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THE POLITICAL ECONOMY OF NORTH-SOUTH RELATIONS: JAPAN'S RELATIONS WITH NIGERIA, 1960-1985

by

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ABSTRACT

This thesis argues that the explanation for underdevelopment should be sought primarily in the structural distortions of the domestic economy, the incoherence of national interests, as well as other internal political contradictions. By looking at the dynamics of Japan's relations with Nigeria between 1960 and 1985, it seeks to demonstrate how these factors militate not only against a beneficial interchange with a Northern economy, but against effective participation in the international economy. This constitutes a contrary diagnostic position to the literature which underpins the logic on which The Bretton Woods and Dependency Schools of thought are based.

The thesis considers the following issues. First, it critically examines the role of the trading pattern, characterized by its vertical structure, along with trade policies, in the relationship between Nigeria and Japan. Secondly, it considers whether Japanese investments in Nigeria have contributed to the growth and development process in Nigeria. To that extent it considers whether they were merely part of a calculated trade objective; namely, the dominance of certain sectors of the Nigerian economy. The thesis also examines the role played by Nigerian domestic policies and its environment in determining the degree of reciprocity and interdependence. Finally, it seeks to assess the role played by Japanese aid

and the degree of importance attached to Nigeria in particular and development issues in general in Japan's foreign policy.

The thesis concludes that at the time of Nigeria's independence, the relationship was potentially one of interdependence and the explanation for any subsequent asymmetry needs to be sought in government's failure to mobilize national potential and in terms of the operation of the international market economy. At issue is not just the nature of a particular bilateral relationship but the management of North-South relations.

ACRONYMS

BPD	=	Barrels per day
CBN	=	Central Bank of Nigeria
EXIM	=	Export and Import Bank of Japan
IMF	=	International Monetary Fund
ISI	=	Import Substitution Industrialisation
JETRO	=	Japan External Trade Organisation
LDC	=	Less Developed Countries
MITI	=	Ministry of International Trade and Industry (Japan)
N	=	Unit of Nigeria currency, the Naira
NAFCON	=	National Fertilizer Company of Nigeria
NEPA	=	National Electric Power Authority (Nigeria)
NIC(s)	=	Newly Industrialised Countries
NNPC	=	Nigerian National Petroleum Corporation
OAU	=	Organisation of African Unity
ODA	=	Overseas Development Assistance
OECD	=	Organization for Economic Cooperation and Development
SITC	=	Standard International Trade Classification (United Nations)

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"In popular and political discussions, the economics of development often degenerates into the economics of discontent".

G.M. Meier, economist, 1968.

"Let us help one another to find a way out of Darkest Africa. We must emerge from the backwoods and come into the open where nations are made".

R.S.B. Attoh-Ahuma, Gold Coast (Ghana) nationalist, 1911.

DEDICATION

TO GOD

INTRODUCTION

In analyses of economic and political relationships between the under-developed world and the Western economies, the overwhelming weight of interpretation has been informed by the theory of Dependency. This theory claims that less developed countries are trapped in a web of economic disability because of the inherent nature of the relationship between developed and under-developed states.[1] As one African writer has asserted "dependency theory is of great relevance to the study of African international relations".[2]

This thesis proceeds on the basis of an alternative view. It is an attempt, to contribute to that school of thought in International Political Economy exemplified by the works of Bauer[3] and Kindleberger[4]. Those authors argue that the primary obstacles to economic development are internal to less developed states and not the result of their exposure to the international market economy. In the chapters that follow, this view will be explored in relation to a particular example, namely Nigeria's relations with Japan.

The thesis has a dual purpose. First, it intends to answer these questions about the nature of Nigerian-Japanese relations between 1960 and 1985: (a) Have they been characterized by equality and reciprocity or by dominance and dependence?[5] (b) The extent to which the international system determined the whole pattern of Nigeria-Japan relations.[6] (c) The extent to which each country affected the others growth[7].

The second purpose of the thesis concerns other central issues which are also of theoretical interest, namely

(a) The extent to which the international system dictates the nature of North-South relations;

(b) The extent to which domestic constraints affect the participation of the developing economy in the international market system;

(c) The extent to which Japan's position in the international economy affects its relationship with developing economies and,

(d) The position occupied by developing states in Japan's foreign policy.

Reflecting an International Political Economy approach, these issues constitute the major concerns of this thesis.

II

This study addresses the nature of North-South relations, most prominently explained by Dependency Theory. This Theory will be examined in detail at the outset in order to establish the alternative theoretical view on which this thesis is based.

Trade relations between Japan and Nigeria follow closely the vertical structure described above. That pattern would seem to fit the conventional wisdom of dependency theorists.

In dependency analysis, the international economic system, controlled by the developed Western economies works through alleged conspiracy to reinforce the degree of dependency of third world economies. This is done by a deliberate policy of extracting concessionary gains through investment, foreign aid, multi-national corporate activity, and other multilateral policies of economic exploitation. Mostly developed in Marxist literature and historiography, trade between developing and the developed economies is depicted in terms of "unequal exchange". The developed capitalists' control of the international market system is said to lead to declining prices for developing countries' raw materials while raising costs for industrial products of their own manufacture. For this School, the international market operation exists to serve this one-sided parasitic relationship enabling the developed countries to extract for their own advantage, the economic wealth of under-developed countries. It also sees foreign investment as hindering the development of Southern economies by exporting capital through repatriation of profits leading to unemployment and uneven capital accumulation and distribution.[8]

To properly understand the dynamics of this theory, reference must be made to its principles as first set out by Paul Baran and André Gundar Frank.[9] By locating the cause of economic retardation of the third world 'within the dynamic growth of the world capitalist system' (Baran) and by introducing a 'metropole-satellite' dimension which traces this contradiction beyond its international manifestation into the local sphere (Frank), both scholars established the basic tenets of Dependency Theory. The works of Cardosso and Dos Santos were also critical to this early development.[10] The analytical incompleteness of this early theory, as perceived by some scholars, stemmed from the constriction imposed by its static nature. For this reason, the attack by Palma and Laclau[11] precipitated a redefinition. The ground-breaking work of Cardosso and Faletto[12] belong to this attempt. To further redefine its complexities, Carporasso and Zare have offered a more holistic concept.[13] This Marxist oriented debate has since broken into two branches; the 'productionist' and the 'circulationist' schools of thought.[14]

In Africa, the dependency model remains the most potent explanation of underdevelopment. Recent publications and the journal <u>Review of African Political Economy</u> (RAPE), which provides the vent for scholarly reflections on the subject, bear this out.[15] The African dependistas focus on 'relational inequalities and the vulnerabilities that may flow from them' remain essentially within mainstream Dependency and must be located therein to be properly understood. Let us try and identify these strands of thought in the Dependency explanation regarding Africa's underdevelopment.

In the case of Africa, Okolo[16] identifies the cause of its under-development as the exportation and transfer of exploited surplus value to the West. Arghiri[17] blames this on the nature of the relationship which he claims is marked by unequal exchange (described for the purposes of his study, as a condition which obtains when products requiring and involving the same amount of labour and other inputs are rewarded unequally). Uchendu,[18] Yansane[19] and their contributors, have variously and severally identified other features such as neo-colonialism, as characterising the nature of the dependent relationship.

The various contributions which make up dependency theory, have been applied to explain the nature of the relationship between Nigeria and the Western world, including Japan with no less deterministic and colourful rhetoric. Ekekwe[20], for instance, starts his discussion of "state and economic development in Nigeria" with the premise that Nigeria has followed a developmental strategy dictated by the interests of imperialism and its local allies and not by those of the majority of the indigenous population. While identifying Nigeria firmly as a neo-colonial state, Onimode gave wider application to this theory by arguing that a colonial past is not necessary for the establishment of neo-colonialism.[21] He further insists that in Nigeria's external relations, the interests of what he refers to as the comprador bourgeoisie converge with those of the imperialist bourgeoisie to promote dependency. According to him the open-door policy to foreign capital and investments adopted by Nigeria at independence aided this process and enabled other Western powers, such as Japan, to join Britain in exploiting and increasing further dependency.[22]

There is nothing inherently unusual in Bode Onimode's views. They are for the most part, a reaction against the post-Keynesian conventional wisdom held by some Western economists, that industrialized nations form alliances with traditional elites and re-inforce control over their populace. Whether this wisdom was incorporated in the economic policies of Western economies is another issue. From all indications, policies among these economies in the international market system have hardly converged. Consider France, the Scandinavian countries and the USA as illustrative cases. Nonetheless, the African dependentistas seem content to uphold this in so far as it satisfies a requirement for the theory.

The above point explains Offoing's[23] ideas about this relationship. On his part, he has extended Johan Galtung's[24] position in his study of the relationship between the European Economic Community (EEC) and the Third World -- where he contends that the relationship is not one aiming at encouraging a diversified spectrum of extraction and manufacturing leading to horizontal exchange between rich and poor countries -- to account for the relationship between Nigeria and Japan. Ihonvbere and Shaw[25], emphatically point to the role of Japan which with the United States and other Western European interests, have displaced British hegemony, thus successfully entrenching multi-lateral capitalism. This, according to their study, is the dominant feature of Nigeria's postindependence economy. Gana[26] assumes a position on the same platform and like Onimode, pinpoints the role of the Japanese and other multi-national companies in exporting capital from the Nigerian economy in the form of profits.

What seems to increase the validity of this argument in its application to Nigeria-Japanese relations is the fact that Japanese economic relations with South-East Asia in the early years of its modernization were characterized by this system of exchange. However, without the benefit of any tests of particular application to Africa, members of the Dependency persuasion are content merely to extrapolate from this experience to describe Japan's relations with Nigeria. This analysis originates from Marx's ideas despite Tétreault and Abel's insistence[27], based on Baradat[28] that the theory is "logically and sometimes even actually independent of Marxist thought because of its root in the nationalism of third world countries".

To Marx, relations between market economies are by nature conflictual and in the Marxist tradition which has widened to incorporate both nationalists and structuralists, the dominant market economies not only cooperate in the joint exploitation of the weaker economies of the globe, but the international economy is seen as an arena for imperialist expansion and nationalist aggrandizement (Karl Kautsky's interpretation which Owoeye and Vivekande apply to the use of Japanese Foreign Aid Capital in Nigeria and Africa[29]). To them, international economic cooperation is harmful, destructive of traditional values, and corrupting in its encouragement of materialism in pursuit of luxury goods.

Antithetical to these views is the deeply rooted position of the classical and neo-classical tradition. While Marxist historiography, from which emerged dependency would see international trade in exploitative terms, liberal scholars insist that it is the restraints on trade as a result of such protectionist principles which makes it quite impossible for the advantages to be realised.[30] Both Adam Smith and David Ricardo view such international cooperation along these lines. Thus, to Smith,[31] international trade serves to increase the productive powers of labour by overcoming the narrowness of the home market. The people are thus encouraged to produce more goods and therefore to augment their annual produce to the utmost. This increases the general wealth of the country and consequently, the standards of living.

On his part, David Ricardo while further demonstrating the benefits of international co-operation, emphasised the patterns of international trade specialization by the means of relative productivity differentials among countries.[32] To him, the increase in the amount and variety of objects for revenue expenditure and the availability of these commodities at a lower value (due to international specialization) is beneficial as it acts as incentive to savings and by extension, capital accumulation.[33] Neo-classical scholars improved on these positions with the concept of relative factor endowment.[34] They emphasised the cost of transportation and other factors, such as greater mobilities of factors of production. Bertil Ohlin, for instance, showed that it was insufficient to put forward a theory of comparative costs without consideration for the play of demand in each region for goods from the other - the reciprocal demand.[35] The basis for a realistic appraisal of international exchange was thus established. Under certain assumed conditions, trade mitigates the advantages of the unsuitable geographical distribution of productive facilities.[36] In simple terms, each region exports goods containing a large proportion of its relative abundant and cheap factors. In the same vein, goods containing a large proportion of scarce factors are imported rendering these factors less scarce.[37] Although this theory does possess inherent imperfections and has been extensively re-examined,[38] it is still, as Gilpin puts it, the most appropriate in accounting for much of North-

South trade.[39]

Schooled on the classical and the neo-classical tradition, trade liberals or the "modernization school" contend that international cooperation maximises economic growth, increases economic efficiency and improves human welfare. It thus leads ultimately to strong democratic states capable of guiding their own destinies. In contrast to this opinion, the dependency belief is that such international cooperation makes states insecure, vulnerable and dependent on external development.[40] Smith and Ricardo's carefully observed analysis, and the liberal theories built on it, thus became a mere point of prescriptive scholarship, and the importance of such international cooperation, a mere speculative analysis.

Apart from the stated areas of inquiry which this thesis addresses, it does not intend to examine the differing views that make up international trade theory. Nor does it intend to examine in detail the validity of the Dependency theory. This has been done elsewhere[41] and does not form part of the subject of study with which this thesis is primarily concerned. However, a few observations on the microcomponents of the theory are appropriate because of its dominance in relevant literature. This also enables us to set out further what we will be hoping to demonstrate in the thesis.

Dependency theory would seem to be based on an ideological persuasion, the dependentistas, like the scholasticists of old, "have placed faith before reason and evidence". This is so for a number of reasons. First, the danger of lumping is all too recognizable. As observed elsewhere, "developing countries are characterized by considerably more divergence then they showed in the mid 1950s", when the theory emerged. This may suggest that "universal prescriptions are less valid now than they were when the discipline of development economics was in its infancy".[42] To put it bluntly, "every developing country is unique and is affected by market conditions and prices for its own products and not by the movement of index numbers". It is also arguable that internal factors, (and we hold this to be supreme), as well as other equally important factors and forces other than Japan and the West, are in interaction among the determinants responsible for the state of the Nigerian economy, its rate of growth and its level of development. Further, as one of the theorists has pointed out "trade flows alone cannot be used as the criteria for exploitation".[43] And since Nigeria-Japanese relations are made up essentially of trading relations, it is difficult to see how it fits in with the dependency paradigm.

