah (Ravabet-eh Tejari Iran va Japan dar dour-e Reza Shah) which has not used the archive documents of Iran's Ministry of Foreign Affairs and the documents of the parliament of Iran (Shokrzadeh and Abadian, 1396 S.H.) The main difference between the present study and its predecessors is in its consideration of the fifty years of trade relations between the two countries which reveals the ups and downs in their relations and through its reliance on the latest archive and library documents presents valuable information analytically interpreted. Mohammad Chegini in his Article "Trade Relations of Iran and Japan from The beginning of Pahlavi" has provided a background of the relations between the two nations. He also discusses the trade relations of the two countries during Reza Shah. The difference between the present study and that of Chegini is that this study is document-based and it encompasses all the published works related to trades between the two nations; a merit which Chegini's paper lacks.

Economic Motivations Leading to Mutual Relations in the 19th Century

The leaders of Japan in the 19th century were very zealous at having economic relations with other nations. They sent a delegation led by Masaharow Yoshida to the palace of Nāṣer-al-dīn Shah in 1880 (1297 A.H.) and later on they visited Iran as ambassadors, travelers and researchers. These events happened just one decade after the Meiji movement. Nevertheless, Japan did not have any diplomatic envoy in Iran prior to the beginning of world war I. (Rajabzadeh, 1389, p. 45)

In spite of the long isolation, the initiators of Japan's modernization seized small opportunities to start trade relations with foreigners from remote islands such as Kyushu and through information from Portuguese and Chinese merchants, and also by studying became acquainted with the industrial development of the world. Since the end of the 19th century, they had followed their ambitions and had first turned to China. (Rafa't, 1340, p.258) They also made trips to Iran to find markets for their products and narrated a great deal of reports and stories from the turmoil and backwardness in Iran and the different criminal sentences carried out in Iran. (Naqizadeh, 1394, p. 18)

According to certain sources, the Iranian modernizers, even before the victory of Japan over Russia at the end of the 19th century, had arranged meetings with the newly established Meiji government in Japan and had obtained information about the developments in Japan, for instance Talebuf translated the newly published constitutional law of Japan into Persian.(Naqizadeh, 1394, p. 32) Moreover, the owners of Iranian newspapers such as Talebuf, Mirza Malkom khan, MohammadAli Foroughi, Nezam al Eslam Kermani, and Zein olAbedin Maraghei who owned newspapers and journals such as Iran, Akhtar, Habl Al-matin, and a certain number of governmental officials in Iran who witnessed the progress and developments of Japan criticized the conditions of Iran. The progress and advancement of this Asian nation was to such an extent that Ali Asghar Khan Amin Al-Soltan (Atabak Azam,) along with Mehdi Qoli Khan Hedayat, set out for Japan in 1903.(Hedayat, 1950, p. 15) They met Katsura Tafou, the incumbent prime minister, Ito Hirobumi, the first prime minister of Japan, Okuma Shigenobu, the previous prime minister, Komura Joutaro, the minister of foreign affairs, and some other high ranking officials.(Shimizu, 1392, p. 22) From that time on, Japan's industry and Japan-made products have been admired by Iranians. For instance, in his travel logbook, Mok̄ber-al-Saltana talks about Japanese dishes made in Japan and in almost all Iranian houses the Japanese products existed. (Hedayat, 1389, p. 78) Ebrāhīm Sah̄hāf-bāšī Tehrani also made a trip to Japan in 1897 and spent fifty days in this country. However, he has few references to Japan in his writings. He also brought a few products from Japan with himself to Iran (Sah̄hāf-bāšī, 1358, pp. 85-91).

The Iranian writers and the elite of that era had a positive attitude towards Japan, and in their writings, they presented Japan as equal to Russia and U.K. and other developed nations. (Kermāni, 1972, p. 141) They also discussed the importance of education in Japan: "If science and moral education go together, it will result in Japan." (Dowlatabadi, 1371, p. 352).

The attention to and the appreciation of Japanese products was so great that in the National Parliament, they discussed the progress of Japan and the need for imitating its experience. (Mashrouh-e Mozakerat-e Majles-e Shoray-e Melli, dorueh dovom, Jalase 151) All In all, the Iranians turned their attention towards Japan for two reasons: 1- The rapid advancement of Japan, 2- Its victory over Russia. 3- The third which is more important than the previous reason was the emancipation from the dominance of the two superpowers, Russia and the United Kingdom.

