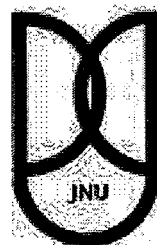# South Africa and Japan Relations, 1994-2009

Dissertation submitted to Jawaharlal Nehru University in partial fulfillment of the requirement for the award of the degree of

Master of Philosophy

Aosunep

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Date: 21.07.2010

Declaration

I declare that the dissertation entitled **"South Africa and Japan Relations, 1994-2009"** submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this university or any other university.

Asandep

Certificate

We recommend that this dissertation be placed before the examiners for evaluation.

Prof: S.N.Malakar

(Chairperson)

Prof: Ajay Kumar Dubey

(Supervisor)

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Acknowledgement

Acronyms and Abbreviations

ANC	African National Congress
EC	European Community
EPSA	Enhanced Private Sector Assistance
GEDA	Gauteng Economic Development Agency
IDC	Industrial Development Corporation
IDZ	Industries Development Zone
JAAC	Japan Anti-Apartheid Committee
JETRO	Japan External Trade Organisation
JOGMEC	Japan Oil, Gas and Metals National Corporation
MIDP	Motor Industry Development Programme
MITI	Ministry of International Trade and Industry (Japan)
MOFA	Ministry of Foreign Affairs (Japan)
NAM	Non-Alignment Movement
NATO	North Atlantic Treaty Organisation
NEPAD	New Partnership for Africa's Development
NEXI	Nippon Export and Investment Insurance
NGO	Non-Governmental Organisation
NP	National Party
OAU	Organisation of African Unity
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development

PRC	Peoples Republic of China
RDP	Reconstruction and Development Programme (South Africa)
SA	South Africa
SACCJ	South African Chamber of Commerce in Japan
SADC	Southern Africa Development Community
SAJU	South Africa-Japan University Forum
TICAD	Tokyo International Conference on Africa Development
TMC	Toyota Motor Corporation's
UK	United Kingdom
UN	United Nations
US	United States

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Chapter 1

INTRODUCTION

South Africa and Japan, divided by history and distance, have been forging their bi-lateral relations to a wider co-operation since the fall of apartheid and the birth of a new South Africa. South Africa being the leader of African continent and Japan being the world's second largest economy has found among themselves suitable partners in their relations. While the Japanese foreign policy towards South Africa remains fundamentally rooted in the broader context of its Africa policy, South Africa's relationship with Japan is situated within the framework of bilateral relations and the emergent emphasis on North-South relations.

The ties between South Africa and Japan has hardly ever attracted public attention, due to their geographical and historical remoteness, until Japan's trade with South Africa with the apartheid regime become conspicuous enough to induce international condemnation in the 1960's.[1] Although the history of relations between South Africa and Japan can be traced back to as early as mid-seventeenth century, the relations were never fully developed in the modern era due to South Africa's racist policies and attitudes.[2] However, it cannot be denied that the bilateral ties were cool during the apartheid regime. It was during the apartheid period in 1987 that Japan became the world's largest trading partner with South Africa, reaching a high of $4.9 billion. Furthermore, the 'Honorary White' status was also conferred to the Japanese, (though not appear in the official document, but was invented by the press) during the period.[3] This shows how, despite of international pressures the relationship between South Africa and Japan continue to develop during the apartheid.

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[1] Masako Osada (2002), *Sanctions and Honorary Whites: Diplomatic Realities in Relations Between Japan and South Africa*, Greenwood Publishing Group, p., 34.

[2] Masako Osada (2003), "Japanese-South African Relations during the Apartheid Era", in Chris Alden and Katsumi Hirano, ed., *Japan and South Africa in a Globalizing World*, p., 45.

[3] Masatoshi Ohta (1995), For a Smaller Indian Ocean: Japan-South Africa Relations, Their Past, Present and Future, *The Round Table*, 336, pp., 417-419.

Relationship between South Africa and Japan began to strengthen towards the beginning of 1960s, when the South African government, feeling secluded by the outside world (because of its apartheid policies), began to think of adjusting its relationship with Japan, which were earlier frozen due to some diplomatic differences. It was during this time that the Japanese were conferred the Honorary White status by the South African government, which was severely criticised by the international community, saying that Japan was unashamedly enjoying the privilege conferred upon by the white minority government.[4] Though there were strong official Japanese statements condemning apartheid and various sanctions being imposed by Japan in order to show that it has distanced itself from the white minority regime, available evidence suggests that these actions actually serve to avert international criticism of the extensive economic ties between the two countries. Similarly, by encouraging Japanese companies to invest in and trade with black Africa and by providing financial assistance to selected African countries, Japan has succeeded in reducing opposition to its relationship with South Africa from the rest of the continent.[5] Before proceeding on to Japan-South Africa relations a brief understanding of the history of Japan's relations with the African continent deemed necessary.

1.1 A brief History of Japanese Involvement in Africa

The origin of Japan's Africa policy resides in the political economic recovery and growth in the post Second World War period. Guided by the Yoshida Doctrine, which embraced the American security umbrella while concentrating resources on domestic development and economic diplomacy, the Japanese government was able to reconstruct its war-torn economy in record time. A modest foreign assistance programme was launched in 1960, corresponding with the country's economic resurgence which targeted the resource rich 'black' African countries, at the same time as its own business found opportunities in the world's second fastest growing economy in the 1960's, apartheid South Africa. However, having extremely tied with the North American market and the resources of South-East Asia, Japan's interests in Sub-Saharan Africa remained extremely limited.

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[4] Ibid., pp., 416-417.

[5] Richard J. Payne (1987), Japan's South Africa Policy: Political Rhetoric and Economic Realities, *African Affairs*, 86 (343), p., 177.

This situation changed dramatically with the onset of the oil crisis of 1973-1974 and its subsequent impact on the energy-poor Japan. The twin threats of recession born of international politics and protectionism, as well as the obvious shortcomings of dependence upon American foreign and security policy in a period of withdrawal from its regional commitments in South-East Asia, brought a fundamental policy reassessment on the part of the government in Tokyo. The search for new sources of critical energy supplies and raw materials needed for manufacturing, resulted in an unprecedentedly activist approach towards the resource-rich African continent.[6]

According to a *Daily Yomiuri* editorial on Japan's relations with Africa, the first objective of Japan's policy in the continent is the "securing of natural resources such as cobalt, manganese, uranium and iron ore for which Japan depends on Africa for more than 50 % of its imports". This shows how much Japan depends on Africa for acquiring its needs of natural resources from the African continent. The Japanese diplomacy of resource in Africa was characterized by promotion of talks, signing of long-term agreements for the supply of vital raw materials and the establishment of joint ventures with resource producing African countries.

Moreover, it must be recognised that Japan's energy vulnerability is overwhelmingly high considering the fact that the bulk of its petroleum imports derive from crisis-prone areas -the Middle East and the Gulf. This situation upgrades the importance of Africa as an alternative and more stable source for Japan's energy imports.[7] Furthermore, the recent competition in securing natural resources and raw materials in Africa prompted Japan to give an increase emphasis on Africa. The Tokyo International Conference on Africa Development (TICAD) (which was launched by Japan in 1993 and so far held four conferences in assisting Africa for development) can be attributed to the growing recent rising trends towards Africa.

1.1.1 Japanese Engagement with South Africa

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[6] Chris Alden (2002), The Chrysanthemum and the Protea: Re-inventing Japanese-South African Relations After Apartheid, *African Affairs, The Journal of Royal African Society*, 101 (404), pp., 366-367.

[7] Jide Oweye (1984), Africa and Japan's Search for Resource Security, *Africa Spectrum*, 19 (3), p., 281.

It is difficult to trace when the Japanese had their first contact with Africa. Apart from the Korean Peninsula and Mainland China, which had long and close contact with Japan, it is not until after the middle of the 16th century that the Japanese started enlarging their sphere of activities overseas, especially in the South-East Asia. In 1545 a Portuguese boat cast ashore on a small island to the South-west of Japan and introduced European guns in Japan. It was the first known access ever for the Portuguese, and therefore for Europeans to Japan, 'the country of gold' as it was depicted by Marco Polo. However, from 1633-35 Japan was closed to the outside world, as it was feared that the Catholics might jeopardise the feudal system of society under the military regime. During this period of self-imposed isolation, only the Dutch, apart from the Chinese were allowed to reside and engage in trade with Japan on a small artificial island called Dejima, which was constructed for this purpose in Nagasaki harbour by the government. In 1643 Jan van Riebeeck of the Dutch East India Company stayed there for about a year. He built Cape Colony later. It can thus be said that Japan-South Africa relations have a long history. It is also believed that van Reibeeck took with him a few Japanese families to Cape Town. However, in any case the fate of those Japanese in South Africa is not known, since the contact was cut during the isolation period.

In the latter half of the 19th century, Japan opened its doors to the Western world. Since that time, Japan regarded Southern Africa, together with Egypt, as a gate way to Europe and a potential market. However, meaningful relations between Japan and South Africa did not come until the time of World War I[8] and trade between the two countries expanded greatly thereafter. In the aftermath of World War I when Germany was expelled from the South African market, Japan took over her position as a supplier of manufactured goods. In 1916 Tokyo sent its first official African economic mission to South Africa, and two years later the first Japanese consulate in Africa was established in Cape Town. Later a maritime route linking Kobe and Durban via Mombasa was opened in 1926.

The most significant development in the relations between Tokyo and Pretoria came in 1930, when the Republic was facing serious economic constraints and

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[8] Masatoshi Ohta (1995), For a Smaller Indian Ocean: Japan-South Africa Relations, Their Past, Present and Future, *The Round Table*, 336, pp., 414-414.

desperately needed to acquire new markets for various products, especially wool. Accordingly, the acting South African Vice-Minister for Foreign Affairs and the acting Japanese Consul in Cape Town agreed to exclude Japanese from the prohibited immigrant category. Japanese merchants, clerks, and tourists were thus given the freedom to enter South Africa without restriction, to receive the same treatment in housing as whites, and to carry out economic activities without the political, administrative, and social hindrances faced by other Asians. This was the origin of the 'honorary white' status which was held for over half a century (not just since 1961, as most Japanese generally assume).

A commercial dispute between Japan and Australia over wool led to a second major expansion of trade with South Africa during the 1930s, and a Japanese legation was established in Pretoria in October 1937. After the end of World War II the Japanese opened their Consulate-General in Pretoria in 1952 during the period when the apartheid policy of the Nationalist Party was being vigorously pursued. The history of relations between the two countries shows a definite pre- and post-war continuity in Japanese policy towards South Africa.[9]

The oil crisis of 1973 brought about a new dimension to the Japan's Africa approach. The oil crisis had a significant impact on the energy poor Japan, thus brought an increased awareness of politicizing economic issues by Japan. The search for new sources for critical energy supplies and materials resulted in an unprecedented activist approach towards the resource rich African continent.[10] Furthermore, the crisis prone Middle East and the Gulf compelled Japan to turn its attention towards Africa as an alternative and more stable source for Japan's energy imports.

The bilateral ties between South Africa and Japan during the apartheid regime were warm although Japan imposed limited sanctions against South Africa in view of the international pressures. The end of Japan's economic sanctions towards South Africa in October 1991 signalled a new era in Japan-South Africa relations in both the

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[9] Jun Morikawa (1984), The Anatomy of Japan's South Africa Policy, *The Journal of Modern African Studies*, 22 (1), pp., 139-141.

[10] Chris Alden (2003), "North and South: The Changing Contours of Japanese-South African Relations" in Chris Alden and Katsumi Hirano ed., *Japan and South Africa in a Globalizing World: A Distant Mirror*, p., 8.

economic and political arenas. Further interface between the two countries can be discussed in detail in the preceding topics.

1.2 Japanese-South Africa Ties during the Apartheid

The study of Japanese-South Africa relations during the apartheid would specifically cover the period from 1960-1991, because as Osada posit that it was only after 1960 that relations between Japan and South Africa, though predominantly in the field of trade, became noteworthy.[11] Furthermore, the period marks the beginning of South Africa's international isolation due to its apartheid policies and the resumption of Japanese-South Africa relations to the ending of apartheid legislation and the lifting of Japanese sanctions against South Africa.

1.2.1 1960-1972: Isolation of South Africa by the International Community and Japan's First Sanctions against South Africa

In the early 1960s, South Africa's international isolation became evident, which had begun tentatively in the late 1940s. In March 1960 the Sharpeville massacre[12] took place which resulted in a widespread condemnation throughout the world. Secession from the Commonwealth in May 1961 confirmed the position of South Africa as an outcaste in the international political arena.

This series of events coincided with an important development in the relationship between South Africa and Japan. On March 1961, the Japanese Minister of Foreign Affairs (MOFA) announced that the governments of Japan and South Africa had agreed to resume official diplomatic relations because "recently the relations between the two countries have become close." It was decided that Japan and South Africa would establish embassies in each other's capitals.

However in 1968, the Japanese government prohibited Japanese companies from making direct investments in South Africa. The decision was rather inexplicable as the decision was made when no other industrialised nations were even considering

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[11] Masako Osada (2002), *Sanctions and Honorary Whites: Diplomatic Realities in Relations Between Japan and South Africa*, Greenwood Publishing Group, p., 2.

[12] Sharpeville massacre, also known as Sharpeville shootings, occurred on 21st March 1960, when the South African police fire on a crowd of 'black' protesters, killing around 69 and at least 180 'black' protesters got injured.

economic sanctions against South Africa. Moreover, the Japanese government liberalised overseas direct investment only in July 1971 and direct investment in South Africa by Japanese firms was virtually non-existent in 1968. To argue the action, it can conclude that Japan followed a policy to deflect the growing resentment of the Black Africans, who were opposing the Japanese engagement with the apartheid South Africa. So far as Africa is concerned Japan needed their votes to secure a seat in the UN Security Council. Hence, Japan needed to demonstrate their tough attitude towards South Africa.

Nevertheless, from 1960 to 1972, the volume of trade increased 567 percent (+594 percent in Japan's imports from SA, +539 percent in its export to SA), with South Africa's constantly running an export surplus, except for 1965, 1970 and 1971. South Africa's total trade grew only 111 percent during the same period, and Japan became one of the major trading partners for the Republic.[13]

1.2.2 1973-1984: South Africa's Further Isolation and Japan's Second Sanctions against South Africa

The 1973 oil crisis brought worldwide decline in the economic growth. Japan after the World War II, reacted to the situation promptly and recovered by 1978. The oil crisis brought a new dimension to Japan's Africa policy. In order to secure oil and industrial minerals, Japan began to approach resource rich 'black' Africa. The oil crisis also made the African nations intensely aware of their own importance to the industrialised nations. Their attack on South Africa's racist policies gained much greater political voice.

In 1974, Japan stopped issuing visas to the South African citizens. However, this did not affect the most important aspect of trade. Also in 1974, the Japanese government prohibited Japanese banks from financing any South African deals except for the ones which have been concluded. This measure had little effect either. It can be understood that all these measures can be attributed to the pressure from the 'black' Africa.

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[13] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., pp., 45-48.

From 1973 to 1984, the volume of trade increased 307 percent (+309 percent in Japan's imports from SA and +309 percent in its exports to SA), just over half the pace of 1960-1972 period. The figure is even less impressive when compared with the growth of South Africa's total trade (+282 percent) and that of Japan's total trade (+307 percent). The volume of trade was more balanced than the previous period, South Africa enjoying a slight trade surplus from 1976-1979 and in 1982.

Neither MOFA nor MITI had any intention of stopping trade with South Africa, but both of them, especially MOFA, were quite cautious not to be seen as collaborators with apartheid. This is because MITI's priority was expanding foreign trade and minimising trade fraction while MOFA was more concerned about Japan's favourable image in the international community. However, the political sensitivity shown by the government ministries were not shared by the Japanese businesses, politicians and celebrities. On the part of South Africa, both the South African government and the South African corporations became increasingly eager to strengthen their relationship with Japan[14].

1.2.3 1985-1991: Imposition of Economic Sanctions

The proclamation of the state emergency on 21 July 1985 and the growing oppression that followed stirred up another round of international condemnation, this time not by mere words but by slapping economic and financial sanctions by the major industrialised nations. The Japanese government reiterated their regret over the South Africa's repressive actions.

On 19 June 1985, the UN Security Council adopted a resolution, urging member states to stop new investments, re-examine maritime and aerial relations with South Africa. Consequently, on 4 October, the Japanese government adopted new sanctions against South Africa, including a voluntary restriction on importing South African gold coins, ban on computer exports to South Africa, assisting for educating the black South Africans and a request to the Japanese companies in South Africa to draw up an employment code to achieve racial equality in the work place. In addition, the Japanese government asked the business community for voluntary restrictions on trade with South Africa.

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[14] Ibid., pp., 48-51.

However, Japan became the largest trading partner for South Africa in 1986 and 1987, which was widely condemned by the international community, especially by the United States and the 'black' African nations. Following, both MOFA and MITI asked the industries to restrict trade with South Africa. But the continuous efforts by the Japanese saw trade with South Africa increased the monthly average of 1.67 percent.

On 5 December, the UN General Assembly adopted a resolution condemning Japan, which upset both government and the business community in Japan. MOFA directed the business community for tougher voluntary restrictions. In the end, Japan's imports from South Africa decreased 14.4 percent and its export to South Africa increased 9.8 percent. Together the total trade with South Africa decreased 3.5 percent. To Japan's relief and delight, it become the second largest trading partner.

Following the National government's unbanning of thirty-six organisations and the release of Nelson Mandela, MITI in February 1991 announced the lifting of voluntary restrictions on trade with South Africa. On 21 June, the Japanese cabinet approved the removal of the non-economic sanction measures. The European Community (EC) and the United States had already lifted their economic sanctions by then.

From 1985-1991, the volume of trade between Japan and South Africa increased 23 percent (+9.9 percent in Japan's imports from SA, +60.3 percent in its exports to SA), while South Africa's total trade grew 60 percent and Japan's total trade soared by 80 percent.

During the period, South Africa became increasingly friendly towards Japan. On 1 October 1985, the South African government finally decided to treat Japan as a most favoured nation. Its foreign minister and director-general of the same department visited Japan for the first time in 1986 and in 1990 respectively.[15] Though Japan imposed limited sanctions against South Africa in view of the international pressures, the trade figures and the honorary white status given to the Japanese by the South African minority government, shows how the two countries attached to each other. At

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[15] Ibid., pp., 53-55.

the dawn of apartheid with the resumption of full diplomatic ties, relations began to take off with the exchange of official diplomatic visits between the two countries.

1.3 Relations in the Post Apartheid

As discussed above the end of sanctions against South Africa in 1991 brought about a new dimension to the Japan South Africa relations in both economic and political arenas. The upgradition of Consulate General to Embassy in 1992 further established wider diplomatic interface between the two countries. With the end of the apartheid, the Japanese private sectors have been making remarkable investment in South Africa. The government of Japan have been consistently assisting the private sectors keeping in mind the economic security of the country. The dispatch of Keidanren (Japan Federation of Economic Organisations) 'fact finding' missions to South Africa in 1991, 1992 and 1994 can be attributed to it.[16] Based on the observations of the Keidanren 'fact finding' missions, the 1992 and 1994 report came out. The observations sounded out South Africa's economic significance in the Southern Africa region. On the basis of various reports, Japan began to give aid packages to South Africa for Reconstruction and Development Programmes.[17]

Consequent to the apartheid lots of high level diplomatic visits took place between the two countries which resulted in furthering their interests of co-operation. The visit of former South African President Nelson Mandela in July 1995 and subsequent visit by the then Deputy President Thabo Mbeki in April 1998, contributed in strengthening the relations at the dawn of apartheid. These visits resulted in discussing varieties of bilateral and multilateral issues.

Since establishing full diplomatic relations between South Africa and Japan, bilateral trade has shown on a consistently rising trend. Bilateral trade value has increased from approximately R9.23 billion to over R107 billion by 2008. The rising trend results in becoming Japan as the biggest importer for South Africa in 2005, 2006 and 2008.

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[16] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., p., 104.

[17] Hayashi Koji (1996), "Economic Ties with Post-Apartheid South Africa", *Japan Quarterly*, 43 (1): 33-37.

In the field of investment, prior to 1994, there were no foreign direct Japanese investments in South Africa. However, since 1994, there have been over 78 major investments in South Africa by the Japanese companies.[18] Thus the amount of investment by Japan has increased significantly since the fall of apartheid regime in South Africa.

The launching of Tokyo International Conference on Africa's Development (TICAD) in 1993 to provide assistance to Africa has added more impetus to the Japan-South Africa relations. Through the TICAD initiative a lot of Japanese business community and financial sectors are beginning to show real interests in Africa. The TICAD presented new opportunities to rekindle Japan's relationship with the African countries.

Further interaction between South Africa and Japan would be discussed in detail in the form of different topics as political and diplomatic, trade, investment and aid in the preceding chapters.