Dependency theory further makes other questionable assumptions about the use of export capital and foreign investments. First, it is alleged that multinational companies make excessive profits which are then repatriated to their home countries. (As in the high returns on Japanese investments in Nigeria). If we are to take this assumption seriously, it could be demonstrated that excessive rate of capital returns is not merely indicative of lack of provision of replacement capital thus depressing the domestic economy (malinvestment). Rather, as Nurkse believes, high business profits in these countries may reflect the high marginal productivity of capital that can be realized through an overall expansion of the market, and "most developing countries, are in a process of expanding their domestic economy".[44] It may also represent entrepreneurial and management rewards which command a high price since these are scarce factors in developing countries.[45] This simply follows the economic wisdom, clearly recognized by Smith which is that "wherever a great deal can be made by the use of money, a great deal will commonly be given for the use of it",[46] and the greater the stock employed in any economy, the lower the rate of profit.[47]

High profits, if we are to continue with the dependency assumption, may even be beneficial to developing countries since it helps to attract additional resources into use, and where entry is unrestricted, to forward growth, as Kindleberger's analysis has shown.[48]

Capital transfers in the form of foreign loans and investments have also elicited a great deal of critical attention from the dependentistas. However, the experience of national developments across the globe show contrary evidence. In his Interregional and International Trade, Ohlin, points to the beneficial use of such capital. The examples include French capital which developed Italian industries and the foreign borrowing of Denmark which was used to reorganize agriculture.[49] To this list, we may also add the foreign loans of Australia.[50] It is thus quite obvious that the transfer of capital means an increase in the combined national incomes of the borrower and donor countries.[51] It could even be said, as Professor Edie has gone so far to assert, that the export of capital meant the export of industrial revolution to the less developed countries.[52]

Raúl Prebisch, a principal exponent of the inherent disadvantages in North-South relations, recognizes the indispensibility of such capital transfers. His well known exposition of the problem of development in Latin America centres around the creation of investment capital. His general emphasis is that productivity is low in Latin America because of lack of capital, this absence induced by a shortfall owing to the small margin of saving; this in turn caused by low income and productivity. Foreign trade and factor movements therefore present such an obvious solution. Prebisch himself advocated such international income transfers to fill the gap.[53] The Dependency attention to the 'evil' influence of foreign capital is also misplaced because a succession of policies could help developing countries to protect their interests and therefore, "in the context of development planning the effects of foreign investment need no longer be feared as being a repetition of the undesirable features in the history of colonialism".[54] It may be true that most developing countries often attempt to follow these objectives. However, their rate of success depends on the discipline exercised over these policies. It can thus be shown that the more successful LDC's are those who have attained this objective and the less successful, those who lack the economic discipline which is predicated upon the effective lack of articulation of national interests.

Indeed, the lack of sustained economic growth in Africa and Nigeria in particular rests squarely on the above factors. As Nurkse adequately puts it, in all cases, capital formation depends on complementary domestic policies.[55] Nigeria is a typical case among the countries where there is a lack of articulation of national interests and where the interests of the few contrast sharply with those of the many. It is a nation where the majority are totally committed to subverting the economic interest by the use of all means possible; a nation that has elevated corruption to a high art form and where society actively rewards corruption (whole villages organise parties to congratulate convicted corrupt politicians at the end of their prison term). It lacks the organisation long recognised in development theory as the key to the effective utilization of both domestic and international returns. As Sir Arthur Salter phrased it in his study of Iraq, "the heart of economic development is the reform and creation of an administrative system capable of carrying it out".[56] This issue lies at the centre of development constraints. Thus, Joseph Schumpeter[57] emphasized the role of the entrepreneur in development - the effective organization of productive functions crucial for the combination of factors of production in the right proportion.

This situation in Nigeria flows from the lack of articulation of national interests. Because power often comes from the barrel of the gun, governments are not representative and usually indulge the private and not the public interest. The obstacles to development in the Nigerian case, is, as in Walkinsky's major conclusion on Burmese development, that its development "waits on good government to provide law, order, honesty and responsibility".[58] There is simply no Lewis's "will to economize".

The lack of a strong democratic process, and the existence of institutions which militate against a beneficial interchange must therefore be the focus of any meaningful analysis on Nigeria's development, not the alleged effect of extraneous forces. As Arthus Lewis underscored, an enquiry into human behaviour which influences growth is an essential part of the measurement of economic growth.[59]

Such structural distortions and the lack of articulation of national interest is a phenomenon that is not peculiar to Nigeria. It is pervasive in most of black Africa. Africa is a continent suffering under its own weight. It is a continent of butchers and mass murderers (as in Kenya where the opposition has been systematically liquidated); of depraved psychopaths (as in Uganda where Idi Amin expelled Indians and by so doing destroyed the middle class in one afternoon); of common criminals (as in the organised banditary of Shehu Shagari with its "Don" Umaru Dikko in Nigeria). From the totally ignorant (Master-Sargent Samuel Doe in Liberia) to the totally senile (as in Ivory Coast where the geriatric life-president spent millions reproducing St. Peter's basilica in a country where starvation, disease, and ignorance reign supreme), Africa is not a continent where the wind blows free. It is a continent of repression and massive corruption. Until recently, there was not a single democracy in the whole of the region. Spread all over the continent are men and women who are not dedicated to nation building but to construction of other sorts - graves and private bank accounts. Are these facts of life about Africa a result of a mythical conspiracy? In black Africa's case, dependency theory only serves to divert attention from the rather serious issues hampering economic growth and proves what some scholars have long believed; that it is simply fatuous to be doctrinaire about development problems.[60]

One observation which must be made to place doubt firmly on dependency as a mode of explanation in North-South relations is that which follows. Among some of the countries today listed according to developmental classification, as the Newly Industrialized Countries (NICs) are countries with almost identical economic and political heritage -- a colonial past, diverse peoples, ever increasing populations, etc, -- yet they have been able to rise above the so called base of inequality. Why then is Nigeria, a country with enormous human and material resources that some countries among the developed world cannot even compare favourably with, still in the backwoods of development? Is this inability to develop forever to be attributable to Dependency? The Nigerian case is reproduced in much of the under-developed world. Is Dependency therefore a "covering law" that explains the lack of success of these states in addressing the all important question of economic development and subsequent improvement of living-standards? Until the above questions are sufficiently addressed and until individual cases placed in proper perspective, Dependency theory will continue to lack credence explaining relations between nations. We totally disagree with Tétreault and Abel that it "provides a model of international relations in the sense that it systemizes and elucidates collections of facts about structure and function".[61] It is not concerned with facts to provide any useful structure but makes its conclusions on the basis of mere assumptions. A theory that relies on broad generalization and assumptions on development economics without examining the economic, social and political circumstances of each underdeveloped country in detail for empirical assessment has little or no place in assessing the true nature of international relations.

We must however point out that the employment of comprehensive and exclusive Dependency theory, which has provided a license for bankrupt economic and political systems in Africa, is a phenomenon that dates back in history. When Friedrick Meinecke, the great German historian stumbled upon "chance" and threatened to stretch it beyond all recognizable imagination as the single most important explanation to which all others must defer, in accounting for Germany's fortunes and the war years, the historian and philosopher, E.H. Carr, appropriately referred to the preoccupation as the "bankruptcy of the great historian's mind under the stress of the misfortunes of his country". Carr further observed that such theories are only found among nations riding on the trough, and not the crest of world events. Likewise, the view that examination results are a lottery is likely to be found among students placed in the third class.[62] We may draw an analogy between Carr's summations about the "Cleopatra's Nose" school of history and the Dependency theory which, in our view, offers very little in the way of explanation but merely describes. While acknowledging the role played by colonialism, we will seek in the thesis to follow a more functionalist theoretical framework. This position is not ambiguous. Any "dichotomy between 'historical' and functionalist modes of analysis is analytically a bad one". This thesis will attempt to show the obstacles hampering the realization of the benefits acruing from the relationship with the developed economies as it attempts to place empirical evidence before rigid theory.

III

Historically, Africa has never been a stronghold of Japanese economic influence. The two entities remained far apart, not only in geographical but in both cultural and political terms. Yet, in the 1930's, Japan not only competed for, but gradually won the battle for cotton-textile imports into the Nigerian market. It also successfully entrenched itself as one of the principal trading partners of the country even though it (Nigeria) was still subject to the sovereignty of Britain, a dominant world power at the time. In the later years of that decade, the Nigerian market had become so important in Japanese economic calculations that regular shipping services were developed to connect both countries. This relationship was interrupted during the Second World War, 1939-45, but resumed as soon as conditions in Japan allowed. From this juncture, the Japanese increased their market share, and greatly expanded their commodity supply. In the 1950's it had not only successfully overtaken Britain, the colonial power in Nigeria, in competition for the supply of piece goods but its officials were regularly visiting Nigeria and discussing increased participation and greater economic cooperation.

Chapter One, which serves as the introductory chapter to the thesis (in conjunction with this Introduction) examines the factors responsible for Japan's growing interest in Nigeria, its increased trading activities and the British reaction to this situation in the context of the political and economic climate. Since these developments took place before October 1st, 1960 when Nigeria became a sovereign state, the chapter provides a background study of the nature of the bilateral relationship inherited by this date. As a preface to modern relations, it identifies the nexus and foundation on which further ties in the post-independence era were built.

Chapter Two studies the nature of the trading relationship. It also examines the composition of commodity supplies and the investments that were a necessary corollary in Japanese engagement in certain sectors of Nigeria's economy. This chapter has implications for theory because it critically assesses the vertical structure while highlighting the efforts made to react to market situations on both sides. In sum, it is an analysis of the features, pattern and trend of Nigeria-Japanese trade between 1960-1985.

Nigeria is a developing economy endowed with vast amounts of natural resources, an enormous population to sustain a vibrant market economy and is ranked as the sixth largest supplier of petroleum resources in the world. Japan on the other hand, lacks natural resources and its needs for energy resources border on the critical. As a developed country, Japan has specialized in industrial manufacture. It has also attained economies of scale that has enabled production of a wide variety of goods, consumer and heavy industrial needed by a developing economy such as Nigeria, at relatively cheaper costs. Its private capital (which cannot be distinguished from public capital) has also a long history of involvement in overseas ventures. From the above description, it would appear that a classic situation for reciprocal exchanges obtains; the developed country supplying the developing economy with much needed consumer goods and industrial manufacturing know-how while taking its energy supplies and processed raw materials. Yet, between 1960-85 in all but two years, a massive trade deficit obtained on the Nigerian side. This deficit sometimes ran into billions of dollars even in years when the total trade figure on the Nigerian side comprised a few million.

Chapter Three, examines the pattern of participation and the direct involvement of Japanese firms and private capital in the developmental process in Nigeria. Chapter Four, analyzes the difficult question of trade imbalance. These chapters collectively and variously, attempt to provide answers to the questions of reciprocity and equality. Since they highlight the various international and specifically directed trade policies on both sides, they provide useful insights into the long drawn out debate on North-South trade. At issue is, whether the inequality stems from the developing country's overawed exposure to the international market system or whether it is the result of the absence of and, or laxity of policies in developing countries that generate it.

Technical cooperation or the hope that through trade and other exchanges with the industrialized economies, the developing countries would gradually acquire not only the development strategy but technical efficiency to carry it through, is an issue, together with grants-in-aid which in the main, serves as the subject matter of Chapter Five. Since grants-in-aid are an important issue of consideration in North-South relations providing an important avenue for capital accumulation in Southern economies, this chapter will look not only at aid but also more importantly, at the technical and managerial expertise that accompanies it. This is important since a proportion of aid given to third world economies for developmental projects usually ends up in private accounts.

The main thrust of analysis of Chapter Six is the development of what are the political -- apart from the trade and investment (economic) -- aspects of this relationship. This chapter examines the development of the political relationship, the degree of importance attached to it by both countries through indicators such as the place of each in the other's policy formulation, and their respective responses to international issues affecting them (such as Apartheid and nationalist struggles).

The aspects treated by the various chapters, the importance of the study to the debate on North-South international relations and further observations on them will be reconsidered in the conclusion. This is a general assessment of the bilateral relationship during the twenty-five years under study.

As Professor Katsuhiko Kitagawa[63] has observed, and certainly, as writings such as John Stremlau's[64] International Relations Research have shown, until recently, little or no attention has been paid to Japan-Africa relations. To further illustrate, Takashi Inogushi's 1991 book, Japan's International Relations contain no single reference to Africa.[65] Because of this, there is an absence of appropriate established methodology in academic circles or elsewhere with regard to the topic. In Nigeria, most treatment of international relations is still weighted overwhelmingly, in favour of Western and non-Japanese links. Of the few writings that exist on Nigeria-Japanese relations, most consist merely of generalized remarks or judgemental opinions on the question of the trade imbalance and are furthermore overwhelmingly emotional and devoid of much scholarly significance. The same is true in Japan where judgements on Africa until recently have been based on received colonial prejudice with the question of Japan-Africa relations not paid any worthy attention. It is against this background and other difficulties faced by a pioneering study that this thesis is set.

NOTES

1. An interesting analysis of this concept can be found in D. Baldwin, 'Interdependence and Power: A Conceptual Analysis', International Organisation, Volume 34 (1980), pp. 417-506.