Yoshida Masaharu, the First Marketer of Japanese Products in Iran in Qajar Period

Yoshida Māsāharu was the first official ambassador of Japan in the Nāṣer-al-dīn Shah era, who under the order of Tsonetami Sano, Japan's minister of finance, who liked to expand the economic ties of Japan with other Asian nations, came to Iran, He was sent to Iran for this mission (Furukāwa, 2004, p. 33).

He brought with himself a great deal of goods and products from Japan, The best of which were presented to the Shah as souvenirs (Māsāharu, 1994, p. 189).

Based on the conversations between Shah and the Japanese ambassador, it became apparent that the Iranian's desire for modernization and progress, led to the development of relations between Iran and Japan. Nāṣer-al-dīn Shah immediately asked about industry in Japan and directly asked about Japan's railroad from the ambassador. (Māsāharu, 1994, p. 194)

Two times during their conversations, Nāṣer-al-dīn Shah emphasized that Japan and Iran were both Asian nations, revealing his

disillusionment about Iran's relations with the west and their interferences in the affairs of Iran. Shah showed his pleasure that a powerful Asian nation had emerged. At the end, the Shah of Iran asked the ambassador to convey his message of friendship to the emperor of Japan, and stated that the Shah of Iran intended to have economic relations with Japan. (Māsāharu, 1994, p. 197) In addition to the will of the Shah to have relations with Japan, the role of Iran's prime minister, Mirza Hossein Khan Sepah Salar, the reformist, must not be ignored. He was amongst those who were fascinated with Japan's rapid development (Adāmiyat, 1385, p. 156).

In his third trip to Paris, Nāṣer-al-dīn Shah, had already become acquainted with the Japanese products and had understood their significance. In a daily newspaper called Nāṣer-al-dīn Shah's Memories (*Ruznameh-e khaterat-e Nāser-al-dīn Shah*), he had cited the list of Japanese products which had been purchased by the Shah in Paris (Ruznameh-e khaterat-e NaserAldin Shah, 1371, p. 314).

Nākamo Nāekiji also mentions that in his visit to Isfahan, the governor of Isfahan Zel Al Soltan, had expressed his regret for not having railroad in Iran. (Naokichi, 2016: 61) The trip of Yoshdia was reported in Iranian sources (E'temād-al-Sāltāna, 1367, pp. 474-477).

Also during the era of Muzafar Aldin Shah, the Japanese looked for ways to export their products to Iran. Similar to his father, Muzafar Aldin Shah was also curious about Japan, Hedyat talks about his curiosity (Hedayat Mokḡber-al-Sāltāna, 1997, p. 137).

Meanwhile, a few Japanese were able to visit the Shah of Iran, such as Ineaga and Unove. Ineaga was assigned to investigate growing opium in Iran and Turkey. His trip started from Bushehr in June 1899 and he entered Tehran in September. Muzafar Aldin Shah received him in his summer palace and pinpointed the need to have proper trade relations between Iran and Japan. Ineaga also had a meeting with Mirza Ali Asghar Khan Amin Alsoltan.

Inove was then a student at Vienna University and he was spending his summer vacation in Caucasus, Iran and middle Asia. In September 1902 he entered Tehran. Although his trip was personal, he met Nasrollāh Na'ini Moshir al-Dowleh, the minister of foreign affairs, and

he was received in the house of the minister (kondo, 2008, p. 174). These individual efforts were not very successful in expanding trade relations. However, in the 20th century the trade relations between the two countries entered a new phase.

Trade Relations between Iran and Japan in the Beginning of the 20th Century

There does not exist much record of the trade relations between Iran and Japan before 1920. Sporadic records in the travel logs show that during the Nāṣer-al-dīn Shah era the products which Yoshida brought to Iran were sold but the public did not have a very favorable attitude. Saḥḥāf-bāšī also brought some products from Japan into Iran but it did not mean that there were real trade relations between the two nations. During this period, the beginning of the 20th century, almost 70% of Iran's exports went to Russia and 10% went to England and India. The rest of Iran's exports went to the U.S.A, Germany and Japan. The major bulk of Iran's imports were from Russia (45%), and England and India (37%) (Hashem Pesaran and Salehi, 2009, p. 197). Therefore, a very small amount of the imports were from other countries such as Japan. Although both Russia and England had great interest in Iran, based on the documents, there is no report of interference or sabotage of England and Russia in the trade affairs of Iran and Japan. During Nāṣer-al-dīn Shah and until the crowning of Reza Shah, the trade between Iran and Japan was not very extensive. Therefore, Russia and England did not see these trade relations as a threat.

