FROM TOKYO TO JOHANNESBURG

A Study of Japan's Growing Economic Links with the Republic of South Africa

by Yoko Kitazawa
February 1, 1975

PREFACE

This publication is being jointly published by the Program to Combat Racism of the World Council of Churches and the Interfaith Center on Corporate Responsibility.

It is a unique study of the "tie that binds," a careful review of the mushrooming economic relationship between Japan and the Republic of South Africa. This growing economic relationship has been the subject of considerable discussion at the United Nations. However, the kind of detailed documentation necessary for an informed understanding of this economic link has not been researched and published under one cover until now.

Ms. Yoko Kitazawa spent July and August of 1974 in Southern Africa gathering research on Japan's business ties with South Africa and the implications of those links. Her research was sponsored by the Program to Combat Racism of the World Council of Churches, by the National Christian Council of Japan, and the Interfaith Center on Corporate Responsibility. Ms. Kitazawa is a free lance journalist widely traveled, and an expert on Japanese economic involvement overseas. However, she is not a detached scholar but is active politically in Japan.

The fruits of this research are already blooming. In late 1974, after testifying before three U.N. Committees, Ms. Kitazawa returned to Japan. In late 1974 Japan's purchase of uranium ore from Namibia was discussed in the Japanese Parliament. While the Government said it followed the U.N. position on Namibia, Members of Parliament quickly pointed out the contradiction of buying this uranium. As a result it seems that imports of Namibian uranium will cease.

Sizable bank loans to South Africa have also been stopped.

The implications of the growing friendship between Tokyo and Johannesburg need to be carefully considered. We are hopeful that the publication of this study will be an important step in analyzing and stopping Japan's partnership in apartheid.

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INTRODUCTION

On April 1, 1960, in the wake of the Sharpeville Massacre, the United Nations Security Council voted to condemn apartheid in South Africa. Since that time there have been numerous resolutions in the Security Council and General Assembly condemning apartheid. The Japanese government has taken a number of measures to support these resolutions.

In 1968, the government of Japan took action to prohibit Japanese companies from any direct investment in South Africa. In May of that year, when sanctions were voted by the Security Council against the illegal regime of Ian Smith in Southern Rhodesia, Japan joined in supporting the sanctions and closed down its Consulate General in Salisbury. In referring to that occasion, the Japanese Ambassador to the United Nations declared on October 24, 1974, in testimony before the Fourth Committee:

... I wish to declare that the government of Japan is strictly enforcing sanctions, and that Japan has neither trade nor any other relations with the minority regime in Salisbury.

With regard to Namibia, the Japanese delegate, Mr. G. Akatani, stated on October 14, 1969, that:

In complete disregard of Security Council Resolutions 264 and 269, the government of South Africa continues to occupy illegally the territory of Namibia and, moreover, to entrench there the APARTHEID system which is condemned by virtually all member states of this Organization.

The delegate further declared that Japan "has no capital invested either in Namibia or South Africa, or in any part of Southern Africa for that matter."

In June, 1974, the Japanese Government took action to prohibit sports, cultural or educational exchange with South Africa. Further, when His Excellency, Mr. Edwin O. Ogbu, Chairman of the Special Committee on Apartheid, reported to the press on his committee's mission to Japan in September of this year, he stated:

As regards trade, the (Japanese) Foreign Minister said that Japan had not taken any steps to promote trade with South Africa. He assured us that views expressed by the delegation would be considered positively in consultation with other ministries concerned, especially the Ministry of International Trade and Industry.

These are the stated positions of the Japanese Government with respect to the White minority-controlled governments of Southern Africa. This report is submitted as the result of an investigation into actual Japanese corporate involvement in that region in order to ascertain the extent of the difference between stated policy and actual practice.

For, as the following pages indicate, Japan has almost from the day it first agreed to support the U.N. resolution condemning apartheid, violated the spirit of this resolution and made a mockery of its own official policies by its business practices.
Japan's business relationships with White minority-ruled South Africa began in the early 1960's in the aftermath of the Sharpeville Massacre and the resultant declaration of a state of emergency. Throughout the 60's, Japan's business activities in the country were mostly in the realm of trade, with Japan importing raw materials and exporting finished industrial goods to South Africa, in a pattern characteristic of Japan's post-war overseas economic expansion. During this period, trade between Japan and South Africa increased 500%. For example, Japan's imports from South Africa were R30 million and Japan's exports R41 million in 1960. In 1970 those figures amounted to R181 million and R221 million respectively. (1)


In the years following 1970, the Japanese economic advance into South Africa increased on a much greater scale. This coincided with the South African Government's policy of industrializing and modernizing the economy, a process which had been intensified in the mid-1960's. Under this policy, the minority regime in South Africa has concentrated on heavy industrial development, particularly manufacturing, and shifted away from a former dependence on agriculture and mining. This led to a massive ~ of foreign investments into South Africa. By the middle of 1971, the value of production in the manufacturing sector had reached 23.6% of the country's GNP and was equal to the total contribution from both mining and agriculture. (2)

A few illustrative examples confirm this development. In July, 1970, South Africa's state-financed Iron and Steel Corporation (ISCOR) sent a mission to Japan headed by its chairman, Dr. T.F. Muller, to promote its ambitious Sishen-Saldanha Bay Project. (3) Muller made a request that Japan's iron and steel industry provide massive long-term loans for the project and proposed to Japan that South Africa would provide a long-term supply of iron ore and coking coal for export to Japan and would purchase Japanese plants and related materials for ISCOR's expansion.

In November of the same year, (1970) Japan sent to South Africa a 10-man mission, made up of representatives of six major iron and steel corporations and four major shipping companies. (4) This mission surveyed the possibilities of Japan's participation in South Africa's large-scale development plan, which was so vital to Vorster's industrialization policy. These exchanges of delegations generated a considerable enthusiasm in Japanese business circles.

For instance, Mr. Yoshio Tsuji, Chairman of Nissho-Iwai, fifth-ranking among Japan's trading firms, issued a press statement indicating he was convinced that the South African Government's racial policies might be altered if the economy developed. He also announced that Nissho-Iwai had decided to open a branch in Johannesburg. In the following year, 1971, all of Japan's top-ranking trading firms successively established branch offices in South Africa. (5)

Meanwhile, Japan's major automobile and electric appliance industries began to set up assembly plants in South Africa. Japanese brand names such as Toyota, Datsun, National and Hitachi began to appear throughout the Southern African

* South African Rand equivalent is about 1.5 U.S. dollars
market, and began also to be re-exported to Southern Rhodesia, thus undercutting U.N. sponsored economic sanctions. On January 8, 1973, automatic telex communication lines between Japan and South Africa (including Namibia) went into operation. (6)

Most important, in 1971 negotiations were begun on long-term contracts to export South African mineral resources, such as coking coal, iron, manganese and chrome ores, to Japan.

Today there are more than 70 Japanese firms which have representatives and offices in South Africa. (7) Industries such as auto, electrical appliance, electronics, and rubber have established (franchise-holding) subsidiaries for manufacturing and assembling. In the 1970's the amount of trade between Japan and South Africa spiralled to the extent that Japan is today the almost sole purchaser of South Africa's iron ore exports and buys more than 50% of South Africa's 1 million tons of sugar exports.

Imports from South Africa of chrome, manganese and asbestos amount to 54%, 44%, and 33% of Japan's total imports of these items in 1973. (8) These figures no doubt included quantities of Rhodesian products among the South African mineral resources shipped to Japan. This fact has been pointed out by both the U.N. and the O.A.U.

In comparison with other African countries, Japan's imports from South Africa equalled 51% of the total amount imported from all Black African countries combined, and her exports to South Africa were equal to 67% of total exports to Black Africa. (9) Since 1972, Japan has become the fourth largest trade partner of South Africa, the total amount of trade between these two countries in 1973 exceeding for the first time one billion dollars. In 1973, Japan's imports from South Africa jumped 31% over the previous year, while exports leaped 64%. (10) The rapid growth rate of Japan-South African trade represents an alarming tendency, which is not found among the other major trade partners of South Africa such as the United Kingdom or the United States.

The advance of Japanese corporations into South Africa's economy runs directly counter to the official Japanese Government stand on apartheid. The Japanese Government has supported U.N. resolutions which opposed racial discrimination in Southern Africa, has forbidden Japanese firms to invest directly in South Africa since 1968, and has repeatedly pledged to Black African states that Japan's trade with South Africa would be curtailed. However, rhetoric and reality are quite unrelated in this case. In reality, economic collaboration and financial support for the South African Government has increased more from Japan than from any other nation. Japan has joined the other big powers as a major support for apartheid.

SECTION 1  JAPAN'S COMMITMENTS IN SOUTH AFRICA'S INDUSTRIAL DEVELOPMENT PROJECTS

Faced with dual threats from the advance of the national liberation movements in her "buffer states" like Mozambique, Angola, Namibia, and Rhodesia, and a growing militancy of the Black population within the country, South Africa's White minority regime has chosen a path of rapid industrial development to strengthen
its position and to maintain its apartheid system, including a capacity for independent production of strategic military weapons.

Five major development projects designed by the government are: (11)
1) Sishen-Saldanha Bay Development Project (Iron Ore)
2) St. Croix Island Port Facilities Expansion Plan (Manganese Ore)
3) Richards Bay Expansion including a new Railway link from Witbank (coal)
4) ISCOR's Expansion Plan
5) Orange River Project (electricity)

The South African Government made it clear that these projects would have to be carried out with the help of a massive influx of foreign capital, in the form of investments and loans. Therefore, the Japanese business advance into South Africa was a planned response to projects set up by the government of South Africa. In each of these massive projects there is substantial Japanese involvement.

1. Sishen-Saldanha Bay Project

In July 1970 the South African Government sent a mission headed by ISCOR's chairman, Dr. T. F. Muller, to request that Japan's iron and steel industry provide a long-term loan to this $380 million project. (1970 figure) (12)

The Sishen-Saldanha iron ore export project includes three major aspects:
1) The development of an export mine at Sishen in the Northern Cape.
2) The construction of an 860 km. rail-link from the mine to Saldanha Bay which is North of Capetown.
3) The construction of a sizable steel mill at Saldanha Bay.
4) The construction of port facilities at the Bay.

According to the South African Digest of February 23, 1973, this project "is one of the biggest development schemes to be undertaken in South Africa for decades. The Government's decision to proceed with it comes after a full investigation of an interdepartmental commission of inquiry. The South African Broadcasting Commission said it marks the beginning of a new phase of promoting prosperity at home, while maintaining a healthy balance in South Africa's transactions with the outside world"

The importance of this new link between Japan and South Africa should not be underestimated.

Japan's own iron and steel industry had projected an increase in production to 150 million tons a year by 1975. However, this growth project was totally dependent on imports for the basic iron ore and coking coal resources necessary and this dependency was heightened by the concentration of sources from which the raw materials were obtained. (Australia provides 40% of Japan's total imports of these two materials.)

ISCOR, in its negotiation with Japan, made it clear that if Japan agreed to participate in the Sishen-Saldanha project and helped finance it, ISCOR was ready
to assign a total of 140 million tons of Sishen iron ore for export to Japan and would lift further restrictions on the export of coking coal to Japan. (13) Above all, South Africa made clear that it was ready to launch a joint venture to construct numerous steel mills in addition to the Saldanha mills, including a large number of blast furnaces within the vast projected expansion plan of ISCOR. (14)

Following the ISCOR visit to Japan, Japan's industrial leaders concentrated their hopes on the South African project as a future source of raw materials. A partnership for dealing with the project was formed by Mitsubishi Corporation, Mitsu Mining and Nissho-Iwai, and this began to study possible involvement. (15) Nissho-Iwai had already in 1969 established a branch office in Johannesburg and Mitsu opened a similar office in February 1970. In July 1970 Mitsubishi set up a subsidiary in South Africa, with the intention of getting the jump on Japan's participation in the entire ISCOR's development project. As a sign of the expanding Japanese interest in South Africa, Mr. Fumihiko Kono, chairman of the Mitsubishi Heavy Industries Company, a leading firm among the Mitsubishi group and Japan's largest arms manufacturer, was elected chairman of the Africa Committee of the Japan Economic Federation (KEIDANRAN). (16)

In fact, in July 1971, the leading firms in the Japanese iron and steel industry petitioned the Japanese Government to lift the ban on direct investment to South Africa. (17) They stated that Japanese business should be given the same chance as Western companies which operate in a framework that allows the establishment of subsidiaries and permit loans to South Africa.

The Official Bulletin of the Ministry of Industry and International Trade on October 20, 1971, reported Japan's financing of the Saldanha ISCOR project had not been finalized in 1970 due to the particular political situation of South Africa and a possible Japanese industrial recession in the future. But during 1970-71, Japan's participation in the overall ISCOR's large-scale project had been steadily progressing. For example, in early 1971, Mitsubishi Heavy Industries obtained an order from ISCOR for steel rolling mills and Hitachi also got an order for billet steel mills.

The report of the Ministry indicates that the deal between Japan's iron and steel industry and ISCOR had many more faces than that of the Saldanha project.