2. D.K Orwa, 'Theories of International Relations' in Olatunde Ojo, D.K. Orwa and C. Utete (eds.), African International Relations (London: Longman Group, 1985), p.13.

3. Peter Bauer, Dissent on Development (Rev. ed.) (Cambridge: Harvard University Press, 1976).

4. Kindleberger, like Bauer, believes that failure of the developing economies to adjust to the changing conditions is accountable to their social and political systems rather than in the operation of the international market system. See, Charles P. Kindleberger, Foreign trade and the National Economy (New Haven: Yale University Press, 1962), pp. 99-108.

5. This is considered a central question in the assessment of Nigeria-Japan relations - see Katsuhiko Kitagawa, Japan's trade with Africa between the wars: A study of Japanese Consular reports'. Paper presented at the 23rd annual meeting of the African Studies Association, Atlanta, Georgia, (2-5 November, 1989), p. 19

6. A critical evaluation of the vertical structure described by Robert S. Ozaki and Walter Arnold, Japan's Foreign Relations: A Global Search for Economic Security (Boulder: Westview Press, 1985), p.153, will be employed here.

7. Since it would be extremely difficult to determine how the marginal economy of Nigeria has affected the collosus that is the Japanese economy on purely scientific basis, we take this task to apply to Japan's contribution to Nigeria's development efforts. This would not be especially difficult since economic relations in the modern era, preceded the creation of the political state. It would be then possible to do this by following from the beginning, the various development projects outlined in the successive National Development plans of the Nigerian government precisely to determine how crucial the Japanese factor was. Indeed, this would go a long way in providing some answers to the question of the benefits of international cooperation between the developing nations and the industrialised economies. An important consideration when it is considered, as we have noted, that the dominant view among developing countries is that this kind of cooperation only leaves them at a disadvantage. International trade instead of the engine of growth that Adam Smith considered it serving as an engine of exploitation.

8. In 1976, "the rate of return on US investments in the developing countries was 25 per cent - more than twice the rate of return on our direct investments in the developed countries". Letter by C. Fred Bergsten, Asst. Sec. of State for International Affairs, US Dept. of the Treasury to the New York Times, January 12 1977. Quoted in L.S. Stavrianos Global Rift (New York, William Marrows and Co., 1981), page 449. This is an example of the basis for such arguments.

An interesting summation of this thinking can be found in Joan Edelman Spero, The Politics of International Economic Relations. (3rd ed.) (London: George Allen and Unwin, 1985), p.171.

9. Paul Baran, The Political Economy of Growth (New York: Monthly Review Press, 1967). André Gundar Frank, The Sociology of Development and the Underdevelopment of Sociology (London: Pluto Press, 1967). See also, Capitalism and Underdevelopment in Latin America (New York: Monthly Review, 1967).

10. Fernando Henrique Cardoso, 'Associated Dependent Development: Theoretical and Practical Implications' in Alfred Stepan (ed) Authoritarian Brazil: Origins, Policies and Futures (Yale University Press, 1973). Theotonio Dos Santos, 'The Structure of Dependence' in T. Fann and D.C. Hodges, Readings in U.S. Imperialism (Boston: Porter Sargent Publishers, 1971).

11. G. Palma, 'Dependency: a Formal Theory of Underdevelopment', World Development, Vol. 6, 1978. E. Laclau, 'Feudalism and Capitalism in Latin America', New Left Review, No. 67, 1971. For a general critique of dependency, see International Organisation, Vol. 32, No. 1, 1978 (whole volume).

12. F. Cardosso and E. Faletto, Dependency and Development in Latin America (Berkeley: University of California Press, 1979.

13. James A. Carporasso and Behrouz Zare, 'An interpretation and evaluation of Dependency Theory' in Heraldo Minoz (ed), From Dependency to Development (Boulder: Westview Press, 1982), pp. 43-56.

14. For a recapitulation of this development, see Anke M.M. Hoogvelt, The Third World in Global Development (London: Macmillan Publishers, 1982), pp. 171ff.

15. See some of the latest publications quoted in this introduction.

16. Amechi Okolo, 'The role of international trade in the African Political Economy' in T.M. Shaw and Sola Ojo (eds.), Africa and the International Political System

(Washington: University Press of America, 1982), p.68. Okolo developed his standpoint further in his article titled 'Dependency: The highest stage of Capitalist domination in Africa' in Ralph I. Onwuka and Olajide Aluko (eds.), The future of Africa and the new International Economic Order (London: Macmillan Publishers, 1986), pp. 296-321. His most recent thought on the concept may yet be found in 'Dependency in Africa: Stages of African Political Economy' in Toivo Miljan (ed.), The Political Economy of North-South Relations (Peterborough, Canada, 1987), pp. 468-483.

17. Arghiri Emmanuel, Unequal Exchange: A Study of the imperialism of Trade (New York: Monthly Review, 1972).

18. Victor C. Uchendu (ed.), Dependency and Under-development in West Africa (New York: Monthly Review, 1972).

19. Aguibo Y. Yansane (ed.), Decolonisation and Dependency: Problems of Development in African Societies (Westport, Conneticut: Greenwood Press, 1980). Especially pp.3-55, and other localized studies elsewhere in the book.

20. Eme N. Ekekwe, 'State and Economic Development in Nigeria' in Claude Ake (ed.), Political Economy of Nigeria (London and Lagos: Longman Group, 1985), p. 53.

21. Bode Onimode, Imperialism and Under-development in Nigeria: The Dialectics of Man Poverty (London: Zed Press, 1982), p.137.

22. ibid p. 138. Even on the proper understanding of this class, the theorists disagree. James Petras, for instance, in Latin America, does not agree that this ruling elite should be referred to as bourgeoisie or proletarian but would see them rather, as an intermediary stratum linking the expansion of the capitalist market relations to that of the State. See James Petras, 'State Capitalism and the Third World', Development and Change (1977), p.8. It could be argued of course that Petras confined himself to Latin America and the failure of state capitalism but this class in question is still the same in Marxist understanding, whether they be found in Africa, Latin America or elsewhere.

23. D.A. Offiong, Imperialism and Dependency: Obstacles to African Development (Washington: Howard University Press, 1982), p. 67.

24. Johan Galtung, The European Community: A Superpower in the Making (London: George Allen and Unwin, 1973), p. 69. Quoted in Offiong above, p.67. Galtung himself a noted structuralist who attended the first meeting of the group in Santiago, Chile in the mid 1960's is a passionate believer and noted contributor to the structuralist "credo" that economic dependence is generated primarily by the

expansionary tendency of capitalism and by the structural characteristics of both the domestic and the international economy. His major work in this regard is entitled, 'A Structural Theory of Imperialism', Journal of Peace Research, Volume 8, No. 2 (1971), pp.81-117. Galtung and others could be rightfully regarded as inheritors and disciples of Raúl Prebisch's ideas. (In 1949, Dr Raúl Prebisch developed the idea, articulated in his The Economic Development of Latin America and its Principal Problems which was then a "fresh approach vis-a-vis the Bretton Woods institution to the problems of the third world economic under-development".) That these ideas were proper in the period they were articulated -- the period when the international economy because of the dislocations of the war and other factors faced the danger of absolute disorder or hijacking by a few national economies -- there can be no reproaching the justification behind Prebisch's suggestions, which was then so useful that it formed the basis of the UN's Economic Commission for Latin America (ECLA) programme. However, to still insist on these obstacles and a web of intricate dependency relations, even when some of the economies in question had opportunities presented them, in Rostow's term, for a "successful take off" and the "drive to maturity" is not only an absurd intellectual concept but demonstrates the shortcomings of rigid orthodoxy of this school which continues to see monsters in every crevice of the international market system. Writing in 1982, several decades after the first ideas on third world development were set out by Prebisch and Petras among others, Offiong, for instance, could find no reason to take exceptions to some of the guiding principles of this ideology even when one of the principal countries in his analysis, Nigeria, had been presented with immense opportunities for capital accumulation but wasted it completely. Ideology can only be taken thus far!

25. Julius O. Ihonvbere and Timothy M. Shaw, Toward a Political Economy of Nigeria (Aldershot: Avebury Press, 1988), p.31.

26. J.A. Gana, 'The Impact of external economic forces on Nigeria's Political Economy' in The Nigerian Economy: A Political Economy Approach, The Nigeria Economic Society (London: Longmans Group, 1986), pp.142 and 148.

27. Mary Ann Tétreault and Charles Frederick Abel (eds.), Dependency Theory and the Return of High Politics (Conneticut: Greenwood Press, (1986), p.7.

28. Leon P. Baradat, Political ideologies: Their origin and impact (Eaglewood Cliff: N.J. Prentice Hall, pp. 18-20. (Quoted in note 20 above).

29. Jide Owoeye and Franklin Vivekanda, 'Japan's Aid Diplomacy in Africa', Scandinavian Journal of Development Alternatives, Volume 5, No. 4 (1986), p.145.

30. Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, (eds.) R.H. Campbell, A.S. Skinner and W.B. Todd. (Oxford: Clarenden Press) 1976. Page 449.

31. ibid. Pages 447 and 448.

32. David Ricardo, On the Principles of Political Economy and Taxation, edited with an introdution by R.M. Hartwell, (Harmondsworth: Penguin Books) 1971. A good analysis of Ricardo's ideas herewith, can be found in Elhanan Helpman and Assaf Razin, A Theory of International Trade Under Uncertainty (New York: Academic Press) 1978. pp.1-17.

33. Ricardo, ibid. p.151.

34. Generally known as the Hecksher-Ohlin-Samuelson (H-O) theory for the works of B. Ohlin, Interregional and International Trade, Harvard, 1933; P.A. Samuelson, 'International Trade and the equalization of factor prices', Economic Journal, pp.163-184; and E. Heckscher, 'The Effect of Foreign Trade on the Distribution of Income', Economist Tidscript, volume 21 (1919), pp.497-512. Bertil Ohlin further expanded these ideas in 1979 in his Some Insufficiencies in the theories of International Economic Relations (International Finance Section, Princeton University). This pamphlet book makes most interesting reading and tackles some of the current issues in North-South debate.

35. Bertil Ohlin, ibid, (Rev.ed.) 1967. Page 14.

36. Ibid, page 29.

37. Ibid, page 34.

38. A critique of the neo-classical theory can be found in Harry G. Johnson 'The Theory of International Trade' in Samuelson (ed.), International Economic Relations (London: Macmillan) 1969. pp.55-66. See also, Jeffrey A. Friedman and David A. Loke, International Political Economy: Perspectives on Global Power and Wealth (New York: Princeton University Press) 1987. Page 175.

39. Robert Gilpin (with the assistance of Jean M. Gilpin), The Political Economy of International Relations (Princeton, New York: St. Martins Press) 1987, pp.1-17.

40. Ibid, p.172.

41. The fallacy of Dependency is summarized in Olatunde Ojo, 'Africa and the Global Economy' in Ojo, Orwa and Utete (eds.) op. cit., pp.52-73, 62-67. See also, A.G. Hopkins, 'Clio-Antics: A Horoscope for African Economic History' in African Studies since 1945: A Tribute to Basil Davidson (eds.), C. Fyfe (London: Longman Group, 1976), pp.33-35.

The distinguished Karl Popper recognises the shortcomings of such interpretations. Commenting on historicist inclinations (identifies Marx's "all history is the history of class struggles" as one) he points out the tendency not to accept plurality of interpretation but to present their view as theories or doctrines. He extorts liberals to remain conscious that it is one of many. See Karl Popper, The Poverty of Historicism (London: Routledge and Kegan Paul) 1960. See especially pp. 151, 152.

Bill Warren's study 'Imperialism and Capitalist Industrialisation' also refutes some of the zero option sum of third world development provided by Dependency analysis. See New Left Review, 81, Sept/Oct 1973, esp. pp. 3, 7, 43.

42. Shahid Javed Burki and Robert L. Ayres, 'A fresh look at development aid', pp. 240-249 in Toivo Miljan (ed.) The Political Economy of North-South Relations, (Peterborough, Canada: Broadview Press) 1987. Passage quoted on page 240.

43. Offiong, op. cit., p.66.

44. Ragnar Nurkse, The Problem of Capital Formation in Underdeveloped Countries (Oxford: Basil Blackwell) 1953, page 28. Smith further explains, see op. cit. page 87.

45. Ibid.

46. Smith, op. cit., page 105.

47. Ibid., pp. 106, 107.

48. Charles P. Kindleberger, Economic Development, page 129.

49. Ohlin, page 216ff.

50. See Nurkse, ibid., page 91.

51. Ohlin, op. cit., page 217.

52. Professor Edie, Economics: Principles and Problems, London, 1926, page 660. Quoted in Ohlin, ibid., pp. 220-221.

53. Raúl Prebisch, The Economic Development of Latin America and its Principle Problems (United Nations, 1950), pages 5, 6 and 37. Quoted in Nurkse, op. cit., pages 57, 67. Prebisch saw this in terms of redistributive justice.

54. Gerald M. Meier, The International Economics of Development: Theory and Practice (New York: Harper and Row) 1968, page 137.

55. Nurkse, op. cit., page 140.

56. Sir Arthur Salter, The Development of Iraq: A Plan for Action, (London: Caxton Press), 1955, page 96. In Kindleberger, op. cit., page 119.

57. J.A. Schumpeter, The Theory of Economic Development, 1959.

58. Louis J. Walinsky, Economic Development in Burma, 1951-60, (New York: 20th Century Fund), 1962, page 585. In Kindleberger, op.cit., page 127.