Based on Iran's trade statistics, the amount of imports from and exports to Japan was the lowest among the countries listed in the 1904 report. According to this report, Iran had the lowest import from Japan. Japan was a trade partner of Iran and imports from this country were 81892 Qerans and Iran had no exports to Japan in 1904. (Iran's Trade statistics (Ehsaeieh Tejarati Iran), 1311, pp. 10-12).

Table 1: Iran's exports to and Imports from Japan (from 1904-1915) (Iran's Trade statistics (Ehsaeieh Tejarati Iran), 1311, pp. 10-12)

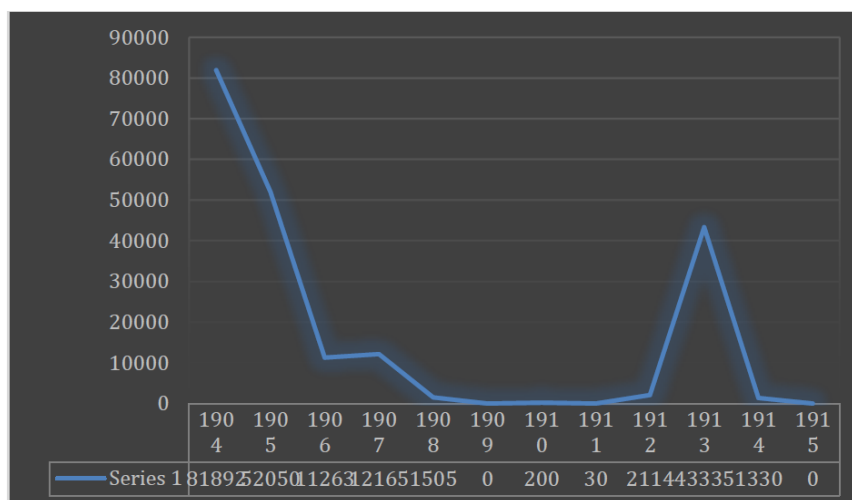
Year	Iran's exports to Japan	Japan's exports to Iran	Total
1904	—	81892	81892
1905	—	52050	52050
1906	2000	11263	13263
1907	—	12165	12165
1908	—	1505	1505
1909	—	—	—
1910	—	200	200
1911	5	30	35
1912	۲۱۵۴۳۰۴	2114	217544
1913	220	4335	4555
1914	—	1330	1330
1915	20	—	20

* The unit is Qeran

The only vague point about this report is the amount of Iran's exports to Japan in 1912. Considering the amount of the exports of Iran during the previous years and after 1912, it is probable that there is an error in the number. Compared with the imports from Japan in the 1910's, in a span of five years, Iran had a small amount of exports to Japan, which

shows a stark imbalance. The following diagram shows the exports of Japan to Iran from 1904-1915.

Diagram 1: The exports of Japan to Iran from 1904-1915



Based on Table 1 and the diagram, Japan's exports to Iran were diminishing during this decade and during the First World War and the involvement of most countries in the world war, the exports of Japan to Iran came to zero.

The Increase in Trade Output between Iran and Japan after the Arrival of Japanese Delegation in Iran

After paving the way for increasing the relations, Naita Eishiro, an envoy from Japanese foreign embassy along with a six-member delegation entered Iran in 1923 to find a representative office and form trade contracts which had already been discussed in European capitals between political envoys of Iran and Japan. With his entourage in Iran, he stayed for nine months and a half.

A few Iranian sources have listed six to twelve people as the members of the Japanese delegation. (Eyn-Al Saltaneh, 1379, p. 6665) While Ahmad Shah was absent, during three months, in Tehran, they met Mohammad Hassan Mirza, the crown prince. They also met Reza Khan, then head of the ministers. (Pānj Safarnameh-e Zhaponihaye

Didār konandeh az Iran (1920/1300), 1394, p. 62).