On April 5, 1973, the Sishen-Saldanha Bay project was given its final stamp of approval by the South African Government. Under the terms established, ISCOR was enabled to proceed with the undertaking. (18) Construction work commenced and it was expected that the first ore from the new mine at Sishen would be conveyed over the proposed railway line and shipped from Saldanha Bay in 1976.

In 1973 with the official approval of the South African Government, ISCOR's chairman, Dr. Muller, paid another visit to Japan. (19) He stated to Japan's iron and steel industry that ISCOR planned to export 15 million tons of new Sishen iron ore a year starting in 1976, 2/3 of which (10 million tons) would be supplied to Japan. He urged Japan's industry 1) to sign a long-term contract for purchase of the products and 2) to provide Japanese plants and related material for construction of the projects. He thus asked for two guarantees.

The fact is that Japan's iron and steel industry was aware of the growing difficulties in securing an uninterrupted flow of mineral resources from overseas, as well as problems in finding sites for new plants domestically.
because of the environmental movement in Japan and therefore planned a series of overseas industrial projects. The Saldanha Bay project was listed as the top priority item among these projects.

On June 12, 1973, Mr. Tomisaburo Hirai, chairman of Nippon Steel, the world's biggest producer of steel, called a press conference in Tokyo a few days prior to the scheduled arrival of a mission from ISCOR, headed by Dr. Muller. (20)

According to the Asahi Evening News of the 13th of June:

"Mr. Hirai said Japanese participation, if it materializes, would take the form of joint investment by several major steel firms. Import of pig iron and semi-finished steel products for final processing in Japan would also be considered."

Mr. Hirai's "Japan investment" statement created international repercussions and at the same time greatly embarrassed the Japanese Government which had officially forbidden investment. Nippon Steel Corporation, immediately after the press release, denied press stories reporting "investment." However, despite the official cancellation, a spokesman of the Nippon Steel Co. told the press that the industry was "keeping its options open." (21)

Meanwhile, Kobe Steel Company, Japan's fifth largest steel maker, announced a plan for a joint venture with Voest of Austria, to build a semi-processing steel mill at Saldanha Bay. (22) In June, 1973, when he visited Japan to negotiate with the six major iron and steel firms, Dr. Muller revealed the whole picture of the proposed project to Japanese participants. (23) Estimated capital cost was R600 million and with interest included might be raised to to R1,000 million when completed. (24)

The proposed project included:

1) an ore treatment and handling plant at Sishen
2) the construction of a railway line between Sishen and Saldanha Bay
3) complete ore handling and ship loading installations at the harbor for 500,000 ton carriers
4) repair facilities for very large crude container vessels
5) a steel processing mill at Saldanha Bay with an initial annual capacity of 5 million tons of semi-finished products.

ISCOR would hold 51% of the shares in the Saldanha steel mill, while Voest indicated that it would hold a minimum of 26%. The remaining shares might then be divided among other possible partners. (25)

In addition, repair facilities at Saldanha Bay were regarded as strategically important for ships forced around the southern tip of Africa by the closure of the Suez Canal. After international concern had already been focused on the controversial issue of Japan's investment in the project, Dr. Muller made a report of the mission's visit. (26) He explained that Japan's investment in the project was "not ruled out." (27) ISCOR, according to the report, had signed three long-term sales contracts with Japan. Under the first, Japan would purchase a large volume of semi-finished steel products from ISCOR's Saldanha steel mill starting in 1976, according to the following schedule: (28)
<table>
<thead>
<tr>
<th>Years</th>
<th>Total Production</th>
<th>Export to Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>5 million tons</td>
<td>3 million tons</td>
</tr>
<tr>
<td>1977</td>
<td>13 million tons</td>
<td>7 million tons</td>
</tr>
<tr>
<td>1978</td>
<td>17 million tons</td>
<td>9 million tons</td>
</tr>
<tr>
<td>After 1979</td>
<td>19-20 million tons</td>
<td>11 million tons</td>
</tr>
</tbody>
</table>

Secondly, Japan signed two contracts for the Sishen iron ore. The first contract was signed with state-controlled ISCOR and ensured that Japan would import annually 7 million tons of iron ore from the Sishen mine. The second contract stipulated that another five million tons of iron ore would be purchased from private firms, 3 million tons from Consolidated African Mines and 2 million tons from Associated Manganese. Sishen mines are estimated to produce 10-15 million tons a year.

Japan's import contracts for South African iron ore are reported to total $1,500 million, spread over a 12-15 year period, starting also in late 1976. As mentioned earlier, the South African contracts are seen as an important way of reducing dependency on Australia.

In 1973, for instance, the total amount of iron ore imported from overseas was 137 million tons, 67 million tons of that coming from Australia. South Africa provided only 2.4 million tons. (29) However, Japan's new contracts with South Africa appear to be a first attempt to diversify overseas purchases.

Previously, Japan had only imported pig iron from ISCOR. In 1964 Yawata Steel Co., prior to its merger with Fuji Steel into Nippon Steel, had signed a R140 million contract to purchase ore from South Africa's AMCOR at New Castle. In 1970 the AMCOR-Yawata contract was transferred to a new ISCOR-Nippon Steel contract, and it was completed when in August 1974 the last consignment of 4.5 million tons of pig iron was shipped to Japan. (30)

2. St. Croix Terminal Harbor Construction Plan

Japan's iron and steel industry has also had negotiations with Consolidated African Mines, a South African private company which belongs to the Anglo-American group, over the purchase of iron ore, along lines similar to the Japan-ISCOR deals in the Sishen-Saldanha Bay Project. As was stated above in the section on the import of Sishen deposits, the South African side preferred all negotiation to be conducted exclusively with ISCOR. However, Japan demanded that certain private companies such as CAM and AM have a share in the contracts.

The Japan-CAM iron ore negotiations were begun at almost the same time that ISCOR sent its first mission to Japan on the Sishen-Saldanha project. In September, 1970, the chairman of Arnold Wilhelmi Co., subsidiary of CAM, requested several of Japan's iron and steel companies such as Nippon Kokan Co. and others to participate in CAM's large-scale iron ore development project. (31) It is reported that the CAM deal with Japan was backed by the South African Ministry of Transport.

Regarding the Sishen-Saldanha Bay Project, it is worthwhile to mention some internal conflicts which exist within White minority ruling circles. Traditionally, South Africa's railways and harbors are owned by the State and administered by the Ministry of Transport. However, when it became clear that the new Saldanha-Sishen
railways would be run exclusively by ISCOR, the Ministry of Transport became alarmed and began to resist the project. This became a personal point of conflict between Mr. Ben Schoeman, Minister of Transport and Dr. Tommy Muller, Chairman of ISCOR. (32)

Mr. Schoeman reported to the South African Parliament on March 1972 that CAM's massive iron ore export contract with Japan was about to be signed on the condition that the ore terminal facilities at St. Croix Island in Algoa Bay were completed. (33) He stated that Japan's iron and steel industry requested CAM to produce written evidence that iron ore would be shipped from the St. Croix terminal.

The 1971 agreement between CAM and Japan, a 16-year contract to provide 70 million tons of iron ores to Japan, would only become effective when the St. Croix port was expanded. The agreement stated that CAM would ship 2.5 million tons a year of iron ore to Japan in the first three years; 3.5 million tons in the next two years; and then 4 million tons yearly for the next ten years. In the final year it would be increased to 15 million tons shipped to Japan. (34)

This particular iron ore export contract of CAM has not yet been finalized because of internal conflicts in South Africa over questions involving the merits of Saldanha Bay and St. Croix as port projects.

However, CAM's chairman, Mr. Peter Wilhelmi, upon his return from Japan, announced that CAM had signed a $100 million contract to supply the Japanese steel industry with 8.6 million tons of manganiferous ore over 11 years beginning in 1977. (35) Deliveries for this contract could go up to 11 million tons per year. In the interim between 1974-1977, Japan agreed to take more than 400,000 tons of manganiferous ore from CAM's subsidiary, Arnold Wilhelmi. (36)

With this new contract, CAM was to open up a new mine near Sishen. CAM's contract substantially strengthened the case for the proposed offshore ore loading facilities on St. Croix Island. CAM publicly announced that it had applied in August 1973 to build the St. Croix terminal with a capacity of 4-5 million tons per year. (37) In fact, it was reported that South Africa planned to provide an ore terminal at St. Croix Island to be used exclusively for export of manganese ore to Japan. By 1975, it will have a capacity to handle 4-5 million tons a year and after 1982, it will be augmented to 10 million tons annual capacity, 5 million of which will be shipped to Germany and other European countries. (38)

In spite of internal pressures, in August 1974 the South African Government gave a go-ahead signal to the St. Croix ore terminal scheme. (39) However, its rival, the Saldanha Bay project of ISCOR was also well underway and was supposed to have been given first priority over the St. Croix terminal. Meanwhile, South Africa's private enterprise in its manganese and iron ore contracts will find it necessary to locate export ore handling facilities for an extra 6 million tons from early 1977.

3. Richard's Bay Expansion including a new Rail Link from Witbank

As has been already reviewed, Japan's long-term purchase contracts of both iron ore and manganese ore have been vital for the success of both the Sishen-Saldanha Bay project and the St. Croix terminal expansion project.

South Africa's coking coal export in turn is important for Japan's iron and steel industry. According to 1970 production figures, the Japanese steel industry used
60 million tons of coking coal per year, of which only 9 million tons were mined in Japan. The U.S. supplied 26 million tons; other suppliers included Australia, Canada, U.S.S.R. and Poland. (40)

In November 1970, Japan's steel industry requested Mr. G. J. Steyn, the Secretary of Commerce of South Africa, to lift restrictions on the export of coking coal for steel mills in Japan. (41) In July 1970 the Mitsui & Co.-related Mitui Mining group signed a long-term technological assistance agreement with South Africa's Transvaal Coal Owner's Association (TCOA). (42) In March 1971, seven Japanese steel mills and cokeworks finalized with TCOA a contract for the import of 27 million tons of coal. (43) According to this contract, TCOA would start to export at the rate of 450,000 tons a year, shipping at first from Lourenco Marques in Mozambique. Then exports would be increased to 3 million tons per year for 10 years from 1976, when a railway link from Witbank to Vryheid would be built and a fast loading plant installed at the new Richards Bay harbor. These facilities, it was said, would probably require an additional R100 million for construction.

EOB value of the coal would total over $364 million and would be paid in U.S. dollars. This contract gave South Africa its first opportunity to enter the international coal market under long-term contracts. (44)

However, the 1971 contract ran into serious problems. The Lourenco Marques harbor was hit by workers' strikes which stopped shipment of 450,000 tons to Japan. Not until mid-November, 1973, did the first 16,000 tons consignment which had come from the South African Coal Estate at Witbank embark from Lourenco Marques. (45)

In October 1973 the South African coal industry renegotiated a 27 million tons export agreement with Japan. (46) The new agreement incorporated a number of revisions to the original contract negotiated in 1971. This contract, originally worth $350 million, was likely to earn South Africa 40% more income. The first shipments to Japan were scheduled for April, 1976. The export route for the coal would be from the Witbank; Transvaal coalfield over a new rail system to Richard Bay, Natal, where an extensive new harbor is under construction. The coal was to be supplied over 11 years instead of 10 years as formerly agreed.

4. ISCOR's P2500 million Expansion Plan

All of the three previously mentioned projects in South Africa are related to the development of underground mineral resources as well as an expansion of infra-structures which guarantees the export of these mineral resources. Japan's massive long-term purchase contracts of these products are the means to assure the commencement of these projects.

ISCOR, the state-controlled iron and steel corporation, revealed a R900 million expansion project involving its steel mills at Newcastle and Vanderbijlpark in July, 1970.

In November 1973, ISCOR announced a new R2500 million ten-year expansion plan. (47) According to this plan, ISCOR was to invest R200 million in its Pretoria works, R730 million to the Vanderbijlpark works, R1400 million to Newcastle works and R130 million in mine and quarry extensions. Thus ISCOR planned an increase by 1983 of 10.5 million tons of iron and steel production a year. Of this, the Pretoria works would produce 1.5 million tons, Vanderbijlpark, 6 million, and Newcastle,
In June 1970, when the ISCOR mission negotiated the Sishan-Saldanha project, Japan's iron and steel and heavy machinery industries decided to join an international tender for the then R900 million steel plants tenders of ISCOR. Among those Japanese firms were Nippon Steel (world's largest steel producer), Mitsubishi Heavy Industries (Japan's largest heavy machinery manufacturer), Ishikawajima Harima Heavy Industries (Japan's second largest machinery maker), Nippon Kōkan (second largest steel maker), shipbuilding and engineering corporations such as Hitachi, Mitsui and Kawasaki Heavy Industries (which rank 3rd, 4th and 6th in shipbuilding).

In 1971 a group consisting of Nippon Steel, Kawasaki Heavy Industries and Mitsubishi Heavy Industries negotiated for the sale of a cold rolling mill to ISCOR. Another group consisting of Hitachi and Marubeni, Japan's third largest trading firm, also negotiated a contract with ISCOR to supply a billet rolling mill for ISCOR's Newcastle works at a price of about Y3500 million ($12 million). Later, the Hitachi-Marubeni group joined with a West Germany company, Demag. Demag succeeded in getting an order from ISCOR to purchase a steel mill. Hitachi Shipbuilding & Engineering then agreed to manufacture a large portion of Demag's order under sub-contract. The contract was finally signed in March, 1972.