1.4 Theoretical Concerns

International relations generally mean relations between sovereign states which are members of the international community. In modern times, no state can avoid involvement in the international sphere, though this involvement must be systematic and based on principles. In this way foreign policy becomes key for a state. Foreign policy of a state determines its behaviour pattern while it interacts and negotiates with other states to protect or further its interests and thus gives a direction to their foreign relations.

It is not possible to understand inter-state relations without understanding foreign policy of states. "Foreign policy is the system of activities evolved by communities for changing the behaviour of other states and for adjusting their own activities to the international environment."[19] It consists of decisions and actions

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[18] Embassy of South Africa, Tokyo, "South Africa/Japan Relations", at www.rsatk.com/contents/D/SA_Japan_relations_P.html.

[19] Modelski, George (1962), *The Theory of Foreign Policy*, London: Englewood Cliff, p., 3.

which involve to some appreciable extent relations between one state and others.[20] Thus foreign policy is mainly concerned with the behaviour of a state towards other states.

1.4.1 Factors Affecting Foreign Policy

A question then arises as to what influence a nation's foreign policy? Traditionally, it was believed that "foreign policy begins where domestic policy ends." As economic interdependence between nations has grown, however, it has become increasingly difficult to separate foreign policy from domestic policy. A scholar once predicted: "foreign developments will intrude on a whole range of politics that are traditionally domestic, and these bread-and-butter domestic politics issues will in turn influence and greatly complicate the management of foreign policy." This certainly came true. Domestic economy and politics are not the only factors affecting foreign policy. Others often cited include perception, images and personal characteristics of decision makers; the behaviour of policy makers; natural environment (size, location, terrain, climate, natural resources, etc.); military strength; social structure (class, race, language, religion, etc.); national character; and a collective state of mind (culture, shared images, historical memory, etc.). Theorists have renamed and regrouped these "factors" (or "elements," "variables" or "sources," depending on the scholar) into many types of categorization. Taking the various types of categorization by other scholars into consideration, we will, as a matter of convenience, adopt the dichotomy of "external factors" and "domestic factors."[21]

External factors include actions by other nations and political, economic, military and environmental situations in the world. Domestic factors refer to the so-called "national attributes" (e.g., size, location, population, climate, natural resources, economy, level of development, public opinion and type of the regime).

There has not been much discordance in opinion regarding the types of factors. When it comes to the extent of influence that each factor has, however, it is

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[20] Frankel, Joseph (1979), "*International Relations in Changing World*", Bombay, Oxford Press, p., 1.

[21] Masako Osada (2002), Osada, Masako (2002), *Sanctions and Honorary Whites: Diplomatic Policies and Economic Realities in Relations between Japan and South Africa*, Greenwood Publishing Group, p., 16.

not easy to determine. While one scholar avers that "a country's geographic location and topographical features may be the most important, because they are most permanent," another finds that elements like size, location, nature of the territory are "not so significant." The existence of numerous opinion polls alone suggests strongly that public opinion is considered to be important, but its influence on foreign policy has proven to be very small. Contrary to conventional belief, the general public even in a democratic state tends to be indifferent to foreign policy, and attempts by government and the private sector to educate the public about international politics have seldom succeeded. A survey conducted in 1967 in the United States demonstrated that, while many people were "concerned" about the Vietnam War, only 3 percent of the respondents had taken any actions and less than 1 percent had taken part in marches or demonstrations. On the other hand, South Africa's racial policy obviously attracted keen interest all over the world, and it is often pointed out that the anti-apartheid sentiment and movement in North America and Europe pressurized their governments and multinational corporations into taking stricter measures against South Africa. In fact, to try to theorize the relative importance of factors is rather meaningless, since which factors are more significant than others differs in each specific situation. Even two states with similar orientations will not necessarily make the same decisions or act in the same way.

Some factors have a problem of definition. For instance, how small should a nation be in order to be called a "small" nation? While Japan's economic power is universally recognized, the country is often described as a small island nation, the same description given to the United Kingdom (244,100 square kilometers).[22] However, Japan (377,801 square kilometres) is larger than the former East and West Germany combined (356,733 square kilometres), which is not generally perceived as small. In the study which used a combination of land area, population, GNP and military capacities as determinants of the size of a nation, Japan is placed in the category of "large developed" nations, together with France, Italy, Mexico, Spain, the former Soviet Union, the United States and West Germany. Yet, it does not mean that the perception of Japan being small should be ruled out as a factor which influences

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[22] Ibid., 17.

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Japan's foreign policy and other nations' policy toward Japan, for humans often "act and react according to their images of the environment."

1.4.1.1 Factors That Influenced Japan's Foreign Policy

The most important external factor that influenced Japan's foreign policy during Cold War period was the bipolar system in the international arena. Geographically, Japan was located in the middle of the conflict, that is, between the United States, the former Soviet Union and the People's Republic of China. This made the country strategically important for the United States. US foreign policy played a major role in shaping Japan's foreign policy. In terms of national security, the only military treaty Japan had was with the United States, and Japan completely relied on its "big brother." Considering that other nations in the Western bloc were not tied to a single bilateral security treaty and belonged to multilateral groups such as NATO, the European Community and the Commonwealth, Japan's situation was unique.

Domestically, several factors that may have influenced Japan's foreign policy are for example, some claimed that the geographic characteristic of being isolated by water worked as a strategic advantage, since Japan could concentrate its defence on its navy. However, this could not be applicable to Japan's defence policy in the era of inter-continental ballistic missiles. On the other hand, the isolation from the rest of the world that Japan experienced for most of its two-thousand-year history might have created a "sense of insecurity" in policy makers, which could have well affected the course of the nation. Article 9 in the Japanese Constitution, Renunciation of War, is another domestic factor. It has defined Japan's non-aggressive defence policy effectively and steadfastly by making it impossible for military personnel to exercise political power.

Yet, by far the most important domestic factor for Japan's foreign policy was, and still is, the lack of natural resources.[23] Japan was compelled to import raw materials for industrialization, and industrialization in turn made Japan more dependent on the importation of raw materials. At the same time, the rapid industrialization shifted the labour force from the agricultural sector to the

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[23] Ibid., 17-18.

manufacturing sector. The percentage of the labour force in agriculture sharply decreased from 45 percent in 1950 to a mere 3 percent in 1990. The self-sufficiency rate of agricultural products dropped as well. Japan became the world's largest importer of agricultural products. Its ratio of self-sufficiency was only 29 percent in 1992, an extremely low percentage compared with the United States' 180 percent and the United Kingdom's 110 percent. Naturally, it has been Japan's number one priority to secure natural resources and food supply for its survival. This factor remains crucial for Japan's foreign relations, irrelevant to domestic political changes or international economy and politics.

1.4.1.2 Factors that Influenced South Africa's Foreign Policy

For South Africa too, the Cold War was the most important external factor that influenced its foreign policy. It was a "godsend" for the apartheid regime. First, the "victim mentality of Afrikaner nationalism needed a demonized external enemy," and nothing would suit this role better than the Soviet Union. Second, because of its strategic significance on the African continent for the Western bloc, particularly for the United States, the NP (National Party) rulers were convinced that they could be assured of US protection and the survival of the government as long as the Cold War lasted. South Africa's access to both the Atlantic and Indian Oceans put it at the crossroads of key global trade and strategic routes. The country was also the largest producer of many strategic minerals. In addition, South Africa was the sole industrialized nation in Africa, in which the Soviet Union was thought to have a growing strategic interest.

As for domestic factors, very few, if any, can dispute that apartheid was the major constraint on South Africa's foreign relations and foreign policy. It was because of the country's undemocratic racist system and the oppression of the majority of its population that South Africa was isolated internationally. The NP government was called "a pariah, a lightning rod, an evil system, even a Nazi or a fascist state." Apartheid became a "household term of abuse" all over the world. From

the mid-1940s, South Africa's racial policy was discussed and condemned by the United Nations and other international organizations.[24]

The NP government could not afford to ignore the attitude of other nations toward their country. First, it was vital for South Africa to maintain good relationships with other nations since its economy relied heavily on foreign trade. Second, the self-realization of a "white" race surrounded by "black" nations, together with the self-image of a preserver of "Christian civilization" upon the encroachment of a communist threat, made the white South African government long for acceptance by the Western powers. South Africa's foreign relations were "essentially relations with the West." One could sense the complexity of the psyche of white South African rulers in the fact that they could neither accept nor simply ignore external criticism but had to justify themselves, insisting that foreign criticism was due to "ignorance, prejudice, malevolence and double standards".

1.4.2 Power Approach or Realist Approach

The pursuit of power takes place continuously within the framework of the ideological tradition. The absolute ideological control was itself an essential component of power. Ideological affinity does not mean the absence for urge by power among them. According to Morgenthau whether in the domestic or international field that all politics is a struggle for power.[25] The urge for power might be latent in the case of Japan as has been the case of recent initiative of Japan in Africa like the TICAD. As through it, Japan wanted to demonstrate its capability, so as to gain a seat in the UN Security Council. It is Morgenthau's belief that environment plays an important role in shaping the interests that determines political action. Thus the emphasis on power must be adapted to the changing circumstances.[26] Therefore, the foreign policy of a country has to be adjusted to concrete pulls and pressures of international environments. When a conflict arose in the power sphere, however, the growing similarity of social structure proved to be of no consequence.

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[24] Ibid., 18-20.

[25] Morgenthau, Hans J. (1962), "*The Decline of Democratic Politics*", Chicago: The University of Chicago Press, 77.

[26] Ibid., 36-51.

Every nation wants to project its power and image before the international community. As man does not live by bread alone, he longs for the recognition and respected in the company of others. Just the same way, each nation strives to be recognised and respected. And this was no exception to Japan, as it was striving to be recognised and respected before international community as has been manifested within the TICAD (which would be discussed in detail in the preceding chapters), as a great power.

1.5 Summary

Though the history tells that Japan has a long history of relations with South Africa to as early as 17th century, however the relations were never fully developed in the modern era due to South Africa's racist policy. With the end of apartheid and the resumption of full diplomatic interface by upgrade of Consulate General to Embassy, a new dimension was brought out in the South Africa-Japan relations both politically and economically.

During the apartheid, the main aim of Japan for enhancing ties with South Africa was for the expansion of trade and for acquiring of raw materials. Though Japan imposed limited economic sanctions against South Africa it was only imposed to deflect the international community. The volume of trade clearly tells that, as Japan became the largest trading partner for South Africa during the height of apartheid in 1987. In the aftermath of apartheid with high level diplomatic visits, bilateral trade has shown a rising trend and investments by the Japanese companies have been increasing. The launching of TICAD has added more impetus to the South Africa-Japan relations.

As of theoretical concept for the relationship the power approach or the realist approach can be relevant as the urge for power by Japan as has been manifested in the TICAD. As through it, Japan wanted to demonstrate its capability, so as to gain a seat in the UN Security Council. While analysing the factors affecting the foreign policy, it was found that the cold war politics had affect on both the country's foreign policy. As the foreign policy consists of decisions and actions which direct relations between states, the foreign policies of both the countries during the cold war had an impact in their relationship. Since both South Africa and Japan supported the Western powers'

struggle against communism, closer contacts became feasible between the two countries.

1.6 Objectives and Hypotheses of Research

The above discussion provides a concise background for the subsequent chapters. In this further research, it would be discussed on the following objectives. The main objectives are such as:

- To study the political and diplomatic interface between South Africa and Japan.

- To study the trade relationship between South Africa and Japan.

- To assess the policies of Japanese investment and aid in Africa.

The dissertation would also be focussed on the following hypotheses:

- South African transition to democracy led to expansion of the bilateral relations between South Africa and Japan in areas other than trading.

- There was little change in Japanese policy objectives from apartheid to democratic South Africa.

- The tremendous engagement/initiative of Japan in South Africa in the field of trade, investments and aids can be attributed to the position of South Africa being the gateway to the African continent.

- In a bid to support each other for gaining a seat in the reform UN Security Council, South Africa and Japan have developed strategic relationship.

1.7 Scheme of Chapterization

The above discussion is the concise background of the introduction to my whole dissertation. It has also dealt with the theoretical approaches in general and relates to the relationship between South Africa and Japan.

The second chapter, with the titled 'Political and Diplomatic Relations' would assess the political and diplomatic visits of both the countries and will examine how this has strengthened their relationship to a wider co-operation. It would also

examine the foreign policies of both the countries and try to analyse whether it has an impact in their bilateral relations or not and also the various partnership forums involved in their relationship.

The third chapter is on 'Trade Relationship' between South Africa and Japan. This chapter will give an outline of the different trade practices between the two countries and will highlight the importance of trade in their bilateral relationship. It will also study the current bilateral trade figures between the two countries and try to analyse it.

The fourth chapter would deal with 'Investment and Aid'. This chapter will assess the different economic, investment and aid immersed in their bilateral relationship. It would also analyse the different governmental institutions and organisations that have been involved in facilitating the different investment and aid programmes.

The last chapter would be the concluding chapter. This chapter will attempt to arrive at a broad conclusion about the subject matters being studied. It would encapsulate with some of the implications in their bilateral relationship.

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Chapter 2

POLITICAL AND DIPLOMATIC RELATIONS

Expansion of trade[27] between South Africa and Japan strengthened the intimacy between the two countries. This closer contact with each other culminated in the establishment of mutual diplomatic relations by 1937. Consequently, the Imperial Legation of Japan was opened the same year. However, unfortunately, these mutually beneficial relations did not last long,[28] as the World War II broke out and Japan got involve in the war.

Apart from trading between the two countries, there is no doubt that diplomatic relations do exist between Tokyo and Pretoria in both a legal and a practical sense, contrary to the widely propagated assertion by the Japanese Government that the only contacts between the two countries are at a consular level.

According to the Japanese Government's 'Diplomatic Blue Book', Tokyo and Pretoria announced on 1 March 1961 that they had agreed to establish diplomatic relations and would implement them as soon as the necessary internal procedures on both sides could be concluded. But the Government's fear of domestic and international pressures soon caused this arrangement to be reconsidered, and in June 1961 it was decided that the existing Consulate-General in Pretoria[29] would not be upgraded to the status of an embassy. Tokyo did not cancel or abrogate the original accord, which remain officially exists.

In April 1964, soon after the tactical decision had been taken to drop formal diplomatic representation in favour of strong consular relations, the Japanese Government opened a consulate in Cape Town. By the 1980s it was clear in terms of

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[27] Early Japanese links with South Africa were mainly for trade which has its roots to as early as seventeenth century.

[28] Masatoshi Ohta (1995), "For a Smaller Indian Ocean: Japan- South Africa Relations, Their Past, Present and Future", *The Round Table*, 336: 416.

[29] The Consulate-General in Pretoria was established in 1952.

personnel and activities that the two consular offices in South Africa were much more important and influential than the Japanese embassies in either Nigeria or Kenya.[30]

Though there was an eagerness on the part of Tokyo and Pretoria to establish full diplomatic relations by upgrading the Consulate in Pretoria to an Embassy, however, in view of the strong international position on South Africa's apartheid policy it was feared that the opening of Embassy in South Africa might invite severe criticisms both at home and abroad. Therefore, the actual establishment of the Embassy was left over. No government ordinance followed to put this law into effect: the 'Embassy of Japan in South Africa' remained in the law but was in fact left frozen. Thus, the term consular exists and non-diplomatic relations continued until 1992.[31] However, this does not mean that their relation got fragmented, but their trade relations gain momentum during the period.

The end of Japan's economic sanctions towards South Africa in October 1991 signalled a new era in Japan-South Africa relations in both the economic and political arenas. This era was reinforced by the fact that Keidanren (the Japanese Federation of Economic Organisations) visited South Africa in 1991 as the first in a number of survey missions to support investment on both a private and governmental basis. The upgrade of the Consulate-General to Embassy on 13 January 1992 established diplomatic relations between the two countries and further indicated the commitment of Japan to Africa.[32] The aftermath of apartheid witnessed various diplomatic visits which further strengthened the relationship.

This chapter seeks to study the policies of both the countries that had a pertinent affect on the relationship. Though there are numbers of private companies operate that forms the basis for trade and investment interface between the two countries, the activities of these companies are monitored by the government of both

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[30] Jun Morikawa (1984), "The Anatomy of Japan's South Africa Policy", *The Journal of Modern African Studies*, 22 (1): 133-134.

[31] Masatoshi Ohta (1995), "For a Smaller Indian Ocean: Japan- South Africa Relations, Their Past, Present and Future", *The Round Table*, 417.

[32] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 104.

the countries. Take the example of Keidanren (Japan Federation of Economic Organisations) 'fact finding' missions send by Japan to South Africa, in 1991, 1992 and 1994. It was a mission to assess send by the Japanese government to the private sectors, which have been actively involved in making dramatic investment in South Africa.[33] Hence the policies of the government become necessity in promoting bilateral relationship. Furthermore, it would also encompass the study of various partnership forums that have been involved in fostering the relationship between the two countries.

2.1 Japan's Policy towards South Africa during Apartheid

Japan's South African foreign policy during the apartheid was motivated by two separate yet complementary goals. The first is, of course, economic. This was self-evident as it fulfils Japan's national interests in securing natural resources and markets. The second focuses on political-strategic concerns. Tokyo supports the interests of the major Western powers by making a contribution to their concerted efforts to maintain the status quo in South Africa in order to hamper the movements of any member of the Eastern bloc into the region. Maximisation of trade with South Africa allows Tokyo to accomplish both of these goals and to support the White regime economically, technologically, and politically.[34]

Moreover, though there were strong official Japanese statements condemning apartheid and imposed various sanctions which on the surface lend credibility to the generally accepted view that Japan has distanced itself from the white minority regime, available evidence suggests that these actions actually serve to deflect international criticism of the extensive economic ties between the two countries. Similarly, by encouraging Japanese companies to invest in and trade with 'black' Africa and by providing financial assistance to selected African countries, Japan has succeeded in reducing opposition to its relationship with South Africa from the rest of

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[33] Ibid., 104.

[34] Jun Morikawa (1984), "The Anatomy of Japan's South Africa Policy", *The Journal of Modern African Studies*, 22 (1): 136.

the continent.[35] Furthermore, historically Japan's concern with the racial problems in South Africa has always been secondary to her interest in promoting trade.

The trade figures between Japan and South Africa suggest how despite Japan's sanctions against South Africa, trade relations remained flourished. Though the Japanese government impose sanctions during the period between 1960 to 1972, by prohibiting Japanese companies from making direct investment in South Africa, the action was rather inexplicable. It was only an action to deflect the growing resentment of the 'black' Africa. The policy involved in it was that Japan had almost lost a seat in the UN Security Council in the 1965 election because of African nations' criticism of Japan's trade relationship with the apartheid regime. Hence, by showing tough attitude towards South Africa they can win the African nations support.

Despite of sanctions the volume of trade during the period increased to 567 percent (+594 percent in Japan's imports from South Africa, +539 percent in its exports to South Africa), with South Africa's constantly running an export surplus, except for 1965, 1970 and 1971. South Africa's total trade grew only 111 percent during the same period, and Japan became one of the major trading partners for the Republic. In spite of Japan's importance for South Africa's trade and South Africa's insignificance for Japan's trade in terms of rank as a trading partner, it was mainly Japan that made the effort to expand the relationship. Most leading Japanese companies, both trading houses and manufacturers, established a presence in the Republic.

The second sanctions by Japan during the period from 1973 to 1984, had the presence of similar policy played by Japan. The 1973 oil crisis brought about a new dimension to Japan's Africa policy. In order to secure oil and industrial minerals, Japan began to approach resource rich 'black' Africa. The oil crisis made the African nations extremely aware of their own importance to the industrialised nations. Hence,

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[35] Richard J. Payne (1987), "Japan's South Africa Policy: Political Rhetoric and Economic Realities", *African Affairs*, 86 (343): 177.

their attack on South Africa's racist policies gained much greater political voice.[36] Thereby Japan had to show tough against South Africa.

The ban on issue of visas to South African citizens in 1974 by Japan had a little affect, as this did not affect the importance of trade relations. Also the prohibition of Japanese banks from financing any South African deals (except for the ones which have been concluded) by the Japanese government in 1974 had little affect too. Because although both the government-owned Japan Export-Import Bank and the privately owned Japan International Bank announced their decision to stop granting loans to the Republic, the former had already completed most of the finance of Japan's export of plan for South Africa's prime projects and the latter, being established as a British company, could not be controlled by the Japanese laws, in spite of the fact that all the directors were Japanese and the capital was provided by the Japanese companies. This time too the measures adopted by Japan against South Africa were to divert the attention of the 'black' Africans.

Notwithstanding the sanctions, the volume of trade during the period increased to 307 percent (+309 percent in Japan's imports from SA and +309 percent in its exports to SA), just over half the pace of the 1960-1972 period. The figure is even less impressive when compared with the growth of South Africa's total trade (+282 percent) and that of Japan's total trade (+307 percent). The volume of trade was more balanced than the previous period, South Africa enjoying a slight trade surplus from 1976-1979 and in 1982. Neither MOFA nor MITI had any intention of stopping trade with South Africa and both were quite cautious not to be seen as collaborators with the apartheid. On the part of South Africa, both the South African government and South African corporations became increasingly eager to strengthen their relationship with Japan.