59. Arthur Lewis, The Theory of Economic Growth, (London: George Allen and Unwin), 1956, page 11.

60. Kindleberger, Economic Development, page 130.

61. Mary Ann Tétreault and Charles Frederick Abel (eds.) op. cit., p.62. The authors however consider it an "imprecise model" on the basis of some of its shortcomings.

62. E.H. Carr, What is History? (London: Macmillan Publishers, 1961), pp.94-95.

63. Katsuhiko Kitagawa, op. cit., p.19.

64. Hirashi Peter Kamura, 'International Relations Research and Studies in Japan' in John Stremlau (ed.), International Relations Research: Emerging Trends Outside the United States, 1981-82. The Rockefeller Foundation, November 1983.

65. (London: Pinter Publishers).

CHAPTER ONE

PRELUDE TO MODERN RELATIONS

Nigeria-Japanese relations date back to the period before Nigeria became an independent state in 1960. Although serious trading contacts began from the early 1930's, trade relations can be traced back to as early as 1914 when Lord Fredrick Lugard, the British Colonial Administrator amalgamated the Northern and the Southern parts of the country.[1] From the British colonial records for the colony and protectorate of Nigeria, Falola and Ogunremi have dated the first exchange of goods to that year with Japan's share of total Nigerian trade of £6.9m amounting to £131.[2] This exchange however, not only remained at a very minimal level but lacked mutuality. Nigeria did not record the export of any goods to Japan until 1929.

Japan's contact with Africa dates to an earlier period. Agbi contends that Japanese knowledge of Africa dates back to the Sixteenth Century but was careful to point out that contacts were severely limited in scope until the mid-Nineteenth Century[3], the period of the Meiji Restoration in Japan. That Japanese relations with Africa took roots during the Meiji era is not in doubt[4], however, other extraneous events, occurring independent of Meiji control nurtured and bolstered them. These events were the colonial condition of Africa especially the scramble that gave birth to Article III of the Berlin Act of 1885. Sitting in Germany and brokered by Bismarck, representatives of the various colonial interests in Europe sought to introduce safeguards into the partition of Africa to prevent a ruinous colonial war that would prove costly to Europe. Article III of the Berlin Act was a consensus marking out free navigation and trade zones in Africa. This Act achieved unintended results; it indirectly benefitted the Japanese. The role of this singular Act has been acknowledged as one of the most important of the factors responsible for increased Japanese activity in Africa. According to an official Japanese source, "the Belgian Congo became a foothold for Japanese economic advancement".[5]

Jun Morikawa has conveniently divided the early periods of contact into two phases; The first phase between 1898-1913 was punctuated by sporadic, small-scale, unorganised family based trade. The second phase between 1914-1941 was marked by direct larger scale, well-organised trade.[6] From 1885, as Japan's Ministry of Foreign Affairs records indicate, Japan began to introduce products from its industrial modernisation to Africa.[7] For the whole period preceding decolonization, Africa was for Japan, nothing but an export market for consumer goods, primarily textile products.[8] However, since Africa was under the cultural, political and economic domination of the European powers when Japanese consumer items began to appear, they were generally ridiculed as "shabby" and "cheap" while the products of the imperial powers were lauded and embraced.[9]

In contrast to other areas of Africa, Japanese interest in West Africa was delayed. Investigative reports by government agencies or private organisations were non-existent until the early 1930's. From this date private interests began to take an interest and thus the initiative. In 1932, the first report detailing a general survey of the West African coast was submitted to the government by the Yokohama Specie Bank (Yokohama Shokin Ginko).[10] This report was complemented in 1934 by a government report which concerned itself with economic conditions in West Africa.[11] By this latter date, enough reports had percolated in Japan to raise interests in establishing trading relations with the region.

This increased Japanese interest in Africa and particularly, West Africa, was a result of some crucial factors. First, Japanese industrialists and merchants who dealt in cotton textiles and other miscellaneous merchandise had increased in number in the years following the outbreak of hostilities in the First World War. These business interests had been made more competitive in their participation in the international market economy by factors such as the availability of cheap and highly qualified labour, a neighbouring Asian market for the supply of raw materials and for fast disposal of goods as well as the development of maritime transport. They now found the internal market insufficient to absorb their products. Secondly, this situation was complemented by another factor. With the abolition of the gold standard in 1931, the value of the Yen fell which made Japanese exports more competitive.[12] Finally, even more critical than these developments was that by the 1930's, Japanese/China trade had began to decline (exports to China including Hong Kong and Manchuria had fallen 34 per cent) due to boycott and increased international competition.[13] The need was therefore critical to find new overseas markets. The resources of Africa presented opportunities waiting to be tapped.

In Nigeria, the earliest recorded dual transaction between Nigeria and Japan in the Trade Reports for the Colony and Protectorate appears in 1929. Japanese imports then accounted for .01 per cent of the total import trade of Nigeria.[14] From this date until 1939, Japanese trade with Nigeria increased dramatically. For convenience, we shall divide the period into two phases: the pre-1939 period which was marked by gradually expanding trading contacts, and the post-war period from 1951 when trade with Nigeria not only resumed but gradually acquired the vigorous characteristics of Japanese foreign trade. This period merges imperceptibly into the most recent period from the date of independence in 1960.

In the period preceding 1939, Japanese exports to Nigeria were composed in the main, of consumer goods and failed to undergo any serious structural changes. Exports consisted of apparel, boots, shoes, umbrellas, pullovers, beads (other than real corals), clocks and watches, artificial silk, buckets, hosiery, silk goods, basins, hats, caps and bonnets.[15] In addition to the above commodities, the Japanese also exported some railway materials. The main export commodity, however, was cotton piece goods. There were exports from the colony to Japan but these were minimal and in some years, amounted to as little as £750.[16]

The post World-War II period of Nigerian-Japanese trade began in 1951, almost six years after the cessation of hostilities. The late resumption of direct trading relations was due to the fact that after the war, all controls over Japan's exports and imports passed through General Douglas MacArthur's SCAP (Supreme Commander of Allied Powers) administration. Various laws had been introduced which completely banned civilian participation in overseas trade. Some of these laws deserve mention. In 1946, the Foreign Trade Agency was created and charged with responsibility for conducting export and import transactions through the newly established Foreign Trade Funds Special Account. The government prohibited all unauthorized transfer of all existing exportable goods within the country. This was shortly followed by the Foreign trade extra-ordinary measure decree of June 20, 1946. This prohibited any person or individual other than government through the foreign trade Agency from engaging in export or import activities and invested government with the power to order the mandatory transfer of goods for export when necessary. As Ozaki has correctly observed, the immediate post-war Japan was one in which "foreign trade was a case of strict state trading controlled by the occupation authorities".[17] These controls were in place until 1949 when the Ministry of International Trade and Industry (MITI) was established and gradually the controls were relaxed and private individuals could once more take an initiative in overseas's ventures. It was however, not until the outbreak of the Korean war[18] and the signing of the San Francisco peace treaty of 1951 that control was virtually handed over to the Japanese and exports began to pick up.

During 1951-1960, the commodity composition of Japanese exports not only increased in volume but was expanded. To the strong showing made by the Japanese exports of cotton-textile goods, another trade item was added: galvanized iron sheets. The Japanese had put up such strong competition in Nigeria's importation of this commodity that at the end of the 1955 trading year, Japan was responsible for 49 per cent of Nigeria's total import of galvanized iron sheets.[19] Other items like sewing machines, bicycle parts, steel plates, enamelled and ceramic wares had also began to make their way into Japanese exports to Nigeria.[20] During the same period, Japanese imports of Nigerian goods remained insignificant.[21]

The Japanese were able to challenge the hold on the Nigerian market by its traditional Western European customers, most significantly because of the lower prices they asked for their products. Their products were also more adaptable for use by the local population because they were made to suit local tastes. As Ogunremi has shown, in 1934, printed cotton piece goods exported to Nigeria by Japan cost 7.5 cents per square yard. A year later, 1935, the same Japanese products cost 7 cents. British cotton goods cost 11 cents per square yard in each of the two years.[22] Again in 1935, while Japanese umbrellas were sold at 26 cents each, those of British manufacturers cost 66.6 cents each.[23]

In no other sector was the Japanese challenge to the traditional British market more remarkable and more successful than in piece goods supply. The types of cotton piece goods traditionally imported into Nigeria have been bafts and drills; unbleached and bleached ("greys" and "whites"); drills dyed in the piece; prints; and coloured woven goods.[24] The demand for these products was enormous in Nigeria and before the beginning of direct Japanese trade, grey cotton was usually imported by British merchants from Japan and India for printing and finishing in Lancashire before re-export to West Africa.[25] In the early years of the trading contacts, Japanese cotton piece goods had begun to make their strong presence felt in the Nigerian market but it was not until the 1950's that this increased considerably. In 1954, Japan displaced Britain as the main supplier of rayon piece goods.[26] Japan's volume of cotton piece goods exports further expanded and by 1955, it accounted for 43 per cent and 29 per cent respectively of the total Nigerian imports of rayon and cotton piece goods.[27] In 1956 and 1958, rayon piece goods made up 60 per cent and 47,3 per cent respectively, of total imports from Japan.[28] By 1960, cotton piece goods from Japan had reached 36 per cent of the value of its total imports.[29] The figures for selected years below underline the strong commitment of the Japanese textile industry to capture the Nigerian market.

TABLE 1 (i) JAPANESE IMPORTS OF PIECE GOODS-SELECTED YEARS[30]

YEAR	QUANTITY (M SQ YRD)	TOTAL NIGERIAN IMPORTS FROM VARIOUS SOURCES	PIECE GOODS
1955	60	205,407	Cotton
	86	104,539	Rayon
1956	28	149,389	Cotton
	143	157,642	Rayon
1958	48.6	172,496	Cotton
	130	151,575	Rayon
1959	46.7	143,631	Cotton
	95.3	101,418	Rayon

To say that Japanese imports of piece goods increased in volume however, is not to state that the Japanese came to monopolize the trade. This would be far from the true picture. Let us illustrate with the 1957 figures. It is however, safe to say that they had more than a fair share of the market.

TABLE 1 (ii) TOTAL IMPORTS OF COTTON PIECE GOODS, 1957[31]

TYPE	QUANTITY (M. SQ. YARD)	VALUE (£000)	PRINCIPAL SOURCE OF SUPPLY	PERCENTAGE SHARE OF TOTAL IMPORTS
GREYS (unbleached)	28.0	1,476	INDIA, UNITED KINGDOM	INDIA 70; U.K. 28
WHITES (bleached)	40.3	3,154	INDIA, JAPAN	INDIA 23; JAPAN 13
PIECE DYED	24.8	2,506	UNITED KINGDOM, JAPAN, INDIA	U.K. 44; JAPAN 23 INDIA 13
PRINTS	31.0	4,198	JAPAN, NETHERLANDS, UNITED KINGDOM	JAPAN 39; NETH 32 U.K. 23
COLOURED WOVEN	22.4	2,305	INDIA, JAPAN	INDIA 62; JAPAN 14

The success of the Japanese in the cotton and other essential consumer goods trade was in the face of various trade barriers and competition against already entrenched interests in Nigeria. While the shipping services were dominated by American and European lines [32] (see pages 46 and 47), the United African Company (UAC), G.B. Ollivant, John Holt and Company, Compaigne Francaise de L'Afrique Occidentale (C.F.A.O.), Patterson Zochonics, S. Thomopoulous, Flonis Brothers and Zards as well as the Societé Commerciale de L'Quest Africaine (S.C.O.A.), controlled the produce trade. In both trading and manufacturing, the above firms and especially, the British American Tobacco Company and the British Cotton Growers Association as well as the UAC plantations, maintained a strong presence. While the Indian firms of J.T. Chanrai company and Chellaram and Sons were specialist import firms, the Lancashire firm of J. Christian and company were the giants in textile trading.[33] In short, the entire import-export trade was dominated by large European trading firms especially, the UAC, John Holt, the SCOA and the

CFAO.[34] The UAC alone, according to Hopkins, handled nearly half of West Africa's overseas trade during the 1930's and dominated the whole of British West Africa.[35] This situation has prompted Crowder to identify as the dominant trend in the development of European trade in West Africa to be the "concentration of power in the hands of a few major commercial houses who created in many parts of West Africa a situation of effective monopoly for themselves".[36]

The state of virtual monopoly that the Japanese were forced to deal with was further complicated by British fears of Japanese competition and policies initiated to severely limit this. To make sure that the Nigerian market remained an exclusive preserve of the United Kingdom manufacturers and for others elsewhere in the Empire for whom the territory had been conquered, in 1920, Britain started a process of tightening trade restrictions against Japan. As a prelude to tighter control, it announced in June 1920 that "preferential rates for goods of imperial origin has been addressed to all colonies and protectorates, except those which are precluded by existing international agreements from doing so, and a few others in which preference is already in force".[37] This measure which was forced by the pressures of the Manchester textile manufacturers proved both unworkable and ineffective against Japanese goods because not only did it conflict with Britain's free trade policy and therefore was resisted by merchants since it reduced their sales, but the Nigerian consumers preferred Japanese goods which were not only less expensive but more adaptable and "tougher for a peasant population".[38] Although this measure failed, the colonial administration did not relent. It followed it up in 1932 with the Imperial Preference Code after agreement reached at the imperial economic conference at Ottawa, Canada. The system was in nature of tariff alterations and imposition of quotas, both quantitative and qualitative, on imports from other sources outside the sterling area. The Preference Code fixed custom duties on British goods between 10 and 50 per cent lower than the general level.[39]

In 1932 and 1933, a quota system was imposed on textiles from Japan entering Nigeria. At the end of 1933, Britain gave notice to Japan of the termination of the colonial treaties (see page 44) between Japan and British West Africa signalling the attitude and corresponding economic policies to be pursued with Japan from then on. Tighter controls and strangulatory measures were not long in coming. In 1934 when tariffs on non-British goods were raised to 100 per cent[40], the quota system limited imports of Japanese cotton goods in quantity to not more than 1,524,503 million square yards between 17th May and 31st December.[41]

In that same year additional import duties were imposed on galvanized iron sheets, cement, paint, varnish, shirts, singlets, socks, stockings and pullovers of Japanese origin.[42] As Joan Wheare has observed, the changes from "ad valorem" to specific duties which presaged the imposition of quotas, was to penalize certain Japanese imports of a "cheaper" quality than the corresponding British articles.[43] That the duties and quotas were put in place specifically to penalize Japanese imports which had begun to threaten the British position in her colonial backyard is incontrovertible. What is difficult to understand is the smoke screen that the duties were meant to hurt Japanese goods because they were of a so called, "cheaper" quality than those of their British counterparts. That kind of analysis is needless to say, an "ad nauseam" repetition of one of the myths of colonial superiority, in this case economic, promoted by the colonial administration as one of the justifications for colonialism. Put in the colonial context, the Japanese goods were allegedly of cheaper quality because Japanese culture was inferior to British. Any product originating from such a source was therefore automatically inferior.