After the First World War in Europe, due to the halt of importing goods to Iran, Japanese goods entered Iran through India. The trade between Iran and Russia decreased on account of the Bolshevik revolution in Russia. (40% non-oil exports and 32% imports). (Hashem Pesaran and Salehi, 2009, p. 201) The trade output with Japan which was very low before the First World War, increased during the war and after the war. During 1922-1923 the trade output with Japan came to 1600000 yens, the imports and exports were equal each being 800000 yens. Moreover, based on the records of the coin bank of Yukuhamma, the total imports from Japan to Iran was 7822088 Rials equal to 186240 English pounds, which amounted to only 1% of the total imports of Iran.

Therefore, Japan was the tenth country among the most important trade partners of Iran, moreover, the total value of Iran's exports to Japan was about 12/396/925 Rials (about 295/164 English pounds) which amounted to only ½% of the total exports of Iran. Japan was the ninth exporter of goods from Iran. The total amount of Iran's exports to Japan were 742259 kilograms of opium, a large amount of which was then exported from Japan to China. (Kondo, 2008: 177-178) At the same time, Iran's imports from Japan amounted to 9% of the total imports of Iran and Japan stood higher than U.S and Germany which provided 7% and 8% of Iran's imports respectively (Hashem Pesaran and Salehi, 2009, p. 198).

Based on the observations of Nuita, from Tehran's Bazaar in the Qajar period, Japanese goods were very primitive and simple and they were goods which could not have found their ways into Europe and were hastily sent to Iran's market. (PānjSafarnameh-e Zhaponihaye Didārkonandeh az Iran (1920/1300), 1394: 94) The main goods which were sent to Iran were textiles such as cotton textile. Of course England was also the chief exporter of cotton textiles to Iran. According to Nuita, the Japanese goods were of lower quality and higher prices compared with European goods. (PānjSafarnameh-e Zhaponihaye Didārkonandeh az Iran (1920/1300), 1394, p.65).

Moreover, a number of books written by the orientalist indicate that

Iranians were interested in Japanese industries, in his book, *Iran va Qazieh-e Iran*, explaining Iran's silk trade and Gilan's silk and mentions that in the middle of the nineteenth century (1854) The growth of silk in Gilan was damaged and some silk was imported from Japan which was not good and didn't sell properly. (Curzen, 1966, p. 485)

Reza Shah Era and the Approach of the Iran's Government and Elites towards Japan

Due to the political problems and turmoil, after the victory of constitutionalism in Iran, the effort for industrial and trade evolutions were not successful. However, the goals and wishes of the elites to develop Iran persisted. After the crowning of Reza Shah and due to his orders, these goals and wishes came into action and realization.

Paying closer attention to Japan and its progress during the Reza Shah era led to the publication of a book on Japan. Esmail-e Koushan, in the second decade of Reza Shah's reign published the book entitled *Japan's Empire from the beginning till present (Emperatouri-e Japan az badv-e Tashkil ta konoun)*. This book dealt in detail with the geography, history, political system, economy and culture of Japan. Most chapters of the book dealt with economic and civil aspects of Japan (Chapters two to nine of the second part of the book), which displays how the Iranian elites were influenced by the industrial progress of Japan (Koushan, 1317, p. 12). Moreover, the magazines and daily papers of Iran during this era show great interest in Japan. In the significant journal of that era, *Armāghan*, there was a report by Mirza Ali khan Fouladvand who had higher education from Paris. The author admired the political and trade relations with Japan. (Armāghan, Tir 1309, pp. 294-306) Moreover, in another journal, *Taqaddom*, the economic progress of Japan was emphasized and its exports to China and Europe were cited (Taqaddom, Mehr 1306, p. 126).

During Reza shah's era both structural and executive causes led to the development of relations between Iran and Japan. As for the structural reasons, one can refer to the political conditions which paved the way for economic activities in Iran. First, more than a decade had passed after the First World War. The end of the war led to gradual stability in the country. Second, the revenue from selling oil facilitated economic activities. As for the executive causes, the government's attention to the

safety of roads increased the progress of trade and diminished its risks. Moreover, the modernization policies which targeted economic, social, and cultural aspects of the society had led to developments in foreign trade which was affected by the Pahlavi's will to earn the necessary budget for implementing its modern projects. These developments in economic activities caused closer ties between the Pahlavi government and new nations which were not very important before in trade activities of Iran. Therefore, Japan with its great economic and political importance in Asia, could not be ignored by the officials of foreign affairs in Reza Shah's era. Moreover, during this era, the nationalistic motives originating from Europe were in vogue. The rise of Hitler in Germany and the racism of the Nazis and the close ties of Iran with Germany influenced the nationalistic policies in Iran. Affected by this nationalism and to abstain from the traditional hegemony of powers such as England, Iran felt it necessary to turn to a great and developed nation such as Japan.