The period from 1985 to 1991 saw imposition of economic sanctions and lifting of economic sanctions by Japan. The proclamation of state emergency on 21 July 1985 witnessed another round of international condemnation against the South

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[36] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 47-48.

African government. The action witnessed the economic and financial sanctions by the major industrialised nations. The Japanese government reiterated their regret over South Africa's repressive actions.

Basing on the UN adopted resolution on 19 June 1985, Japan also adopted new sanctions against South Africa. The new measures adopted were announced by Foreign Minister Abe Shintaro on October 9.[37] They were voluntary restriction on importing South African gold coins, ban on computer exports to South Africa, assisting for educating the 'black' South Africans and a request to Japanese companies in South Africa to draw up an employment code to achieve racial equality in the work place.

Four more measures were adopted by Japan immediately after the European Commission member states assented to additional actions. They were ban on importing iron ore and steel from South Africa, suspension of tourist visas for the South African citizens and a request to Japanese citizens to refrain from touring South Africa, a reconfirmation of the ban on flight services to and from South Africa and a ban on the use of South African Airways by Japanese government officials. In addition, the Japanese government asked the business community for voluntary restrictions on trade with South Africa.

However, despite of that Japan became the largest trading partner for South Africa in 1986 and 1987. On 5 December, the UN General Assembly adopted a resolution condemning Japan, which upset both government and the business community in Japan. MOFA directed the business community for tougher voluntary restrictions. In the end, Japan's imports from South Africa decreased 14.4 percent and its export to South Africa increased 9.8 percent. Together the total trade with South Africa decreased 3.5 percent. To Japan's relief and delight, it become the second largest trading partner.

Following the National government's unbanning of thirty-six organisations and the release of Nelson Mandela, MITI in February 1991 announced the lifting of voluntary restriction on trade with South Africa. On 21 June, the Japanese cabinet approved the removal of the non-economic sanctions measures. The European

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[37] Ibid., 49-52.

Community (EC) and the United States had already lifted their economic sanctions by then.

The period saw the volume of trade increased to 23 percent (+9.9 percent in Japan's imports from SA, +60.3 percent in its exports to SA), while South Africa's total trade grew 60 percent and Japan's total trade soared by 80 percent.

During the period, South Africa became increasingly friendly towards Japan. On 1 October 1985, the South African government finally decided to treat Japan as a most favoured nation. Its foreign minister and director-general of the same department visited Japan for the first time in 1986 and in 1990 respectively.[38]

The apartheid period saw Japan constantly eager to expand trade with South Africa except for the period when it was severely criticised by the United Nations and other countries. The reaction of the Japanese government when the country became South Africa's largest trading partner was frantic. On the part of South Africa, it increasingly made efforts to have closer ties with Japan, the results of which were clearly appeared in the trade figures. Trade with Japan, which was only 3.9 percent of the total in 1960, became more than 10 percent in less than ten years. Despite of sanctions Japan became one of the most important trading partners for South Africa.[39] With the end of Japan's economic sanctions towards South Africa in October 1991 followed by the upgrade of the Consulate-General to Embassy on 13 January 1992, and more importantly the South African transition to democracy in 1994, heralded a new era in the South Africa-Japan relations in both economic and political arena.

2.1.1 Japan's Policy of Economic Ties with Black Africa

Faced with African countries criticism of its trade with South Africa and rising protectionist policies in Western markets, Japan views Africa as a potentially significant market, especially for automobiles. Its vehicle exports to Africa have increased to such a large extent that over 60 percent of all ears sold in Africa are Japanese, and Nigeria alone surpassed South Africa as Japan's largest customer on the continent in 1981. In addition to automobiles, Japan's exports to Africa include tape

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[38] Ibid., 52-55.

[39] Ibid., 56.

recorders, television sets, radios, and video tape recorders. Japan enjoys a favourable trade surplus with black African countries during the period between 1976 to 1984.

In addition to trade and investments, Japan also provides foreign aid. However, this assistance remains below that of most industrialized countries, despite Japan's record $60 billion trade surplus in 1985. Prior to 1985, Japan's official development assistance was only 0.23 percent of its Gross National Product, compared with an average of 0.35 per cent of OECD countries[40]. Furthermore, aid is heavily concentrated on about seven countries with which Japan has strong economic ties, especially suppliers of essential raw materials. Reacting to criticism of its policies, the Japanese government donated $20 million in 1981 and $165million in 1984 to famine victims. In 1985 Prime Minister Nakasone promised to double Japan's development assistance over a seven year period starting in 1986.

Diplomatic relations with black Africa were also instrumental in strengthening ties. Several African governments, despite serious economic difficulties and reductions in diplomatic staffs around the world, have reinforced their representation in Japan, and many leaders, including Presidents Moi, Mugabe, Nyerere, and Kaunda, visited Japan. In November 1984, Japan's Foreign Minister Shintaro Abe, the Japanese crown prince, and some members of parliament toured ten African states, and reiterated their government's official policy on apartheid.[41] Thus, by encouraging its economic policies with the black African countries, Japan has succeeded in reducing the opposition to its relationship with South Africa.

2.1.2 Absence of Anti-Apartheid Movement in Japan- A Success for Japan's Economic Policy

Unlike the United States or Britain, Japan does not have to pay attention to public opinion on the issue of minority rule in South Africa because the vast majority of Japanese citizens are indifferent to, and uninformed about, apartheid. Consequently, it does not have to clarify its policies toward South Africa or implement stronger

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[40] Richard J. Payne (1987), "Japan's South Africa Policy: Political Rhetoric and Economic Realities", *African Affairs*, 86 (343): 172.

[41] Ibid., 173.

sanctions to meet the demands of interest groups. Most Japanese share the myth that racial discrimination is nonexistent in Japan, despite obvious problems with Koreans and the Ainu, Japan's aboriginals. Afraid to acknowledge their own racial problems, few Japanese were interested in racial discrimination elsewhere. Labour unions, one of the groups most likely to oppose apartheid, were virtually non-political and not very concerned about South Africa. Apart from issues relating to working conditions and pay, Japanese unions do not generally criticize management's policies nor do they combine their resources to influence government policies.

The Japan Anti-Apartheid Committee (JAAC), formed in 1964, is the only significant group that attempts to mobilize public opinion and openly criticize Japan's relations with South Africa. Its small size, about 100 active members, makes it relatively impotent. JAAC protests against banks such as Daiwa and Sumitomo which allegedly invested in South Africa indirectly through European financial companies and tries to pressure Japan's External Trade Organization to terminate activities designed to promote trade between the two countries and to close its office in South Africa. JAAC also demonstrated daily in front of the South African consulate in Tokyo in 1985, invite ANC (African National Congress) representatives to Japan to participate in seminars and raised approximately $10,000 to support the ANC's freedom school. JAAC's efforts to influence the government to distance itself from Pretoria were opposed by powerful groups such as the Japan-South Africa Parliamentarians Friendship League, the Nippon Club of South Africa, and the Springbok Club in Tokyo.[42] Thus it can be understood that due to the lack of public awareness in Japan, there was not much protests on apartheid within the country of Japan, thereby succeeded in enhancing their economic diplomacy with South Africa.

2.1.3 Between Politics and Economy

Japan's relations with South Africa during the apartheid era were determined by two factors: trade and non-diplomatic relations. In dealing with South Africa, Japan seemed to place economic interests above political ones. According to Alden, "South Africa's relations with Japan during the apartheid era were dominated by trade concerns. Indeed, the National Party's willingness to compromise on its core racist ideology by designating Japanese as 'honorary whites'- and Japanese businesses'

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[42] Ibid., 176.

willingness to overlook apartheid' in search of trade and investment opportunities- set the stage for the nature of the relationship".

Furthermore, some observers suggest that Japan's silence on apartheid was a result of its interests in South Africa's natural resources. According to Ampiah, "In essence, for a country with an expanding economy and few local raw materials, every relevant primary resource producer was a viable partner. It is in this respect, rather than for its immoral principles, that Japan's policy makers and business executives disapproved of apartheid; for apartheid, in practice, created the circumstances that made it impossible for Japan to trade and invest freely in South Africa".[43] However, this is an economic-centric and fairly harsh view of Japan's opposition to apartheid. Although many Japanese companies would have objected to South Africa's apartheid policies because it impeded trade and investment, there were non-governmental and non-business resistance to Japan's involvement with South Africa.

The Japan Anti-Apartheid Committee (JAAC), established in 1964, attempted to exert pressure on the Japan External Trade Organisation (JETRO) as well as banks and companies that had invested in South Africa. It also held demonstrations at South Africa's consulate in Tokyo and sponsored ANC representatives in Japan. However, as discussed earlier, with few members and no influence on policymaking, the JAAC struggled to make an impact. What should also be considered is that Japan did not have official diplomatic relations with South Africa until 1992. Whereas the United States and most European countries had established embassies that allowed them to exert considerable pressure on South Africa to dismantle apartheid, Japan lacked that capability.

Although Japan's government ministries such as MOFA and MITI were very sensitive to the issue of apartheid and did not want to be seen by the international community as collaborating with South Africa, they did not have any intension of stopping trade. This is an indication of how Japan sought to maximise its own interests in dealing with South Africa. While it periodically objected to the policy of

[43] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 11.

apartheid, it continued to developed economic relations with Pretoria. Symbolic gestures such as expressing its opposition to apartheid and calling for the release of Nelson Mandela could not deflect attention from its significant economic relationship with South Africa.[44]

As discussed above Japan's political concerns has always been secondary to her interest in promoting its economy. Though Japan imposed economic sanctions on South Africa, it was only an enforcement to deflect the mounting international pressure on Japan. Thus Japan becomes the largest trading partner for South Africa in 1987, during the height of apartheid.

2.2 South Africa's Policy during the Apartheid Period

During the apartheid period, the South African foreign policy sought to justify and protect its authoritarian apartheid political system in which a white minority regime imposed racial segregation on a politically disenfranchise black majority. The foreign policy cost of this strategy was South Africa's branding as an international pariah within the African continent and the wider international community, ultimately leading to what Deon Geldenhuys, a South African specialist of his country's foreign policy, aptly referred to as the 'diplomacy of isolation'. This pariah status ended in 1994 when Nelson Mandela was elected president in his country's first multiracial, multiparty democratic election, and South Africa emerged as the embodiment of the political-military and socio-economic changes sweeping the African continent that are often referred to as the 'African Renaissance'.[45]

2.2.1 The Defence of Apartheid

A feature of South Africa's political development has been the distinction drawn by the government between 'the nation' (seen as a group of people sharing common values, characteristics, and loyalties, and having a sense of identity) and 'the states' (seen as the geographical area over which the government claims sovereignty). The distinction existed, at least implicitly, under the United Party government, for Smuts was committed to retaining control of the state in the white hands while

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[44] Ibid., 11-12.

[45] Peter J. Schraeder (2001), "South Africa's Foreign Policy: From International Pariah to Leader of the African Renaissance", *The Round Table*, (359): 229-230.

creating a sense of white South African nationalism based on reconciliation between Boer[46] and Briton and the loyalty to the crown. The United Party's policy towards non-whites was imprecise; it could be argued that the question of extending the concept of South African nationalism to exclude the non-whites was left open, but at best this was a remote possibility. In practice both the United and National Parties were committed to ensuring the survival of a white-controlled state.

The National Party had a clear racial policy[47] since it came to power in 1948. The Nationalists made racial policy the chief issue in the campaign, using for the first time the term apartheid to describe their policy of segregation.[48] South Africa's domestic race policies under the National Party since 1948 have been by far the greatest single influence in its foreign relations; in few other cases has a country's foreign policy been so dominated and constrained by its internal policies.

The growth of hostility to South Africa due to its apartheid policy might have attracted little world attention in colonial times- but to the glaring discrepancy between that policy and post-colonial developments and attitudes throughout the world. South Africa's passage of a bewildering series of laws to enshrine the domination on the basis of race alone flew in the teeth of a post-1945 world in which colonialism was being rapidly dismantled and the ideals of majority rule, self-determination and human rights had been generally accepted.[49]

The National Party was clear in its racial policy. It dismissed any possibility, even in a remote future, of the non-whites gaining full citizenship or playing a part in the government. There was to be no attempt to foster national integration on the basis of the existing state and the concept of a single South African nationalism. In addition to the broad division between white and non-white, the National Party drew further

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[46] Boer's were the descendents of the Dutch speaking settlers in eastern Cape frontier in the Southern Africa.

[47] James Barber (1973), *South Africa's Foreign Policy: 1945-1970*, London: Oxford University Press, 302.

[48] Amry Vandenbosh (1970), *South Africa and the World: The Foreign Policy of Apartheid*, University Press of Kentucky, 128.

[49] Robert Scott Jaster (1988), *The Defence of White Power: South African Policy Under Pressure*, Hampshire: The Macmillan Press Ltd., 42.

divisions within the races. Although later it became relatively less important, and was certainly given less emphasis by the government, the division never disappeared entirely.

By the early 1960s, with Afrikaner control of government firmly established and the non-white challenge intensified, the National Party government began to preach a 'white nationalism'.[50] The government projected a view of South Africa as a multi-national state, consisting of the white nation and several non-white nations. The proclamation of the right of white man to exclusively control the state, created strong hostility inside and outside South Africa. In an attempt to defend the white position one of the original aims of the apartheid policy was to reduce substantially the number of non-whites living in the white state. Verwoerd the then Prime Minister had argued that while there were dangers in having small black states on the borders, there were even more dangers in retaining a dissatisfied black majority within the white state. This aspect of the policy did not succeed. The numbers of non-whites living and working within 'white' South Africa continued to increase so that the whites remained a minority and an increasingly small minority. The government continued, as in the past, to represent and defend the values and privileges of this minority, and so the chronic problem of internal security against the non-whites persisted. The government steadily increased the resources and legislative powers directed to counter the danger of internal revolution.

It was in this situation inside South Africa which largely shaped external relations, and created the main external dangers for the government. Throughout the post-war period strong international criticism and hostility was directed at the government's racial policies. There was a broad international consensus in which the claims of the South African Government was rejected.[51]

2.2.2 Apartheid under Attack

The successive administration of National party's single-minded dedication to implementing grand apartheid and maintaining white minority control, aroused series

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[50] The Afrikaners remain the core of the white nation.

[51] James Barber (1973), *South Africa's Foreign Policy: 1945-1970*, London: Oxford University Press, 303-304.

international challenges to their leadership as to severely circumscribe South Africa's foreign policy options and to force its diplomatic activity to concentrate on defending the system against external pressures. Indeed, the foreign policy of South Africa has become almost totally a defence of its racial policy against the hostile pressure of nearly the whole world.

In 1946, two years before the National Party came to power with its slogan of apartheid, South Africa's race policy had already come under attack at the first session of the UN General Assembly, when India sponsored a resolution condemning South African discrimination against its Indian population. Apartheid itself came under increasing attack in the early 1950s starting with a request by 14 Arab and Asian states that it be placed on the General Assembly agenda as a threat to the peace under the Charter. A surge of international condemnation followed the Sharpeville incident in March 1960, when police fired on a large crowd of unarmed blacks protesting against apartheid. Later that year the USA for the first time supported a UN Security Council resolution affirming that apartheid might endanger world peace and security. In April 1961 South Africa was forced to withdraw from the Commonwealth, and 24 African states introduced a General Assembly resolution urging the severance of diplomatic ties with the Republic.

In the face of this growing hostility and isolation South African diplomats fought a futile holding action. On Occasion the leadership was persuaded to take steps to make apartheid more palatable to the outside world, particularly the West. But such efforts only showed how little the leaders were of outside attitudes towards apartheid.[52]

The proclamation of state emergency on 21 July 1985 and the growing oppression that followed stirred up another round of international condemnation against South Africa. This time, the condemnation was not limited to mere words but developed into economic and financial sanctions by the major industrialised nations. The result was that the UN Security Council adopted a resolution, urging member states to stop new investments, re-examine maritime and aerial relations with South Africa, ban Krugerrand coins and restrict sports and cultural relations.

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[52] Robert Scott Jaster (1988), *The Defence of White Power: South African Policy Under Pressure*, Hampshire: The Macmillan Press Ltd., 42-43.

Following the unbanning of 36 organisations, including the African National Congress, the Pan Africanist Congress, South African Communist Party and also the release of Nelson Mandela by the South African government,[53] most of the countries began to lift their economic sanctions against South Africa.

2.3 Political and Diplomatic Ties in the Post-Apartheid

The end of Japan's economic sanctions towards South Africa in October 1991 signalled a new era in Japan-South Africa relations in both the economic and political arenas. This era was reinforced by the fact that Keidanren (the Japanese Federation of Economic Organisations) visited South Africa in 1991 as the first in a number of survey missions to support investment on both a private and governmental basis. The upgrade of the Consulate-General to Embassy on 13 January 1992 established diplomatic relations between the two countries and further indicated the commitment of Japan to Africa. This policy of involvement in South Africa should be seen in the context of earlier reluctance and reserve, largely based on the fact that international pressure concerning the apartheid system prevented such. However, Japanese interests in Africa have long been limited as a result of the lack of competition in African resources and so the shift in the 1990's, particularly towards Southern Africa, marks a change in perception and attitude of the Japanese government and business community.[54]

2.3.1 South Africa's Foreign Policy

The process of domestic impacts of South Africa's transition to democracy, most notably the dismantlement of its apartheid political system has necessitated the transformation of South African foreign policy. South Africa's post apartheid foreign policy continues to play a determining role in security and development in the African continent and the broader relation between North and South. While under Nelson Mandela, South Africa is portrayed in foreign policy terms as an over-stretched state

[53] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 51-54.

[54] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 104.

striving to meet the idealistic demands placed upon it by a fragile world, Mbeki's pragmatism and modernism has made South Africa recast its role in a manner more commensurate with its size and resources. He established a new set of priorities and normative principles more in keeping with South Africa's strategic interests and capabilities in the geometric configuration of its foreign policy thrust in the Southern Africa Development Community (SADC) region, Africa, the global South and the global North.

Furthermore, while the Mandela administration aimed at particular targets as they arose, Mbeki administration has undertaken to rework international institutions and practices in step with new norms on sovereignty emerging primarily out of the Northern situation. This is at the same time that South Africa has attempted to reconfigure its foreign policy to reflect a new sense of its own identity as a leading African state, to target a new arena for activism in continental Africa and to re-build a global constituency amongst the state of the South.[55]

2.3.1.1 Adherence to the Foreign Policy Principle of Universality

The adaptation strategy adherence to the foreign policy principle of 'universality'- is designed to bridge the foreign policy gap between the apartheid and democratic eras, and in so doing ensure that the best of both eras is included in contemporary South African foreign policy. The principle of universality underscores the willingness of South Africa to establish diplomatic relations with all countries of the world regardless of the domestic or the foreign policies of those countries. In the case of Middle East, for example, the Mandela and Mbeki administrations have sought to strengthen diplomatic links with Israel[56] while at the same time establishing and strengthening diplomatic ties with Libya and Iran.[57] In some cases, such as the ongoing diplomatic battle between the Peoples Republic of China (PRC) and Taiwan as to which capital- Beijing or Taipei- is recognised as the official seat of the Chinese government, South Africa's desire to maintain a two-China policy proved untenable, ultimately leading South Africa to choose Beijing largely due to economic reasons.

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[55] Chris Alden and Garth Le Pere (2004), "South Africa's Post-apartheid Foreign Policy: From Reconciliation to Ambiguity?", Review of African Political Economy, 31 (100): 283-296.

[56] Israel was historically an ally of the apartheid regime.

[57] Libya and Iran were historically supporters of the ANC's guerrilla struggle.

The willingness of the Mandela and Mbeki administration to choose economic self-interests over regime type in the case of China (Taiwan is a democracy and the PRC remains an authoritarian dictatorship) has led to sharp critiques of South African foreign policy, most notably when one realises that the ANC, during the period of Guerrilla struggle, resounding denounced any government that emphasized the importance of economic self-interests in their refusals to implement comprehensive economic sanctions against the apartheid regime. In this regard, there has also been a tendency for the Mandela and Mbeki administration to err on the side of maintaining close diplomatic ties with even authoritarian leaderships, such as Fidel Castro's regime in Cuba, that strongly supported the ANC during its guerrilla struggle. Needless to say, South Africa's diplomatic ties with Cuba and other countries considered by American policymakers to be 'terrorist' states within the international system (most notably Libya, Iran and the Sudan), has caused repeated diplomatic tensions between Pretoria and Washington.