The real reason for restriction was price. The Japanese goods of corresponding quality to British materials were less expensive and easily affordable by the impoverished masses of the immediate post depression era. As reported in the colonial Bluebook of 1933, Japanese textile shipments to Nigeria which had risen to more than 11 million square yards were priced well below British textiles.[44] Finding no other effective way of curbing this threat, the British government hit upon a "final solution": the complete abolition of Japanese imports.

In Nigeria, "doubts were expressed that in conducting a tariff war against Japan, the subject races, especially those in West Africa, would be the greatest sufferers".[45] In fact, it was generally understood that this was yet another device introduced by the colonial government for the benefits of their own manufacturers. Even in the colony's Legislative Assembly, the members saw this, if not for anything else, but as a policy that went directly against the spirit of the dual mandate in British West Africa. A semblance of policy that the colonial administration, especially in Nigeria (where Lord Fredrick Lugard had made it a fetish with himself as high priest), was trying to project. Support for the bill when it came was tepid and it only passed when members were reminded that "it is an imperial measure which it is our duty to pass".[46] This policy proved most effective. By 1938, Japanese textile imports had fallen to 3.6 million square yards and were less than one-third of the 1933 volume.[47]

Basil Davidson insists that this act of British protectionism leading to the anti-Japanese economic measures was part of the domino effect unleashed by the economic slump of the late 1920's and the 1930's since the need arose in Britain to salvage whatever was left from the colony's trade to help to cushion its effects. He notes however, that the principal effect was to deprive the inhabitants of the British colonies of cheap imports such as Japanese textiles.[48] It is indeed, very true that the great slump adversely affected colonial as well as metropolitan trade and Davidson's assessment captures the situation most aptly. British West African trade for instance, declined from a total figure of £56 million in 1929 to £29 million in 1931. J. Munro Forbes[49] and Coquery Vidrovitch also affirm that the great slump "upset economic and social conditions throughout the (African) continent".[50]

To the extent that the slump necessitated some form of colonial control on British West African trade, these observations cannot be faulted. However, mention must be made of the fact that this policy pursued in Nigeria was only one example of British trade policy. It closely followed the deliberate anti-Japanese trade policies pursued during this time by Britain in its domestic trade and elsewhere in the colonies and the dominions. From the studies of K.K. Kawakami, it is clear for instance, that a similar anti-Japanese policy was followed in India essentially to thwart Japanese cotton-textile supply efforts.[51] It was also a fall-out from the conference between the representatives of the British cotton and rayon industries, (the Manchester interest) and Japanese representatives in London between February and March

1934.[52] No agreements were reached because, whereas the British interests wanted to extend to cover the rest of the world any agreement allocating market share made with the Japanese, the Japanese interests insisted that such agreements be limited to the United Kingdom and the crown colonies. It is therefore possible that Britain saw no other way of preserving the trade of her own interests than to severely limit Japanese imports in the colonies where it had the power to impose such sanctions.

This practice continued through the war and after, was complemented by even sharper regulations which further jeopardised the Japan's position in Nigeria. It is also pertinent to point out that for most of this period, Nigeria's purchases from Japan remained restricted in total value to limits set within the various bi-lateral trade agreements entered into between the United Kingdom colony's group and Japan. These agreements provided for any serious imbalance of trade to be settled in dollars and the quantity of goods which Japan could export to the colonies to be dependant on the quantity of goods they are able to import from the sterling area.[53] This proved to be a serious handicap for the Japanese trade efforts since they were sometimes forced to take in goods they did not need in order to meet their obligations.

In 1952, further restrictions were clamped on Japan's trading efforts in Nigeria, as in most other parts of the

Sterling Area following an earlier sterling deficit.[54] Two years later, Japan successfully negotiated an agreement with the United Kingdom which substantially increased the volume of Japanese imports. (By this time Japan had been successfully integrated into the Western alliance). The new agreements did not only relax to a considerable extent the trade restrictions imposed against the Japanese goods but increased Nigeria's allocation of import licences for Japanese goods. From this date until February 1st, 1960 when the colonial government passed legislation permitting the importation of all goods except coal, second-hand clothing and articles of gold under the Open General Licence system, Japanese-Nigerian trade could be said to have abandoned the vestiges of colonial control becoming increasingly adaptable to the modern era of relations which started with Nigeria's independence in October 1960.

An account of the conditions preceding and ultimately affecting the post-independence period of Nigeria-Japanese relations would be incomplete without reference to the most important phenomenon which affected the development of relations. Of primary importance to Japan-Nigeria trade in the pre-independence period was the remarkable opening and subsequent increase in Japanese shipping services to Nigeria. Before this period, Japanese ships like those which carried out fishing activities off the Nigerian coastal waters would occasionally be reported but none of these were concerned to deal with trade and no direct shipping services were developed. The development of direct shipping services was indeed, as Katsuhiko Kitagawa has pointed out, very significant but not only in the development of Nigeria-Japanese trade; it played a massive role in advancing Japan's trade with the rest of Africa also.[55]

From the trade reports of the colony and protectorate of Nigeria and from Charlotte Leubuscher's study of the West African shipping trade and other sources, it is quite clear that regular shipping services operated between the two countries from 1934.[56] This remarkable development apparently results from Japan's policy of operating shipping services directly to the primary producing countries which had been vigorously pursued from 1914.[57] Hindmarsh agrees with this assessment and points to the effect of the heavy subsidies given to the shipping industry by the government.[58] It should be noted however, that prior to the commencement of the direct shipping services to Nigeria, Japanese lines were already active in Africa. The Osaka Chosen Kaisha operated a regular shipping service with both East and South Africa since 1926. During this time, most of the Japanese goods destined for Nigeria were trans-shipped in Western Europe and American ports, mainly, London and New York. During this period also, shipping services in Nigeria and indeed West Africa as a whole were dominated by European and American concerns namely, Elder Dempster Lines, Woermann, Deutsch Ost-Afrika, Hamburg-Bremen-Afrika and the American East-Africa line from New York.[59] In addition, the United Africa Company (UAC) and John Holt also maintained small shipping services. It was however, Elder Dempster Lines that took effective control of shipping services as the colonial records show. In the Trade Reports for 1933, it was reported that regular mail passenger and cargo services were maintained between Nigeria and the rest of the world and that Messrs Elder Dempster Lines Ltd., had the large majority of ships in all category. The report also referred to other shipping services of Italian, Belgian, French, Dutch and other nationalities which also made regular stops to Nigeria.[60]

After investigating the state of affairs in Nigeria and West Africa, the Osaka Shosen Kaisha (Osk Lines) opened a new line to Lagos, Accra and Dakar via South Africa and the "Alaska Maru" was sent on an initial trial run in November 1933.[61] The table below gives a rough idea of the state of the Japanese shipping services and the increase in shipping tonnage to Nigeria.

Table 1 (iii) JAPANESE SHIPPING SERVICES TO NIGERIA 1934-1939[62]

YEAR	NUMBER OF SHIPS	NET REGISTERED TONNAGE	TOTAL NUMBER OF SHIPS OF OTHER NATIONS	TOTAL NET REGISTERED TONNAGE OF SHIPS FROM OTHER NATIONS
1934	2	9,106	915	1,727,761
1935	--	--		
1936	5	22,189	1,049	2,044,596
1937	5	22,826	1,084	2,265,502
1938	5	23,605	945	2,012,498
1939	6	26,294	876	1,790,190

What immediately emerges from the picture above is that even though the Japanese had increased their tonnage, their share of the shipping services remained minimal. As the table shows, no services were recorded in 1935 and the Japanese percentage share of the whole country's shipping service was less than 5 per cent. It was a strong presence but which in comparison with the shipping activities of the other European and American interest, pales into insignificance. As Leubuscher has correctly pointed out, the Japanese shipping services heavily subsidized by government might have threatened the position of the British elsewhere in India, Australia and the United States of America but hardly so on the West Africa line.[63] Indeed, they did not threaten the interests of the smallest European state participant in the shipping services.

Japan's shipping services direct to Nigeria were disrupted during the period of the second World War but resumed as soon as the post war conditions in Japan allowed renewed overseas interests. The Nigerian line was resumed in 1954 but from that date onwards the one-line monopoly enjoyed by the Osaka Shosen Kaisha (Osk line) was broken by the arrival of other major lines as the Japanese shipping services to Nigeria expanded with increased trading. The Kawasaki Kisen Kaisha Ltd. (the K line) and the Mitsui line, both of whom were actively supported by Japanese businessmen who complained of the costs and long delays in trans-shipment from European ports, joined the Osaka Shosen Kaisha line.[64] Between them, these lines brought 7,996 tons of Japanese goods to Nigeria in 1954, 104,324 tons in

1955[65] and 99,196 tons in 1956.[66] The Japanese presence was still by no means a massive increment nor did it account for any significant proportion of the total tonnage entering Nigerian parts. In 1958, for instance, Japanese shipping was only responsible for 3.6 per cent of total recorded tonnage.[67]

The Japanese shipping figures taken by themselves would represent a minimal percentage of total shipping tonnage entering Nigeria's ports, as we have already mentioned (the 1939 figure for instance, represent only 1 per cent of the total tonnage entering Nigerian ports). The importance of the development of this shipping service, however, lay in its implications for Nigerian-Japanese trade. The period under consideration was one when Japanese maritime trading had yet to spread to the far corners of the globe. The concentration of trading activities was still with European, American and Far-East markets and Africa was by no means, well-known or a priority consideration among the business circle in Japan. Yet as the figures show, both before the war period and after, there was an undoubtably increasing willingness among the business interest in Japan to trade with Nigeria. The above point assumes even more sharper perspective if it is considered that the West Coast of Africa where Nigeria is located is about 12,000 miles away from Japan and that the ships that called at Nigerian ports were plying a direct route, using the Cape not as a stop point but as a victualling station, a convenient half way house before the final destination, Lagos, Nigeria. Figures showing the Japanese shipping services to Nigeria during this time, should not therefore be taken or be seen in direct comparison with the tonnage of other Western European and American lines, the traditional customers of the West Coast of Africa whose contacts dates back to the Atlantic slave trade days and even beyond, but for their underlying importance.

A noticeable phenomenon in the trade of this years was the lack of reciprocity. As readily seen in Table 1 (iv), Nigeria suffered a large deficit in her overall trade with Japan for most of the period under consideration. It would then appear that Japan supplied goods to Nigeria while demanding few of her products.[68] This would however convey an erroneous impression for as the colonial government's records shows, it was much more profitable for Nigeria to sell those products which the Japanese needed to markets other than Japan. Indeed, while it was desirable to buy from Japan because of the relatively inexpensive nature of their goods, it was better to sell to the United States where the same products that Japan needed were much in high demand and fetched higher prices. Certainly, the question of reciprocity and achieving a balance of trade did not bother the colonial administration. According to the Federal Minister of Trade and Industry in a speech delivered to the colony's legislative Assembly;

> "Importation from Japan was not solely because Nigeria needed to persuade Japan to buy her own goods but because apart from the fact that Japan offers a variety of goods easily affordable to the vast majority. The two major commodities of conceivable interest to the Japanese are cocoa and colombite which are presently very much in demand in the U.S. The question of one way traffic of trade between Japan and Nigeria should not give us any trouble whatever"[69]

As to those who would argue that such statements above show a characteristic devil-may-care nature of colonial officials who are satisfied so long as the interests of the metropolitan are served, the minister who was making the speech during the 1955-56 budget session was Mr R.A. Njoku, a Nigerian in the colonial executive.

The main reason, undoubtedly was the above but it did not exclude the fact that as a colony of Britain, Nigeria was hardly permitted to export agricultural products to other countries than to the metropolis[70], and agricultural products were its main export commodity.