The Japan-ISCOR deals for the sale of large steel plants were carried out while the yen was floating. Therefore, an assurance from ISCOR to absorb any exchange losses and easy-term loan financing guaranteed by the Japan Export-Import Bank to the Japanese firms was an obvious prerequisite. The Bulletin of the Ministry of International Trade and Industry on October 20, 1971, reported that early in 1971 both Mitsubishi and the Hitachi groups succeeded in obtaining the orders from ISCOR. Mitsubishi's contract meant that Mitsubishi Heavy Industries represented by Mitsubishi Corporation got a $33 million order from ISCOR. The contract was to supply a semi-continuous steel hot rolling mill (with a universal roughing mill, six finishing mills and two down coilers) at Vanderbijlpark, to be completed in the latter half of 1974. Mitsubishi disclosed that the order was accepted and a contract signed on a Rand basis using Japan's Exim Bank deferred payment financing. For Mitsubishi, this was the largest single export in recent years, totaling 15% of its yearly export overseas. Mitsui Shipbuilding & Engineering and the Mitsui Company group obtained a R50 million contract for building an oxygen furnace at ISCOR's new Newcastle plant. This was said to be the largest "prize" in the machinery field that South Africa had ever signed so far. It was explained that this was because Mitsui was the agent in the Japan-South African coal deal.

In February 1972 Chugai Ro Kögyō, Japan's top maker of industrial heating furnaces, in cooperation with its export partner in the United Kingdom, began to negotiate with ISCOR to export a billet heating furnace.

In March 1973, Nippon Steel sent a team of engineers to ISCOR following the closing of a contract to provide $10 million worth of hot coil lines for ISCOR's Newcastle and Vanderbijlpark Mills.

Also, in January, 1973, Mr. Ando, Executive Director of Kawasaki Heavy Industries Co, visited ISCOR in South Africa, in order to finalize the 1971 Nippon Steel-Kawasaki group's negotiations with ISCOR for sales of $70 million worth of steel mill equipment. On his return to Tokyo, he stated, "With cheap land cost (3.3 meters land cost ¥25), cheap cost of electricity (1 kwh, ¥27) and cheap Black workers' wages (monthly ¥16,000) in addition to an abundance of coal and iron ore deposits,
South Africa might become one day a serious competitor to Japan's steel industry which still enjoys the largest production volume in the world. " (54)

Evidently, his visit to South Africa and his profit-oriented appraisal of ISCOR brought considerable ISCOR orders for his firm. Today the Kawasaki Heavy Industries is regarded as one of the most successful businesses in South Africa.

In August 1974, Mr. Michio Murai, representative of Kawasaki's branch office in Johannesburg, stated that Kawasaki planned to install six furnaces for ISCOR steel works at Newcastle and Vanderbijlpark. According to Mr. Murai, these works are nearly completed. The third furnace will be installed at Vanderbijl Park by March 1975 and a third one at Newcastle by June 1975. (55)

These massive commitments by Japan's heavy industries in ISCOR's grand expansion scheme have been categorized as plant exports in Japanese Government statistics. This is characteristic of Japan's heavy industry, which refrains from setting up subsidiaries overseas through direct investment, in contrast to U.S. and European multinational corporations. However, this does not detract from the importance of Japanese involvement in these industrial projects.

According to a statement of the Bank of Japan published on October 8, 1974, Japanese overseas investment only totaled the equivalent of $5.9 billion as of July 1974, and despite its gigantic GNP, the third in the world, Japan's overseas investment was equivalent to only 4.2% of U.S. foreign investment and 38% of West Germany. (56)

Instead of directly investing overseas, Japanese firms aided by long-term export loans supplied from Japan's Exim Bank aim at obtaining orders to export plants and equipment instead of capital.

The rapid growth of Japan's exports to South Africa has drawn international criticism, and on May 1974, the Japanese Government announced its ban on the use of Japan's Exim Bank loans to South Africa. However, an official of Exim Bank admitted quite frankly that the government's decision would not cause any substantial policy change since most of the Japan steel plant exports to ISCOR had already been financed. (57)

5. Orange River Development Project

In the early 70's, South Africa's Electricity Supply Commission (ESCOM), launched its R1000 million Orange River Development Project, the largest project ever undertaken in the country. (58) The key sector of the project is believed to be ESCOM's construction of the Van Der Kloof (P.K. le Roux) Power Plant on the Orange River. Two major electrical equipment manufacturers in Japan, Hitachi Co. and Tokyo Shibaura Electric Co, obtained in August, 1973, an order worth $10 million to provide two sets of hydro-electric power generator equipment to be delivered to ESCOM. Tokyo Shibaura Electric undertook the manufacturing of power generators and Hitachi the manufacturing of water mills. (59)

6. South Africa's Maritime Project

The preceding economic development plans in South Africa were assured by expansion of mineral exports to Japan, which in turn created a need for considerable expansion of South Africa's shipping services. Early in 1964, a new South African company,
the Impala Shipping Line came into existence to concentrate on the growing trade between South Africa and Japan. The line was operated jointly by South African and West German interests on an initial investment of $250,000 by a South African concern. In the beginning South Africa chartered vessels from overseas. Gradually, however, South Africa started to buy her own ships and sail them with South African crews under South African registration. (60)

Also in 1964, South Africa Sugar Carriers negotiated a contract with Mitsui Shipbuilding & Engineering Co. of Japan to build at the Fujinagara Shipyard in Osaka a 26,600 ton bulk carrier scheduled for delivery in March 1976. South Africa Sugar Carriers had been formed jointly by the South African Marine Corporation (SAFMARINE) and South Africa Sugar Association in March 1964, primarily for shipping South African sugar to Japan. (61) SAFMARINE, in coping with the rapid increase of the country's oil imports from Iran, ordered three super tankers from the Kure Dockyard of Ishikawajima Harima Heavy Industries in Japan.

Louwrens Muller, South Africa's Economic Minister, visited Japan in August 1972 for a week where he launched a 266,000 ton tanker, the last of three, "Sinde," due for completion in November 1972. (62)

The first 217,400 ton tanker, "Kulu," was completed in October 1971 and the second one, "Gondwana," in January 1972. (63)

In conjunction with missions to advise on shipping problems in South Africa, the Japanese have also acted as consultants to the South African Railways. A special mission of railway experts visited South Africa in 1966, and the Japanese have been concerned with the railway problems of the proposed Saldanha project. (64)

Japan's heavy commitment into the South African grand industrial development projects culminated in the speech of Louwrens Muller, South African Ministry of Economy, when he made public the so-called "Policy on Japan" in August 1973. (65)

At a press conference Minister Muller said, "South Africa is willing to expand and develop economic relations with all countries. In particular, Japan is considered as one of the best markets for South Africa's resources. South Africa is ready to guarantee a long-term and stable supply of her resources to Japan." And as for the "non-investment" policy of the Japanese Government, Muller argued that Japan differentiates economic policy from politics, and he emphasized that an economic boycott against South Africa would not work.

Immediately after Muller had made this statement, Japan's iron and steel industry sent a mission to survey the possibilities of long-term stable imports of iron ore from Africa. The mission visited four countries - Angola, Ivory Coast, Guinea and South Africa in four weeks starting in September, 1973. (66)

Japanese businesses are closely linked to South Africa's massive development plans. The major characteristics of Japan's involvements in the plan are 1) long-term stable guarantees in importing mineral resources, and 2) Japanese supply of equipment for construction and expansion of South African plants. Despite the rhetoric of the Japanese Government at the U.N., Japanese business works closely with and strengthens the White minority regime and its official policy of apartheid.
Section II: Uranium and Nuclear Power

South Africa and Namibia have approximately 26% of the uranium reserves of the western world, being second only to the United States. (67) Currently South African annual production is well below actual capacity; in 1972 it produced 4000 tons of uranium oxide, 16% of total world production, but output can be rapidly expanded as world demand increases. (68)

Recently Japan has begun to shift her dependency on energy resources from oil to nuclear power. This process becomes increasingly urgent as the price of oil, which Japan has to import, rises rapidly. In June 1973, Japan's Atomic Energy Commission published a "Long Term Nuclear Development and Utilization Programme" which outlined future strategy. Nuclear power today contributes only 2% of all electricity generated in Japan. By 1985, according to the Programme, 60 million kwh, some 24%-26% of all Japan's electrical power, will be derived from nuclear sources. Japan does not have the internal reserves of uranium necessary for the fueling of nuclear power generators, so that the purchase of uranium from overseas is vital for its future energy program.

The purchase of uranium from overseas is generally based on long-term contracts. By December 1973 Japan's electric power companies had already signed such contracts covering the purchase of 80% of estimated uranium import needs for a 10-year period beginning in 1975. (70) Under these contracts South Africa, including Namibia, will provide 38,000 s tons (43%) of total uranium imports, the balance coming from Canada, 33,600 s tons (42%), France, 8,800 s tons (8%), and Australia, 3,700 2 tons, (5%).

Uranium in its natural form cannot be used to fuel most atomic power plants. The uranium has to be enriched, a process which increases the proportion of the fissionable component of natural uranium from 0.7% to approximately 3%. To date South Africa has not had the ability to produce such enriched uranium - initial processing of South African uranium was carried out internally, to a level at which concentrates containing about 92% uranium oxide were produced. These concentrates were then delivered to foreign plants for conversion to uranium hexafluoride, in which form it can then be enriched for use as a power reactor fuel. But South Africa has spent considerable sums seeking ways to produce its own enriched uranium.

In 1973 the South African Government announced that progress at a uranium enrichment pilot plant at Valindaba was encouraging enough to warrant preparations for a full-scale plant. (71) In June 1973 the South African Government through the visiting Japanese ABC mission requested Japan's financial participation in its projected uranium enrichment plant. (72) South Africa made it clear that if Japan's participation in the project materialized, Japan would have an inside track to the product of the enrichment process - gaining privileged access to enriched uranium suitable for immediate use in its power reactors.

Not only is Japan involved in buying uranium from South Africa, and interested in helping develop that country's enrichment program, but as far back as November 1970, the Mitsubishi Corporation's office in Johannesburg was seeking a contract to assist in the construction of the South African Government's first nuclear power reactor. (73)

Japan's deals to purchase uranium from South Africa and Namibia, its willingness to sell equipment and provide financing for uranium enrichment plants and nuclear power plants, all serve to strengthen the South African economy. The construction of a 'self-reliant' uranium enrichment plant will enable South Africa to join the world's
Nuclear Club. South Africa will have the potential to produce atomic bombs when
the plant is in operation.

Secondly, Japan's purchase of uranium from Rio Tinto Zinc's Rossing mine in Namibia,
a country illegally occupied by South Africa, in defiance of United Nations' decisions,
presents a challenge to the peace and independence of the Southern African region.

Thirdly, a large purchase of uranium ore from South Africa enables Japan to launch a
considerable number of nuclear reactors in Japan. Today's existing 4 reactors will
be increased to 35 by 1985. Many scientists argue that this is potentially dangerous
to the population living around the planned sites. Of course it is a definite
challenge to the Japanese people who are understandably sensitive over any nuclear issue,
following the atomic fallout at Hiroshima and Nagasaki.

I. Japan's Uranium deals with South Africa

Japan's electric power industry is totally controlled by nine private companies (which
divide the supply of electricity into nine regions). In the early 70's all nine
companies began to move towards the production of nuclear power generation. In
April 1970 the industry set up a $3.3 million Overseas Uranium Resources Development
Company, designed to seek joint ventures in developing uranium mines. This company
was also mandated to import 500 s tons of uranium by 1978. (74)

As the world-wide energy crisis became more severe Japan's electric power industry
intensified its efforts to find energy sources alternative to oil, which currently
provides 75% of Japan's total energy. (75). Each company began to seek bilateral
contracts for the purchase of uranium.