2.3.1.2 Assuming a Leadership Role in International Organisation

A final strategy for adapting South African foreign policy to especially the international realities of the post-Cold war era has been a firm commitment to upholding and strengthening the international norms associated with the United Nations and its member agencies, as well as a wide range of other organisations, including (but not limited to) the Non-Alignment Movement (NAM), the British Common Wealth of Nations, and the African Union (AU). One of the most important foreign policy objectives of the immediate post-apartheid era was to ensure that South African Diplomats quickly reasserted South Africa's 'rightful place' as both a member and a leader within the international community of international organisations. Less than two months after the newly elected Mandela administration assumed the reins of power in 1994, South Africa was admitted to the OAU[58], joined the NAM, and was readmitted to the British Commonwealth of Nations and the United Nations. South Africa has particularly focussed on its United Nations membership, joining the governing councils of several specialised agencies and organs, such as the International Telecommunications Union and the Economic and Social Council. South African diplomats consistently argue that their country's

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[58] OAU was disbanded on 9th July 2002 and was replaced by the African Union (AU).

historic role in the United Nations[59] and current status as the embodiment of the African renaissance, make South Africa the perfect African candidate for a permanent seat on any enlarged United Nations Security Council. Indeed, South Africa's closest rivals for a permanent UN Security Council seat are often dismissed by South African diplomats as either undemocratic (Egypt or Sudan), beset by internal conflict (Algeria and the Democratic Republic of the Congo), or lacking sufficient economic resources (Nigeria and Senegal).[60]

Active internationalism, primarily through multilateral institutions, was another feature of the post apartheid foreign policy. The government sought to re-invigorate these institutions with reference to South Africa's unique transition and the concomitant moral authority that had come with measures such as the unilateral dismantling of its nuclear programme. In particular African-based institutions, such as the OAU, and the organisations with a 'South' orientation, such as the Non-Aligned Movement, were seen as the proper setting for a reformist agenda that reflected South African concerns for democratic practice and development imperatives.[61]

2.3.1.3 Pertinent Aspects of South Africa's Foreign and Economic Policies

Since the political transition in South Africa, some important changes have been recorded in the area of foreign and economic policies. Whilst the deviation from the old paradigm was considerable, this shift did not involve a breaking off of ties with countries with which the old South Africa had longstanding relationships. Instead, South African foreign policy becomes 'universal' in the sense that hardly anyone was excluded from relations with South Africa. Many new ties were forged whilst existing relationships were maintained even if, in some cases, in a somewhat modified form. South Africa was also admitted or readmitted to many international institutions from which it had been barred for many years. All of this resulted in a much more 'complex' foreign policy when compared to the 'dramatically simple' foreign policy orientation of the old South Africa, a 'single-issue affair revolving around strategies

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[59] South Africa was one of the founding members of the United Nations.

[60] Peter J. Schraeder (2001), "South Africa's Foreign Policy: From International Pariah to Leader of the African Renaissance", *The Round Table*, (359): 234.

[61] Chris Alden and Garth Le Pere (2004), "South Africa's Post-apartheid Foreign Policy: From Reconciliation to Ambiguity?", *Review of African Political Economy*, 31 (100): 284.

to ensure the survival of the white regime'. Understandably, the new foreign policy was subject to many more different influences, resulting in accusations of incoherency ('vacillation, ineffectual and "ad hoc-ery"') or even 'no foreign policy at all'.

South Africa increasingly incorporated multilateralism into its foreign policy. By 1999 it was described as 'the conner-stone of the country's foreign policy'. Given the 'moral high ground' occupied by South Africa after it's peaceful transition to democracy, combined with its position in the global power constellation,[62] a preference for multilateral diplomacy would seem logical. However, South African policy makers combined this preference with an articulated 'mission' to work not only for the advancement of its own interests, but also for those of a broader consistency.

In June 200 the new Director General of foreign Affairs, Mr Sipho Pityana, declared that the African Renaissance would be the underlying vision of a new policy direction to be developed by his department. 'Central to this vision would be the promotion of socio-economic growth, the promotion of stability, good governance and human rights on the (African) continent'. By mid-2001 the 'bones of the African Renaissance Plan' had been 'clothed with the Millennium Africa Recovery Plan' (MAP). This initiative by Mbeki, Nigeria's Obasanjo and Algeria's Bouteflika and mandated by the Organisation for African Unity (OAU), was aimed at stabilising the continent and 'kickstarting' it's economic recovery. Though the plan had broader aims as well, the economic aspect was particularly salient. It was also well received by International economic and business leaders and, in time, reconciled with other, similar, African initiatives such as Senegal's Wade's OMEGA plan. By now it was clear that, though South Africa still had to be and was careful not to seem too overpowering or 'hegemonic', it was willing to assume 'a more proactive leadership role', not only in Africa but also on behalf of Africa and the developing world, in various international fora.

Leadership in the global arena was now very much part of South Africa's foreign policy for the new millennium- a role that the old South Africa could never aspire to, though under the leadership of Jan Smuts some embryonic form of this did briefly exist.

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[62] A regional, middle power in need of aligning itself with 'like-minded' countries in order to augment its power position.

As was the case with foreign policy, the political transition in South Africa opened up the possibility of far-reaching changes in economic policies in South Africa: 'political transition enable new social groups to enter the political arena; in doing they create the possibility for significant changes in the economic policies'. However, in many interesting respects the changes did not occur in the ways in which many expected them so. 'As in the case of the negotiations around a post-apartheid constitution, the economic program ultimately adopted and implemented differed significantly from both the [African National Congress' (ANC's)] original vision and its initial proposals. This economic program was a fairly standard neoliberal one'. Habib and Padayachee contend that this shift in economic policy was 'the result of the ANC's particular perception and interpretation of the balance of economic and political power, at both the global and local level'.

Since 1994 a policy aimed at the creation of an open, internationally competitive economy could be pursued unfettered. This implies a rapid liberalisation of trade, a more complete set of measures for the promotion of exports and a more market-related exchange policy. Currently, the aim of the country's primary trade and industry policy is to create a more diversified exported-oriented production sector that is internationally competitive. This is, of course, aimed at realising socio-economic objectives such as job creation and higher growth rates and incomes (poverty alleviation). The macroeconomic growth strategy, Growth, Employment and Redistribution Strategy (GEAR), announced by the South African government in 1996, was aimed at this and presupposes an annual ten percent increase in manufactured exports (as opposed to the export of raw materials). The strategy does not only necessitate export promotion, but also other measures such as the promotion of increased direct investment in the South African economy and of tourism to South Africa. The renewed emphasis on export promotion should also be viewed against the background of Africa's and South Africa's position in the global economy and the changing nature of the latter.[63]

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[63] Marie Muller (2002), "South Africa's Economic Diplomacy: Constructing a better world for all?", *Diplomacy and Statecraft*, 13 (1): 6-7.

2.3.1.4 African National Congress' Foreign Policy (ANC)

Mandela and the ANC group stated that their 'core concern' was the pursuit of human rights-broadly interpreted to cover economic, social and environmental as well as political rights. These were directly related to the promotion of democracy, on the basis that just and lasting solutions to international problems 'can only come through the promotion of democracy worldwide'. Other principles included respect for international law, support for peace and disarmament, and universality.[64] Many of these principles are found in the western liberal thought, but Mbeki rejected the notion that they were particular to the West. For the ANC, similar principles were found in the Freedom Charter of 1955 (which after initial doubts the ANC embraced as its own).

The principles were to be pursued in four settings. The first was the global division between the First and Third Worlds. In a search for economic equality, the new government (in contrast with its white predecessors) identified itself with the Third World, stressing its concern about economic inequality and an unjust global trading system. The second was the arena of international organizations: Mandela argued that bodies such as the United Nations (UN), the Non-Aligned Movement (NAM), the Organization of African Unity (OAU) and the Commonwealth were central to the search for human rights, peace and equality. Third was demilitarization so that in future, South Africa's forces would be used only in self-defence, and for peacemaking and peacekeeping. As relations with other states changed, it was assumed that this would yield financial savings, which were to be diverted to social development. Finally, it was recognized that South Africa's destiny lay in Africa, where a debt was owed for support in the liberation struggle. Looking to the future, it became increasingly clear that South Africa could not flourish surrounded by a sea of poverty. South Africa would contribute to the region as a partner, 'resisting any pressure or temptation to pursue its own interests at the expense of the rest of Southern Africa'.[65]

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[64] The ANC having negotiated successfully with the apartheid regime, assumed that it could do business with anybody.

[65] James Barber (2005), "The New South Africa's Foreign Policy: Principles and practice", *International Affairs*, 81 (5): 1079-1080.

In the context of the bilateral relations between South Africa and Japan, the South Africa's policy to create a more diversified exported-oriented production sector that is internationally competitive deemed importance. As both the countries, in the era of globalisation have been indulged in expanding their respective economies.

Furthermore the South African foreign policy of active internationalism in the form of more proactive leadership role, not only in Africa but also on behalf of Africa and the developing world, in various international fora, has its relevance in the UN Security council agenda of both the countries. As both the countries have been in the hunt for gaining a seat in the expanded UN Security council, both the countries have the possibility towards helping each other. Thus while analysing the foreign policies of South Africa there are many pertinent aspects that can be directed towards Japan, which would help in furthering their bilateral relations.

2.3.2 Japan's Foreign Policy

Japan as a resource poor country has to solely depend on other countries for the supply of energy and other strategic mineral resources.[66] Having extremely tied with North American market and the resources of South-East Asia, Japan's engagement with Africa remained extremely limited. This situation changed dramatically with the onset of oil crisis in 1973.[67] The oil crisis brought about a new dimension to Japan's Africa policy. Moreover, with the bulk of petroleum imports derive from the crisis prone Middle East and the Gulf, the situation upgrades the importance of Africa as an alternative and more stable source for Japan's energy imports.[68]

Japan's foreign policy towards Africa after the cold war can be analysed within the context of the TICAD. The TICAD having formally launched in 1993 is Japan's way of highlighting Africa's developmental problems,[69] which had so far held four conferences. The recent years have witnessed Japan have scrambled to court

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[66] Jide Owoeye 1984, "Africa and Japan's Search for Resource Security", *Africa Spectrum*, 19 (3): 280.

[67] Chris Alden (2002), "The Chrysanthemum and the Protea: Reinventing Japanese-South African Relations After Apartheid", *African Affairs: The Journal of Royal African Society*, 101 (404): 367.

[68] Jide Owoeye 1984, "Africa and Japan's Search for Resource Security", *Africa Spectrum*, 19 (3): 281.

[69] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414): 97-98.

resource-rich African countries as competition has intensified with Europe and China in securing natural resources and raw materials. As a latecomer in providing aid to Africa, Japan needed a strong presence on the continent as a means of presenting itself as a leading donor country as well as being treated to be major global power.[70] Thus we can say that having needed to compete with other countries for acquiring natural resources and raw materials, there has been a paradigm shift in the Japanese foreign policy towards Africa.

2.3.2.1 Magnitude and Character of Japan's Resource-Diplomacy

Japan's Resource diplomacy in Africa was characterized by promotion of talks, signing of long-term agreements for the supply of vital raw materials and the establishment of joint ventures with resource producing African countries for the purpose of exploiting such resources. This is with the objective of sending the bulk or sometimes all the outputs of such mining, or mineral processing industries to Japan. The policy of establishing joint ventures with African countries, rather than showing Japan's interest in their industrial development, was merely a policy that became inevitable for two major reasons. First, Japan had to compete with American and European interests which had already established their presence in Africa as exploiters of African resources for the benefits of their home industries since the colonial period. Being a late-comer to the African scene, Japan had no option but to seek ways to co-operate with such established western imperialist interests as a way of gaining inroads into resource-rich African countries. Nonetheless, Japan was certainly able to seize the opportunity in countries where the former colonial metropolis were winding up business, usually because of reasons of political instability, a common feature of many of the successor regimes in Africa. In such "risk areas" or areas in which the interests of other western countries were declining, the Japanese have not only shown enthusiasm for "taking over" but they had effectively activated their interests as we shall see in subsequent parts of this analysis.

Second, Japan's participation in Africa's extractive and processing industries had also been dictated by economic reasons. For instance Japan's aluminium industry

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[70] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", *Pacific Affairs*, 78 (3): 427.

is importing bauxite and consuming large amounts of electric power generated by burning imported oil in order to produce aluminium. To alleviate the waste of imported energy, Japan devised a policy of establishing aluminium industries in energy-rich countries producing the minerals in question. By so doing, Japan could gradually convert her imports of raw materials into imports of processed goods ready for use in her factories. A similar formula was also applied to other industries such as petrochemicals, iron and steel, non-ferrous metals etc.[71] While it comes to Japans resource diplomacy towards South Africa, as South Africa possess precious metals and non-ferrous metals which are indispensable to Japan, South Africa acquires an important place in Japans search for resource diplomacy. Nevertheless the importance of South African market in the continent has made Japan to shape its foreign policy towards South Africa.

2.3.2.3 TICAD and Japan's Hegemonic Policy

Japan's foreign policy towards Africa since 1993 can be analysed within the context of the TICAD.[72] So far it has held four conferences, scheduled for every five years in 1993, 1998, 2003[73] and 2008. TICAD is Japan's way of highlighting Africa's developmental problems. The TICAD process, through its meetings and initiatives, offered many contributions to African development.

First, through its longstanding commitment to holding wide-ranging conferences on African development, the Japanese government contributed significantly to making Africa's challenges better known in the international community. Secondly, TICAD initiative started more effective international coordination amongst multilateral aid agencies, non-governmental organizations and African governments. The primary concepts of ownership and partnership were presented at several international meetings, including the International Conference on

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[71] Jide Owoeye 1984, "Africa and Japan's Search for Resource Security", *Africa Spectrum*, 19 (3): 281.

[72] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414), 98.

[73] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", *Pacific Affairs*, 78 (3): 423.

Financing for Development in Monterrey, the World Summit on Sustainable Development, and three consecutive G8 Summit meetings, beginning in 2002.

The third contribution of TICAD process was the alternative financing and development approach promoted by the Japanese government. Based on its own experiences, the Japanese government believes that state administrative functions have a crucial role in the development process. In particular, the state can facilitate necessary economic production, as has been the case in Japan and other Asian countries. What the Japanese government and the TICAD process are promoting, in part, is the reduction of poverty through economic production instead of the direct funding of poverty programmes. From Japan's perspective, this emphasis adheres to the concept of ownership also highlighted in TICAD. The TICAD and MOFA officials, repeatedly commented the necessary role of the state as both a lesson from the Asian experience and an important objective for African states.[74]

While further TICAD initiative would be discussed in chapter 4, the above brief discussion gives an overview of the importance given by the Japanese government for the development of Africa. However, while analysing, it comes to light as to why Japan has turned its attention towards Africa's problems. This is in relation to what has been referred to as 'Japan's attempt to gain a permanent seat at the UN Security Council'. The debate takes its cue from the momentum towards reform of the Security Council since the beginning of the 1990s, and part of the argument is that Tokyo is attempting to use the support of the African countries to attain a permanent seat at the Security Council. One of the supposed 'satellite states' that is prepared to help in this is said to be Nigeria. Indeed, during his visit to Japan in May 2001 Nigerian President Olusegun Obasanjo acknowledged that 'Japan by all objective criteria deserve a permanent place in the enlarged Security Council'.

Earlier that year Nigeria, Mori had reiterated that reform of the Security Council was urgently needed for the resolution of conflicts, and had expressed the opinion that 'it would be appropriate for an enlarged Security Council to have 24 seats'. Implicit in this statement is the assumption that an enlarged Council might include either Nigeria or South Africa. former Prime Minister Junichiro Koimizu and

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[74] Ibid., 440-441.

former President Thabo Mbeki of South Africa have also discussed the matter and affirmed their commitment to the early realization of the reform. It comes as no surprise, therefore, that the South African government has also publicised its support for the Japanese bid for a permanent seat. It seems, then, that both South Africa and Nigeria are supporting Japan's candidature for a permanent seat in exchange for support for their own bid, but also for more Japanese economic assistance.[75] Thus it can be concluded that the UN factor is one of the determining factor of Japan's policy towards Africa and its TICAD approach. Moreover, since South Africa is one of the contenders from African continent in the enlarged UN Security Council, and Japan being one of the candidate for gaining a permanent seat at the enlarged UN Security Council, forging relations between the two countries become inevitable. Hence, it is assumed that the TICAD is beyond the developmental initiative of Japan towards Africa.

2.4 Various Partnership Forums

There are various partnership forums that have been functioning between the two countries. Some of the important forums are Tokyo International Conference on African Development (TICAD)[76], South Africa-Japan Partnership Forum and South African Chamber of Commerce in Japan (SACCJ). While there are numerous forums exist, however, we will try to examine only those forums that attract particular attention.

2.4.1 South Africa-Japan Partnership Forum (PF)

The South Africa-Japan partnership Forum is (a) bilateral mechanism between South Africa and Japan. Since its inception in 1998, the PF has had several successful meetings,[77] the last having taken place in the month of January of 2009, in Japan. The South Africa-Japan bilateral relationship takes place under the auspices of the annual Partnership Forum. The purpose of the Partnership Forum is to provide a framework

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[75] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414), 109.

[76] The TICAD would be discussed in detail in chapter 4.

[77] Johannes Gert Grobler (2009), "South Africa Celebrates 15 years of Freedom", *The Japan Times*, Japan, 27 April 2009.

within which both countries are able to continuously work towards strengthening, developing and broadening relations at high levels to the benefit of both countries. Discussions are held over a wide variety of areas such as: domestic and international political issues, development co-operation, science and technology, health, economy, education, agriculture, safety and security and culture.[78]

The 9th Japan – South Africa Partnership Forum (latest one) was held in Tokyo on 26th and 27th January, 2009. The Japanese delegation was headed by H.E. Ms.Seiko Hashimoto, State Secretary for Foreign Affairs of Japan, and the South African delegation was headed by Hon.Fatima Nagdee Hajaig, Deputy Minister of Foreign Affairs of the Republic of South Africa. Various issues were discussed for further strengthening the co-operation in various areas including politics, economics, development co-operation, science and technology and cultural exchanges. While confirming the importance of Japan-South Africa relations, both sides stressed to continue exchanges at various levels including Heads of Government, Government officials and private sector. Both sides shared the view that the 2010 World Cup represents the perfect opportunity to exchange best practices in various fields based on Japan's hosting of the Soccer World Cup, to deepen understanding of each other's cultures and to promote tourism. The purpose of this forum is to strengthen the cooperative partnership under which both sides work together for resolution of international issues, and resolve to hold further Partnership Forums.[79]

The Forum has various working committees like Joint Trade Committee, which was established in 2004 to discuss various issues like promotion of trade and investment, Development of SMEs and improvement of business environment, Science and Technology Committee, which was established in 2003 after the conclusion of the science and technology cooperation agreement, Economic Cooperation Policy Committee, used to held meetings once a year to enhance the economic cooperation between Japan and South Africa, Business Forum, established in 2001 to enhance the dialogue between the business communities and SAJU (South

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[78] Foreign Affairs on South Africa-Japan Partnership Forum,

www.info.gov.za/speeches/2009/09012611151001.htm.

[79] Embassy of Japan in South Africa, "The 9th Japan-South Africa Partnership Forum", available at *www.za.emb-japan.go.jp/en/.../press_releases_27012009.html.*

Africa-Japan University Forum), was established in 2007 to promote cooperation between universities in Japan and South Africa.[80] Hence, it can be said that these committees have been an instrument in promoting stronger bilateral relations between Japan and South Africa.

2.4.2 South African Chamber of Commerce in Japan (SACCJ)

The South African Chamber of Commerce in Japan, having launched on 22 April 2008, aims to promote trade and commerce between South Africa and Japan. It is a community organization of South African companies which have entered in the Japan market as well as those which plan to start business in Japan, and those Japanese companies which have entered the South African market or intend to trade and invest in South Africa. The Chamber provides relevant information and opportunities to discuss and solve issues for mutual benefit of members. The Chamber is located in the Embassy of South Africa in Tokyo and the Ambassador is Honorary Chairman of the Chamber. The SACCJ'S primary aim is to enhance South Africa's status in Japan in terms of trade, commerce and also to promote intercultural understanding and friendship between the two nations.[81]

The forum organises lecture series in which topics for developments were being discussed. Various parties and open sessions become part of the forums activities, thus helps in bringing the two countries closer.

2.5 Summary

The political ties between the two countries were strengthened with the expansion of trade between the two nations. With the end of apartheid relations began to strengthen in other areas other than trade.

The policy employed by Japan during the apartheid was for the expansion of economy and for securing the raw materials and markets. Though Japan had imposed economic sanctions against South Africa, it was acted only to deflect the international

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[80] Embassy of Japan in South Africa, "Japan-South Africa Fact Sheet", available at www.ez.emb-japan.go.jpendownloadFact_Sheet.pdf.

[81] The Organisation: SACCJ South African Chamber of commerce in Japan, Available at *www.saccjapan.jp/organisation.php?La=E.*

community, as Japan's racial problems in South Africa have always been secondary to her expansion of trade. Moreover by providing financial assistance to selected African countries and by encouraging Japanese companies to invest in black Africa, Japan has succeeded in reducing opposition to its relationship with South Africa from the rest of the continent. The post apartheid Japanese foreign policy towards Africa can be analysed within the context of TICAD. The TICAD is an important mechanism for Japan to enhance its relations with the resource rich Africa in general and South Africa in particular, keeping in mind the importance of South Africa in the continent.