Other areas of cooperation apart from trading relations were also developed during this period. Visits were made to Japan by both the Eastern region Minister for Industry and the Western region's Minister for Development.[71] However, it was the Japanese, attesting to the increased economic importance of Nigeria in their calculations, who made the greatest attempts and were more consistent in efforts to improve relations between the two countries. In 1956, they established consular representation with the colonial government following this up with expressions of concrete economic interest. In April of that year, six members of a Japanese trade mission sponsored by the Japan External Trade Organization, JETRO, visited Nigeria where they held detailed economic cooperation discussion with the colony's Minister of Trade and Industry. In March 1960, another government sponsored mission visited the country ostensibly to examine ways in which Japanese entrepreneurs could cooperate and assist in developing the business and industry of Nigeria.[72] Expressed not in Japanese terms, the real purpose of the last visit was not only to lay a solid foundation for their interests but to further explore ways of turning the post-colonial economy to their advantage since at the time of the visit, it had become quite clear that Nigeria would become independent in a few months. Encouraged by the relaxation of the various restrictive measure imposed by the colonial government, emboldened by the Open General Licence system introduced by February 1, 1960 and made more competitive by the Open Door policy of trade and investments adopted by Nigeria at independence, the Japanese had come to assume a position by 1960, where they would increasingly challenge the dominant position of European and American interests in the Nigerian economy.

A number of allegations have been made concerning the real nature of the Japanese presence in Nigeria and elsewhere in Africa during the colonial period. According to one school of thought, the Japanese were beneficiaries of European colonialism and therefore were by extension, imperialists themselves.[73] To the extent that the Japanese participated within the structures of colonialism in place in Africa during this time, the Japanese connection with European imperialism is not in the slightest doubt. However, it is not true to insist that the Japanese were involved in any kind of imperialism in Nigeria or indeed Africa merely because they maintained relations with the European colonies and benefitted from such intercourse. Japan had full diplomatic relations with Britain and Nigeria was part of the British empire. There was therefore nothing unusual in the relationship with the colonies since it resulted from a wider association. At any rate, it is important to note that the Japanese supplied the colonial peoples with goods they needed, sometimes at even better prices than they could get from the colonizing powers. On the other hand, they also took goods from them. It is therefore difficult to see how this kind of relationship could be construed as having imperialistic implications. What is beyond any reasonable doubt is that since most of the information the Japanese had on dealing with Nigeria were received second-hand from sources within the colonial administration, this undoubtedly affected their responses to Nigerian affairs. Most of this information was jaundiced racial vilification and missionary propaganda which cast a moral slur on the peoples of the former colony. It is plausible that it may have affected the way Japan perceives the peoples of the former colony. The implications of this effect of colonialism must therefore be borne in mind when evaluating the whole post-independence relations. As Jun Morikawa insists, Japanese colonial policy towards Africa has a definite relationship with Japanese-Africa relations in the modern period.[74]

It has been necessary to begin this thesis by detailing the developments in Nigeria-Japanese relations in the colonial period not only because of the above reasons but also because it helps our understanding of the remarkable progress made by Japanese trade and investments in the post-independence Nigerian economy. We would seek to justify such an historical excursion on the grounds, as Shaw and Aluko have correctly pointed out, that "a political economy perspective on African Foreign Policy involves an historical as well as critical and structural component" for "such an approach enables contemporary relationships and responses to be put into an appropriate and extended time-frame."[75] This work is undeniably an assessment of policy and the measure of progress in the modern day relationship between a developing and an industrial economy.

NOTES

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29. ibid

30. Figures compiled from Nigerian Trade Journal, several volumes for various years. See also, Foreign Trade of Japan, 1951 and 1958, The Quarterly Review of Japan Cotton Textile Industry published by the All Japan Cotton Spinners Association, Tokyo, also contains useful information on the quantity of total cotton textile exports to Nigeria. Nigeria is however grouped with the other British West-African colonies of Golf-Coast, Sierra Leone and Gambia for most of the years making an individual assessment particularly difficult.

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56. Charlotte Leubuscher, The West African Shipping Trade, 1909-1959 (Leyden: A.W. Sythoff, 1963). Colony and Protectorate of Nigeria, Trade Reports for various years. Some useful reference is also contained in The Nigerian Trade Journal, Volume 5, No. 1, (January/March 1957), p. 14. See also, Africa: An international business, economic and political monthly, No. 171 (November 1985), p. 65.

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62. Figures compiled from Colony and Protectorate of Nigeria, Trade Reports for various years.

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65. Trade Reports, ibid (for 1954 and 1955).

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69. Statement by the Federal Minister of Trade and Industry to parliament during the 1955/56 budget session of the Nigerian Legislative Council. Nigeria Trade Journal, Volume III, No. 21 (1955), p. 59. Mr Njoku however, noted that the feelings expressed over the trade imbalance were just and promised to take up the concern with the Japanese consular representative as well as the business representatives.

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CHAPTER TWO

NIGERIA-JAPANESE TRADE, 1960-1985

As pointed out in the introduction, the dominant perspective on the nature of North-South trading relations is one which emphasise inherent disadvantages for the Southern states. The literature has focused mainly on the disabilities facing the Southern states on entry and participation in the international market economy. The pattern of trade which is based on a vertical structure is a central issue in this analysis. As the argument goes, the Southern states face the prospect of ever deteriorating terms of trade for their primary products since the developed Northern states control the international market system. Any trading relationship between the two will favour the developed states resulting in trade deficits and the drain of resources to the latter. The argument above seems even more relevant to Japan-Nigeria trade relations since an enormous deficit obtains in favour of Japan.

What we have set out to do in this chapter is to closely examine the dynamics of this relationship to see whether the above model applies. To be able to do this most effectively, we have to set for ourselves the task of considering the role of trade policies in determining what was traded and in what proportions. Since there was an effective reciprocal demand (as will be shown in Chapter Four), by considering trade side-by-side with policy the attempt is to show the reality of trading relations and the interplay of several factors affecting the commercial relationship between the North and the South.

This approach (considering trade side-by-side with policies addressed to the problem of trade) involves a departure from the more traditional analysis of trade relations in terms of import and export volume, overall increments and shifts by ratio and percentages. (This conventional method is merely part of our procedure). The nature of our argument precludes such an emphasis on mere statistics.

The attempt here is a first step in the statement of our position, which is that obstacles to development lie deeply within the structural distortions in the domestic economy and is not necessarily the result of exposure to the international market. This argument is continued in Chapter Four, which is a full examination of economic policy.

Briefly, the tasks attempted in this chapter include the following:

(a) An examination of the features, trends and noticeable patterns of Japan's trade with Nigeria, and

(b) An analysis of the actual commodity trade. This includes trade policies as well as charting percentage increments and underlying movements in index numbers.

Japan-Nigeria trade falls into six clearly distinguishable patterns identifiable by periodic shifts in index numbers. Accordingly, they have been broken up into six parts. In each of these divisions, the actual pattern of trade is considered side-by-side with underlying and consequently, responsible factors for each pattern. Attempts made through changes in existing policy or introduction of new policies are highlighted as they affect these underlying movements. Despite these sub-divisions, the pattern at the end of every decade is very carefully analysed and the market conditions inherited in the following decade clearly stated. We have also incorporated an assessment of a major policy change, that is, the quantitative trade ban of 1965 as it affected the GATT regime. This helps us to place the pattern of trade within the context of the integrated world trade system.

Our attempt to examine policies addressed to the solution of particular problems will vary in application. On the Japanese side, the emphasis is on attempts made to capture markets by a combined strategy of exports and investments and the reactions to changing conditions in the Nigerian economy (continued in Chapter Three). On the Nigerian side, the emphasis is on attempts made to increase or expand exports in volume and the response to increased demand by Japan.

The figures used for this analysis (see Appendix, Fig. 2(i) and also Fig. 4) are derived from JETRO's accounts in the White Paper on International Trade. IMF figures, as well as statistical derivations from Nigerian foreign trade sources are also reproduced side by side with JETRO's for clarity. Investment accounts can be supplemented by reference to Fig.3(i).

I

JAPANESE TRADE AND INVESTMENTS IN NIGERIA, 1960-1985: THE TRENDS, FEATURES AND THE NOTICEABLE PATTERNS

As an aspect of the relationship between a developed and highly industrialized economy and developing economy, Nigeria's trade with Japan, in the whole of the period, 1960-1985, could be said to fit most perfectly into a vertical structure. This is indicated by the exports of products of industrial manufacture by the developed economy and the export of products of non-industrial manufacture, particularly, agriculturally based products, by the developing economy.[1] The pattern of this trading relationship is sharply marked by the exchange of machinery, equipments and other manufactured goods for agricultural products (processed and unprocessed) as well as crude petroleum products. This satisfied the needs of both economies, with their widely different bases, for raw materials and technology needed for industrial development. On both sides, the commodities traded are clearly definable and with very minor alterations remained fairly consistent for most of the period under study. These commodities can be broadly summarized under the following categories; agricultural products, petroleum products, equipment and machinery, as well as manufactured consumer durables. The picture above suggests that both countries' trading was dispersed in almost all divisions of the Standard International Trade Classification (SITC). However, as the study will reveal, these commodities traded between Nigeria and Japan merely skirt the fringe, and not the mainwaters of the SITC categorization.

The exchange of the above commodities are evenly distributed between the two countries. Commodities one and two products which remained in their natural state for most of the periods trade, and which satisfied the needs of the industrialized economy for sustainable raw materials supply came from Nigeria while Commodities three and four were generated by the Japanese economy in line with its highly industrialized state.

Another important aspect of this trading relationship is that even though all the commodities traded fitted into most of the SITC category, with few exceptions, each enjoyed different periods of predominance from the other. As a rule, especially on the Nigerian side, one commodity was traded to a limited extent alongside the other during their different periods of dominance. Thus, the sale of crude petroleum products which came to predominate among trading commodities on the Nigerian side for most of the 1970s and early 1980s, was massively disproportionate in comparison to other commodities which were in the main, agricultural and marine products. The exports of these commodities was very marginal. They amounted to very little, accounting for less than 6 per cent of total exports in an average year.

On the Japanese side, the difference in concentration among export, mirrored largely the concentration of foreign trade for the different regions of the world at the time. It also reflected their attempt, after a careful study of the Nigerian market, to concentrate on specific sectors of the economy at different periods. Thus, in the first decade of the trading relationship (1960-1970), textile goods which included cotton, rayon and silk fabrics as well as other synthetic fibres such as nylon, were responsible for well over one-third of the total export trade of Japan to Nigeria. In this period, independence had recently become a reality for Nigeria and although its government had proclaimed its intention to industrialize rapidly (with its first Development plan covering the period 1962-1968), both the length of time involved, the vicissitudes of the civil war which broke out in the early months of 1967, as well as other internal difficulties, meant that the old pattern of trade, firmly established by several decades of colonialism, continued. For the Japanese who, prior to

Nigeria's independence in 1960, had competed over and wrestled the dominance of cotton-textile supplies from Nigeria's traditional suppliers (the United Kingdom and India), it was an opportunity to consolidate their lead. However, since political autonomy brought with it attempts to discourage imports of traditional consumer goods, in pursuit of a policy of import-substitution, commodities like textile goods came heavily under pressure. The Japanese, however, demonstrated an adaptive capability in their investment by pioneering new industrial complexes for textile manufacture in the country.

The supply of machinery and equipment as well as other durable consumer goods which overtook the supply of cotton textiles and other items such as galvanized iron-sheets, traditionally supplied to Nigeria, was also in response to further changes in the condition of the Nigerian economy. Accelerated in growth by its abundant petroleum resources and subsequently by the high demand in the world energy market which brought in much needed foreign exchange; and guided by ambitious National Development Plans (a total of three between 1970 and 1985), the Nigerian economy proved only too receptive and willing to accommodate the massive importation of Japanese machinery and equipment, especially electrical and electronic goods. This oil export aided growth and vastly improved the purchasing power as well as the standard of living of the vast majority[2] and brought with it a sudden and almost insatiable demand for consumer goods and a period of conspicuous consumption.[3] The Japanese were very quick to take advantage of the opportunities offered by these developments especially since they possessed an economy geared to production and export of those same commodities required by the Nigerian economy. This ability to supply also extended, most importantly, to heavy industrial machinery and equipment since the Nigeria National Development Plans included an ambitious programme for rapid industrialization. These demands came in the form of machinery requirements for new factories, urban electrification, port facilities, fertilizer plants, refinery equipment and demands for other new forms of generally complementary technology needed for industrial take-off. Accordingly, an overwhelming proportion of Japanese exports in the period 1970-1980, were in these commodities.

One intriguing, albeit absurd feature of the commodities traded by both nations, has been the trade in canned fish products. The mass movement to urban areas when the colonial system expanded its process of extraction, had led in the early independence era to the burgeoning of cities. In the post oil boom era this aggregation exploded, and left as an economic feature of the country a legacy of rudimentary urbanization.[4] It may well be that the Japanese exploited the failure of the Nigerian economy, in seeking rapid industrialization, to provide a solid agricultural base capable of feeding the "vast multitudes" for itself, and this theme is explored in a subsequent chapter. What is very clear is the fact that Japanese trade returns from Nigeria largely increased as a result of the massive importation of canned fish. In 1978, the Japanese records for International Trade showed an increment of 38 per cent in exports to Africa because of exports of canned mackerel to Nigeria.[5]

This product came in two types: Canned Mackerel in tomato sauce and Canned Sardines in tomato sauce under the now famous brand name "Geisha". It became the popular food of the working class, the slum dwellers and the peasantry all of whom had converged into the urban centres, as well as among students. (As a student in boarding school for most of the period 1976-1982, the writer recalls that the consumption of this very popular "Geisha" brand overshadowed other brands, especially the "Queen of the Coast", and became the vogue among students all over the country. It was the essential item in everyone's locker and you had not "joined" until you could come up with it during afternoon break time). It is worth mentioning that only in the mid-1980s did a significant development in the local manufacture of canned food products take place and assumed real indigenous feature with the "Eja Dadi" brand. Until 1984, Japanese exports of this and other food products, could still take a significant portion of their general imports into Nigeria. It accounted for $1,134 million, out of the Japanese total figure of $445, 518 million, for that year.[6] As late as 1985, canned mackerel and sardine were still being imported from Japan.[7]

The provision of services, technological and managerial, were also an integral and very essential part of this trading relationship. Again, the various developmental projects outlined in the National Development plans, were responsible in a large part for the increased cooperation in the service sector between Nigeria and Japan. This cooperation took the form of contractual services undertaken by the Japanese in Nigeria. It is worth observing however, that these kinds of services provided by the Japanese only came with increased trading activities and largely followed the ebb and flow of the state of the Nigerian economy. They were also undertaken by local subsidiaries of Japanese companies in Nigeria, and only a few cases involved the provision of direct services from Tokyo. The projects involved were of the utmost national importance. It must also be pointed out that although as often when contract services are mentioned, what immediately comes to mind is general construction, most especially in Nigeria where the word in synonymous with extravagant government largesse to fortunate and willing customers. The services undertaken by the Japanese in Nigeria transcend this conventional wisdom since it includes such tasks as architectural design for a new federal capital territory and feasibility reports for new port complexes, among others.