During the early years of the 20th century, especially during the First World War, the growth of industry in Japan accelerated; whereas, the European countries were involved in war and bloody competitions. Japan took advantage of the absence of European countries and increased its exports to Iran. Especially its textile products, and it captured most of the Asian market. (Palmer, 1995, p. 1376) Japan was ready to create and maintain relations with the Middle East countries and use their markets. Iran was one of the populated nations of the Middle East and Japan considered the priority of Iran in establishing formal relations.

The Expansion of Trade Relations after Implementing Official Relations

Till the end of the First World War, Japan did not have any diplomats in Iran. Before the first political Japanese institution started its work in Iran, the Japanese government had a trade representative in 1926 A.D. (Koliati Dārbareye Rāvabet-e Dolāt-e Shahanshahi Iran, 2535Shahanshahi: 6-7). Iran also had the plan to establish its embassy in Japan in the new year (*Mashruh-e Mozakerat-e Majles-e shoray-e Melli*, The Seventh phase, Meeting 110).

During the first decade of starting political relations between the two

nations, some measures were taken to increase trade relations, cultural exchanges, sending students, establishing direct navigational relations and telegraphic communications.

A trade contract and a navigational contract along with a protocol and three letters were signed by the envoys of Iran and Japan on October 18th, 1932 A.D. in Tehran. Nevertheless, the height of relations between Iran and Japan occurred after signing the fraternity pact between the two countries in 1939. This pact was signed during the era of Matin Daftari serving as the prime minister. The pact had four articles and was the first document which encompassed both political and friendly relations between the two countries. (Documents Center Islamic Consultative Assembly, retrieving number: (ق 3/1/2/48/12)).

A year later, Kavabata, the representative of a Kaboshiki Gaysha [1] trade company, after extensive negotiations with S.Takami, the head of Japan's trade chamber in Karachi, for the sake of trade studies over the public and private applications of cotton came to Tehran through Zahedan. After surveying and examining the markets in Khorasan and Tehran, he intended to establish an office for Gaisha in Tehran to buy the cotton of Khorasan, Astarabad, Mazandaran and Tehran (Documents of the Ministry of Foreign Affairs of Iran, 1312, Box 30, file 52/208, document 067).

In 1934 A.D. an exhibition of the Japanese cargo was founded in Tehran. Based on the existing documents, the Japanese demanded that their products be exempt from invoice issuance and other regulations as long as they were not intended for sale. The ministry of foreign affairs of Iran accepted their request. The Iranians believed that the presence of Japanese merchants in Iranian markets could benefit Iran's foreign trade (Documents of the Ministry of Foreign Affairs of Iran, 1313, Box 9 file 99).

To expand their sale in Iran, the Japanese intended to leave a good impression, this is proved by the documents left from that time. For instance, in 1314 S.H. the Japanese government, through a letter requested the halt in displaying the film, *Bataille*. In response, Iranian foreign minister responded: "The government of Iran does not feel responsible to follow he requests of the embassies in banning the films

which might be in conflict with the interests of other nations. However, for countries which are ready to fulfil the requests of Iran in similar situations, there can be exceptions.”(Documents of the Ministry of Foreign Affairs of Iran, 1313, Box 14 file 13/9) Other reports show that the Japanese had requested the banning of the film *Yushi Vala*, a film related to slums and whore houses similar to Tehran’s Shahr-e Now (Documents of the Ministry of Foreign Affairs of Iran, 1313, Box 14, file 16, document 1).

During 1939-1940, Iran’s imports from Japan amounted to 19/324/000 yens equal to 96/620/000 Rials. This amount was twelve times higher than the amount in 1924-1925. Iran's exports to Japan was 32/587/000rials. This amount was two times higher than the exports in 1924. Japan was the second partner of Iran’s trade. The first one was Germany. 10/5% of the whole trade output of Iran in 1939 belonged to Japan. The most important exporting item of Japan to Iran was cotton textile which amounted to 90% of Iran’s imports. In 1938-1939, Japan had the highest amount of export of cotton textile to Iran compared with other countries. In this respect, Japan was more successful than the Soviet Union and England. Iran also exported cotton to Japan which amounted to 90% of Iran’s exports to Japan (Kondo, 2008, p. 179).