On the other hand the apartheid South Africa sought to justify its authoritarian apartheid political regime. The National Party government throughout the apartheid period, professed its defence for apartheid. However, with South Africa's transition to democracy, it sought to play a more proactive role in the international sphere. The post apartheid foreign policy of South Africa continues to play a determining role in security and development in the African continent and the broader relation between North and South. South Africa has been proactively engaged in strengthening of various international organisations by upholding leadership role.

The various partnership forums that have been engaged between the two countries have been a binding force in the relationship between South Africa and Japan. Moreover, through these partnership forums high level governmental interactions and dialogues made feasible.

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Chapter 3

TRADE RELATIONSHIP

The dominance of trade in Japan's relationship with South Africa was evident from the beginning of the 20th century. Both Egypt and South Africa were viewed by Japan as gateways to Europe as well as potential trading partners. Although commercial links were established with Kenya and other countries along Africa's east coast, Japan clearly focused on South Africa, especially during World War I when Germany lost its position as South Africa's second largest trading partner after Great Britain. However, by 1920 South Africa's export to Japan declined as Britain, France, and Germany resumed their economic activities at the end of the war, and trade between South Africa and Japan began to decline.[82] It was not until 1960s that trade between South Africa and Japan were become noteworthy.

During the 1960s, due to international pressure on Apartheid policy, the South African government began to diversify its relations with other countries. Japan's supports for spreading of communism aligned with the Western powers, brought closer contact with South Africa.[83] During the period between 1960-1972 the volume of trade between Japan and South Africa increased significantly. South Africa enjoyed most trade surplus during the period. Though Japan imposed some restrictive sanctions against South Africa during the 1980s, however, this did not prevent Japan from becoming South Africa's largest trading partner in 1987[84] as the Japanese business community continued to engage their trade with South Africa. The trade practices show how in the mist of apartheid the relationship stays warm between the two countries.

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[82] Richard J. Payne (1987), "Japan's South Africa Policy: Political Rhetoric and Economic Realities", *African Affairs*, 86 (343): 167-168.

[83] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 84.

[84] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 10-11.

The Japanese trade practice with the apartheid South Africa was severely criticised by the United Nations, which adopted a resolution on December 1990 calling Japan by name, which upset both the government and the business community in Japan. The end result was that Japan's import from South Africa was decreased to 14.4 percent and its export to South Africa was increased to 9.8 percent. Together the total trade with South Africa decreased 3.5 percent. However, following the National government's unbanning of thirty-six organisations and the release of Nelson Mandela, MITI in February 1991 announced the lifting of voluntary restriction on trade with South Africa. On 21 June, the Japanese cabinet approved the removal of non-economic sanction measures. However by then the European Community (EC) and the United States had already lifted their economic sanctions.[85]

The resumption of full diplomatic ties with South Africa in January 1992 saw bilateral trade value between South Africa and Japan increased from approximately R9.23 billion[86] to over R107 billion by 2008. The Japanese initiatives of TICAD and allotment of ODA (Official Development Assistance) to Africa, shows how Japan is forging its relation with Africa in general and South Africa in particular.

3.1 A Brief History of Japan's Trade Relationship with Africa

Before going in detail about the South Africa-Japan trade relations, it is essential to understand the relationship of Japan with Africa, as Japan's foreign policy towards South Africa remains fundamentally rooted in the broader context of its Africa policy. As discussed earlier, the origin of Japan's Africa policy resides in the political economic recovery and growth in the post Second World War period. Guided by the Yoshida Doctrine, a modest foreign assistance programme was launched in 1960. However, due to its extreme tied up with the North American market and the resources of South-East Asia, Japan's interests in Sub-Saharan Africa remained extremely limited.

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[85] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 53-54.

[86] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 90.

This situation changed dramatically with the onset of the oil crisis of 1973-1974.[87] The oil crisis in 1973 increased Japan's awareness of the politicization of economic issues. The Arab states oil embargo against the USA and its allies, including Japan, proved that the Japanese economy was potentially vulnerable to raw material shortages. It was within this context that Japanese foreign policy towards the Middle East (Arab-Israeli) problem assumed a new dimension. As part of its resource diplomacy, Japanese policy makers seemingly started to approach Africa with the objective of securing the steady supply of raw materials and energy resources necessary to keep its economy moving.[88]

In addition to securing of raw materials for its economy, Japan also began to expand its trade with Africa as it sought to expand its export materials. Trade with Africa constituted a very small part of Japan's overall trade. However, the trade relationship had three distinct characteristics. First, the trading pattern was typical of trade between developed and developing countries. Japan exported industrial products to Africa such as metal goods and machinery, while importing raw materials such as iron ore, copper, and uranium. Second, Japan had a regular trade surplus with Africa, with exports usually at twice the level of imports. Third, Japan traded almost exclusively with those countries that possessed a wealth of natural resources. These countries included South Africa, Nigeria and Ivory Coast. Japan's interests in these countries were reflected by sending its political and economic missions.

In 1974, Japanese Foreign Minister Kimura Toshio visited Ghana, Nigeria, Zaire, Tanzania and Egypt. The fact that not a single Japanese Prime Minister or Foreign Minister had visited Africa between 1960 and 1973 further added to the importance of Kimura's visit. The visit was supposedly intended to deepen Japan's understanding of Africa's problems and policies. However, observers believe that the real purpose was to secure Japan's resource interests in the region. On the economic front Japan sent a mission to Nigeria, Ivory Coast, Tanzania and Senegal in 1978. The mission was led by Fumihiko Khono, chairman of the Committee on Africa of the

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[87] Alden, Chris (2002), "The Chrysanthemum and the Protea: Reinventing Japanese-South African Relations After Apartheid", *African Affairs: The Journal of Royal African Society*, 101 (404): 366-367.

[88] Kweku Ampiah (1997), *The Dynamics of Japans Relations with Africa; South Africa, Tanzania and Nigeria*, New York: Routledge, 5.

then Federation of Economic Organisation[89] (now Japan Business Federation). The mission was seen as a "manifestation that Japan's business circles showed an active interest in Africa".[90]

3.2 Trade Relationship Between South Africa and Japan

Trading between South Africa and Japan became noteworthy by 1960s. At this time the National Party government in South Africa sought to diversify international relations in the light of mounting international criticism against its apartheid policies. For Japan, as it supported the western powers' struggle against communism during the cold war, closer economic ties with South Africa formed part of its and other countries' bulwark against the spread of communism in Southern Africa. Also, relations with South Africa formed part of its strategy to secure access to raw materials and markets at a time when the Japanese economy was expanding[91] and recovering after the World War II. The internationally sensitive apartheid did not led Japan to shy away from trading with South Africa.

3.2.1 Trade Relations During the Apartheid

Trade between the two countries began to expand rapidly from 1960 and South Africa soon became Japan's biggest market in Africa. Though Japan imposed sanctions against South Africa in view of the international pressure during the apartheid era, trade between the two countries grew on a consistent basis. Table 3.1 indicates the development of trade between the two countries from 1960 to 1990. For most of this period South Africa enjoyed a trade surplus with Japan.

Japan's involvement in the South African economy continued to expand in the 1970's. South African Prime Minister John Vorster initiated several large-scale industrialisation projects and Japanese companies made a significant contribution by providing loans and equipments. In return for this assistance Japanese trading houses

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[89] Federation of Economic Organization was amalgamated to Japan Business Federation in May 2002.

[90] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 5-6.

[91] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 84.

such as Nissho Iwai, Marubeni and Mitsubishi had a share in these projects. Manufacturers such as Hitachi and Kawasaki were also involved. There was also a noticeable change in the nature of goods being traded. Japan's exports to South Africa shifted from textiles and light industrial products as South Africa's main export to Japan.[92]

During the period from 1960[93] to 1972 the volume of trade increased to 567 percent (+594 percent in Japan's imports from SA, +539 percent in its export to SA), with South Africa's constantly running an export surplus, except for 1965, 1970 and 1971. South Africa's total trade grew only 111 percent during the same period, and Japan became one of the major trading partners for the Republic. In 1960, Japan, South Africa's fifth largest supplier and the seventh largest market, took 3.9 percent of its total trade. By 1972, Japan had become the third largest supplier and the second largest market. Total trade of 6.2 percent of South Africa's trade was with Japan. On the other hand, Japan's total trade increased 509 percent during this period. As a result, South Africa's position in Japan's total trade improved only slightly and never became significant: South Africa was the 18th largest supplier and the 22nd largest market in 1960, and the 13th largest supplier and the 20th market in 1972.

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[92] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 10.

[93] It was the year when trade between Japan and South Africa became noteworthy.

Table 3.1 Japan's Trade with South Africa   (Unit: US $1 million)

	Exports	Imports
1960	57	58
1965	138	126
1970	329	314
1975	872	868
1980	1,800	1,741
1985	1,021	1,844
1990	1,477	1,843

Source: METI, Trade White Paper: 1961-1993.

In spite of Japan's importance for South Africa's trade and South Africa's insignificance for Japan's trade in terms of rank as a trading partner, it was mainly Japan that made efforts to expand the relationship. Many leading companies of Japan, both trading houses and manufacturers, established a presence in South Africa.

From the oil crisis of 1973 to early 1980's Japan implemented selected sanctions against South Africa and took restrictive measures in order to scale down its economic relationship. The pattern of trade during the period was that, Japan exported to South Africa heavy industrial products (77.4 percent of exports in 1973 and 85.7 percent in 1984). South Africa exported mainly raw materials and relates products to Japan (69.2 percent of exports in 1973 and 92.1 percent in 1984) and secondly agricultural products (30.7 percent of exports in 1973 and only 4.4 percent in 1984) and processed materials (23.8 percent in 1973 to 37.1 percent in 1984) showed the steepest increase.

The period from 1973 to 1984,[94] saw the volume of trade increased 307 (+309 percent in Japan's imports from South Africa and +309 percent in its export to South Africa), just over half the pace of the 1960-1972 period. The figure is even less impressive when compared with the growth of South Africa's total trade (+282 percent) and that of Japan's total trade (+307 percent). Japan was South Africa's fourth largest supplier and second largest market in 1973 (13 percent of total trade) and third and the second respectively in 1984 (11 percent of total trade). For Japan, South Africa was the nineteenth largest supplier and the seventeenth largest market in 1975 (1.5 percent of total trade) and was degraded to the twenty-first and eighteenth respectively in 1984 (1.1 percent of total trade). Thus, as far as ranking is concerned, Japan's importance for South Africa was much greater than South Africa's importance for Japan. The volume of trade was more balanced than the previous period, South Africa enjoying a slight trade surplus from 1976 to 1979 and in 1982.

Neither MOFA nor MITI had any intention of stopping trade with South Africa, but both of them were quite cautious not to be seen as collaborators with apartheid. The political sensitivity shown by the government ministries was not shared by Japanese businesses, politicians and celebrities. Business people for the most part remained indifferent to the world politics and apartheid and focussed on business development. As a result though Japan imposed limited sanctions against South Africa, Japan become the largest trading partner in 1987 which reached approximately US $4.9 billion.[95] However, from an economic viewpoint this was not surprising as Japan's economy was expanding at a rapid pace during and demand was high for raw materials during that time.

Following this unexpected development, Japan undertook several steps to limit the political fallout. South Africa's anti-apartheid leaders were invited to Japan and permission was given to open an African National Congress (ANC) office in Tokyo. At that time, ANC representatives such as Allan Boesak urged the Japanese to pressure its government and business to cease collaboration with South Africa. The Ministry of Foreign Affairs (MOFA) and the Ministry of International Trade and

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[94] The period saw Japan imposing its second sanctions against South Africa.

[95] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 47-50.

Industry (MITI) also called on Japanese companies to restrict their trade with South Africa. This was not an official restrictive measure but only a request on private business to exercise "voluntary control" on trade.[96]

Notwithstanding the sanctions, the volume of trade from 1985 to 1991, increased 23 percent (+9.9 percent in Japan's imports from South Africa, +60.3 percent in its exports to South Africa), while South Africa's total trade grew 60 percent and Japan's total trade soared by 80 percent. The growth rate was 7.4 percent of the 1973-1984 period and only 4.1 percent of the 1960-1972 period. On a yen base, the amount of trade decreased year by year throughout the 1980s except for 1984. The lack of activity indicates Japan's efforts to reduce trade with South Africa due to international criticism. Japan was South Africa's fourth largest supplier and its second largest market in 1985 (10.3 percent of total trade) and the fourth and the third in 1991 (7.9 percent of total trade). For, Japan, South Africa was the seventeenth largest supplier and twenty-ninth largest market in 1985 (0.9 percent of total trade) and the twenty-eighth and the twenty-ninth in 1991 (0.6 percent of total trade). During this period, South Africa's trade surplus remained.

As far as the pattern of trade is concern, Japan continued to export industrial products to South Africa, especially cars and car parts, and South Africa's main exports to Japan were raw materials and related products. Agricultural products were not significant imports items any longer.[97] In terms of trade Japan was more important for South Africa and not vice versa. South Africa only constituted about 1 to 2 percent of Japan's total trade during the apartheid era (see table 3.2). On the other hand, Japan emerged as a major trading partner for South Africa.[98]

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[96] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 10-11.

[97] Masako Osada (2003), "Japanese-South African Relations During the Apartheid Era" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 54-55.

[98] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 10-11.

Table 3.2   **Japan-South Africa Trade**

	Japan's share of South Africa's Total Trade (%)	South Africa's Share of Japan Total Trade (%)
1960	3.9	1.3
1965	9.1	1.6
1970	11.2	1.7
1975	13.5	1.5
1980	8.0	1.3
1985	10.5	0.9
1990	8.1	0.6

Source: METI, Trade White Papers: 1961-1993.

3.3 Trade Relationship in the Post Apartheid

Since the resumption of full diplomatic relations between South Africa and Japan in 1992, Japan has regularly been South Africa's third or fourth largest trading partner. Although Japan has historically been a key partner for South Africa, the relationship was initially based on the export of strategic raw materials and agricultural products from South Africa and the importation of the technology-intensive or value added goods. The structure of trade has now changed to include value exports, most notably vehicles. Japan is now the top trade partner (imports) for South Africa.[99] The topic has been divided into two sub-topics i.e., from 1994-1999 and from 2000-2009 for the sake of convenient study.

3.3.1 1994-1999: From Post Apartheid to the Dawn of 21st Century

At the dawn of South Africa's transition to democracy, the South African President Nelson Mandela visited Japan in July 1995 to strengthen the bilateral ties. Mandela hoped his visit would result in expanded trade and investment and increased development assistance from Japan. Mandela was lavish in his praise for Japan's

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[99] Embassy of South Africa, Tokyo, "South Africa/Japan Relations", Available at www.rsatk.com/contents/D/SA_Japan_relations_P.html.

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spectacular post-World War II achievements of recovering their economy and become one of the world's developed nations. Mandela further posits that South Africa has lots to learn from Japan's economic and technological successes. Just as Japan played a central role in rebuilding Asia, the President continued, so must South Africa be instrumental in promoting prosperity in Southern Africa and on the African continent.

The joint communiqué issued was the highlight of this visit. He reached a common understanding with the then Japanese Prime Minister Muryama Tomiichi, for effective use of the $1.3 billion in Japanese aid to South Africa, and measures conducive to stability and development on the African continent, thereby strengthening their bilateral relations. Koji further adds that Japan, being highly impressed by South Africa's transition to democracy, send an economic delegation to South Africa under the chairmanship of Hattori Norio. The delegation sounded out South Africa's views about Japan's assisting the new government's Reconstruction and Development Program (RDP). On the basis of the Hattori delegation report, the Japanese government announced a $1.3 billion two-year aid package for South Africa. But due to some snags the package could not materialize.[100] Nevertheless, the private sector has shown an interest in investing in South Africa.

Since the establishment of full diplomatic ties between South Africa and Japan, the bilateral trade value has increased from approximately R9.23 billion to R31.705 billion by 2000 as indicated in the Table 3.3. Bilateral trade has shown a consistently rising trend during the period, and in the process, South Africa has consolidated its position as Japan's largest African trading partner, whilst Table 3.3 shows that Japan has consistently been South Africa's 4th largest trading partner during the period, moving to the third largest export destination for South African products during 2000 (Table 3.4) The importance of Japan as a trading partner to South Africa is clear from these tables.

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[100] Hayashi Koji (1996), "Economic Ties with Post-Apartheid South Africa", *Japan Quarterly*, 43 (1): 33-34.

Table 3.3   South Africa's top 5 trading partners

		TOTAL TRADE (R 000)				
2000 Ranking	Countries	Mar-01	2001 Jan-Mar	2000	1999	Growth 2000- 2001 (Jan-Mar)
1	United States	4,335,326	11,253,933	47,764,345	37,175,644	-5.80 percent
2	Germany	4,316,861	11,634,257	41,324,330	34,814,584	12.60 percent
3	United Kingdom	3,687,522	9,972,552	35,053,786	29,425,154	13.80 percent
4	Japan	3,185,011	8,650,435	31,705,751	22,671,135	9.10 percent
5	Saudi Arabia	1,475,020	4,266,049	15,137,599	6,960,179	12.70 percent

Source: South Africa Dept. of Trade & Industry Economic Database.[101]

As regards to South Africa's annual growth of trade with Japan over the period of 1995-1999 the data indicates there was an annual decline of 3 percent in growth value. In essence thus, whilst in rand value terms exports to Japan had been growing, in US dollar value terms there had actually been a decline in the year exports. During the same period exports to Germany experienced 12 percent positive growth, the United States 6 percent whilst exports to the UK declined by 5 percent in dollar terms.

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[101] Based on South African Customs and Excise raw data.

Table 3.4   South Africa's Top 5 Export Destinations

Ranking	Countries	Mar-01	2001 Jan-Mar	2000	1999	Growth 2000-2001 (Jan-Mar)
			TOTAL TRADE (R 000)			
1	United States	2,328,583	6,002,520	25,613,596	16,947,431	-6.30 percent
2	United Kingdom	2,009,888	5,407,115	18,948,232	15,334,827	14.10 percent
3	Japan	1,956,919	5,186,167	16,866,887	11,236,396	23.00 percent
4	Germany	1,760,378	4,424,765	16,443,468	13,222,758	7.60 percent
5	Netherlands	602,434	2,144,017	7,025,488	6,160,460	22.10 percent

Source: South African Dept. of Trade & Industry Economic Database.[102]

The top twenty products exported to Japan during the period were exclusively from traditional raw materials and agricultural sectors, with manufactured products hardly featured in the export sample, showing a clear North-South trade pattern. On the other hand the structure of exports to Germany have developed to include at least six sectors of manufactured products, the United Kingdom eight sectors, and the United States seven sectors. Therefore whilst South African exports to Japan remained in the traditional resource and commodity sectors, trade with South Africa's other major partners is changing to include more manufactured products.

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[102] Based on South African Customs and Excise raw data.

Thus the period from 1995-1999 saw South Africa as an important supplier of strategic raw materials to Japan, with limited exports in the manufacturing, and therefore value adding and growth sectors of the economy.[103]

3.3.2 2000-2009: Trade Relationship in the 21st Century

The recent years have witnessed Japan have scrambled to court resource-rich African countries as competition has intensified with Europe and China in securing natural resources and raw materials. The efforts of emerging economies like China have underscored the urgency of the matter for Japan, as a country that relies heavily on raw material imports. Japan's extensive programme towards Africa that of TICAD initiative can be attributed to that urgency.

The balance of trade between the two countries during the early part of the century has been in South Africa's favour. At the sixth South Africa-Japan Partnership Forum held in 2003, South Africa was optimistic in increasing the balance of trade in its favour. There has been a considerable increase in the level of trade, with South African exports to Japan rising from almost R17 billion in 2000 to R24 billion in 2003. Imports from Japan rose from approximately R15 billion to R18 billion over the same period.

During apartheid the nature of trade was typical of that between first world and third world countries. South Africa exported mostly natural resources to Japan and imported manufactured products. However, since 1994 the nature of trade has become more horizontal with South Africa starting to export manufactured products. Moreover, there has been a shift towards diversifying products to Japan. At a 2003 Japan External Trade Organisation (JETRO) seminar in Pretoria the emphasis was on exporting more processed food products to Japan such as rooibos tea. Processed foods currently represent less than one percent of South African exports to Japan. South African exporters will need to identify products that are made from materials not available in Japan for this percentage to increase. In addition, it is necessary to find products with unique characteristics since South Africa will have to compete against

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[103] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 91-92.

other countries, especially the South Asian countries. Japan is a major food importer and hence there is definitely potential for South African food products.[104]

Since 1999 South Africa has enjoyed a positive net trade with Japan and in 2007 the trade balance was over R13 billion see Table 3.5. Key Japanese exports to South Africa include transport items, especially automobiles and machinery, especially electrical machinery sectors. Key South African exports include base metals, notably Ferro-alloys, non-ferrous metals, and intermediate iron and steel products. South Africa supplies Japan with over 70 per cent of its platinum imports.