In 1970 Japan's total annual uranium requirement was 300 s tons. By 1985 Japan
will need 14,300 s tons of uranium a year. Total uranium needs for the period 1975-1985 are
estimated at 106,200 s tons, of which 90,200 s tons will have to be imported.
The July-August edition of Nuclear Engineer International Magazine stated that Japan's
Atomic Energy Commission has predicted that 42% of Japan's electricity would come from
nuclear driven generators by 1990. Japan would need 190-230,000 s tons of uranium over
the next 20 years. By 1973 the electric power companies had already signed contracts
for 80% of that amount. Comprehensive figures, quoted below, for Japan's 1975-1985
uranium purchase contracts were supplied in an article written by an official of the
Resource and Energy Agency, Ministry of Industry and International Trade. (81)

<table>
<thead>
<tr>
<th>Company</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denison C. of Canada</td>
<td>28,000 s tons</td>
</tr>
<tr>
<td>Rio Algom (RTZ) of Canada</td>
<td>5,600 s tons</td>
</tr>
<tr>
<td>NUFCOR of South Africa</td>
<td>12,500 s tons</td>
</tr>
<tr>
<td>Rio Tinto Zinc of South Africa</td>
<td>17,500 s tons</td>
</tr>
<tr>
<td>Rossing Uranium Mine (RTZ)</td>
<td>8,200 s tons</td>
</tr>
<tr>
<td>of Namibia</td>
<td></td>
</tr>
<tr>
<td>CEA-URANEX of France</td>
<td>8,800 s tons</td>
</tr>
<tr>
<td>Queensland Mines of Australia</td>
<td>3,200 s tons</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>83,800 s tons</strong></td>
</tr>
</tbody>
</table>

(80% of total needs)

Details of some of the individual company contracts have been reported in the South
African and Japanese press, and are given below. Figures are still incomplete.
None of Japan's current contracts appear to go beyond 1985 except for one entered
into by the Tokyo Electric Power Company which agreed in June 1974 to import 12,000 s tons from South Africa from 1984 to 1993. (80)

In February, 1971, the Tokyo Electric Power Company, the world's largest private electric power company, signed a purchase contract with South Africa for 890 s tons uranium ore for 10 years starting in 1975. (76) It is reported that this contract provided sufficient material for the company to launch its 1975 nuclear power generation program.

At almost the same time the Kansai Electric Power Company in Osaka, second largest power company in Japan, announced that it had signed a contract with the Nuclear Fuels Corporation (NUFCOR) - a private uranium marketing corporation jointly owned by South Africa's uranium producers. The contract provided for the import of 2,800 s tons of uranium, valued at about $55 million. (77) Kansai also revealed that it had already bought 4,300 s tons prior to this contract. The 7,800 s tons were to be shipped during a 10-year period starting in 1974.

In July 1972 the third largest power company, which caters to central Japan, the Chubu Electric Power Company, made a purchase contract with South Africa for 1,300 s tons of uranium. (78)

In October 1972, the Shikoku Electric Power Co., power supplier to Shikoku Island, pressed by demands for power from rapidly growing aluminum plants, contracted for overseas purchases of uranium ore totalling 3700 s tons for 9 years from 1977 to 1985. (79) The contract included the purchase of 2200 s tons from the Queensland Mines of Australia, 1100 s tons from RTZ of South Africa, and 400 s tons from URANEX of France.

It is worth pointing out that according to the figures supplied by the Japanese Resource and Energy Agency Rio Tinto Zinc, a U.K. based multi-national corporation is the single largest corporate supplier of uranium to Japan. The Rössing mine in Namibia is an open cost uranium mine, situated 56 km. east of Swakopmund, Namibia. It is the biggest uranium mine in Southern Africa. Loans for its development were provided by the International Development Corporation jointly funded by RTZ, U.K. (80%), General Mining, South African (10%) and Deutsche Urangesellschaft of West Germany (10%). (82)

Japan's long-term purchase contract from RTZ-Rössing mine in Namibia represents a gross violation of the Council for Namibia and U.N. Security Council Resolutions on Namibia. All purchases of uranium from South Africa (including Namibia) are handled by the Sumitomo Shōji's branch office in Johannesburg.

2. South Africa's "self-reliant" nuclear power development project

In November 1970 the South African state-controlled electric power authority, ESCOM, stated that the Mitsubishi Corporation in Johannesburg had contracted to construct a nuclear power station in South Africa. ESCOM's representative in Tokyo dispatched the following cable home. (83) "Although Hitachi and Tokyo Shibaura Electric had shown interest in it, Mitsubishi's tender, which was turnkey-type-PWR type reactor licensed by Westinghouse, U.S.A., was the cheapest in price. Mitsubishi's construction of the plant could start in 1973 and be completed in 1978. Banks in Japan are likely to finance it. However, if South Africa wants to have a complicated or advanced enrichment reactor, Mitsubishi said it could withdraw." Again in January 1973, the
Mitsubishi group consisting of Mitsubishi Corp., Mitsubishi Heavy Industries, Mitsubishi Electric, publicized that it would participate in the international tender for equipment for construction of South Africa's nuclear reactor.

General Electric of the U.S. and 6 other companies joined in competition with the Mitsubishi group. ESCOM proposed that the reactor be built near Cape Town, to be completed by 1981. It will be the first atomic reactor in South Africa, with a projected electric power capacity of 600,000 kwh.

Since it was clear that Mitsubishi's offered price was the cheapest, South Africa kept its option open to the Mitsubishi group until August 1974. (84) The most recent reports from South Africa indicate that the proposed nuclear power reactor may ultimately have a capacity of one million kwh.

3. Producing Enriched Uranium

As indicated earlier South Africa has been seriously pursuing attempts to develop a technique for processing its own enriched uranium. It appears that a part of this attempt to establish a uranium enrichment plant has involved a series of secret negotiations between Japan and South Africa.

In 1973 the South African Government announced that progress at a R50 million pilot project at Valindaba near Pelindaba was encouraging enough to warrant preparation for a full-scale plant. (85) Feasibility studies designed to compare the advantages of South Africa's process with those of other processes were initiated in conjunction with overseas participants. One of the processes with which it is being compared is the German jet-nozzle process to which the German company, Steag, one of the participants in the feasibility studies has world rights. If the go-ahead is given for the South Africa process on a commercial scale, construction of the plant could take six to nine years judging by experience with other methods of enrichment. According to Dr. Koornhof, Minister of Mines, a full-scale plant of similar capacity to those now being planned elsewhere in the world would cost about R550 million to construct, compared with R800 million for one of similar capacity based on the gaseous diffusion principle.

One disadvantage of South Africa's process is the fact that it uses more electricity than the American gas diffusion process, which itself uses 10 times as much as the centrifuge process. Nevertheless, Dr. Koornhof claimed that this project would ultimately be more valuable to South Africa than the discovery of diamonds.

It is believed that South Africa is considering a plant size capable of producing more than 500 s tons of enriched uranium. (5000 s tons of enriched uranium cost R250 million).

In April 1973 Soichiro Matsune, chairman of the Atomic Energy Commission of the Japan Economic Federation and vice-chairman of the Japan Atomic Energy Industrial Forum visited South Africa. (87) He talked with Dr. A.J.A. Roux, Chairman of the Atomic Energy Board about a possible Japan-South Africa joint project to construct a R550 million uranium enrichment plant at Valindaba, 128 km. west of Pretoria.

In June 1973, in reciprocation for Matsune's visit, the South African Atomic
Energy Board Mission visited Japan. (88) It was reported that the discussion was focused on the possibilities of Japanese "investment" and "participation" in the construction of a uranium enrichment plant to be completed by 1980.

4. The future

None of the above mentioned negotiations for the construction of atomic reactors of uranium enrichment plants have been finalized as yet.

However, Japan's search for atomic friends in South Africa may become more intense. In July 1974, the U.S. suddenly informed Japan that any new contract starting after 1982 with Japan for processing uranium enrichment necessary for Japan's atomic reactors will not be accepted. (89)

This sudden U.S. cancellation was believed to be due to Nixon's new Middle East policy in which the U.S. promised to provide enriched uranium to Egypt, Israel, and Iran. Japan, faced with this new situation, has two alternatives, either to cut back the already launched nuclear energy program, or to seek diversification of suppliers who can undertake uranium enrichment processing. It is unlikely that the Japanese economy could survive the cut-back in energy which would result from curtailing the nuclear energy program.

There, AEC official are looking at the United Kingdom, France, USSR, and particularly South Africa as sources for increased supplies of enriched uranium.
Section III:  Manufacturing in South Africa: The Japanese Contribution

The 1960's saw significant changes in the South African economy. In the late 60's and early 70's there was massive growth in the manufacturing sector.

However, these changes also led to the creation of distinctive phenomena - rapid inflation caused by massive influx of foreign capital and at the same time a massive influx of Black working forces into urban industrial areas.

The South African Government, in order to cope with the growing Black population in the cities which might become a potential threat to its minority rule and apartheid system, in the early 60's put in practice a program to decentralize industries particularly those of manufacturing concerns to areas bordering on the "African Homelands" (reservations for Blacks).

The government hoped to defuse the explosive concentration of Black workers and their families in such cities as Johannesburg, Pretoria, Durban and Cape Town, by moving jobs closer to the workers' "homelands." Predominant labor regulations such as those laying down minimum wages, were set aside to induce manufacturers to move to these new areas.

At the end of 1972, South Africa's Decentralization Board issued a schedule of augmented concessions offered to industries at designated growth points. Types of concessions include the following:

- loans available with 2-7% interest, for land, factory buildings and housing for key White personnel,
- tax reduced by an amount equal to wages for Black workers for the first two years
- book value for income tax purposes of the plant,
- cash grant for moving cost and railway rebates.

However, it is important to note that most established industrial areas are not found in the border areas of the "homeland." Most frequently, the plants have been set up close to Black townships of major urban centers such as Johannesburg, Pretoria, Durban, Port Elizabeth, Cape Town, etc. And the Black population in those cities, prescribed as White areas by the Vorster government, are forced to live in Black townships with no basic facilities for dwelling except Bantu Administration-built houses for families and hostels for single Black workers. The Black labor force from these urban townships is usually a cheap labor force as well. In pursuing its policy of burden industries, South African Government found a helpful partner and collaborator in Japanese business, which established assembling and manufacturing plants there for Japanese-brand goods such as automobiles, electronics, and electric appliances.

Toyota Motor Co., the largest automobile manufacturer in Japan, has been operating in South Africa since 1962. In June 1971 it moved to an area called Prospecton, a newly established industrial area for a motor assembly complex, near Durban, from its old plant location in Durban. Today Toyota Motor South Africa is the corporation's largest assembly plant outside Japan and South Africa ranks as Toyota's third largest overseas market only after the U.S. and the whole of Europe.
1. Automobile Industry

With no domestic auto industry, South Africa produces its automobiles, trucks and jeeps through foreign companies. All the world's giant auto makers have invested in South Africa.

The entry of Japan's auto makers in the country is relatively new. G.M., Ford, and British Leyland have been operating since the early 30's and have their assembly plants in Port Elizabeth, formerly designated as a location for an automobile industrial complex.

Pressures emerging from campaigns waged by church groups or newspapers at home over starvation wages paid Black workers by South African subsidiaries forced auto firms in Port Elizabeth to improve their wages slightly.

In line with the South African Government Industrial Reconciliation Act (really a very weak labor act), an industrial council for auto manufacturers was set up in Port Elizabeth.

The Council's management body consists of Ford, G.M., Volkswagen, Citroen, and the employees group is composed of the South African Iron, Steel and Allied Industries Union (Whites), National Union of Motor Assembly and Rubber Workers of South Africa (Coloreds). Unions for African workers are not permitted to participate in it.

However, to cope with the rising tide of the Black workers' movement, and the demands for full union rights, the South African Government issued a new decree called the Bantu Labour Act. The Act allows for a weak form of labor organization called a Liaison Committee or Work's Committee to be set up on the factory level.

This Act thus helps block any moves taking place among Black workers to organize a large and unified Black industrial trace union movement. Neither committee (Liaison or Work's) is allowed to participate in the Industrial Council.

The Industrial Council in Port Elizabeth set a new wage agreement for Black workers in January 1974. According to the agreement, Black workers at the first grade would obtain 56 cents per hour as a minimum starting wage. However, the particular agreement would be effective only in the Port Elizabeth area. Japanese Motor assembly plants with the exception of Isuzu which is manufactured on the Port Elizabeth GM premises are all located in the border industrial areas. Therefore Black workers in the Japanese plants are excluded from even the limited benefits of the Industrial Council on Auto Workers agreement. While GM and Ford have both pledged they will pay beginning wages above the Minimum Effective Level, Toyota has not even shown this minimal social consciousness. The M.E.L. is considered to be a basic poverty line below which a family cannot live reasonably. The P.D.L. is a starvation level wage.

The following are a few illustrations of the 1974 January minimum wage list of Black workers in the auto industry in South Africa:
<table>
<thead>
<tr>
<th>Name of company</th>
<th>Site of plant</th>
<th>Minimum hourly wage</th>
<th>P.D.L.*</th>
<th>M.E.L*</th>
<th>Monthly wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford, G.M.</td>
<td>P.E.</td>
<td>78.58</td>
<td>117.87</td>
<td>110.80</td>
<td></td>
</tr>
<tr>
<td>Citroen, V.W.</td>
<td>P.E.</td>
<td>78.13</td>
<td>117.19</td>
<td>76.95</td>
<td></td>
</tr>
<tr>
<td>Toyota</td>
<td>Durban</td>
<td>75.44</td>
<td>113.16</td>
<td>49.45</td>
<td></td>
</tr>
<tr>
<td>Chrysler</td>
<td>Pretoria</td>
<td>56 ¢</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peugeot</td>
<td></td>
<td>47</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Datsun-Nissan</td>
<td>Pretoria</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Johannesburg Chamber of Commerce figures of 1973 for Black family of 6

Toyota pays only 65% of the starting wage paid by GM or Ford, and Nissan pays less than half of what the U.S. corporations pay. Both Toyota and Nissan pay far below the Poverty Datum Line (PDL) for the Black workers. In short, both companies are involved in gross exploitation of labor and starvation wages. Toyota pays slightly more than Nissan, because of a strong Black workers movement in Durban which resulted in strikes of the Toyota workers.