Investments for the development of new sectors and the strengthening of existing ones have also been an integral part of the Japanese trade ventures in Nigeria. These investments were usually undertaken as a necessary supplement to enable either the local manufacture of a Japanese product which commanded and enjoyed a wide demand and made in order to further increase the Japanese share, or they were made to sustain a monopoly already in place. In very few instances, they were made in data based companies which provided vital information for both the parent company in Japan and its local subsidiary in Nigeria, on the state of the Nigerian economy. With respect to the above points, the Japanese investments in cotton-textile production in the decade 1960-70, as well as efforts made to establish local assembly plants for Japanese cars and motorcycles, in the 1980s epitomize this pattern of trade development (see Chapter Three).

The initiative of trade also stayed with the Japanese basically because the promotion of trade with other nations is the centre piece of Japanese foreign policy and because Nigeria has a large market potential as well as an effective purchasing power, making it very attractive as a market with all the potential to be exploited by Japanese foreign trade. Because of these facts, attempts to foster the trading relationship were always made by the Japanese. On their side, the Nigerians seem to have been satisfied to leave the initiative in trade development to the Japanese, being merely content to take all they could in imports and offer very little in exchange. This is the reason behind the inability of the two countries, in the twenty-five years of trading relationships, to achieve a truly diversified spectrum of commodity exchange. New areas of contact were not developed and no attempts were made to diversify existing commodity supplies. Perhaps, because of the Nigerian inability to diversify the sources of existing commodity supplies traditional in the two countries' trade, or develop new areas, the Japanese did not make any attempt (or were not required), to undertake the local manufacture of industrial parts, especially for those industries whose raw materials were in abundance in the country, as they did in South-East Asia and elsewhere in their global commercial empire.

This lack of diversification of commodity exchange is the result of Nigeria's industrial structure and low capacity utilisation. Whereas the trading relationship between Japan and the East Asian NICs for instance, is characterised by a kind of mutually beneficial international division of labour in both domestic demand and in third country markets[8] -- Japan exporting higher value added products and importing labour intensive manufacturers -- the pattern with Nigeria is completely different, as we have mentioned earlier. The difference in pattern is predicated upon the difference in industrial policy. Whilst these NICs had pursued a very active export-oriented industrialisation, the help of international capital movements had been enlisted for domestic production in Nigeria since the emphasis here was on Import Substitution Industrialization (ISI) policy. As would be expected, any analysis of the Japan-NIC relationship would invariably include changes in the industrial bases of exports, adjustment mechanisms and emphasis on domestic policy responses in both areas. The relationship with Nigeria does not allow us this luxury. Here, because of the differences above, our analysis has remained most basic as there is nothing in the vertical structure to warrant such interpenetrative analysis.

The balance of trade has also been in Japanese favour in all, except for two of the twenty-five years of trading relationship between the two nations. It is true of course, that Japan maintains a very favourable balance of trade with almost all nations with which it has commercial intercourse. It should therefore not come as a complete surprise or even, be cited for serious consideration as one of the features of the trading relationship. However, what sets Nigeria far apart from the case of other nations trading with the Japanese are two exceptional features. One is the inability of the Nigerian trade to expand either vertically or horizontally as is clearly evident from the tables used for subsequent discussions. The consistency in the export of unfinished raw material goods to Japan is the result of the above but also demonstrates an unwillingness to salvage something meaningful from the Japanese trade. It indicates an almost defeatist resignation and acquiesce to fate and fact of the Japanese economic power. This may yet turn out to be a gross understatement if the following is taken into consideration. In 1960, cocoa beans, palm products, cotton seed, crude rubber, raw cotton and iron and steel scrap were its principal exports to Japan. In 1985, the last date of the period under study, raw materials, cotton, crude and partly refined oils took four out of the five trading commodities recorded as exports to Japan[9] (the other being marine produce). This meant that very little, if anything at all, had changed in the character of Nigeria's export trade to Japan.

The second exception to the rule followed by most other economies trading with Japan, but which, however, was the result of the inability to develop new exports or expand existing ones has been the enormity of the trade deficit. Seen in direct comparison with the trade deficit of other nations, especially that of the United States of America which is expressed in billions of dollars ($42,008,140 billion Japanese exports, $29,764,554 billion US exports in 1981, $69,797,986 billion, and $30,596,388 billion respectively in 1985) the Nigerian case would pale into insignificance especially since the worst year of Japanese trade in 1981 produced a deficit of just over two billion dollars. However, any "exchange-of-apples-for-oranges" argument such as this would only consider the enormous scale of US-Japan trade and the Nigeria-Japan trade to which it would most disproportionately compare and immediately grasp the gravity of the situation, which is most extraordinary. The difference is very simple to grasp, the United States' trade with Japan runs into billions of dollars. Nigeria's trade with Japan even in their best year, 1974, has accounted for just a few hundreds of million dollars. Yet Nigeria maintains a deficit in billions of dollars with Japan. The effect of this imbalance has been very central to the development of relations and attempts were made to redress it through the imposition of selective quotas and trade bans from 1963-67 and later in the early 1980s. Since these restrictive measures were not followed up with appropriate balance of trade measures or as the later ones, generally unenforced and disregarded, they did not in any way radically alter the trade arrangements leaving trade generally unaffected, and the imbalance larger than ever.

Apart from the consistent trade imbalance, another remarkable feature in the trend of Nigeria-Japanese trade is that it has followed closely, the general trend of world trade. Thus, the years 1974 and 1976 when world trade recorded increments of 3.5 and 11 per cent respectively and the period between 1977-79 when its annual average growth rate was in excess of 5 per cent, were accordingly the high points of the Nigeria-Japanese trade. Also trade was very good in 1980 when growth in world trade was at 1.5 per cent and even in 1981 when it began to show visible signs of decline but nevertheless remained constant at 0 per cent.[10] The years in which trade declined as in 1975 when world trade fell 3 per cent following the first oil shock, and in 1982 when it stayed down 2 per cent, again owing to the second energy crisis, were the years in which trade declined for both sides. They were also the period when Nigeria's export figures increased dramatically. As for the years 1982-85 when the trade of both nations declined, these were also the years, according to one analysis, when world trade registered its poorest performance since the end of the second world war in 1945.[11] Generally, apart from 1974 when trade was reversed to Nigeria's favour following the fluke of sudden increments in world petroleum prices, Nigeria-Japanese trade has followed the ebb and flow of the international market economy.

Having made the above general observations, let us proceed to isolate the actual patterns of trade. For simplicity, they have been divided into different years as their characteristics converge.

II

AN ANALYSIS OF THE EARLY ANNUAL TRADE BETWEEN NIGERIA AND JAPAN, 1960-1962

The concentration of the commodities traded in the year 1960 was a reflection of the old pattern of colonial trade. This is especially as regards the political control of the economy since Nigeria only became independent in the last quarter of the trading year, on October 1, 1960.

On the Japanese side, the total export figure of $75.214 million represented an increment of 58 per cent over the previous year, 1959.[12] The exports of textile products, "mainly cotton fabrics, spun rayon fabrics and clothing" rose by 58 per cent because of the remarkable advance made by the Japanese in the exports of cotton-textile products (see Chapter One) which accounted in a large measure towards the overall increment. Nigeria for its part recorded a trade figure of $8.2 million. This represent a huge deficit of over $67 million but was still an increment of 18 per cent over the previous year's trading figure.[13] At the end of this trading year, (which is the beginning of our period of study), both nation's showed an overall percentage of trade increment, even though it was very modest on one side. However, unlike the Japanese figures, in which increments were due to efficiency of the production machinery, the rise in Nigeria's exports was a result of quantitative increases and was "attributable to the enlarged shipments of cotton-seeds, ginned cotton, oil seeds and cocoa beans".[14] This point is very important for it would become the general feature in both countries' trade for the rest of the period.

The percentage of 58 which was achieved by the Japanese was due in large part to their ability to take advantage of the opportunities for massive importation provided by the last act of British imperialism in Nigeria. On February 1, 1960, the British government passed a measure that permitted the importation of all goods except coal, second-hand clothing, gold or articles manufactured wholly or mainly of gold. As Olufemi Ekundare[15] has correctly observed, by the end of 1960, a position of almost complete liberalization of imports into the Nigerian market was reached and only goods from Eastern Europe remained under quantitative restrictions. Goods from Japan therefore enjoyed virtually unrestricted entry under this Act, which was known as the "Open General Licence" with the exception of singlets ostensibly, as Ekundare points out, because the colonial government wanted to protect a local singlet manufacturer, which was a British enterprise. It was not therefore surprising that Japan's share of Nigeria's imports accounted for 25.7 per cent (United Kingdom 43.6 per cent, Netherlands/USA 10 per cent). Traditional Japanese supplies such as galvanised iron sheets which accounted for 58 per cent of total galvanised iron imports by Nigeria[16], took a significant portion of the Japanese trade figures. It was however, Japanese rayon piece goods which took up 95.4 million square yards out of the total Nigerian imports of 100.5 million square yards[17] that benefitted the most from this liberalization. The Japanese also took further advantage of the Open General Licence Scheme to horizontally expand their commodity trade. In that year, the Nigerian Trade Journal, the official magazine of the country's Ministry of Information, recorded the introduction of several new models of automobiles including compact cars but made specific reference to "sleek Japanese designs (which) made their debut".[18] The Japanese Ministry of International Trade and Industry, (MITI), in line with the meticulous calculations and planning that characterizes its control of Japanese export trade, signalled the direction to be followed by the Japanese in their post-independence commercial interactions with Nigeria. In its predictions for the Nigerian market for that and subsequent years, it observed that "Nigeria which became an independent nation in October 1960, is the largest country in Africa, both in population and area, and is a large market for Japanese goods".[19] This prediction would form the attitude and determine the aggressiveness with which the Japanese approached competition for the Nigerian market. It would further determine the concentration of investments in particular sectors of the economy. It was however a policy which the Japanese did not abandon until a later period for immediately before independence, MITI sent out a mission on economic and technical cooperation in March 1960 principally to examine ways in which Japanese entrepreneurs could cooperate and assist in developing the business and industry of Nigeria. This was supplementary to the visit four years earlier (see Chapter One) of six members of a Japanese mission sponsored by another government organization, the Japan External Trade Organization, JETRO, which held detailed discussions with the officials of the Nigerian Ministry of Trade and

Industry. It was the first time concern for the issue of trade imbalance was raised by Nigerian officials.[20]

The various efforts made by the Japanese government were also to a less significant degree reciprocated on the Nigerian side. Here efforts were made to safeguard external trade, and especially the Japanese trade where deficits existed on a scale that were not reproduced by any other nation. In December 1960, barely three months after independence, some stringent import policies were introduced to safeguard international trade. These efforts came in the form of raising duties to restrict imports in order to ensure that valuable funds needed for new developmental projects were retained. The measures also provided further incentives for export products while enhancing existing ones. It is not difficult to see that the new rules were designed to achieve two primary objectives. First, it was to circumvent the Open General Licensing System inherited from the colonial administration. This could not be abrogated outright since there was an understanding with Britain on the issue of such drastic changes. Most importantly, as a new nation, Nigeria could not make drastic changes in economic policy because of the need to maintain the confidence of its old investors and to seek favour with prospective ones. Again, the new regulations were directed specifically at the Japanese since it was clear that even at this early date, the government was only too aware of the need to redress the trade imbalance, an anxiety that had came to the fore four years earlier. The intended impact on the imports of Japanese goods emerges when one considers that it eroded a concession previously granted Japanese imports by the colonial adminstration.[21]

Japan's export to Nigeria in 1961 amounted to a total of $72.8 million, which despite the new import duty restrictions represented a 3 per cent increase. On the other hand, Nigeria's export figures in the trade with Japan showed a significant improvement. At $9.5 million, it was a figure which was still nowhere near that of the Japanese, but was nevertheless a 16 per cent improvement over the previous year.