Table 3.5   South Africa's Trade with Japan, 2000-2007

Year	2000	2001	2002	2003	2004	2005	2006	2007
Exports	16,867,009	19,474,064	24,172,021	24,172,021	26,601,871	33,156,988	41,315,989	50,400,492
Imports	14,838,870	14,698,791	19,122,094	18,236,646,	20,942,096	23,750,596	30,261,109	36,978,079
Net Trade Balance	2,028,139	4,775,273	5,661,472	5,935,375	5,659,775	9,406,392	11,054,880	13,422,413

Source: Customs and Excise (Japan) [Available at www.sajapan.org/tradeind.html/].

Vehicle exports from South Africa since 2000 and 2001 onwards like, the BMW 3 Series and Mercedes C Class, have become the first value-added products to be registered amongst the South Africa's key exports to Japan. In 2005 the Japanese exports to South Africa include original equipments for motor vehicles, especially automobiles, machinery, and electrical consumer goods sectors. As can be seen South Africa is starting to export some value-added goods, but there is considerable potential for expansion if one compares it to recent exports to South Africa's other main trading partners (UK, US and Germany).

The agricultural export products to Japan include citrus (South Africa is the second largest exporter), bottled wine (South Africa is the eight largest exporter),

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[104] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 32.

rooibos tea (Japan is an important market for this indigenous herbal tea of South Africa), and fruit juice (Japan is an important market and most major juice brands are represented in Japan).

The Embassy facilitates participation of South African companies in major Japanese trade shows such as FOODEX JAPAN, Supermarket Show or IFEX (International Flower Expo). Likewise for Japanese potential importers, the Embassy facilitates that they (through EMIA scheme) would attend trade fairs in South Africa.[105]

As discussed earlier, since the resumption of full diplomatic relations between South Africa and Japan, Japan has regularly been South Africa's third or fourth largest trading partner. And in 2005, 2006 and 2008 Japan became South Africa's largest importer. However, when we look at the trade balance between the two countries in 2009 (see Table 3.6) we noticed that there has been a sharp decline.

Table 3.6   South African Trade with Japan

Trade Balance (R 000)	
2006	10,655,580
2007	13,131,120
2008	25,043,903
2009	7,653,034

Source: South African Trade Statistics, [Available at www.dti.gov.za/econdb/raportt/rapmenu1.html/].

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[105] "South Africa-Japan Economic relations", available at www.sajapan.org/tradeind.html.

3.4 Resource Diplomacy and Japan's Policy of Trade

Presently, exports to South Africa account for 32 percent of Japanese export trade on the African continent, whilst imports from the African hegemon constitute 54 percent of Japanese import trade from Africa. Resource diplomacy is obviously an important element of this trade, whereby Japan obtains key minerals (such as coal, platinum, iron and steel products). The size of the South African market as well as the potential regional Southern African market (of about 100 million people) is vital in the ongoing Japanese foreign relations with the post-apartheid government.

As discussed extensively, Japanese interest in South Africa forms part of its larger 'resource diplomacy' and is based to a large extent on the wealth of raw materials, many of which are important for economic, and therefore national security. Japan imports a wide variety of materials from South Africa include chromium, (crucial to steel production), manganese (for alloying metal to produce steel), vanadium (again for the steel industry), uranium (alternative nuclear energy source) and the platinum group of metals (for use in electric and electronic equipment). Other South African minerals which are important to Japan include industrial diamonds, zirconium, gold and fluorspar and whilst not being as strategically important as other minerals, are still important in the Japanese industrial economy.

Japan not only imports principal minerals from South Africa, but in a number of areas South Africa is Japan's largest supplier, thereby enhancing the resource importance of the country and therefore the relation therein. Ampiah has shown that South Africa is Japan's leading supplier of chrome, manganese, vanadium and platinum, whilst being the second most important supplier of zirconium and palladium, and the third most important supplier of titanium. So South Africa is a supplier of seven of Japan's twenty-eight principal minerals, which are strategically vital for its economic security.[106]

Agricultural commodities and foodstuffs that Japan imports from South Africa are mainly wool, wood, sugar, corn, all of which are important in a country that has a

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[106] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 107-108.

population of approximately 125 million and a desperate lack of agricultural land. However, despite this wide range of commodities which Japan is mainly dependent on the import of, the successful diversification means that there is no exclusive dependence on South Africa for any of these materials. There is no doubt that South Africa represents one of the continent's most important sources of strategic raw materials, particularly from the Japanese perspective as it is so heavily dependent on imports. However, the policy of Comprehensive National Security means that Japan is careful not to rely too much on that particular trade relationship, whilst admitting the importance to Japan's economic security of South Africa's resources, particularly precious metals and nonferrous metals.

In addition to the imports, Japan is also interested in South Africa as a market for its electronic exports, albeit a relatively small market overall. Japan exports manufactured goods and heavy and chemical industry products to South Africa, and it is thought that in the future Japan hopes to expand this export to the rest of Southern Africa.[107] As of the end of 1997, Japanese exports to South Africa comprised US $2.1 billion and included machinery, motor vehicles and their components, and electronic equipments.

The economic activity between Japan and South Africa, comprising the necessity of maintaining access to principle minerals and agricultural commodities, as well as securing a market for Japanese goods, is important because as Ampiah has shown, it is primarily led by the private sector. This is unusual in the Sub-Saharan African context because to a large extent Japanese companies are following the Japanese expansionist model of the 1960's which denotes a strong governmental presence in the region of expansion so as to encourage and in many ways, guarantee the private investments. To a large extent, the independent dynamism of private investment in South Africa developed during the apartheid era when official governmental trade with South Africa was frowned upon, particularly when Japan become the apartheid regime's biggest trading partner in 1987. Limits on private involvement were far or less strict, and this combined with a need to secure important minerals, agricultural foodstuffs and markets propelled Japanese private enterprises

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[107] The upshot for this is that the market becomes more sophisticated and financially viable.

into the South African arena without the governmental support evident in other regions of Sub-Saharan Africa.

Having said that private enterprise is involved in South Africa without considerable governmental backing, this is not to say that the Japanese governmental presence is entirely lacking. Particularly in sectors such as mining, which are considered to be a priority sector in terms of national interests, the Japanese government is offering substantial help. However, the consumer- oriented sectors are not receiving help, whilst still being invested in by the Japanese companies (such as Toyota Japan and Nissan Japan).[108]

3.5 TICAD and Its Economic Determinants

The Tokyo International Conference on Africa Development (TICAD) was launched by Japan in 1993 to provide assistance to Africa. Japan's economic policy towards African development is directed towards TICAD.[109] So far it has held four conferences, scheduled for every five years in 1993, 1998, 2003 and 2008. TICAD has led to the implementation of projects aimed at increasing African human resource capacity, infrastructure development and investment.[110] Further discussion in detail about TICAD would be perceived in chapter 4.

While detailed discussion would be examined in the next chapter, the topic seeks to analyse TICAD's economic determinants. The TICAD process aims to achieve a significant increase of trade and investment to African countries in collaboration with the private sectors. At the TICAD IV the Japanese Prime Minister pledged to double Japan's annual net official development assistance to the continent to $1.8 billion by 2012 and extends up to $4 billion in new yen loans over the next five years, in particular for road projects.[111] Dispatching joint public-private sector

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[108] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 108-109.

[109] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414): 97-98.

[110] Foreign Affairs on South Africa-Japan Partnership Forum", available at www.info.gov.za/speeches/2009/09012611151001.htm.

[111] Reiji Yoshida (2008), "Japan Vows Ambitious Africa Aid", available at *search.japantimes.co.jp* › *News*.

missions for trade and investment to Africa was a major component of Japan's initiatives at TICAD IV. Announced by the former Prime Minister at the conference in May, it illustrates the keen interest of the Government of Japan to follow-up on the goal of boosting economic growth in Africa, which was shared by the participants in TICAD IV.[112] Japan is boosting aid to Africa in a bid to regain diplomatic clout as a major aid donor. Japan's initiatives come at a time when African nations are starting to see strong growth, supported by recent price hikes for the continent's rich natural resources.[113]

The TICAD process represents the Japanese government's response to perceived inroads by globalization and neoliberal economic ideology. But TICAD is more than a simple response to complex global forces. Japan itself draws extensively from its perceived model of national and regional economic development as it hopes to influence non- Asian societies, such as those in Africa. Moreover, by carving out a developmental niche away from the conventional World Bank pattern of financial assistance, Japan also hopes to highlight its global strategic position by exerting greater influence in Africa and other developing regions.[114]

Though TICAD is an initiative for the whole of African continent, but especial emphases have been given to South Africa. As Tanzanian President Jakaya Mrisho Kikwete, while appreciating Japan's aid initiatives, also hinted out that out of the money that Japanese firms have invested in Africa, 85 percent went to just two countries- South Africa and Egypt.[115] This shows the relative importance that Japan attaches towards South Africa. As we have earlier witnessed that Japan viewed South Africa as a gateway to the African continent.

While analysing the TICAD initiative by Japan, it has been assumed that if Tokyo is able to assist in restructuring Africa into a viable economic entity, and hence

[112] Nicholas N. Gouede (2008), "Trade and Investment Between Japan and Africa in the Context of Follow-Up to the Fourth Tokyo International Conference on Africa Development". Available at *www.mofa.go.jp/region/Africa/ticad/ticad4/index.html.*

[113] Reiji Yoshida (2008), "Japan Vows Ambitious Africa Aid", available at *search.japantimes.co.jp ›* *News.*

[114] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", *Pacific Affairs*, 78 (3): 440.

[115] Reiji Yoshida (2008), "Japan Vows Ambitious Africa Aid", available at *search.japantimes.co.jp ›* *News.*

a buoyant market for Japanese products, then it might be able to inject its companies with a new lease of life to redeem Japan from its economic problems.

3.6 Summary

Trade between Japan and South Africa became noteworthy after 1960, though Japan's dominance of trade with South Africa has its roots in the early 1920's. Closer contacts between the two countries were possible due to the cold war politics where in both the countries were with the Western powers. Japan's expanding economy then compels her to enforce closer ties with South Africa so as to secure its access to the raw materials and markets.

Even though Japan imposed sanctions against South Africa in view of the international pressures, however, trade between the two countries grew on consistent basis. During the period from 1960 to 1990 (in the midst of apartheid), South Africa enjoys trade surplus with Japan for most of the period. Since the establishment of full diplomatic ties consequent to the fall of apartheid, bilateral trade have shown on a consistently rising trend which saw South Africa becoming the largest African trading partner with Japan. And by 2008 Japan became the top trade partner (imports) for South Africa.

In the midst of competition among countries for acquiring raw materials in the African continent, which the recent years have witnessed, Japan has been trying to put forth its influence in the continent. And as South Africa being a gate-way to the African continent, Japan has been forging its relations with South Africa. The recent years have seen the balance of trade in South Africa's favour, with Japan becoming the biggest export destination by country for South Africa in 2005, 2006 and 2008. Though Japan has been instrumental in making its presence felt in Africa by initiating like the TICAD process, the activities of Asian neighbour China could be thread to Japan's ambition in capturing the market.

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Chapter 4

INVESTMENT AND AID IN THE SOUTH AFRICA-JAPAN RELATIONS

The end of Japan's economic sanctions towards South Africa in 1991 signalled a new era in the South Africa-Japan relations in both economic and political arenas. The upgradition of Consulate-General to Embassy in 1992 established diplomatic relations between the two countries and further indicated the commitment of Japan to Africa.

Though the Japanese government did imposed a ban for investing in South Africa towards the end of apartheid, due to the international pressure, however this did not stop few manufacturing firms to invest in the country.[116] With the end of apartheid, the Japanese private sector has been making dramatic investments within South Africa in pursuit for 'strategic resources'. Whilst the private sector is becoming very active in the post-cold War era, these activities are supported by the Japanese government, whose obvious responsibility lies in protecting the economic security of Japan. The Japanese government activities are represented in the 1991, 1992 and 1994 Keidanren[117] 'fact finding' missions to South Africa, as well as host of other bilateral engagements between the two countries.[118]

Based on the observations of the Keidanren 'fact finding' missions, the 1992 and 1994 report came out. The 1992 report which was based on a round table discussion involving 5 very prominent business executives, was interesting and insightful in many respects. The discussion revolved around South Africa, and brings into perspective the economic relevance and importance of whole of Southern Africa.

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[116] Kweku Ampiah (2003), "Japanese Investments in South Africa, 1992-1996: The State, Private Enterprise and Strategic Minerals" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 68.

[117] 'Keidanren' is a Japanese abbreviation for Japan Federation of Economic Organisations. Having established in 1946, it strives to work toward a resolution of the major problems facing the Japanese and international communities and to contribute to the sound development their economies.

[118] Deborah Sharp (2003), "Japan and Southern Africa: The Resource Diplomacy Rationale" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 104.

It also sounded out the economic significance of South Africa in the Southern Africa region.

In view of the positive comments of the 1992 mission, a new and comprehensive report was published on South Africa on the basis of another 'fact finding' mission that went to the country in 1994[119] under the chairmanship of Hattori Norio, economic councillor of the Ministry for Foreign Affairs. The delegation sounded out South Africa's views about Japan's assisting the new government's Reconstruction and Development Program (RDP). On the basis of the Hattori delegation report, the Japanese government announced a $ 1.3 million two-year aid package for South Africa at the Group of Seven summit in Naples in July 1994. The largest aid package to come out of that summit, it includes $ 300 million in ODA, $ 500 million in financing from the Export-Import Bank of Japan, and $ 500 million towards trade insurance and overseas investment insurance. But due to some snags the blue paper announcing the RDP was delayed and failed to materialise, thus the aid package of $1.3 billion aid package was only a topic of discussion between Murayama and Mandela.[120]

4.1 Investment: An Enhancement Ground for South Africa-Japan Relationship

As discussed above, due to international criticism on South Africa's apartheid policy, Japan banned outbound investment to South Africa by its companies in 1965. However, the Japanese companies continued to invest in South Africa and accomplished this through various methods. Japanese companies sometimes acted as 'diplomatic go-betweens' and were granted lucrative contracts in return. In one instance, Mitsui was awarded a contract for an oxygen furnace because it had assisted in the facilitation of an important coal deal between South Africa and Japan. In 1971, Mitsubishi received a US $3.3 million contract for the construction of a steel mill for its cooperation in a similar trade deal.

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[119] Kweku Ampiah (2003), "Japanese Investments in South Africa, 1992-1996: The State, Private Enterprise and Strategic Minerals" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 63-66.

[120] Hayashi Koji (1996), "Economic Ties with Post-Apartheid South Africa", *Japan Quarterly*, 43 (1): 34.

Japanese companies also sidestepped the ban on investment through the legal establishment of subsidiaries in South Africa. This allowed South African companies to assemble Japanese products. Japanese auto companies employed this strategy very successfully as Toyota, Nissan, and Mitsubishi, among others, establish assembly plants in South Africa. Other Japanese companies that made significant investments included Yokohama, Bridgestone, Honda, Yamaha, Suzuki, Sony, Hitachi, Sharp, Pioneer, and Matsushita.

4.1.1 Japanese Investment in South Africa in the post apartheid

Despite Japan's apparent commitment to invest, South Africa has seen very little actual investment from Japan. It is only the automotive sector, with investment from Toyota among others, that have managed to spur significant Japanese interest. Japanese investment in South Africa continues to be low when compared with investment from United States and Europe countries. According to Business Map, Japan was the 6th largest investor in South Africa for the period 1994 to 1999. The largest Asian investor was Malaysia with investments in the telecommunication/IT and energy and oil sectors. The United States and the UK were also major investors. However, there have been some noteworthy investments by Japanese companies in both South Africa and the surrounding region. The recent years have shown that the Japanese companies have significantly increased its presence in South Africa to 78.[121]

4.1.1.1 The Automotive Industry

South Africa's automotive industry has managed to attract substantial investment and had increased its productivity since 1994. The reason for this has been the implementation of the Motor Industry Development Programme (MIDP) in 1995. The MIDP has enabled auto manufacturers to import components and vehicles duty-free depending on the value of their locally produced exports. The government recently announced that the MIDP will be extended until 2012. The implementation of the MIDP has attracted investment by several foreign automobile companies such as BMW, Volkswagen, Daimler Chrysler, Nissan and Toyota. In essence, the MIDP has

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[121] Embassy of Japan in South Africa, available at *www.za.emb-japan.go.jp/.*

given foreign companies an incentive to establish production plants in South Africa with purpose of exporting locally produced vehicles to foreign markets.[122]

Perhaps the most significant investment from Japan was Toyota Motor Corporation's (TMC) acquisition of a majority shareholding in Toyota South Africa (Toyota SA). TMC increased its share from 35 percent to 75 percent in 2002. A question arises as, do this investment from Toyota signal a renewed interest in South Africa by Japanese companies?

According to Yoshio Ishizaka, Executive Vice-President of TMC, the 2002 investment by Toyota "signifies a strengthening of our commitment to South Africa and our intention of growing our business in this region". Toyota's investment has created expectations in South Africa that other Japanese companies would follow suit. The South African Vehicle Manufacturers Association has expressed optimism about Japanese component makers venturing into South Africa as a result of Toyota's investment, and the Gauteng Economic Development Agency (GEDA) has said that it expects "a flood of Japanese interest in this area". These expectations are not unrealistic when one looks at Nissan's investment in the United Kingdom (UK) during the 1980's. Nissan's investment was followed by Honda and Toyota and these companies made a significant contribution to vehicle production in the UK.

In 2003, Toyota embarked on a process to export South African-built vehicles to Australia. This international export programme marks the first of its Toyota in Africa. The challenge for Toyota SA will be to convince its Japanese parent company that South Africa is competitive in terms of quality and reliability. Australia is not the only export market that Toyota will be targeting and there are plans to expand to Europe in the future. According to Toyota SA's chairman Elizabeth Bradley, Japan has a more positive view of South Africa as a production base now as opposed to previous years. There are also expectations that in the long-term Toyota SA may move entirely into Japanese hands. It seems that future investment from Toyota Japan is a virtual certainty.

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[122] Philip Rudolph Nel (2005), "Japanese Investment in the South African Economy", Assignment/Thesis presented in Partial Fulfilment of the Requirement for the Degree of Master of Arts (International Studies), University of Stellenbsch, 29.

Nissan have also increases its presence in the South African automotive industry. Nissan South Africa has stated its intention to expand opportunities with assistance from its Japanese parent company. The company aims to broaden its export marked beyond Africa and chief executive Mike Whitfield recently expressed hope that Nissan SA would be contracted by Japan to produce "bakkies" for the world market. Nissan have also been in negotiation with the Ford Motor Company to invest in new export-driven vehicle plants in South Africa. This could lead to significant job creation and increase of exports since a considerable number of the vehicles will be destined for foreign markets.[123]

In 2000, Japanese company NGK Insulators Ltd establish NGK Ceramics South Africa with an investment of 2 billion yen. The market situation created by MIDP provided the incentive for NGK to produce HONEYCERAM, a ceramic substrate for automotive exhaust catalytic converters, in South Africa. NGK Ceramics South Africa becomes the fourth overseas production base for NGK after Belgium, the United States and Indonesia. Control of NGK South Africa is divided between NGK (95 percent) and Mitsui & Co (5 percent).

The South African automotive industry has attracted significant investment since 1994. Prior to Japan's investment companies such as BMW, Volkswagen and DiamlerChrysler established successful export-oriented programs in South Africa. Former Trade and Industry minister Alec Erwin also visited the United States in 2003 in order to encourage companies such as Ford and General Motors to invest in South Africa's automotive sector. The strong presence of Japanese and German companies may convince American companies to get involved as well. The question is whether other South African industries can draw lessons from the success of the automotive industry on how to attract foreign investment. Japan has expressed interest in other South African industries and it remains to be seen whether these industries can capitalise on Japan's willingness to invest.

4.1.1.2 Other Investments

Japan has also invested in Southern African countries with South African companies providing knowledge and assistance. Mitsubishi invested in the 1980's MOZAL

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[123] Ibid., 29-30.

project in Mozambique with assistance from the Industrial Development Corporation (IDC). The major investment in MOZAL came from South African mining company Billiton that has a 47 percent share. Mitsubishi owns 25 percent and the IDC 24 percent. The MOZAL project was completed six months ahead of schedule, came in under budget, and was the largest single project investment ever in Mozambique. The IDC, in addition to being an investor in MOZAL, also assisted in the facilitation of the project. It also assured Billiton and Mitsubishi of the South African government's confidence in the project.[124]

The success of MOZAL promoted Billiton, Mitsubishi and the IDC to expand the project. The ownership of MOZAL will be aligned with that of the previous project, meaning a 25 percent share for Mitsubishi. MOZAL represents the largest involvement by Mitsubishi in an industrial project in the Southern African region, and the company has encouraged other investors to search for opportunities in the region.