Today, Japanese auto manufacturers are extremely successful in South Africa. According to figures published by the National Association of Automobile Manufacturers in 1971, Toyota surpassed Ford in sales volume of assembled commercial vehicles and became the top seller in South Africa. During the January-June period of 1974, despite the decrease of sales volume of U.S. cars in South Africa, Japanese car sales increased 28.6% compared to the same period of the previous year. It should be noted that the increase of Japanese car sales in South Africa happened at a time when most of the auto industry was hit by a severe recession because of the oil crisis.

Toyota's advance into the South African market dates back to 1962, when Toyota set up a motor assembly factory at Jacobs in Durban. Previously it had been exporting finished cars to South Africa. Nissan Motor Company set up its assembly plant at Rosslyn, near Pretoria in 1964, and production commenced in 1966. In October 1970, Tōyō Kōgyō, the third largest auto manufacturer in Japan, known for the Mazda car, began local "knock-down" production. In March 1972, it started to assemble a rotary engine car and had a capacity to produce 400 units a day.

In February 1972, Mitsubishi Motors Corporation, belonging to the Mitsubishi group, started to assembly its brand - Galant cars, at Chrysler's South Africa Motor Assembly plant at Chrysler park near Pretoria. Chrysler has a 15% equity in Japan in Mitsubishi Motors. The Mitsubishi-Chrysler combination in South Africa is the third time Mitsubishi is assembling on the premises of its partners. Australia and the Philippines were the first two occasions.

During the same period, Isuzu, the third ranking truck manufacturer, agreed to manufacture small-sized trucks at GM's complex in Port Elizabeth, at the rate of 1000 units a month. This was the result of GM's successful takeover of Isuzu with GM holding 34% of equity. Formerly Isuzu's South Africa franchise holder had been the Citroen distributor in the country.

Also Daihatsu Kogyo, one of the Toyota group specializing in mini-cars and Japan's
motorcycle manufacturers such as the world’s largest, Honda Motors, Yamaha Motor, Suzuki Motor, have started their "knock-down" system production in South Africa.

In general, the knock-down system, Japan’s commonly practiced motor assembly system internationally gives an additional profit with less political complications than the export of finished cars to South Africa.

While South Africa required (under the local content program) that over 60% of parts be locally produced for cars assembled in the country, some people claim that Toyota and Nissan measure their parts by weight rather than value. Thus some critics say they evade the local content program. For example, locally produced auto seats were able to account for a large proportion of the weight going into the final assembled product. The result was that a much smaller percentage of the car is locally produced. While locally assembled vehicles are usually taxed on their imported parts, if cars were imported in the finished form, import duty would be 50%. Toyota and Nissan don’t pay these duties.

Table 2

<table>
<thead>
<tr>
<th>Japan's Automobile Export to:</th>
<th>January to June, 1974 (compared with January to June, 1973)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>57,670 vehicles, +28.6%</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>547,789, +41.7%</td>
</tr>
<tr>
<td>Australia</td>
<td>103,275, +57.5%</td>
</tr>
<tr>
<td>Canada</td>
<td>77,886, +46.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,265,805, +25.2%</td>
</tr>
</tbody>
</table>

Source: Nihon Kōgyō Shinbun July 30, 1974
Table 3
Automobile Sales in South Africa (half year)
January - June, 1974

A. Passenger Car Sales

<table>
<thead>
<tr>
<th>Name</th>
<th>Units Jan-June, 1974</th>
<th>Market Share %</th>
<th>Units Jan-June, 1973</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>16,507</td>
<td>15.30</td>
<td>16,886</td>
</tr>
<tr>
<td>GM</td>
<td>14,725</td>
<td>13.65</td>
<td>14,422</td>
</tr>
<tr>
<td>Ford</td>
<td>14,700</td>
<td>13.62</td>
<td>13,211</td>
</tr>
<tr>
<td>Datsun</td>
<td>12,385</td>
<td>11.48</td>
<td>12,789</td>
</tr>
<tr>
<td>Chrysler</td>
<td>7,978</td>
<td>7.39</td>
<td>9,450</td>
</tr>
<tr>
<td>Toyota</td>
<td>7,476</td>
<td>6.93</td>
<td>6,562</td>
</tr>
<tr>
<td>Mazda</td>
<td>4,137</td>
<td>3.83</td>
<td>4,641</td>
</tr>
<tr>
<td>A. TOTAL</td>
<td>107,897</td>
<td>100.00</td>
<td>107,248</td>
</tr>
</tbody>
</table>

B. Leading Commercials

<table>
<thead>
<tr>
<th>Name</th>
<th>Units</th>
<th>Market Share %</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>11,814</td>
<td>22.00</td>
<td>10,928</td>
</tr>
<tr>
<td>Ford</td>
<td>9,345</td>
<td>17.40</td>
<td>10,676</td>
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<tr>
<td>GM</td>
<td>8,384</td>
<td>15.61</td>
<td>9,062</td>
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<tr>
<td>VW</td>
<td>5,567</td>
<td>10.36</td>
<td>4,715</td>
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<tr>
<td>Mazda</td>
<td>4,776</td>
<td>8.89</td>
<td>4,113</td>
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<tr>
<td>Datsun</td>
<td>4,736</td>
<td>8.82</td>
<td>5,815</td>
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<td>B. TOTAL</td>
<td>53,713</td>
<td>100.00</td>
<td>55,617</td>
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Toyota Motor Co

Toyota's establishment of assembly shops in South Africa began in 1962. During the 1960's, Toyota Motor Co. in Japan was busy helping its South African assembly plant to get off the ground. The initial loan of R1.5 million was provided by the Wesco Investment Company and JCI, two of South Africa's large mining-based investment companies. Wesco Investment, which supplied R750,000 of the original loan, is owned by an Afrikaner, Albert Wessels. Sales of Toyota vehicles increased steadily. By the end of 1963 only two years after production started, the total number of units sold had risen to 4500, from 2,200 units. Toyota was then the fourth largest seller in the light commercial market in South Africa.

By 1968, the initial loan was repaid, and by 1966 net profit had reached R765,000. In 1970 it was R5.5 million and over the period the return on capital had consistently been over 60%. In order to comply with the Vorster Government's "decentralization" policy, Toyota South Africa decided in 1971 (by that time it was assembling 85% of Toyota vehicles on sale in the country's market) to move from Jacobs in Durban to the newly designated border industrial area. Thus Toyota received special economic benefits for this move. But more important, it helped the South African Government in moving Africans from "White cities" onto miserable reservations.

This time Toyota South Africa went to the bank for the first time. Dr. A.J.J. Wessels, the company's chairman, speculated that it would take no longer than three years before he was in the clear again, since Toyota was helped by a R3 million payment for the sale of the former motor assembly plant in Jacobs. Wessels controls nearly 60% of the equity.

In May 1971, Dr. A. Wessels stated that the new R15 million plant in Prospecton expected to start production in June of the same year with 3700 employees, among whom 2400 were Black workers. The old plant at Jacobs was then closed. More than 60% of the vehicles from the Prospecton plant were Toyota vehicles, the rest being Toyo Kogyo's Mazda vehicles and American Motors Hornet sedans.

Toyota South Africa produces at the new plant 250 units per day and plans to increase its capacity to 600 units daily. With the new plant in operation, Toyota South Africa became Toyota's largest motor assembly plant outside Japan, and by that time the South African market was the third largest market after the U.S. and Europe to which complete units were exported from Japan.

Toyota's chairman, Dr. A. Wessels, issued a press statement in February 1974, on the company's successful operations in 1973. He explained that net taxed profits of Toyota from the beginning of the year to December 31, 1973, rose by 42% to R5,170,000. In addition to the normal profits, Toyota made a net R664,000 on foreign exchange in 1973, compared with R96,000 in 1972. This could possibly be partly attributed to the Toyota's re-export to Rhodesia.

The growth of Toyota South Africa, in spite of the 1973-74 oil crisis which severely set back much of the world auto industry, has continued. In August 1974 Toyota South Africa made public that its net operating profit in the six-month
period between January and June 1974 amounted to 2.8 million, a 10% increase compared to the same period of 1973.

In August 30, 1974, Toyota Motor South Africa launched a new R1.8 million truck plant at its Prospecton motor assembly complex. Toyota's 7-ton DALLO was off the line in the end of August 1974 with a string of DA's, Hinos, land cruisers and AMC jeeps following. Production of about 1000 units by the end of the year was planned, with production increasing to its capacity of about 50 units a day in 1975. Today, Toyota is the only manufacturer that sells more trucks than cars. (Trucks do not fall under the local content program, and Toyota made models that served as cars and trucks, thus evading government local content restrictions.)

It is possible that Toyota trucks have been provided for the South Africa Armed Forces.

Following practices in the parent company in Japan, which is largely run by the Toyota family, Toyota South Africa nominated its chairman's son, Albert Wessels, Jr. as the new truck plant manager. The Wessels family owns 60% of the company's shares.

Toyota South Africa has remained essentially a franchise-holder for a wholly South African owned concern. However, even with no direct investment from Japan's parent company, there had been close cooperation between Toyota Motor in Japan and the South African franchise-holder. Thus in addition to the profit on sales of unassembled vehicles, franchise rights and the sale of technological skills have brought in a whole new chunk of revenue to Japan's Toyota Motor Company.
Japan's second largest auto-maker, Nissan Motors, better known as Datsun, began its production in 1966 in Rosslyn, a border industrial area near Pretoria. In May 1971 Nissan agreed to start to set up a new engine manufacturing plant in 1973.

In October 1971, Bridgestone and Yokohama and Toyo Rubber corporations, which are three giant tire makers in Japan holding more than 75% of the market of Japan's tire production, set up a tire manufacturing plant in a border industrial area near Durban, joined by the U.S. tire producer, B.F. Goodrich.

These are typical illustrations of the methods used by Japanese business to enter into South Africa's manufacturing sector. While the Japanese Government had since 1968 forbidden direct investment in South Africa by Japanese corporations, Japanese businesses have been busy finding a way around these restrictions.

In short, while the direct investment of Japanese yen is not allowed, Japanese expertise and technology in the shape of patents, blueprints, management skills, personnel training, direct advice from Japanese business partners, new methods for improving plant production, all are available and contributed. The Japanese contribution to South Africa's economy is as real as the contribution from direct investment. It is a position of diplomatic dishonesty for the Japanese Government to pretend that no direct investment in any way hinders Japanese profiteering from apartheid.

In most cases Japanese companies have found ways to give their franchises to assembly plants and ensured that parts will have to be exported from Japan. These assembly plants, mostly automobiles, electronics and electric appliances, have frequently been financed out of accumulated retail profits, made by a South African company benefitting from Japanese businesses' aggressive sales techniques.

Assembly plants of these Japanese products in South Africa have obtained multiple benefits compared to the wholly-owned U.S. or U.K. subsidiaries. They can get far reduced customs duties for importing parts for assemblies and also expand their volume of sales. Furthermore, since Japanese plants in South Africa are legally owned by South African companies and run by White South African management boards, Japanese parent companies have found no trouble with local labor disputes. Apartheid does not bother their conscience nor do they ask how South Africa's labor acts differ from existing Japanese ones.

These companies are entirely free from Japanese Government control relating to South Africa and from the pressure of the popular-based anti-apartheid movement in Japan.

According to the Financial Mail of October 30, 1970, the Japanese definition of "direct investment" is very loose so that Japanese firms have in fact increased their overall stakes in South Africa. In addition, some Japanese concerns invest in South Africa through European and U.S. outlets. While the pretense of following Japanese policy continues, Japan's corporate stake in apartheid grows and grows.
Despite the world-wide recession in the auto industry, Toyota South Africa is listed today as one of the most promising businesses on Johannesburg's Stock Exchange. The success of Toyota South Africa and its excessive profits are directly attributable to the 3200 Black workers in the assembly complex.

Toyota's managing director, C. Adcock himself admitted this fact. (112) He stated that Toyota's Prospecton plant employed 800 workers less than other competitors of the same size, and therefore would be saving almost R2 million a year wages. Productivity seems to be very high but remuneration to workers in no way reflects this productivity.

At the height of the Durban strikes in 1972 which involved practically the entire Black labor force in the area, Toyota's management (in the face of a growing militancy in the Black working force) hurriedly set up an 8-man Liaison Committee and picked its own men to sit on the committee. This committee did not come anywhere near fulfilling its promised role as a "modified trade union." Toyota's labor control system at the top forms a perfect pyramid-type hierarchy, with its management, then manager - general foreman - foremen in each shop. Colored and Asian workers stand above the Black workers and Black "boss boys." Workers of races other than African workers in Toyota are entitled to organize in registered Trade Unions but there is no unified auto workers union for all races.

The Liaison Committee for Black workers is supposed to perform a communications function conveying to management what workers are saying and being instructed by the management what to say to the workers; it does not perform the function of bargaining machinery. The 8 representatives are paid an extra 5 rands per week by the management for carrying out this extra job.