Employing Japanese Counselors

During Reza shah’s era, most engineers who were employed in building the railroad in Iran were from the U.S and Germany. However, in certain situations, from Japan also some engineers were employed. In his memos, Mokhber Al Saltaneh refers to the Japanese engineers in Iran in 1312 S.H.(Hedayat Mokhber-al-Saltane, 1997, p. 399). Whereas, the documents of Iran’s foreign ministry refer to them in 1310S.H.(Documents of the Ministry of Foreign Affairs of Iran, 1310, Box 23, file 12, document 12, under the title of the Japanese railroad expert translated from a Japanese journal). Moreover, from the meetings of the national parliament of Iran can also be inferred that both the Belgian and Japanese experts were employed in building railroad in Iran (*Mashruh-e Mozakerat-e Majles-e shoray-e Melli*, The Eighth phase, meeting 51). When Hedayat was the prime minister and Seyyed Hasan Taqizadeh was the minister of finance and Mahdi Farokh was the head of the industry office, a bill was presented to the parliament to employ a

Japanese expert (Documents Center Islamic Consultative Assembly, retrieving no: (ق 247/1/2/83/8)). The importance of the issue was so great that the members of the parliament devoted one of the sessions of the parliament on Tuesday Mehr 8, 1309 S.H. to the employment of the Japanese engineer (Mashruh-e Mozakerat-e Majles-e Shoray-e Melli, The Seventh phase, Meeting 152).

After the debate between the members of the parliament over the high wages of the foreign counselors, they approved the employment of Suzuki. However, over article 2 related to his salary, a great deal of suggestions were proposed. Finally, Mohammad Foruqi told the M.P.s that the employment of a Japanese was not meant to alleviate the relations with Japan, because the relations were already very good and the government of Japan was not behind this employment rather the Iranian government itself intended to employ him. (Mashruh-e Mozakerat-e Majles-e shoray-e Melli, The seventh phase, Meeting 152) Finally the M.P.s accepted his employment. Moreover, in 1939 and after the end of his work, the Japanese journal, *Japan chronicle* issued a statement and stated that his employment was extended for one more year (Documents of the Ministry of Foreign Affairs of Iran, 1310 S.H., Box 23, file 12, document 13).

Moreover, in 1932 A.D., Iranian government decided to employ a Japanese expert to have better utility from fishing in the Persian Gulf. Therefore, the related bill was presented to the parliament and the parliament gave permission to the ministry of industry to employ the Japanese expert for six months with the monthly income of five thousand Swiss Francs (documents Center Islamic Consultative Assembly, retrieving no. 247/1/2/83/8).

The Arrival of Low Quality Cheap Japanese Products in Iranian market

During this era, Japan had become one of the ten trade partners of Iran. The importance of Japan was so great that one of the main centers of the foreign affair section in Iran's main office of trade belonged to Japan, during the first Pahlavi era (Sadeqi, 1387, p. 57). According to Iran's ambassador in Japan in Aban 12/1312 S.H. during the decade of 1310 S.H. a number of Japanese companies competed with one another

to have trade relations with Iran. Based on his report, Cokura, a Japanese company was very interested in expanding trade with Iran and in a letter to Iran's embassy, the company asked the ambassador to introduce the high ranking Iranian merchants to it. The embassy responded to the latter. It was believed that the Japanese rushed to Iran's markets due to their problems with the U.S., China and India. (Documents of the Ministry of Foreign Affairs of Iran, 1312 S.H., Box 28, file 9, document 4). At the same time, in Mehr 1333 A.D. the famous company, *Mitsubishi*, also sent its representative, Jini Echiro Oyama to Tehran (Documents of the Ministry of Foreign Affairs of Iran, 1312 S.H., Box 28, file 9, document 2). Yoshiharu Shinohasa who was then just twenty six years old, came as the representative of Kanga Fouchi company, to sell cotton textile in Iran and buy the raw cotton of Iran and send it to Japan. This document relates that the reason for expanding trade with Iran was the banning of Japanese products in China and the high tariff over Japanese products in India (Documents of the Ministry of Foreign Affairs of Iran, 1312 S.H., Box 28, file 10, document 13).

The Japanese papers did their best to introduce Iranian market during these years. The Tokyo *NichiNichi* published an article "Iran, Bazar-e Jadid Japan" in its 25th and 28th June 1333 by Yamaguchi, the then Japanese representative in Iran (Documents of the Ministry of Foreign Affairs of Iran, 1312 S.H., Box 28, file 9, document 7).