The main sectors for Japanese investment during the 1990's were automotive, mineral and metals as witnessed by investments from Toyota Motor Corporation in Toyota SA and Mitsubishi in Mozambique's aluminium project. Japanese companies have also shown interest in other areas such as finance, telecommunication/IT, energy and oil and petrochemicals. In 2002, SASOL, the South African energy and petrochemicals group, formed an alliance with a Japanese consortium comprising two companies- Ishikawajima-Harima Industries and Nissho Iwai Corporation.

The Coega Industries Development Zone (IDZ), the first of its kind in South Africa, may lure significant foreign investment into South Africa. Located in the Eastern Cape region, the Coega IDZ has already attracted attention from Japan. In 1997, Japanese group Mitsui expressed interest in a proposed zinc smelting project at the Coega IDZ.[125]

4.2 Tokyo International Conference on Africa Development (TICAD): Japan's Policy of Aid and Investment on Africa

[124] Ibid., 30-31.

[125] Ibid., 31-32.

TICAD stands for the Tokyo International Conference on Africa Development. It was launched in 1993 to promote high-level policy dialogue between African leaders and development partners. TICAD has since evolved into a major global framework to facilitate the implementation of initiatives for promoting African development under the dual principle of African "ownership" and international "partnership". A central feature of this framework is the cooperation between Asia and Africa.

TICAD enjoys the joint support of co-organizers, namely the Government of Japan, the Global Coalition for Africa (GCA), the United Nations Development Programme (UNDP) and the World Bank. Its stakeholders include all African countries and development partners including Asian countries, donor nations, international agencies, civil society organisations, the private sector and parliaments.[126]

Japan's economic policy toward African development is directed within the Tokyo International Conference on African Development (TICAD) process which was launched in 1993. TICAD is Japan's way of highlighting Africa's development problems, and of reminding the international community that the continent problems did not melt away with the end of cold war. It is said to emanate from the conception that the development problems of Africa are genuinely global issues that should be addressed collectively by the international community.[127] TICAD has led to the implementation of projects aimed at increasing African human resource capacity, infrastructure development and investment.[128]

The first TICAD was proposed by Japan at a UN General Assembly meeting in 1991 and was effectively organised by Takaya Suto, the then Director-General of the Middle Eastern and African Affairs Bureau of the Ministry of Foreign Affairs (MOFA) of Japan. Hence, despite the international inflection of the TICAD process, there is no doubt that it is the invention of Japan, and it is the Japanese government which orchestrates it. Essentially, the TICAD suggests a grand shift in Japan's attitude

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[126] Tokyo International Conference on Africa Development, "Forging Strategic Partnership for Africa's Develpoment", www.ticad.net/whatis-505548_ENG.pdf.

[127] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", African Affairs: The Journal of Royal African Society, 104 (414): 97-98.

[128] Foreign Affairs on South Africa-Japan Partnership Forum", available at www.info.gov.za/speeches/2009/09012611151001.htm.

towards Africa and the region's developmental problems, broadening the tools of analysis and the methods for the possible resolution of these problems.[129]

Since the early 1990s, Japan has been the only developed country to consistently hold major international conferences on African development. In fact, it has held four conferences, scheduled for every five years in 1993, 1998, 2003 and 2008. Given that Japan only provides approximately about ten percent of its ODA funds to Africa, and given the severe economic pressures with which the country has been burdened during this same period, the reasons for organizing these major development conferences are not self-evident. Despite the budgetary constraints and cutbacks in Japan's ODA in the last several years, Japan has remained consistent in scheduling these conferences. Rather than turn its attention away from Africa during this prolonged economic slump, Japan has moved forward with its policies towards Africa.[130]

4.2.1 TICAD I

With a formal statement in place to facilitate policy dialogue with other donors and with recipient countries, Japan turned its attention to Africa. In 1992, Japan called for an international conference involving the donor community, African governments and non-governmental organizations. While previous aid conferences typically involved donor-community members speaking amongst themselves, or a summit held by an OECD country (such as England or France) with participation by former colonies, Japan intentionally sought a broad and inclusive conference format. Japan asked the United Nations and a non-governmental organization (the Global Coalition for Africa) to serve as co-sponsors. One analyst suggested that by enlisting the involvement of these agencies, the "TICAD initiative was not a unilateral act, but that it was essentially consistent with the priorities of the entire UN system of organizations." Moreover, it was held in Tokyo in order to raise public awareness of African issues. According to the MOFA official in charge of the first TICAD, Japan's motivation in

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[129] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414): 98.

[130] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", *Pacific Affairs*, 78 (3): 423-424.

organizing this conference was three-fold. Japan clearly saw the humanitarian needs in Africa and, given Japan's economic wealth, realized it could create a positive aid environment. Second, Japan desired to be treated as a major global power, both by other powerful countries as well as by the majority of countries in the world. As a latecomer in providing aid to Africa, Japan needed a strong presence on the continent as a means of presenting itself as a leading donor country. Third, as part of its strategic plan to position itself as a major Asian power, Japan used TICAD as a platform to put forward the so-called Asian development model. During the 1980s, Japan began to criticize the negative impact of structural adjustment policies in Africa and, in more general terms, to speak out against the so-called Washington Consensus and neoliberal policies. Japan's view of the Asian development model offered an alternative to African countries.

Japan convened the first TICAD in October 1993. The conference consisted of nearly 1000 participants from 48 African countries, 13 major donors, 10 international organizations and more than 45 NGOs. The most important outcome from this conference was the approval of the document "Tokyo Declaration on African Development." This document broke new ground in terms of a global and collaborative approach to international aid to Africa. Its themes emphasized partnership, ownership and the Asian model of development.[131]

The preamble of the declaration stated that the participants believed the document would "serve to strengthen an emerging new partnership for sustainable development of Africa based on self-reliance of African countries and the support of Africa's development partners." Partnership implied equivalent influence and input into the development process. In contrast to the traditional World Bank and International Monetary Fund approach, which dictated policies to recipient countries, TICAD's framework explicitly called for mutual interaction as equal members. The declaration also stated that "with the end of the cold war, African countries and the international community now have an opportunity to share a broader common understanding of the need for dynamic development cooperation." Japan's view of partnership was also broad and inclusive. It called for a more vigorous incorporation of non-governmental organizations into the development process. Governments are

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[131] Ibid., 427-428.

only one agent in the development process. The end of the Cold War demonstrated to Japan the importance of persuading public opinion, civil society, the private sector and NGOs to act as participants in this process. The declaration asked for "full participation by the people at all levels, who should be galvanized toward action as agents for progress."

The concept of ownership was an implicit principle in the declaration. It emerged as an identifiable concept in later ODA documents. This ownership should be based on continuous dialogue between government, the private sector and civil society.

The first TICAD conference marked Japan's interest in claiming its role and in increasing its visibility in Africa. Japan's criticisms of conventional structural adjustment policies and neoliberalism emerged at this time. These criticisms led to the promotion of Japan's own "Asian model of development." Moreover, Japan initiated new language that focused on partnership and ownership with Africa to highlight the important distinction from Western aid agencies and governments.[132]

TICAD I succeeded in calling the attention of the international community to the fact that Africa's economic and social problems were still profoundly unresolved. In view of this, the international community and African policy-makers looked forward to TICAD II with high expectations.[133]

4.2.2 TICAD II

TICAD II was held in October 1998 with over 400 delegates, including representatives from 120 countries and international organizations. The theme of the conference was "Poverty Alleviation and Integration of Africa into the Global Economy." The primary objective was to emphasize the poverty reduction strategy through increased economic growth, not just debt relief or grants. The second objective was to shift the burden of planning and decision making to African

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[132] Ibid., 428-430.

[133] Kweku Ampiah (2005), "Japan and the Development of Africa: A Preliminary Evaluation of the Tokyo International Conference on African Development", *African Affairs: The Journal of Royal African Society*, 104 (414): 103.

countries. Ownership of the development process was again highlighted at this conference. A third objective was to establish an African-Asian partnership as central to the economic development process. In particular, Japan's view on this objective was to apply what it considers successful development experiences in Asia to the development activities in Africa. As the report states, the underlying principles of TICAD II were ownership and partnership. It makes the point that "ownership is derived when development priorities, as set by Africa, are pursued. This ownership should be based on continuous dialogue between government, the private sector, and civil society."

The primary document laid out at the conference stated that "TICAD I involved outlining the problem areas in African development and tried to focus on the general means for addressing these issues. TICAD II aims to focus more specifically on the areas to be developed, using the framework outlined in TICAD I as a basis for cooperation." The document suggests an action plan, but with no concrete financial commitments, the recommendations were fairly empty. However, as a form of logic and direction for the development process, the "Tokyo Agenda for Action" achieved some goals.[134]

TICAD II illustrates the wide gulf between the development strategies and policies of the World Bank and those of the Japanese government. The government argued during TICAD II that reduction of poverty should be viewed as a result of economic production. It should not be solely a target of development through debt relief and the extension of new grants. A second difference is the emphasis placed on governance as a condition for new financial assistance. Japan expressed doubts regarding the ability and appropriateness of governments and international organizations to measure good governance. Finally, they differed over the meaning of globalization and whether it is effective in reducing poverty.[135]

[134] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", Pacific Affairs, 78 (3): 432-433.

One analyst wrote that "the 'Achilles heel' of the Agenda lay in determining where the enormous resources to implement its laudable objectives would come from." In other words, the conference "neither yielded any dramatic increases in Official Development Assistance (ODA) to African countries, nor did it result in practical measures to deal with the crushing debt burden which most Sub-Saharan African countries have to bear." But following the kinds of achievements resulting from the first TICAD, TICAD II actually led to deepening of understanding of the development problems in Africa and to the building of Asia-Africa cooperation. The conference document stated that "one of the main goals of TICAD I was to promote Africa-Asia cooperation, and this has improved substantially in the last five years so that Asia is now a major investor in Africa." In particular, TICAD II developed a partnership with Africa based on its rice production. The New Rice for Africa (NERICA) has been discussed as a major and practical achievement of the TICAD process. NERICA emerged as a powerful agent linking the government's objectives of Asia-Africa cooperation, the growing role of NGOs, and positive publicity. TICAD II set the stage for the development of NERICA as this important agent.

TICAD II also created confidence in Japanese foreign policy to either initiate new foreign policy endeavours or to partner with other foreign governments. For Japan, TICAD solidified its pre-eminent role in world affairs. While TICAD I had links to NGOs, TICAD II extended cooperation with them and led to the creation of new aid initiatives. In particular, the Ministry of Foreign Affairs sought to bring together the global commitments from TICAD II and the focused objectives of New Partnership for Africa's Development (NEPAD).

At the time of TICAD II, the Asian financial crisis created barriers for increased growth in aid, yet, at least on paper, Japan still pushed for a strengthened partnership with Africa, based on Asian economic policies and values. Additionally, Japan continued to break from the Washington Consensus emphasis on debt relief. Instead, Japan sought to reorient discussion towards its own approach of expanding economic production.[136]

4.2.3 TICAD III

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[136] Ibid., 433-435.

Although many Japanese participants in the TICAD process anticipated its demise, the initiative continued, albeit slowly and with uncertainty. Despite the continued slump in the Japanese economy, the government pursued the policies derived from TICAD. A common theme among those interviewed concerned Japan's interest in obtaining a seat on the Security Council. The Japanese government viewed TICAD I and II as a means of showcasing its leadership as a major international donor. Japans ought entry into the ODA process in order to demonstrate its leadership on the world stage, to highlight what it considered the success of the Asian development model, and to secure a seat on the UN Security Council. Japan's approach during the period of the first two TICADs remained bilateral, though it had the appearance of multilateralism, with the invitation to co-sponsor the initiative to the Global Coalition for Africa, the United Nations and the World Bank. Yet, following TICAD II, pressure mounted on Japan to alter its foreign aid approach in general and its aid to Africa in particular. The government was careful not to set up a bureaucratic conference secretariat. In part, it did so to minimize administrative costs, but it also sought to keep administrative control in the hands of Japanese bureaucrats, especially in MOFA. Given the absence of any new money contributed to TICAD's initiatives, the government's goal was to simply offer to host a third TICAD.

Two factors motivated the Japanese government to consider organizing TICAD III. In the first few years following TICAD II, the aid initiatives received a boost from the creation of the African Union and the formation of the NEPAD. They both reinvigorated the ODA process by formalizing Africa's willingness to assume ownership, partnership and governance over ODA.

Ownership and partnership are key concepts emanating from what President Mbeki of South Africa refers to as a "New Paradigm Shift of Africa." In contrast to previous structural adjustment programmes, which were externally imposed on African governments by international organizations, NEPAD's approach places emphasis on self-responsibility and, equally important, on active participation based on a perceived stake in the process and outcome of development.[137]

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[137] Ibid., 435-437.

A second factor derived from the change in the request-based lending approach. Academics and some policy officials have criticized the long-standing policy of waiting for African governments to initiate requests for specific amounts of aid. What some have suggested is that Japan should share the lessons and policies of its development experiences with African countries.

TICAD III was held at the end of September 2003. The largest of the three conferences, it featured more than 1000 participants representing 89 countries, including 23 heads of state from Africa, 50 African countries and 47 international organizations.

Then Foreign Minister of Japan Kawaguchi formally presented TICAD III's objectives to the African Union in August 2002. These objectives had changed from the ones the MOFA staff expressed in interviews. Japan, in her view, would give priority to Asia-Africa cooperation, human-centred development and efforts to consolidate peace. The first is a common theme in Japanese statements and interviews with officials. The main claim is that Africa can learn from the development experiences of Japan in recent decades. As Ms. Kawaguchi remarked in her speech, "we believe that Asia's experience and expertise in development may also be useful for African development in the 21st century, because Asia, in the latter part of the 20th century, approached development challenges that are similar to Africa's situation."[138]

In regard to human-centred development, the foreign minister stressed the solid initiatives introduced by Japan following TICAD II. In particular, she pointed out funded projects in the areas of education, health and the supply of safe water. Her statements were supported by the final TICAD III agenda. Human-centred development emphasized human resources, water, and health and medical care. A related theme was entitled "poverty reduction through economic growth." Of these pillars, this one in many ways is the most significant and it also illustrates Japan's departure from more conventional development stances. As the statement declares, "without economic growth, poverty reduction cannot be realized." The lessons of Japan's economic success have been attributed to research and development, the development of special strains of rice, the development of basic infrastructure,

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[138] Ibid., 437-438.

increased trade and investment with Asia, debt relief and the promotion of economic growth.

She was briefest in discussing the third objective of efforts toward the consolidation of peace. Japan has had limited experience in this area and has introduced few measures. Since TICAD II in 1998, Japan has supported a number of initiatives aimed at conflict resolution. These schemes have included the Landmine Trust Fund, the Grant Aid for Conflict Prevention and Peace Building and the UN Small Arms Fund.

As the government moved closer to TICAD III, it drew on previous international conferences and aid commitments. A TICAD III "Concept Paper" drew attention to the recent initiatives, which included the Millennium Development goals, followed by the International Conference on Financing for Development held in Monterrey, Mexico, and the World Summit on Sustainable Development in Johannesburg. Additionally, the G8 in 2002 adopted the "Africa Action Plan." The concept paper stated that "TICAD III will maintain and further strengthen this momentum and contribute to reaffirming the partnership in the international community assisting NEPAD."

During the last conference period, Japan continued its focus on ownership, partnership and governance, especially by joining the momentum behind both TICAD and NEPAD. Japan linked its ODA policies to those generated from the Millennium Development Goals and other international aid initiatives. It became clear that some of the language and values used by earlier versions of Japan's ODA policies made their way into these newer international aid documents.[139]

4.2.4 TICAD IV

On the occasion of the Fourth Tokyo International Conference on African Development (TICAD IV) held from 28 to 30 May, 2008, in Yokohama, Japan, the Government of Japan, one of Africa's most significant development partners, announced plans to enhance its development support and trade partnership with Africa. In arguing for its unflinching support to boost trade and investment flows with

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[139] Ibid., 439-440.

Africa, a package of initiatives for African development was announced, including doubling Japan's Official Development Assistance (ODA) to the continent to US$ 1.8 billion by 2012 and to provide up to $4 billion in new yen loans over the next five years to improve African infrastructure, especially roads. Japan will also set up a $2.5 billion fund to help Japanese firms invest more in Africa and achieve the target of doubling Japanese private-sector direct investment to the continent to US$3.4 billion by 2012.

The conference adopted the "Yokohama Declaration", outlining principles for advancing African development among TICAD stakeholders, as well as the "Yokohama Action Plan" and the "Yokohama Follow-up Mechanism", laying out a road map for action oriented initiatives with measurable targets. With the theme of *'Towards a vibrant Africa: continent of hope and opportunity'*, TICAD IV addressed the following priority areas: 1) boosting economic growth; 2) ensuring Human Security, including the achievement of the Millennium Development Goals (MDGs), consolidation of peace and democratization; and 3) addressing environmental issues and climate change.[140]

Dispatching joint public-private sector missions for trade and investment to Africa was a major component of Japan's initiatives at TICAD IV. Announced by the former Prime

Minister at the conference in May, it illustrates the keen interest of the Government of Japan to follow-up on the goal of boosting economic growth in Africa, which was shared by the participants in TICAD IV.

In this context, joint missions for promoting trade and investment headed by officials of the Japanese government and representatives from various corporations and banks in September 2008 visited Southern Africa, East Africa and West Africa.[141]

Participants included such high-ranking officials as the State Secretary for Economy, Trade and Industry, Members of the House of Representatives, the Ministry of Economy, Trade and Industry, the Ministry of Foreign Affairs and representatives from five government-related organizations, namely the Japan

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[140] Nicholas N. Gouede (2008), "Trade and Investment Between Japan and Africa in the Context of Follow-Up to the Fourth Tokyo International Conference on Africa Development". www.mofa.go.jp/region/Africa/ticad/ticad4/index.html., 2-3.

[141] The visited countries in Southern Africa include Botswana, South Africa, Mozambique and Madagascar, while East Africa include Kenya, Tanzania, Uganda and Ethiopia, and West Africa include Nigeria, Ghana, Senegal, Cote d'Ivoire and Cameroon.

International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC), Japan External Trade Organization (JETRO), Japan Oil, Gas and Metals National Corporation (JOGMEC), and the Nippon Export and Investment Insurance (NEXI), along with representatives of private companies representing commerce, manufacturing, heavy industry, and finance. Representatives of Japanese enterprises exchanged opinions with high-level government officials in each country and engaged in networking for the expansion of bilateral trade and investment. As a result, leaders in countries visited seized the opportunity to enhance their understanding of business expansion with Japanese companies. The joint missions also visited project sites which could be considered successful cases of cooperation between Japanese and local enterprises.

Such project site visits included the Remote Sensing Center in Botswana, which opened in July in cooperation with Japan Oil, (JOGMEC). Other site visits included the Mozal Aluminum Smelter in Mozambique, and in South Africa, a chrome ore site and a refinery of Hernic Ferrochrome, which represents the world's fourth biggest ferrochrome manufacturer and distributer.

While it was conceived during the height of the Japanese boom, the TICAD Initiative tries by and large to live up to its initial promise of supporting Africa's socio-economic growth and development. TICAD IV presented new opportunities to rekindle Japan's relationship with African countries. The Japanese business community and financial sectors are beginning to show real interest in Africa. Behind this is remarkable progress in democratic governance, and most importantly, the sustained growth being experienced by many African economies, the high price of commodities as well as China's and other emerging nations' growing presence on the continent which is attracting considerable media attention.

In this context, Japan should continue to help African countries tackle may factors that prevent industrial development such as concerns about public order and insufficient infrastructure on the continent: the current education system in Africa generally does not encourage entrepreneurship as a career; inefficient legal and regulatory frameworks create unnecessary administrative bottlenecks and high costs; sadly, a paradigm of entrepreneurship as the expectation is that big business, government and others should create jobs.

Trade and investment between Japan and Africa hold great promise for Africa's socioeconomic growth and development. As the world's second largest national economy, Japan needs to vigorously re-position itself with regard to financing for the development of African SMEs. The US$1 billion extended to the AfDB under the aegis of the Enhanced Private Sector Assistance (EPSA) initiative for Africa, which supports the AfDB's private sector development strategy, needs to be tapped into in order to boost the momentum for African growth and SMEs development.[142]

4.3 Analysing TICAD Vis-a-vis South Africa

While analysing TICAD it was found that although Japan is currently the world's second largest economic power, since the early 1990s its economic has slowed down enormously after a long period of extraordinary boom. One assumption of Japan's new attitude towards Africa in introducing TICAD is that if Tokyo is able to assist in restructuring Africa into a viable economic entity, and hence a buoyant market for Japanese products, then it might be able to inject its companies with a new lease of life to redeem Japan from its economic problems. For expanding its economy in Africa, Japan's need for capturing South African market becomes crucial as Japan viewed South Africa as a gateway to Africa. Hence the TICAD becomes crucial in projecting its ambitions.