In September 1973 the United Automobile, Rubber & Allied Workers Union in Durban was organized outside of the Toyota plant with a membership of 600. The Union intended to organize the Black workers who worked in the auto industry. At the same time another union was formed, the Black Metal and Allied Workers Union which covers a wide range of industries from motor assembly, metal, engineering, iron and steel, electronics, etc. This was set up in Durban in 1973 and soon had a 5000 membership. Within a few months the United Automobile, Rubber & Allied Workers Union succeeded in organizing 400 of Toyota's total 3200 Black workers in the assembly complex. African workers in Toyota get 38 cents an hour as a starting wage, which is far below the PDL. In comparison the agreement enforced by the Port Elizabeth Industrial Council set African starting wages at 56 cents per hour. No Toyota workers receive this wage apart from the boss boys who are paid 60 cents an hour.

At Toyota a Black worker, regardless of his age, his education, his marital status or size of his family, gets only 38 cents per hour at the start of his employment. One particular spray painter for auto bodies at Toyota gets 42 cents an hour despite 7 years experience in another company.

In early February, 1974, 400 Black workers stopped working (many of them belonged to the United Automobile, Rubber & Allied Workers Union) when they learned from the Liaison Committee that Toyota's management was only willing to offer a 2 cents an hour across the board increase, in spite of the spiraling increase of living costs. (113) Two days later the number of strikers increased. 2000 out of 3200 Black workers in the plant downed tools and demanded R1 an hour instead of management's
2 cents plus 44 cents. When management asked for details concerning the increase in living costs, which was the basis of their R1 demand, workers replied that rents were up about R1.20 a month, food up R1.50 a week and that clothing and school books had gone up in price.

The strike lasted for a week, stopping the 235 vehicle-a-day production line. In response to the strike, the plant's industrial relations manager, Mr. Bob Devlin announced that there would be an increase. However, he threatened workers that he would not negotiate with them unless they returned to work, adding that the company would negotiate with the union if it represented 50% of the workers. "We are sympathetic. We have come a long way in our wage policy in the last 18 months. For example, our starting rate for unskilled (therefore all Blacks) workers was 22 cents an hour in November 1972. In January this year it's 36 cents," he said.

Subsequently, management agreed on 41 cents an hour for the starting wage (a 3 cents an hour increase) and the workers reluctantly went back to work. As a result of the strike, Toyota workers managed to organize a Work's Committee of 10 representatives. This Work's Committee, unlike the Liaison Committee appointed by the management, was voluntarily elected by the Toyota workers. In May 1974, after lengthy proceedings leading to legalization, the Work's Committee had its first official meeting with management. Shortly after the meeting, management proposed to the Work's Committee that the Committee should include some of the members of the former Liaison Committee. This request met with a blunt refusal from the Work's Committee.

Since then a stalemate has existed between management and the Work's Committee. The Committee is backed by all Black workers in the plant. In addition, the Union's 600 members are busily organizing the 200 strike participants. Public interest has focused on the question of whether the firm will keep its pledge to recognize the Union in spite of government policy which forbids any Black union negotiating with management.

The precedent is not encouraging, since government pressure has already led to Britain's Leyland subsidiary, Leyland South Africa, reneging on its agreement to recognize a union, despite the fact that British law requires overseas subsidiaries of British companies to negotiate with labor unions if they exist. (114)

However, Toyota workers seem to be maintaining their vigilance. In September 1974, one of the White foremen openly expressed his hostility to the Work's Committee. Only a few hours later, the Toyota management found that workers had walked out of the auto body and lining shops. The workers informed the management of this White foreman's attitude towards the Work's Committee and refused to return to work until the foreman was fired. Toyota South Africa found that it had no choice except to comply with this demand.

Black worker concerns in the Toyota plant are not confined to union rights and wages. The Black workers' whole life is tied up with the apartheid system.

Black Toyota workers live in Umlazi, a Black township 13 miles from Prospecton. They were forced to move from Durban when the plant moved from Jacobs. Umlazi, with the 100,000 all Black population is called a "Bantu Trust Administration area." Prospecton, where the plant has been built, is a new industrial area, which in practice is regarded as a border industrial area. The Black population
who live in Umlazi are defined as "temporary sojourners" without any rights to continue residing there (similar to Africans who live in the "White area"). An African in Umlazi township, seeking a job in the plant gets a work permit at the District Warden Office as the first step, then registers with the Labour Department as a work seeker. Then he must wait for a chance to be employed. This is basically the same system which is applied in the Bantustans or "Homelands" for the migrant labor system. Men who had worked at the old Jacobs plant are more or less ensured long-term contracts. There are also large numbers of migrant laborers in the plant who live in the "bachelor quarters" (for men who are not allowed to bring their families) in Umlazi.

There are buses running between Umlazi and Prospecton. Black workers have to pay 22 cents a day for a bus ticket, and the service is poor. There are no proper timetables and buses are usually overcrowded. It is normal for a worker at the Toyota plant to have to leave his home at 5:00 a.m. and only get back at 7:00 in the evening.

The South African Government claims that since Toyota in Prospecton is designated as a border industry and its workers live in a "Homeland," the living costs of the Black population ought to be much cheaper than these in the White area. This is the government's excuse for allowing lower wages. The actual facts are quite contrary to Vorster's propaganda. In a newly settled Black township like Umlazi, with little competition and only small individual businesses, prices of goods are much higher than in those in White areas like Durban. Moreover, trains and buses normally charge an extra 20 cents for each suitcase of more than 10 pounds when Blacks go shopping in the White area.

Toyota's move to Prospecton from its old premises provided yet another burden for many Black workers. For example, a worker whose wife and family moved from a "Homeland" to live with him after 1968 would not be given a house when he moved to Umlazi although he fulfilled many of the legal requirements. At least 30 such African workers from Toyota told trade unionists that they were not entitled to obtain a house in Umlazi after the move. These men had no choice but to send their families away to a "homeland" and themselves live with a friend illegally or enter the single men's hostel. The Umlazi hostels do not even begin to supply workers with sufficient accommodations. A worker has to line up every Monday morning to look for a cavant bed which costs him 2 rand a month.

Toyota's management, despite superficial liberal attitudes such as those expressed in August 1974 at an industrial seminar in Johannesburg where they pledged "mutual self-respect between the White and Black population in South Africa," evidently resort to carrot-stick tactics in dealing with Blacks. (115)

The "stick" is certainly more frequently used than the "carrot." Thus in periods of dispute Toyota simply waits for the cooling-down period to end and then moves to dismiss those who have participated in strikes.

Toyota's involvement in South Africa should be discussed from one other point of view. 60% of Toyota South Africa is owned by Afrikaner capital, the Wessels family. In fact, Japan's largest auto manufacturer has contributed considerably to the growth of Afrikaner capital in the manufacturing sector. This alliance has led to the strengthening of the Afrikaner economic power, thus helping consolidate political power, in short, bolstering Vorster's ruling Nationalist party.
Datsun Nissan

Like Toyota, Nissan Motor Co., Japan's second largest auto manufacturer, has also sited its motor assembly plant in a designated border area at Rosslyn, near Pretoria. The construction of the plant began in 1964, and production started in 1966. In addition to manufacturing Datsun vehicles, the Datsun-Nissan auto works is a supplier for BMC, Fiat, Peugeot, and Chrysler in South Africa. (117) Until 1973 the plant employed 4000 workers, of whom 1500 were Whites. 20% of the workers on the assembly line were Whites, engaged in supervisory and inspection activities. During the 1960's, the growth of the company was rapid resulting in expanding capital needs. In 1971, Datsun-Nissan South Africa met some of these needs by obtaining long-term loans from the Messina Development Company which belonged to the Anglo-American Mining group. (118)

In February 1973 Datsun-Nissan announced the opening of a new R3.5 million engine plant for machinery cylinder blocks at Rosslyn. Production started in January 1974. (119) This new plant is capable of manufacturing engines at the speed of 1800-7000 units a month. R2.7 million was spent on basic equipment, including machinery supplied by Herbert-Ingersoll Co. of UK, Nagel of West Germany, Premier Metal Co. South Africa and Ferranti of Scotland. According to Datsun-Nissan's press release on February 9, 1973, a former C.M. South Africa employee Peter Strouvelle, had been sent to Japan on an extended visit to prepare for the new plant. The same release also noted that Nissan Motor Co. of Japan had been paying close attention to the maintenance of high standards of equality in the South African plant and had sent five highly skilled technicians from the Yokohama plant to Rosslyn.

The release also reported that because of the Japanese Government's prohibition on direct investment in South Africa, the financing of the new plant was being channeled through Nissan's subsidiary in the U.S. and amounted to ¥5000 million (around $17 million). (120)

Nissan Motor Co. appears determined to commit itself to the White ruled economy in South Africa. When the Japanese Government renewed its pledges on a "non-investment" policy, Nissan was one of the few firms which openly expressed its dissatisfaction with that policy. (121)

Nissan's arrogance in circumventing Japanese Government policy is reflected in the operation of its franchise-holding company in South Africa. Datsun-Nissan is one of the most aggressive and exploitative enterprises in the motor industry, currently employing 4500 workers. The proportion of Black workers varies in different sections of the plant. It is lowest in the tool-making shops (10%) and highest in the press shop. Only 8% of all African workers are in the top work grades, and they are still classified as unskilled workers. There are fifty apprentices in the apprentices workshop, but they are all White.

The starting wage for Black workers in 1965 was 7 cents an hour. In 1972 the hourly starting wage had only reached 22 cents. Datsun-Nissan's Black workers now receive a minimum wage of 25 cents an hour (this is the wage paid to workers such as the women in the upholstery shop); the maximum hourly wage is 48 cents. (122) This is less than half the amount Ford and C.M. pay, and is also below the amount
Datsun-Nissan obtains its labor force from "Black" areas neighboring on the "White" city of Pretoria. "As the location of the plant is in a border industrial area, it is assumed that the plant's workers live in the Tswana Homeland." In fact, Garankuwa, a big township with limited facilities was specifically created to serve as a labor pool for the Rosslyn border industrial area which began in the early '60s. In accordance with Government policy which aimed at reducing the Black population living within the municipal area of Pretoria, Africans were moved to specially established townships. Life in these townships is gruesome. Initially the Black population refused to move to Garankuwa since dwelling facilities were inadequate and water and electricity were not provided at all. But the Bantu Administration Department forced the most helpless Africans, including widows and sub-tenants to move first and subsequently forced the entire Black population to move from what it termed "Black spots" to the new township. Ironically, Africans in any township are prohibited from owning houses, even though Garankuwa is designated as part of a "homeland." All the houses belong to the Government's Bantu Administration. Widows are prevented from renting houses and cannot even maintain the lease when their husbands die.

As in the case of Umlazi, Garankuwa is a very expensive town to live in, for most of the daily needs of the township have to be transported from White areas. Worse still, the South African Government regards it as a rural district and has therefore calculated the PDL far below the estimates for Johannesburg or Pretoria, on the basis that farming is possible. In reality, Garankuwa is not a rural area and there is no farmland available - so people cannot grow food. The number and size of shops in Garankuwa are insufficient for the basic daily needs of the population, and running water is supplied to the town by the White Administration only during the night from 6:00 p.m. to 8:00 a.m. Public transportation such as trains and buses is always overcrowded, scarce and irregular, so workers often have to take taxis at twice the price of train tickets. In September 1974 the Press reported that dissatisfied Black workers in the Datsun-Nissan plant stoned the buses after waiting for hours in the cold in vain for buses that did not arrive. These are not isolated happenings. (123)

Datsun-Nissan's 3500 Black workers are of course completely "protected" from any intervention by or discussion with trade unionists. Because trade unionism is viewed by the Government and the management as a threat, it is often branded as communism. Furthermore, Datsun-Nissan has neither a Liaison Committee nor a Work's Committee in the plant.

The firm's management accepts no collective bargaining by Black workers. Instead, the firm has set up a body comprising Black foremen from all shops. This body is allowed to talk with the management. However, there is no regular date or place fixed when these foremen can talk with management. In fact, they have to sacrifice considerably to find time to meet the management, sometimes meeting over lunch or after work.

The Nissan-Motor Co. has been particularly closely connected with breaking Rhodesian sanctions. The London Sunday Times of July 14, 1974, using information received from Kenneth McIntosh, a former investment manager of a Salisbury merchant bank, revealed in detail Nissan's violations of sanctions.
According to the McIntosh documents, a Swiss Co. arranges for unassembled Datsuns in kit form to be delivered via Lourenco Marques in Mozambique to two Rhodesian motor assembly plants in Salisbury and Umtali, Ford, and BMC. This has occurred since 1968 when these two plants resumed operations.

In addition to the Nissan-Datsun vehicles, French and Italian auto companies including Alfa Romeo, Citroen, and Peugeot are also revealed as sanction breakers. This story seems credible. Lourenco Marques is also the port from which unassembled kits for Datsun are sent to the Rosslyn plant in Pretoria. It is not very difficult to divert some of these units at the Lourenco Marques port to transport destined for Salisbury or Umtali.