Mehr Journal also published a report about the Japanese goods in the world in 1332 A.D. In the report it was stated that Japan had captured Europe and the whole world through trade and economy. The Japanese goods were sold at lower prices in other countries than the goods of those countries themselves. How the Japanese were able to make their products so economically and send them to far away markets? The report also expressed wonder at how the industrial nations in Europe and Asia could respond to Japanese economic power (*Mehr*, Khordad 1313, p. 94).

The Trade Output of Iran and Japan

Based on Iran's customs report, from the fiscal year 1333 A.D. and the previous years such as 1331 A.D., Iran's trade output with Japan increased, and Japan's rank came to 6 while it was previously 20. At the

same time, Iran's export to Japan in 1933-1934 A.D. was 30 million rials and this amount was 8 million rials higher than 1931-1932 A.D.(Ehsaieh-e Tejarati-e Iran, p.151).

Iran's imports from Japan were mainly cotton textile and Iran's export was mostly raw cotton. There is a document, reporting the import of summer paper hats from Japan.(National library and Archives of I.R. Iran, retrieving no (100667/1/13)). The diversity of Japanese goods exported to Iran was much greater than that of Iranian goods exported to Japan. Based on this list, 21 items were exported from Japan to Iran while only 3 items were exported from Iran to Japan (Ehsaieh-e Tejarati-e Iran, p.151).

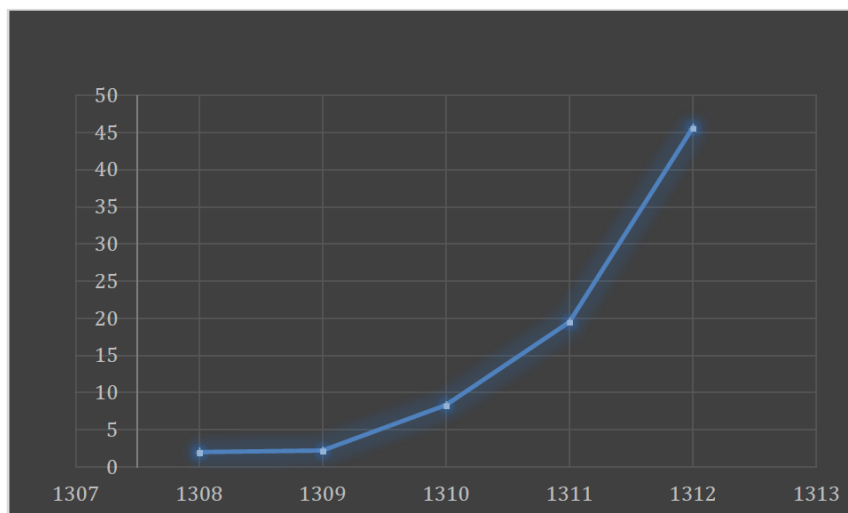
Table 2: The item types in Iran and Japan trade (1932– 1934 A.D.)(Ehsaieh-e Tejarati-e Iran, 151)

Iran's exports to Japan	Japan's exports to Iran
Raw cotton Opium Kitty (Tragacanth) Miscellaneous goods	Cotton textiles, Cotton threads, Toys, Glassware, Woolen textile, China, Tea, Clothes, Silk textile, Sofa, and home furnishings, manual instruments, paper, natural rubber, bicycle, tricycle, various kinds of threads.
Total: 12/515/521 Rials	Total: 82/042/829 Rials

Table 3: Annual trade of textiles and thread products of Iran (Rashidi, 1386: 215)

Country year	1308 S.H.	1309 S.H.	1310 S.H.	1311 S.H.	1312 S.H.
England	25/0	23/1	18/2	19/4	16/4
India	15/9	14/5	14/1	7/6	7/6
Soviet Union	48/7	51/6	53/9	42/0	25/6
Japan	2/0	2/2	8/2	19/5	45/6
Italy	3/6	6/4	4/2	8/4	2/1
Total Imports	167	143	231	169	143

Diagram 2: The export of textile threads from Japan to Iran during 1929– 1933 A.D.