Moreover, the reason behind Japan's initiative that of TICAD is that, since it is bidding for a seat in the UN Security Council, it needed the support of the African bloc to attain the permanent seat in the UN Security Council, thereby assisting for African development becomes a necessity. It is assumed that the enlarged UN Security Council might include either Nigeria or South Africa from the African continent. Former Japanese Prime Minister Junichiro Koimizo and former South African President Thabo Mbeki have also discussed the matter and affirmed their commitments to the early realization of the reforms. It comes as no surprise that the South African government has also publicised its support for the Japanese bid for a permanent seat. It seems that both South Africa and Nigeria are supporting Japan's

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[142] Ibid., 7-11.

candidature for a permanent seat in the exchange for support for their own bid, but also for more Japanese economic assistance.

4.4 Official Development Assistance Policy (ODA)

Understanding of ODA becomes very essential in the bilateral relationship between South Africa and Japan as Japan's Foreign policy towards Sub-Saharan Africa has been centred on ODA.[143] Japan began its ODA program in 1954 when the country was still rebuilding and recovering from the devastation of World War II. The program started through technical assistance in the context of the Colombo Plan; experts were sent to developing countries and trainees were brought to Japan. To a degree, Japan's aid started as a form of war reparations to re-establish its reputation as a peaceful nation. This factor has informed the characteristics of Japanese ODA, that it is request-based and extended to recipient countries with few conditionalities. Because Asian recipient countries were interested in infrastructure building, historically a large portion of Japanese ODA has been concentrated in this area. Additionally, Japan wanted improved relationships with trading partners in East Asia, which are potential export markets for manufactured goods and import sources for key commodities. Through the 1960s, Japan established its current four-pillar system of assistance -grant aid, concessional loans, technical assistance, and contributions to international organizations -for providing aid to developing countries.

The amount of ODA was expanded greatly during the subsequent decades and in 1989 Japan became the world's largest aid donor[144] It held that position until 2001, but ODA reductions since then have brought it back into the number 3 position[145] (see Table 4.1).

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[143]Japans   Foreign   Aid   Policy   to   Africa, *www.tradersafrica.com/articles.asp?articleid=%7B026D2FAD.*

[144] Akiyama, Takamasa and Nakao, Takehiko, "Japanese ODA: Adapting to the Issues and Challenges of the New Aid Environment", FASID Discussion Paper on Development Assistance, *dakis.fasid.or.jp/report/pdf/DP_8_E.pdf.*

[145] Japan's ODA Policy and Reforms in Comparative Perspective: Policy Making in Japan , the US and the UK", www.grips.ac.jp/teacher/oono/hp/course/lec12_**oda/oda2**.doc.

Table-4.1 Trends of Net ODA from G7 Countries 1985–2006 (net disbursement basis)
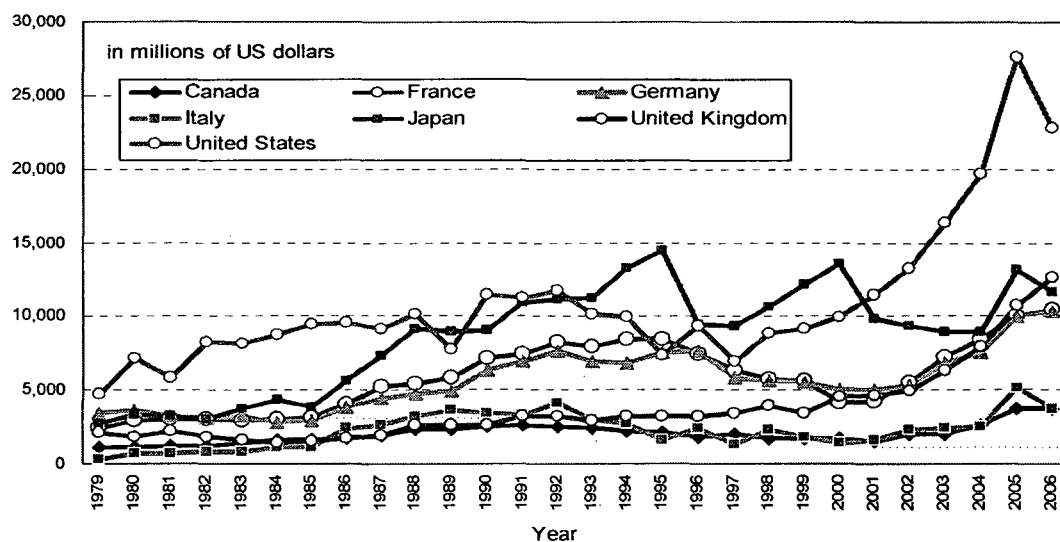
Source: Japan's ODA Policy and Reforms,

[Available at: www.grips.ac.jp/teacher/oono/hp/course/lec12_oda/oda2.doc]

In Africa, Japan established its development assistance programme between 1960 and 1981, and in that period almost all African countries received some form of Japanese Official Development Assistance (ODA). Several criteria's were applied to African candidates, amongst them were its strategic importance in terms of the Cold War or the natural resources or its role as a continental opinion leader would serve to deflect its criticism away from Japan. The sum of ODA to Africa by 1986 amounted to US $419 million, of which US $137 million were in the form of so-called yen loans, while since 1988, Japan's ODA to Africa has been the second largest to any region behind Asia. There was criticism against Japan that its aid policies were both quantitatively and qualitatively insufficient. Yet, despite its obvious need for assistance, Africa remained a low priority for Japanese aid officials, receiving only around 10 percent of aid disbursed until the 1990s.

In 1992 Japan gave US $860 million to Africa in response to pressure from primarily the United Stated. And since 1994, Japan has occupied the second position together with Germany and the United States in terms of aid to Africa for the OECD countries, the largest donor being France. In Japan's aid programme in Africa, priority

is given to rural and agricultural development, energy resource development, human resource development and crisis relief.[146]

4.4.1 Japan's ODA to South Africa

By the end of the Cold War, Japan realized that its relations to Africa were outdated. Having stumbled through ODA policy to Africa for several decades, Japan finally formulated a new policy, published in June 1992 as Japan's ODA Charter. The charter's philosophy focuses on four areas: an emphasis on humanitarian assistance, the recognition of global interdependence, the importance of self-help efforts, and the consideration of environment consequences.[147] In the dying years of apartheid, the then Vice President of ANC Nelson Mandela called the $1.8 million monetary contribution of the Japanese government toward the improvement of life in South Africa "absolutely insignificant" and asked for further support from the government and citizens.

However, by the dawn of the New South Africa, Japan was not only no longer embarrassed by its trade relations with the country, which had reached R22.3 billion (approximately US $6 billion) in 1996, but it actually commenced ODA to South Africa and sought to strengthen its political relations. While Japan as a latecomer in providing aid to Africa, strongly needed its presence in presenting itself as a leading donor country, however the recently Japan's ODA policy is under critical review. One of the reasons is due to the fiscal crisis, which is forcing the Japanese government to cut expenditures that are not deemed necessary. As a result, Japan's ODA budget continued to decline over the past decade, recording a cumulative reduction of 38% from the peak level of FY1997.[148] This had an impact in Japan's ODA disbursement globally. Consequently, the ODA disbursement to South Africa has been on the decline over the years (see Table 4.2).

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[146] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 87.

[147] Howard Lehman (2005), "Japan's Foreign Aid Policy to Africa Since the Tokyo International Conference on African Development", *Pacific Affairs*, 78 (3): 426.

[148] Japan's ODA policy and reforms in comparative perspective; policy making in Japan, the US and the UK, *www.grips.ac.jp/teacher/oono/hp/course/lec12_oda/oda2.doc*.

Table 4.2 Japan's ODA Disbursements to South Africa   (Net disbursements, $ million)

Year	Loan Aid	Grant Aid	Technical Cooperation	Total
2003	-1.44	11.11	7.94	17.61
2004	-0.87	14.23	5.47	18.83
2005	-0.85	11.07	5.87	16.10
2006	-0.81	12.24	4.49	15.92
2007	-0.80	0.81	4.65	4.67
Total	10.06	108.15	85.24	203.46

Source: MOFA Trade Data [Available at
www.mofa.go.jp/policy/oda/data/pdfs/south_africa.pdf].

4.4.1.1 Japan's ODA to South Africa for Reconstruction and Development

The aftermath of apartheid induce Japan to adjust its policy of aid towards South Africa in a bid to assist South Africa for its reconstruction and development process. In 1994, Japan announced it was going to provide US $300 million in ODA, US $500 million in Exim bank loans and US $500 million trade and investment credits. In 1995 Japan agreed to their further assistance in the form of soft loans totalling about US $8 million for a Rural Social Infrastructure Programme and the Kwa Ndebele Region Water Augmentation programme. These loans have to be repaid at an interest rate of 2.5 percent over 25 years.

The grant component of aid consists of supporting 143 grass-roots organisations from 1990 to 1995 with the equivalent of US$6 million, and an additional US$2 million grant for further 46 grass roots organisations during 1996, as well as plans to support the national plan to improve general hospitals. Around 410

trainees were invited to Japan from 1990 to 1996 as technical assistance to South Africa.[149]

When these figures are compared with Japan's total ODA disbursement they do not seem all that large. However, if one compares these figures to the figures for Tanzania, South Africa's ODA is almost ten times as large as that of Japan's largest aid recipient in Africa prior to 1990. If one compares South Africa's share of Japan's ODA with that of Africa as a region, which received US $1,144 million in 1994, and the SADC countries which received a total of US $1,608 million from 1990-1995, South Africa receives by far the largest chunk of figures. This shows the relative importance that Japan attaches to South Africa within Africa.

During the inauguration of president Mbeki in June 1999, Japan announced a second ODA package to South Africa totalling US $1.5 billion, which was to be distributed over a period of four to five years. US $500 million was allocated for ODA purposes, of which US $100 million was identified for grand funding, and the remaining US $400 million earmarked as yen soft loans. With regards to ODA priority, the Japanese government attached special importance to the alleviation of poverty in the field of health and education in the former homeland regions. Regarding cooperation in yen loans, more concessionary terms and conditions applied to South Africa from April 2000. The remaining US $1.5 billion was divided into US $500 million worth Export-Import Bank of Japan non-concessionary loans, and trade insurance and guarantees to the value of US $500 million. This shows the relative importance that Japan attaches to South Africa. Japan states that the stability and development of South Africa is important for the development of Africa as a whole.[150] Therefore, the ODA becomes a very important device for forging South Africa-Japan bilateral relationship.

4.5 Agencies That Facilitate Aid Programmes

The main components of Japanese ODA and the agencies responsible are MOFA, MITI AND MOF. The Ministry of Foreign Affairs (MOFA) is in charge of coordinating all Japanese ODA activities. Policies regarding loans are decided

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[149] Willem Van Der Spuy and Monika Glinzler (2003), "Japan-South Africa Economic Relations: New Prospects or Neo-Mercantilist Perpetuation" in Chris Alden and Katsumi Hirano (eds.) *Japan and South Africa in a Globalising World: A Distant Mirror*, England: Ashgate Publishing Ltd., 89.

[150] Ibid., 89.

through coordination between MOFA (core ministry and foreign policy perspective), the Ministry of Finance (MOF) (macro-economic context and review of debt sustainability), and the Ministry of Economy, Trade and Industry (METI) (industry policy and relevance to the Japanese business community). MOF oversees Japanese contributions and relationships with the International Financial Institutions (IFIs) such as the IMF, the World Bank and the Asian Development Bank, while MOFA oversees relations with the UN organizations.

For specific bilateral ODA implementation MOFA is the main agency for grant aid. Other smaller agencies include Japan Bank for International Cooperation (JBIC) is responsible for implementations of loan projects and Japan International Cooperation Agency (JICA) is a central institution for technical assistance. Other ministries, such as the Ministry of Economy, Trade and Industry, the Ministry of Health, Labor and Welfare, the Ministry of Education, Culture, Sports, Science and Technology and the Ministry of Agriculture, Forestry and Fishery, also conducts assistance programs in the areas of their expertise.

4.6 Summary

The international pressures induce the government of Japan to impose ban on investment in South Africa, nevertheless few Japanese companies continue to invest. With the end of apartheid, the Japanese private sectors within South Africa have been making tremendous investments with around 78 companies currently investing in South Africa. The automotive industry has managed to attract substantial investment.

The TICAD which has been the policy of Japan's aid and investment in Africa, has been instrumental since 1993 and has so far held four conferences. Though the TICAD has been assisting Africa, it is assumed that the TICAD is a device use by Japan to redeem its economic problems and to get the support of African bloc in the enlarged UN Security Council. The support becomes so crucial for Japan as it has almost lost a seat in the Security Council in the 1965 election as the African nations voted against Japan. As regards to ODA when compared to the share of ODA with other SADC, Japan attaches special importance in regard to South Africa. The main priority of aid for the Japanese government is for alleviation of poverty in the field of health and education. However, over the years under the fiscal austerity, Japan's ODA budget has been on the decline. Nevertheless, the ODA

becomes an important mechanism to forged stronger relations between the two countries.

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Chapter 5

CONCLUSION

The relations during the apartheid have allowed both the nations to actively engage with each other in the aftermath of the apartheid. Though there was a lot of pressure on the part of the international community on Japan to delink its relations with the apartheid South Africa, Japan continues to have trade relation with South Africa, the result of which was manifested in the trade figures of 1987 as Japan became the largest trading partner with the apartheid regime. This shows how Japan views South Africa as an important trading partner. Nevertheless, keeping in mind the heightened international pressure, Japan could not able to pressed freely to engage in trade with South Africa during the apartheid.

No matter what, Japan's concern for the apartheid was always secondary to her expansion of economy. Japan, as a resource poor country had to rely on the rich resources of the African continent for feeding its growing economy. Nevertheless, the origin of Japan's Africa policy in the aftermath of Second World War dwells in the political economic recovery and growth. Despite of the heightened pressure from the international community, Japan carried out its trade relations with South Africa and the result was that Japan became the largest trading partner for South Africa in 1987. As regards to the foreign policy of both the countries (during the apartheid), while the Japanese foreign policy lies in the inherent policy of expanding the economy and acquiring of natural resources, the South African foreign policy sought to justify and protect its authoritarian apartheid political regime.

While discussing the apartheid politics, a question arises as to how Japan, despite of many oppositions from other countries, had managed to expand its relationship with South Africa. Interestingly it was found that, Japan by building its economic ties with 'black' Africa has facilitated in reducing the opposition of its relationship with the apartheid South Africa. Moreover the absence of strong anti-apartheid movement within Japan has prompted Japan to consolidate its economic diplomacy with South Africa.

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With the lifting of economic sanctions by Japan in 1991 and the resumption of full diplomatic ties with South Africa and more importantly the transition of South Africa to democracy, heralded a new era in the South Africa-Japan relations. Japan's push for relations with South Africa during the apartheid can be attributed to the acquiring of raw materials and hence trade relations come to the fore. But with the end of cold war and then followed by the end of apartheid, Japan began to rekindle its foreign policy towards the African continent and South Africa. Keeping in view of the recent rush for acquiring raw materials towards the African continent and citing the importance of South Africa in the African continent, Japan began to focus on other areas, other than trade.

However constructing the relationship between Japan and South Africa in the aftermath of apartheid has proven to be complicated than either government had expected. It can be said that the rationale behind it was due to the economic slowdown of Japan during the period coupled with the misunderstanding and misinformation between the two countries. Moreover, though, the expectations were high about Japanese investments in South Africa, however the flow of Japanese investments in South Africa have indeed been slow in coming. Nevertheless, keeping in mind the economic concerns and international ambitions, the two countries began to focus on strengthening their bilateral relationship.

While analysing the post apartheid trade relations, it was found that even though historically Japan has been a key partner for South Africa, the relationship was initially based on the export of strategic raw materials and agricultural products from South Africa and the importation of technology-intensive or value added goods. However, the structure of trade has now been changed to include value exports, most notably vehicles. For the sake of convenient study I have divided the trade relationship into two periods that is from 1994-2000 and from 2001-2009. During the first period (1994-200) it was found that South Africa's annual growth of trade with Japan had an annual decline of 3 percent in growth value. In essence thus, though in rand value terms exports to Japan had been growing, in US dollar value terms there had actually been a decline in the year exports.

The top twenty products exported to Japan during the period were exclusively from traditional raw materials and agricultural sectors, with manufactured products

hardly featured in the export sample, showing a clear North-South trade pattern. However though the South African exports to Japan remained in the traditional resource and commodity sectors, it was found that trade with South Africa's other major partners (United States, United Kingdom and Germany) has been changing to include more manufactured products.

Since 1999 South Africa has enjoyed a positive net trade with Japan and in 2007 the trade balance was over R13 billion. Key Japanese exports to South Africa include the transport, especially automobiles and machinery, especially electrical machinery sectors. Key South African exports include base metals, notably Ferro-alloys, non-ferrous metals, and intermediate iron and steel products. South Africa supplies Japan with over 70 per cent of its platinum imports.

Vehicle exports from South Africa since 2000 and 2001 onwards like, the BMW 3 Series and Mercedes C Class have become the first value-added products to be registered amongst South Africa's key exports to Japan. In 2005 the Japanese exports to South Africa include original equipment for motor vehicles, especially automobiles, machinery, and electrical consumer goods sectors. As can been seen South Africa is starting to export some value-added goods, but there is considerable potential for expansion if one compares it to recent exports to other main trading partners (UK, US and Germany).

In the field of investment, though the Japanese government did impose ban on investing in South Africa due to international pressure, however few manufacturing firms continue to invest. With the end of apartheid the Japanese private sectors has been making dramatic investment within South Africa. Keeping in mind the economic security of Japan, government of Japan have been supporting the private sectors. Despite of Japan's apparent commitment to invest, the Japanese investment in South Africa appears to be low when compared to US or the European countries. It is only the automotive sectors, which have managed to incite significant Japanese interest.

Among the sectors that have managed to attract investors, it is the South African automotive industry that has attracted substantial investment. The reason for this has been the implementation of the Motor Industry Development Programme (MIDP) in 1995 which enables auto manufacturers to import components and vehicles duty-free depending on the value of their locally produced exports.

Over the years there have been some noteworthy investments by Japanese companies in both South Africa and the surrounding region. The recent years have shown that the Japanese companies have significantly increased its presence in South Africa to 78.

One important approach that Japan applies in regard to Africa is the TICAD. Having introduced in 1993, it is a mechanism of Japan's foreign policy towards Africa. Through it Japan has been highlighting Africa's developmental problems and has led to a lot of developmental projects in Africa. So far Japan has initiated four conferences the latest being held in 2008. While analysing the TICAD, it is assumed that there are more other diplomacy than the developmental projects that Japan has been initiating. One of the main findings was that Japan in desperate to gain a permanent seat in the much talk about the expansion of the UN Security Council seat, is attempting to gain the support of the African countries, thus turned its attention towards Africa and began to initiate TICAD. It is also found that as the enlarged Security Council might include either Nigeria or South Africa, Japan and South Africa began to built their bilateral relations in a bit to support each other in gaining the UN Security Council seat.

Another assumption of Japan's new attitude towards Africa in introducing TICAD is that if Tokyo is able to assist in restructuring Africa into a viable economic entity, and hence a buoyant market for Japanese products, then it might be able to inject its companies with a new lease of life to redeem Japan from its economic problems. For expanding its economy in Africa, Japan's need for capturing South African market becomes crucial as Japan viewed South Africa as a gateway to Africa. Hence the TICAD becomes crucial in projecting its ambitions.

Regarding the ODA, Japan attaches special importance to South Africa, as Japan states that the stability and development of South Africa is important for the development of Africa as a whole. In the aftermath of apartheid, Japan began to adjust its policy of aid towards South Africa in a bid to assist South Africa for its reconstruction and development process. While comparing South Africa's share of Japan's ODA with that of Africa as a region, it was found that South Africa receives by far the largest chunk of figures. However, the over the years due to fiscal austerity, Japan's ODA budget continues to decline. And it has an impact on Japan's ODA

disbursement to South Africa. The decline in ODA budget might have a consequence on the Japanese aspiration of showcasing as a major power which has been highlighting in the TICAD initiative.

Though there are ample scope for building the relationship between South Africa and Japan, especially in the context of recent rush for acquiring raw material in the African continent, however there are obstacles too. One of these is the rising engagement of Asian neighbours with South Africa. With the emerging economies of Asian countries especially China, actively engaging to capture the South African market, it would be a repercussion on the part of Japan to perform its expansionist policy.

However despite these implications, the relations between South Africa and Japan continue to be in the right footing as has been indicated by the trade figures (except for the year 2009 when the trade balance between the two countries declined) and increasing diplomatic visits from both sides. One important finding of the research was that during the 15 years of relation (1994-2009) between South Africa and Japan, there is not much issues involved as compared to the issues during the apartheid period.

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