So far no official comments from the Nissan Motor Co. have been made since the Sunday Times exposure. However, on September 10, 1974, Japan's Ministry of Industry and International Trade issued a warning that all Japanese companies must refrain from signing export contracts that might conceivably result in goods ending up in Rhodesia. The record of enforcement of this warning by the Japanese Government is as yet unclear.

2. Auto Tire Manufacturers

The Bridgestone Tire and Yokohama Rubber Companies which dominate the market in Japan, started to export tires to South Africa in 1969. Over a two-year period, Japan's share of the South African market rose 10-15% since tires imported from Japan undercut local wholesale prices by 30%. (124) Japan's dumping of manufactured tires in South Africa irritated South Africa's tire industry, which was controlled by foreign corporations. The "big four" local manufacturers, Goodyear, Firestone, Dunlop, and General Tire had all launched their own massive expansion schemes. (125) For instance, Goodyear South Africa planned to invest R33 million by 1975, and it was reported that a total R70 million investment was planned for expansion of the big four. Under pressure from the "four," the South African Government took measures to curtail the import of manufactured tires and requested Japan tire makers to set up a plant.

Meanwhile, Japan's tire makers, through their local sale agents, had been waging an aggressive sales campaign in South Africa. For instance, despite the heavy 45% duty on imported tires, Bridgestone's local agent, Foremost Co., a Heidelberg-based group, made a total sale of R12 million in a year, sold 40-50,000 pieces a month and had a 900 dealer network in the country. South Africa became Bridgestone's second largest overseas market after the U.S. in 1971. Yokohama Rubber had also set up a local sales agent, Yokohama Tyre Sales Co., with R3 million sales in 1971. (126)

In response to South African pressure, in January 1972, Japan's three giant tire makers, namely, Bridgestone Tire, Yokohama Rubber, and Toyo Tire, announced the establishment of a R20 million tire manufacturing plant in a border industrial area near Durban, through a joint venture with Foremost and Syfrets. Syfrets, a South African banking and financing group worth R600 million provided the capital. Know-how for the construction of the plant was supplied by the Continental Gummiwerken, a large German rubber company. This new tire plant in South Africa was named Pedloper Company. The founding companies were joined by a U.S. company, B.F. Goodrich, which owned a 33.6% stake in Yokohama Rubber Co. Thus 4 new foreign companies moved seriously into South Africa's rubber business. Once again Japanese firms were involved in South Africa without
record players, radios and mini-electronic calculators. (134) In the
ten-month period February to December 1973, SESA, sole distributor of
Sharp's electronic calculators, invoicing machines, photocopiers, microwave
ovens, radios, tape recorders, domestic appliances and solar batteries, had
a turnover of R3.5 million with a pre-tax profit of $150,000. It is projected
that the new assembly factory will boost turnover to R6 million for fiscal
1974, with an estimated pre-tax profit of R550,000.

Some equipment is aimed mainly at the African market, for SESA has branches
in Namibia, Rhodesia, Angola, and Mozambique as well as in most major cities
in South Africa. Sales of calculators have been most successful. In 1972
during the Supima days, 6300 Sharp calculators were sold in South Africa.
Sales in 1973 were 25,400 and SESA predicts 38,000 sales for fiscal year
1974. This would corner 52% of the market. In a May 16, 1973, press
conference in Japan the parent company promised that Sharp South Africa would
get full support from the Japanese parent company barring only direct investment.

Sharp is not the only company which has successfully set up an assembly plant
in the country. Pioneer Electric Co, Japan's top manufacturer of stereo sets
had built an assembly factory in Capetown in 1968 to manufacture HIFI equipment
and speakers. (135) Within a year, Pioneer Electric South Africa had cornered
50% of South Africa's HIFI market and South Africa became the Pioneer's second
largest market after the U.S.

Sansui Company, a specialized HIFI maker, also started assembling HIFI equipment
in 1969 with South Africa's Glens Co. Glens Co. is also manufacturing Akai's
stereo products. (136) In March 1974, spurred on by the success of Sharp Electric
in the sale and manufacturing of mini-electronic calculators, Sanyo Electric
Company started to export its portable mini-calculators to South Africa through
its local sales agent, Teltron Co. (137)

4. Machinery Industry

Japan's involvement in developing South Africa's machinery industry has been so
varied that it is not possible to draw a comprehensive picture. However, here
are a few examples.

Toyo Umpanki, Japan's largest manufacturer of forklifts and truck shovels for
the construction industry, began to assemble forklifts in a joint venture with
South Africa's Criterion Equipment Co. in Springs, Johannesburg. (138) The fork-
lift assembly plant, completed in 1973, began its production of 5-600 units a
year. This was South Africa's first forklift assembly plant.

In 1972, Mitsubishi Corporation set up South African International Development
Company jointly with Redthane Plastics of Johannesburg Co. in the Orange Free
State with a 5-year contract to manufacture 3 million British-patented fan belts
for bicycles, sewing machines, vacuum cleaners. (139) The production in January
1974 was 150,000 pieces a month, with sales of $2,880,000 yearly.

In June 1973, a team from Rio Tinto Zinc's Palabora Copper Mine visited Japan.
(140) The purpose of the visit was to have discussions with Kobe Steel regarding
its iron ore pellet production project in Southern Africa. The Palabora
mining plan was to build an iron pellet plant at Lourenco Marques and to lay a 250 km. pipeline between Lourenco Marques and the Palabora mine for the transport to magnetite concentrates in liquid form. (141) It was projected that this would give the company an extra income of R30 million per year with an annual production of 4 million tons. Kobe Steel agreed to supply the plant and material for the pipeline and to import some liquid concentrates to be finally processed in Japan. Other corporations involved in Japan's technological assistance to South Africa include Ishikawajima Harima Heavy Industries, (IHI), Japan's second largest heavy machinery maker; and Daido Steel Co., the largest special steel manufacturer under the aegis of Nippon Steel Corporation. IHI's representative in Johannesburg stated in a press statement on October 24, 1968, that IHI had granted VPC, a subsidiary of the Vanderbijl Engineering Corporation, exclusive rights to "know-how" in South Africa, Rhodesia, Namibia, and Swaziland. IHI is the largest blast furnace maker in the world. Daido Steel in 1972 provided South Africa's Union Castle Co. technology for rolling machines. (142)

Besides these examples, Japanese firms received a number of sub-contracts from their South African partners. Chiyoda Chemical Engineering & Construction Co. in Yokohama, Japan, obtained a sub-contract from the Roberts Construction Co., which had won a R4 million order for the civil engineering works for a major extension to the Mobil Refinery in Durban. (143)

4. Textile Exports

Japan's export of textiles to South Africa has increased considerably, and amounts to 20% of Japan's total exports to South Africa in the 70's. (144) In 1974, Japan's textile industry suffered a recession. It resorted to dumping to augment the volume of exports. In particular, Japan has dumped more than 50 million meters of woven polyester fabric in South Africa since the beginning of 1974. (145) Imports from Japan jumped 100% from January to September 1974, compared to the previous year. (146) South Africa thus had literally become the dumping ground for Japanese fabrics. The Government of Japan subsidized textile exports very heavily and in addition was prepared to allow the export of goods at up to 50% below local prices because of serious problems in the Japanese economy. Thousands of workers in South Africa were hit by this unprecedented dumping at rock-bottom prices. For example, after September 1974 a subsidiary of South Africa Nylon Spinners in Capetown announced the lay-offs of 400 workers.

- Marine Knitting Mills in East London revealed it had laid off half its workers and planned to lay off all its Black workers over an eight-week period.
- Berg River Textiles in Paarl sacked 1000 workers and in Natal, 4 firms laid off 1400 workers. (147)
- In Durban, 450 Black textile workers out of a work force of 1300 at Pan Yarns, the South African Nylon Spinners group, were fired. Hebox Textiles also laid off 400 workers during a six-week period. (148)

SECTION IV JAPAN'S IMPORTS FROM SOUTH AFRICA

In Section I, we dealt with Japan's relations with South Africa's industrial development plan and disclosed details of Japan's massive long-term purchase contracts for coking coal, iron, manganese ore. In this Section, we will briefly
examine Japan's imports of additional items.

1. Platinum and Gold

Japan's domestic demand for platinum is met entirely from overseas. The USSR and South Africa are the major suppliers. The annual volume of platinum imports was approximately 20 tons in 1972. However, in 1973 it suddenly doubled to 41.5 tons. The USSR supplied 17.3 tons and 11 tons were supplied from South Africa through UK firms. Further increases of imports are expected. (149)

Numerous factors are contributing to increasing domestic needs. First, in addition to the general increase of the demand of electronics, glass and chemical industries, Japan's automobile industry including Toyota, Nissan, Toyo Kogyo, have signed platinum purchase contracts with South African mining companies for material to be used in the catalytic converters in automobile anti-pollution devices.

In January 1973 Toyota Motor Co. signed a contract with South Africa's Impala Mines and later signed another contract with Rustenburg Platinum Mines for the purchase of 1.3 tons platinum to be used in Toyota's 200,000 converter units for its 1975 models. (150)

Toyo Kogyo, through Mitsubishi Corporation, concluded a contract with Western Platinum Co., part of the Lonrho group in South Africa for the import of 1400 ounces of platinum per month, for a minimum of 5 years starting January 1974. The contract is automatically renewable for another 3 years. This platinum will be used for Mazda vehicles. (151) Mazda's imports of platinum from South Africa would thus total 70,000 ounces, worth ¥3000 million ($10 million). A major portion of the annual production of Western Platinum Mines would be shipped to Japan.

As for gold imports, Japan liberalized its import regulations in March 1973. In 1972 Japan imported 80 tons of gold for industrial use, but in 1973 Japan's import of gold mounted to 130 tons. Arrangements for the import of gold are handled by Sumitomo Metal Mining Co. represented by Kanematu-Gosho in South Africa. (152)

2. Chrome Ore

Prior to Ian Smith's "UDI," Rhodesia exported large amounts of chrome ore to Japan. In 1969, Japan officially joined in United Nations economic sanctions against Rhodesia.

In September, 1970, the Japanese steel industry sent a mission to South Africa to seek a 200,000 ton a year contract for chrome ore. (153)

In January 1971 for the first time, a Japan-South Africa long-term contract was signed. It was reported that up to 50% of South Africa's 1.2 million tons of chrome ore would go to Japan. The rest would go to Europe and the U.S. for the following three to five years. However, Japan's steel industry complained that South Africa's ore was of a comparatively poor grade compared with Rhodesian chromite. (154)

With the growth of special steel and stainless steel sectors, Japan's steel industry seemed determined to find ways to get shipments of high-grade Rhodesian chrome ore. In 1971, Japan started to secretly import Rhodesian chrome ore from
Lourenco Marques. Falsified South African certificates of origin have reportedly been provided by the Chamber of Commerce in Johannesburg.

As the U.N. Sanctions Committee has pointed out, using Japan's own official trade figures, Japan imported 719,649 tons of chrome from South Africa in 1971, and 445,263 tons in 1972, while South Africa's external trade statistics revealed that South Africa exported only 353,375 tons to Japan in 1971 and 253,083 tons in 1972. As a result of the U.N. inquiry, the Japanese Government sent a mission to Pretoria to request South African Government assistance in providing customs clearance papers and railway consignment notes in addition to certificates of origin for the South African chrome export to Japan. However, the South African Government refused Japan's request. (155)

The Japanese Government has not yet replied to the UN on the large discrepancy between South African official export figures and Japan's import statistics. Meanwhile, Tekko Shimbun (Steel Newspaper) on May 1, 1974, published a list of Japan's iron and steel makers who invested abroad. Among them, Kobe Steel Company, represented by Nissho-Iwai, was listed as a joint investor in Rhodesia as of 1968, with Mine de Chrome, Swiss Mining Company.

In addition, Showa Denko is still negotiating with the Rhodesian Iron and Steel Corporation (RISCO) on the construction of a 100,000-ton-a-year ferrochrome refining plant -- in Rhodesia itself. (156)

Chrome from South Africa

Attempts were made to substitute for some Rhodesian chrome, which had accounted for 25% of Japan's imports of that material.

In February 1974, Japan's two major stainless steel producers, Nippon Metal Industries and Nisshin Steel signed a long-term contract with the South African Metal Corporation (AMCOR). (157) Japan will supply furnaces for a plant planned at Witbank to produce semi-processed chrome. This plant will be completed by 1975 and will produce an annual 55,000 tons of chrome for export (worth R8 million a year). In July, 1974, AMCOR sent a mission to Japan for two weeks to study the possibility of obtaining, from Japan's ferrochrome makers, technological assistance. (158) The mission negotiated with the five major stainless steel producers, namely, Nippon Heavy Chemical Industries, Nippon Denko, Awamura Metal Industries, Showa Denko, and Nippon Kokan. It has been agreed that two trading firms, Nissho-Iwai and Mitsui, will handle the business of supplying plant equipment in return for Japan's import of semi-processed chrome or chrome ore from South Africa. Once again, a profitable deal for both sides had been sealed.

