

Trade and Investment between Japan and China

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Until the 1970s, Sub-Sahara Africa was an important market for Japanese textile goods and light industrial products.

However, the Japanese industrial structure evolved, and heavy and chemical industries came to dominate beginning in the late 1960s. Along with this, importance of Sub-Saharan Africa as an export market for Japan decreased. Japanese companies disinvested from the region due to nationalization/localization, and the unfavorable political or economic situation in the region.

In the 1980s, Japanese trade with and investment into the region continued to decrease, remaining sluggish up until 2000. The share of the Sub-Saharan region in Japan's total trade accounted for 1-2% during that period.

The surge in mineral resource prices in recent years has increased the importance of Sub-Saharan Africa as a source of crude oil supplies for Japan. Japan started to import oil from Sudan, Angola, Nigeria, and Equatorial Guinea. Japanese exports to the region, which are dominated by transport equipment, have picked up as well.

South Africa is still Japan's most important trade and investment partner in the region, accounting for more than 50% of its trade there. South Africa is a major source of metals such as platinum, chrome and manganese, and is an importer mainly of machinery and transport equipment from Japan. South Africa is a manufacturing base for Japanese car manufacturing companies for exports to the rest of the region and to the European market. However, they are facing a number of challenges, among them improving the quality of products for the export market.

Japanese trading houses have started to look for business opportunities in the mining sector in Sub-Saharan Africa. Mining majors such as Rio Tinto and BHP Billiton are already engaged in exploration activities in the region. Japanese companies, who are at a disadvantage in terms of purchasing and capital power, are struggling to find new business models to compete or cooperate with the mining majors.