In the fiscal year 23th June 1931 to May 1932 (S.H.), Japan was the eighth trade partner of Iran. Iran imported products amounting to 24/874/705 Rials from Japan. Excluding the oil products of the south of Iran and the fishing products of the Caspian Sea, it amounted to 5/970/069 Rials (Ehsaieh-e Tajarati-e Iran, p.3). During these years, especially in 1932 A.D. Iran's foreign trade output was not satisfactory because thanks to the foreign trade policy of Japan, the cotton textile threads and the sewing products entered Iran's market at low prices. Therefore, because of the ease of imports, Iran's exports reduced (Mazandarani, 1316, p. 99).

A consideration of Iran's foreign trade output up to 1933 reveals that during 1931 and 1932, Japan exported more than 52 million Rials of goods to Iran and it imported more than 4/5 million Rials from Iran and it had the sixth position after the Soviet Union, America, India and Egypt (Ehsaieh-e Tajarati-e Iran, p.41).

In 1939 A.D., Iran's imports from Japan amounted to (96/629/000 Rials), which was 12 times more than its imports in 1924 A.D. Whereas, Iran's exports to Japan increased to 6/587/000 yens equal to

32/935/000rials which was two times higher than 1924 A.D. Japan was the second trade partner of Iran after Germany and it possessed 10/5% of the total foreign trade of Iran in 1318 S.H./1939A.D. The main exporting product of Japan to Iran was cotton textile which comprised more than 90% of Iran's imports from Japan. In 1938 A.D. and 1939 A.D., Japan had the highest export of cotton textile to Iran and it stood higher than England and the Soviet Union (Shimizu, 1986: 243). Iran's main exporting product was cotton which made 90% of Iran's exports to Japan (Kondo, 2008, p. 53). Based on the documents, Iran intended to reduce the trade balance with Japan to increase its exports to Japan (National library and Archives of I.R. Iran, retrieving no.23321/1/13). During these years Iran followed maintaining balance in its imports, supporting the exporters and domestic products, and encouraging the merchants to control imports in order to ban the entrance of the unnecessary consuming products (Musaii, 1390, p. 59) Iran was not able to achieve its goals as far as Japan was concerned. The statistics of Iran's custom's office reveals that Iran's trade balance with Japan was negative and it had little exports to Japan and a high amount of imports. The following table shows the details of this trade balance.

Table 4: Iran's exports to Japan and imports from Japan during Reza shah's era (Ehsaieh-e Tajarati-e Iran, Edareh-e kol-e Gomrokat)

Year	Japan's exports to Iran	Iran's exports to Japan	Total
1307S.H.	4 million Qeran	18 million Qeran	22
1308	7 million Qeran	5 million Qeran	12
1309	9 million Rials	32 million Rials	41
1310	25 million Rials	6 million Rials	31
1311	52 million Rials	5 million Rials	57
1312	82 million Rials	12 million Rials	94
1313	55million Rials	9million Rials	64
1314	78million Rials	8million Rials	86

Year	Japan's exports to Iran	Iran's exports to Japan	Total
1315	33million Rials	13million Rials	46
1316	32 million Rials	26 million Rials	58
1317	33 million Rials	1 million Rials	34
1318	96 million Rials	53 million Rials	149
1319	6 million Rials	49 million Rials	49
1320	0/5 million Rials	12 million Rials	12/5

Conclusion

From the middle of the 20th century political considerations in the relations between Iran and Japan gave way to the economic considerations. The public view in Iran praised Japan for its victory over Russia and the formation of the parliament in Japan and the economic power of Japan became known in Iran. The economic relations of the two countries in the early years of the 20th century was limited. However, two important factors: the end of the First World War and the Bolshevik revolution in Russia led to the increase of trade output between Iran and Japan. Japan became one of the ten main trade partners of Iran, and officially Japanese products entered Iran. Based on the documents and reports, the Japanese products which were exported to Iran and other nations had low quality up to the beginning of the Second World War. The Japanese were famous for selling junk products. Therefore, during these years Iranians had no opinion about the high quality Japanese products. After the inauguration of official relations, trade relations between the two nations were formed. Iran yearned for industrialization. Therefore, Japanese experts were employed to accelerate the industrialization of Iran. During the first year of Pahlavi I the trade balance between the two nations was almost equal. However, gradually the Japanese exports increased and the trade relations benefitted the Japanese. With the outbreak of the Second World War, the official relations between the two countries suspended.

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Box 14 file 13/9.

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[1] Kaboshiki Gaysha is a kind of stock company which operates based on Japan's Law.