3. Agricultural Products

Sugar

In the 1970's, Japan began to import South African agricultural products such as oranges, lemons, grapefruits, wool, and sugar. As for sugar, South Africa is the world's fourth largest producer; and today, Japan imports half of South Africa's total exports. Japan's import between January and June, 1974, amounted to 20,000 tons. (159)

In September, 1974, Japan signed a new contract with the South African Sugar Association for the purchase of 200,000 tons at a price of £315 a ton. This was a discount of £20 a ton compared to the London-based price of £235. (160)
Wattle Chipwood

Japan also agreed to buy products of industries supported by the Bantu Investment Corporation, thus supporting the government policy of setting up Bantustans. In 1971, Sanyo Kokussai Ku Pulp Company, through its business representatives, Sumitomo Shoji in Johannesburg, signed a contract for 10 years starting in 1976 for the purchase of 7.5 million tons of wattle chipwood worth R40 million. The wood comes from South African Central Timber Cooperative at Pietermaritzburg. (161)

Wattle chipwood is a byproduct of wattle bark. It is reported that Sumitomo offered almost double the price asked for on the local market.

Sisal

In 1972, Japan had a contract to buy R300,000 worth of sisal from South Africa. This sisal is produced in a Bantustan, by a South African company named Finlandia. Exports to Japan equal 6-8000 tons a year. Formerly Japan received all of its sisal imports from Kenya and Tanzania. Imports from this South African Bantustan would be in direct competition with Kenya and Tanzania. (162) Such imports also support the South African Government's apartheid policy of setting aside 13% of the land of the African majority, terming these "homelands" or "Bantustans," and pretending that this is an adequate base for Black participation in the political life of the country.

Trade Patterns

It appears today that South Africa accounts for only 1.7% of Japan's foreign trade. However, some of the materials imported from South Africa are vital to Japan's economy and it might be difficult to find alternative sources without harming Japan economically. One thing is clear, Japan's publicly stated policy abhorring apartheid and White minority rule seems to be contradicted again and again by a friendly, growing commercial relationship on numerous levels with South Africa.

SECTION V FINANCING AND BANKING BUSINESS

In the previous sections, Japan's extensive commitments in South Africa have been discussed. Loans by Japanese banks to assembly plants, etc. in South Africa, in return for South African goods, have in general been considered as "trade" by both Japanese business and government. These business activities are carried on without formally undercutting the government's stated policy of "non-investment."

However, in the "Frankfurt Documents," published by the U.S. Corporate Information Center, of the National Council of Churches, 1973, it was reported that a Japanese bank had participated in international consortium loans arranged by the European-American Banking Corporation. These loans provided direct financing to the South African Government. Further investigation revealed that Japan International Bank (London based) had also granted large loans to South Africa.

Japan International Bank (JIB) is a subsidiary of a powerful combine of Japanese banks and business houses. Four leading Japanese banks, namely Mitsubishi
Bank, Sumitomo Bank, Fuji Bank, the Tokai Bank and three security houses; Daiwa, Yamaichi and Nikko, form JIB. JIB registered in December, 1970, in London as a British bank with original capital worth £3.6 million.

Located in the middle of London, it has successfully expanded its capital base to £18 million (an expansion of 5 times its original capital within three years). The bank is not subject to Japanese regulations; it was evidently set up with the aim of investing large sums in parts of the world where certain political complications exist regarding direct Japanese investment. (163)

Despite its registration in London and its claims to be a British national, it is totally financed and controlled by Japanese banks and businesses and the entire board of directors in Japanese.

JIB made several loans to South Africa:
1. To the Ministry of Finance, £3 million in June of 1972, and £1 million later;
2. £6 million was provided for three South African concerns, two of which are government controlled (ISCOR and AMCOR) and Impala, a private platinum mining company. £10 million has been already paid out of a £24.5 million promised. (164)

After the news of these bank loans reached the press, the Ministry of Foreign Affairs summoned officials from the JIB Tokyo branch.

Two months later, in September 1974, an extraordinary meeting of JIB's shareholders was called and it was announced they would refrain from any further loans to South Africa. Thus the loan was stopped in the middle.

The Japanese Government also stated that any banking loans to South Africa would be regarded as investment (which is illegal) and issued assurances that any indirect investment by Japanese banks and businesses would be halted. (165)

However, JIB is not an isolated example. The South African newspaper, The Johannesburg Star reported on July 7, 1973, that Slater Walker Securities South Africa, a subsidiary of U.K. Slater Walker, had requested a £20 million loan from Japan to be invested in South Africa's industrial expansion projects. The loan was facilitated by making a private bond placement through a group of 9 Japanese banks led by Industrial Bank of Japan. The loan was then set up for a 15-year term with 8.75% interest. The Industrial Bank is Japan's top long-term private credit bank.

When the issue of Japan International Bank's loan was first taken up by international organizations such as the World Council of Churches and the U.N. Special Committee on Apartheid, the case of this other loan to be channeled through Slater Walker was not revealed. Another campaign seems to be needed. Unfortunately, unless matters are brought into the international arena, and made known to the Japanese Government and the public, Japanese business leaders do not seem prepared to give up their economic commitments to South Africa even if this means infringing existing Japanese laws.

Conclusions

On September 9, 1974, when the Chairman of the U.N. Special Committee on Apartheid visited Japan, Mr. Toshio Kimura, Foreign Minister of Japan, made a statement:
"Japan views with deep regret and indignation the fact that many African people are still being victimized by racial discrimination and colonialism in the African continent. Japan has consistently opposed this inhuman policy, which ignores social justice and human rights on every possible occasion. This policy of Japan will continue unswervingly in the future."

This is the essence of the official stated policy of Japan towards South Africa. Ever since the U.N. in 1967 adopted the Resolution on Apartheid a number of measures have been taken in support of the principles of the U.N. Resolution. In 1968, the Japanese Government announced a total ban on trade with Southern Rhodesia in response to the Security Council resolution, and later took action to forbid Japanese companies from any direct investment in South Africa. In May 1974, the government also prohibited businesses from using long-term loans from the Exim Bank for the export of plants and related materials to South Africa. In June of the same year, the government took action to bar sports, cultural or educational exchange with South Africa.

As for trade with South Africa, the Japanese Government has stated on several occasions that no steps have been taken to promote trade with South Africa.

However, in spite of the official government position of opposition to apartheid, the Japan-South African economic link has expanded with tremendous speed and new vitality since 1970.

1. **Trade**

In 1973, total value of trade between the two countries exceeded one billion dollars, and Japan had become South Africa's fourth largest trade partner. Furthermore, the rapid growth rate of Japan-South African trade points to the possibility that Japan may surpass South Africa's current major trade partners in the very near future.

2. **Industrial Development Projects**

Since 1970, the South African Government, its state-controlled corporations, and Japan's major heavy industries have exchanged numerous delegations. In addition, intensive business negotiations have resulted in a series of contracts insuring Japan's purchase of South African raw materials and a constant flow of equipment to South Africa's industrial development projects.

The result has been heavy Japanese business commitments in several projects which the South African Government has planned as important catalysts for its policy of economic industrialization. Japan's involvement has been characterized by advance purchase contracts for raw materials such as iron ore, coal, manganese, chrome, and semi-finished steel products from these projects.

In return for the signing of these purchase contracts, Japanese companies supply machinery and equipment and technological assistance to these projects. Thus Japan's assistance to these strategic projects gives considerable guarantees for their success. Finally, purchase contracts with many of these projects makes it inevitable that Japanese trade with South Africa will skyrocket after 1975,
despite the repeated pledges of the Japanese Government to curtail trade with South Africa.

3. Nuclear Power

Japan is attempting to increase its nuclear power capacity to help solve its energy needs. And South Africa today is Japan's largest supplier of uranium ore. By December, 1973, Japanese electric power companies had arranged long-term contracts for 38,200 short tons of uranium from South Africa. Of this amount, 8,200 short tons were contracted with Rossing Uranium Mine in Namibia, where the South African Government is a partner. Thus Japanese companies are purchasing a commodity from the illegal occupying power itself, and are assisting in creating yet one more reason for South Africa to try to continue its control.

In addition, U.N. documents and press reports from South Africa and Japan note that Japan may possibly participate in the construction of 1) a nuclear power station near Cape Town, and 2) a massive uranium enrichment plant which would assist South Africa in building nuclear weapons. Visits were exchanged between South African and Japanese atomic energy officials in 1973. Thus, Japan's arrangements to purchase uranium and supply equipment for South Africa's nuclear power industry contributes directly to developing South Africa's nuclear power industry and encourages South Africa to join the world's Nuclear Club. This should be considered a serious threat to the peace of the whole of Southern Africa, and indeed, the world.

4. Manufacturing

There is a growing network of Japanese industrial involvement in South Africa in the manufacturing sector. While that involvement is not in the form of direct investment of Japanese capital, with wholly owned subsidiaries, the tangible reality of Japan's corporations is still keenly felt. Instead, Japanese companies participate in joint ventures with South African capital and Japanese blueprints, technical expertise and sometimes equipment, making the venture possible. Many of these Japanese-South African joint ventures are in the "border industrial areas" of Bantustans, thus assisting the South African Government in moving Black populations out of the cities onto miserable reservations. These Japanese subsidiaries in South Africa are not subject to any existing labor regulations and pay starvation wages to their Black workers.

The Japanese Government allows participation in assembly plants by classifying this as the export of unassembled kits. Thus the Japanese Government closes its eyes to the facts that Japanese subsidiaries are rapidly increasing in number and size of capital; in South Africa in fact, locally manufactured Japanese products now dominate some sections of the South African market. Of course, many products are also being re-exported to Southern Rhodesia.

5. Miscellaneous

Underground resources from South Africa such as gold, platinum, diamond, chrome, copper, manganese and coal, as well as agricultural products such as sugar and wool are indispensable import items for Japan. The amount of trade in these items has rapidly increased since 1973. For example, Japan has relaxed import restrictions on gold; there will be a sizeable increase of use of platinum for anti-pollution devices in cars; and a growth in technical assistance for the
development of South Africa’s ferrochrome plants. All of these examples are likely to contribute to a rapid increase in trade between Japan and South Africa after 1975.

6. Banks

Despite the government policy of "non-investment," it has recently been revealed to the public that $24 million in loans had been granted by Japan International Bank to South Africa since 1972. In September 1974, the Japanese Government and JIB both announced that no further loans would be provided to South Africa. However, besides the above mentioned JIB loans, nine Japanese banks have granted loans to South Africa through a security company. There seem to be clear indications that other unidentified capital investments and loans by the Japanese financial interests exist. These loans supply South Africa with badly needed funds for industrialization. These facts lead to a further credibility gap with the Japanese Government's policy and reality.

Today Japanese companies in fact have become major cogs in South Africa's industrial wheel, without openly investing Japanese capital. Ironically, all Japanese are classified as "honorary Whites," and Japan has accepted this status despite the fact that Japan belongs to the Afro-Asian World. By accepting this disgraceful privilege, Japan has indicated its true priorities. Commercial success and profit are much more important to Japan than the fact that "business as usual" practices with South Africa help encourage and strengthen White minority rule. If Japan is to become a genuine member of the Afro-Asian family and truly put its rhetoric into practice, Japanese companies and the Japanese Government should consider the following concrete measures:

1. The cancellation of all the advance purchase contracts with South Africa, most of which will start after 1975; e.g. Saldanha mill semi-steel products, Sishen iron ore, CAM's manganese ore, Witbank coking coal, AMCOR's ferrochrome, gold and platinum, etc.;
2. The withholding of technical assistance and equipment and related materials for South African industrial development projects;
3. The immediate cessation of the uranium contract with Rosing Mine in Namibia (and a policy of no purchase of Namibian ore even through a third party) since this represents an illegal act in light of the October 7, 1974, decree on the National Resources of Namibia by the U.N. Council for Namibia;
4. The gradual withdrawal of all Japanese businesses from South Africa, and an immediate "Code of Conduct" by the Japanese Government which would end the starvation wages paid and discriminatory labor practices followed by Japanese subsidiaries in South Africa;
5. A thorough investigation of all banking links with South Africa and an aggressive policy by the Japanese Government which would halt any capital from Japanese banks directly or indirectly going to South Africa.
# List of the Japanese Companies Operating in South Africa

<table>
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<tr>
<th>Number</th>
<th>Name of the Companies</th>
<th>Name of subsidiaries or Sales Agents in South Africa</th>
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<td>(Automobile Industry)</td>
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<td>1.</td>
<td>Toyota Motor Co. Ltd.</td>
<td>Toyota S.A. *</td>
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<td>2.</td>
<td>Nissan Motor</td>
<td>Datsun-Nissan S.A. *</td>
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<td>3.</td>
<td>Toyo Kogyo</td>
<td>Illings Mazda *</td>
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<td>4.</td>
<td>Daihatsu Kogyo</td>
<td>Daihatsu S.A. *</td>
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<td>Isuzu Motors</td>
<td>Isuzu Motors *</td>
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<td>10.</td>
<td>Yamaha Motor</td>
<td>Yamaha Motor Cycles</td>
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<td>Pioneer Electronics S.A. *</td>
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<td>Ishikawajima Harima Heavy Industries</td>
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<td>Toshiba Machine</td>
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* Wholly owned subsidiaries

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FOOTNOTES

No Black can supervise a white.
All the best jobs are reserved for whites.