The highlights of the trading year were the noticeable decline in the value of Japanese cotton exports. This was attributed to the decline in the purchasing power of the Nigerian consumers occasioned by the fall in the world price of cocoa, the decreased production of palm kernels and most especially the fact that too many contracts had been concluded with Nigerian traders by Japanese businessmen, in the preceding year 1960, in disregard of actual consumption.[22] It must however be emphasised that this decline was not an absolute one. It was only relative to the high trade figures hitherto recorded by the export of Japanese cotton goods to Nigeria. The point cannot be over-emphasised for Nigeria still ranked third accounting for 7.3 per cent out of all shipments of cotton goods from Japan to all parts of the world.[23]

The imports of machinery and equipment also began to make an appreciable headway as the nation began to increase its demands. At the end of this year, Japanese supply had increased by 3 per cent over the previous year and this was the result of anticipated technological and infrastructural requirements needed by the nation for economic growth and development. This was soon to be articulated into definite policies and incorporated in the First National Development Plan which took off the following year. The Japanese share of Nigeria's total import trade despite the modest percentage increase (3 per cent) was still very high at 27 per cent.[24] (United Kingdom 38.8 per cent, USA 10 per cent and West Germany 14 per cent). This figure made up a paltry 0.2 per cent of total Japanese export trade[25], a percentage figure (for imports) it would maintain in varying degrees below and slightly above in subsequent years. In this same year (1961), the first Japanese local investment in Nigeria was made by Nishizawa, "a medium sized trading company from Osaka". It was in textile production and it was significantly Nigeria's first modern and fully mechanized textile factory. The company, Afprint Ltd, was solely concerned with textile manufacturing.

The 1962 trading year was remarkable only because of the decrease in trade for both countries. For the Japanese, (the total of $64 million represents a fall of 12 per cent) the fall was still marginal and very relative. On the Nigerian side, the decrease from the comparatively marginal figure of $9.5 million to $5.2 million was very serious. In percentage figures, it was a 45 per cent fall below 1961.[26] This overall decrease in total trade on the Japanese side, was the result of the sweeping changes in tariff structure which came into effect in March. This measure, like an earlier attempt in 1960 was not specifically aimed at Japanese products but since a large percentage of Nigeria's supplies of consumer goods came from Japan, it ultimately affected its imports. The new tariff measures not only reduced demand in commodities such as rayon and cotton piece goods but also affected automobile trade, the supply of which had continued to accelerate from modest beginnings. Also, some of the consumer goods hitherto imported from Japan were now increasingly, manufactured locally (by the Japanese) and this further affected the level of imports. On the Nigerian side, the decrease in export earnings was due to factors that were extraneous to those directly affecting its trade with Japan. It was attributed to the adverse situation in the world commodity market resulting in low prices for its products. Its principal export commodities such as cocoa, palm kernels and vegetable oils, continued to suffer from price fluctuations in the world market.[27] Overall, the Nigerian import trade accounted for 1.3 per cent of Japan's total export trade, down from 1.7 per cent in the previous year. The decrease in Nigeria's exports also meant a reduction from 0.2 per cent to 0.1 per cent in the total import trade of Japan.[28] It must be emphasised however, that the overall decline which characterized the two nation's trade in this year was not peculiar to their trade. From the Nigerian standpoint, the year 1962 was one in which overall its international trade fell. Japan continued to maintain its second position after the United Kingdom, in Nigeria's import trade. Again, the decline in Japanese exports was only relative to consumer goods. Nigeria's importation of machinery and equipment as well as metal and metal products of Japanese origin continued to rise. (See Appendix, Fig.2; relevant years).

Once again, Japanese investments were recorded in textile manufacturing in Nigeria. Nishizawa, made further investment when it set up the Northern Textile Manufacturers, the largest integrated blanket manufacturing plant in the world.

What could be said at the end of the early post-independence trade in the three year period between 1960 and the end of the trading year 1962, was that it was a period when both nations were still taking tentative steps in building up a meaningful commercial partnership. For Nigeria, there was a need to balance its demand for both Japanese consumer goods and heavy industrial manufactures. The first National Development plan had just been launched and there was a desire to ensure that excessive demand, especially for Japanese consumer goods did not seriously interfere with attempts at local production. In other words, it was faced with the dilemma of balancing imports against the protection of infant industries. At the same time, it had to seek new ways to increase production and encourage Japan to take in more of its export materials in order to achieve an even balanced trade. It was a problem which would continue to bedevil Nigerian-Japanese trade relations from independence until the end of the period under study. Broadly, between 1960 and 1962, was a period of exploration to the solutions to this enigma, while the period 1963-65 was one of discovery -- of decisions stringent and discriminatory as they might be -- in order to address and possibly redress the problem arising from the Japanese trade. Together the six years from 1960 to the end of 1965 were years of seeking a viable synthesis between exports and imports in general, of finding an acceptable "modus operandi" in the continuing trade between both nations.

The following analysis addresses another sub-division in the pattern of trade. Broadly, these were the years of decisive action in tackling the problems posed by the Japanese trade, (1963-65). They are taken up together for the purposes of analysis since they possessed common characteristics. Where necessary, dissimilarities in various years are pointed out since the various years cannot be absolutely identical in their relationship to each other and in their importance to the development of Nigeria-Japanese trade relations. New investments will also be highlighted as they reflect the attempts made by the Japanese to overcome the measures taken by Nigeria.

III

NIGERIA-JAPANESE TRADE 1963-1965: THE YEARS OF CONFLICT AND CONFRONTATION

Trade flows between Nigeria and Japan continued uninterrupted and until 1965, they witnessed a steady increase. In both 1963 and 1964, the trade of both nations increased and it was not until 1965 when the stringent anti-Japan trade ban was imposed that trade declined and even then, did so only relatively on the Japanese side.

In 1963, the total trade figure of $74 million, very nearly the amount recorded in 1960 when imports were liberalized but still an all time high for the years preceding it, was an increment over the 1962 trade figure by 16 per cent. The steady progression in the value of trade which jumped to $80 million in 1964 was also a remarkable 7.3 per cent increment over 1963. In both years, Japan continued to hold on to its large share of Nigeria's import market, second only to the United Kingdom.[29] Even though trade with Nigeria witnessed an increment in both years over the figures in preceding years, in comparison to their effect on Japanese total trade figures, they remained not only at an absolute minimum but were static in relation to their impact in the previous years (the 1963 figure, for instance, amounted to no more than 1.4 per cent and 0.1 per cent respectively of total export and import trade of

Japan[30]). In the later year, 1964, two more local investments were added by Japanese companies to double the number of Japanese companies already in operation in Nigeria by this date, to four. The new additions were significant because they were made for the local production of the other commodity in the two major commodities traditionally predominant in Japanese trade with Nigeria; galvanized iron sheets. Interestingly, two of the five Japanese companies involved in these two ventures; the Yodogawa Steel works and the Nippon Kokan, were specialist steel firms. The companies, Galvanizing Industries (Nig.) Ltd, and Pioneer Metal Production Company Ltd, both based in Lagos and exclusively concerned with the production of galvanized iron sheets, were no doubt, a careful attempt to mitigate the effects of the trade restrictions, especially those specifically directed against Japanese products already in place by this date.

On the Nigerian side, the three years between 1963 and 1965 were ones which seemed to proclaim a new willingness to tackle the issue of the ever increasing disparity in the trade accounts of both countries. In each of these years, its Japanese trade witnessed a modest growth. Modest is the right word, however: in none of the years did trade reach $10 million. In fact, the accumulated total for the three years barely exceeded $20 million, a figure less than one-third of the Japanese 1962 figure (when trade was said to have declined 12 per cent).

The total Nigerian trade figure in 1963 was $6.8 million, an increase of 30 per cent over 1962[31], and $7.4 million in 1964, an increment of 8.7 per cent over 1963.[32] In 1965, this trade further climbed to $9.3 million, an all-time high for the three years and an increment of 26 per cent over the previous year but which was still not very significant in comparison with the corresponding figure of $59 million recorded by the Japanese for that year. Even then, the Japanese figure is a decrease of 26 per cent due to the restrictive measures.[33]

As clearly evident in the foregoing account, especially in considering the fact that when added up together, Nigeria's account from Japanese trade in the three years, 1963-65, was still less than one-third of the Japanese figure in a single year 1962 (when its trade declined 12 per cent over the previous year's figures) Nigeria was running an enormous deficit in the Japanese account. In fact, even in 1963, the Japanese deficit had already become a serious cause for concern in Nigeria.[34] At this date for instance, its total trade deficit stood at $37 million and the deficit with Japan at $49 million[35]. This figure outstripped Nigeria's deficit with other nations with which it had trading relations put together by about one-quarter. Although attempts were made to shore up the export of its primary commodities, resulting in the rise of exports of vegetable oils and raw cotton, to Japan, the overall export picture hereto remained largely unchanged. This was even in the face of tremendous efforts made by the country to increase both its export productivity and capacity. (This resulted in 1964, to over 60 per cent of the total world output of palm-kernels produced for export coming from Nigeria.[36]) The country had therefore no option it would seem, but to impose restrictive measures, both qualitative and quantitative, on Japanese imports.

As a prelude to more severe limitations on Japanese imports, Nigeria revised its imports system in relation to Japan, introducing an individual licencing system from September 1963, in place of the General Licensing System. Special import licences were now required to import cotton fabrics, textile fabrics, cordage, cable rope and twine, fishing nets, cargo nets, blankets, travelling rugs, coverlets and clothing from Japan.[37] However, these measures were not sufficient to drastically improve the trade conditions existing between Nigeria and Japan for neither at the end of the 1963 trading year nor the first quarter of the 1964 trading year indicated any significant changes in the trade account. The restrictive measures which were already in place were therefore tightened and widened to embrace other more stringent measures. Accordingly, from May to December 1964, import licences for Japanese textiles were issued only to applicants who had exported Nigerian produce to Japan during the year.[38] In July, specific import licensing was introduced as a requirement for the importation of Japanese goods listed in the Open General Import Licence (Japan) No. 3 of 1959.[39] These controls were further tightened in September when further specific import licence became a requirement for the importation of Japanese blankets and citrus fruits.[40]

Although the Toyobo company and eight other spinning firms from Japan joined in a large capital ratio investment (44.9 per cent) to establish a local textile industry in April ostensibly to overcome the effects of the restrictive ban on cotton textile trading, (bringing to <u>three</u> the number of Japanese cotton-textile industries in Nigeria), it failed to pacify the hostile mood already in place in Nigeria against Japanese cotton-textile and other imports. The creation of this company, Arewa Textiles in which UK and US firms also participated was an initiative that was too little, too late. Following the various attempts at limiting Japanese imports, a selective import ban was clamped on the Japanese. The various import restrictions in place and the dates of their imposition are as follows:[41]

a) Overall suspension of establishment of letters of credit -- August 13.
b) Raised tariff on printed cotton and the like -- August 19.
c) Import ban on all Japanese merchandises excluding textile products for which specific licence (SL) had already been issued -- August 25.
d) Switch to an import quota system for all Japanese merchandise -- October 25.

There is little indication to suggest that there were any immediate effects of these restrictive measures. The comprehensive import restrictions merely reduced the volume of Japanese imports. It did not radically alter the trade accounts to the point of adjusting the deficit to any significant degree. Indeed, at the end of this year (1965) the trade deficit with Japan was "still highest for any country with which Nigeria is a trading partner".[42] It also did not alter the percentage share of Nigeria's exports to the total trade of Japan which remained at its previous insignificant level of 0.1 per cent.[43] The noticeable decrease in the volume of Japanese imports of galvanized iron sheets, one of Japan's principal and indeed, traditional imports was due in part, to the completion of the two Japanese joint ventures. These were the Galvanized Industries Ltd; and the Pioneer Metal Company Ltd both of which had gone into operation in May and September 1964.[44] Since the Japanese had resumed local production, the need to bring in this commodity as further exports did not arise and this would indeed explain the drop in the volume of galvanized iron products. The same explanation would also account for the drop in cotton textile imports. Before 1965, the Japanese had already two textile manufacturing plants with tremendous capacities already engaged in local production of textiles (see Fig.3(i)). It may be argued that the reduction was due to this fact but in large part to increased local production from indigenous sources. It is true that there were many cottage industries engaged in textile production and that in some parts of Nigeria, the use of hand looms for textile production stretches back into history. It is also true that Nigeria has possessed textile factories since 1949.[45] However, none of these efforts were capable of coping with demand which had doubled after the war when nationalism brought with it a reversion to traditional costume (see Chapter One). With the new rush to urban centres after independence, demand leapt in geometrical progression and even more modern tastes were introduced. (Ragnar Nurske's demonstration effect"[46]). The Japanese companies had the capacity to fill this demand. For instance, the Northern Textile Manufacturers Ltd; is the largest integrated blanket manufacturing plant in the world.

It could indeed, be cited as the effect of the measures that it forced the Japanese hand in setting up local industries during this period, 1963-65, when import restrictions against Japanese products reached a climax. These three industries had a significant impact on the local production of products considered traditional in Japanese exports to Nigeria: cotton textiles and galvanized iron sheets. It may well be true that Japanese foreign trade officials, responding to the pervasive mood of post-independence nation building,quickly capitulated and set up local industries. Seen from the standpoint of Nigerian policy makers, it would point to the astounding success of one of its first trade policies. However, if we were to consider other external factors acting quite independently of this policy, this success may be qualified.

From studies dealing with the modes and patterns of Japanese world trade and investments, especially from the work of Higashi and Lauter[47], it can be seen that these particular investments follow closely the policy of resource related investment pursued by Japan from the early 1960s worldwide. (See Chapter Three).

Again, if one looks at Fig.3(i) which deals with a comprehensive list of Japanese companies in Nigeria, one notices that prior to 1964 and 1965, (the dates when the particular restrictive bans were placed on Japanese imports) there had been two previous investments, in textile manufacture, in 1961 and 1962. It is therefore difficult to be certain that the setting up of the three industries were definitely as a result of the Nigerian attempts at curbing Japanese imports. What is very likely from the rapid succession of the investments -- between May 1964 to April 1965 -- is that the ban accelerated a process already slowly unfolding. It seems unlikely that the Japanese Trade Ministry determined its policy of local investments in Nigeria as a result of the ban.

Japan's immediate reaction to this trade ban and what could have been the beginning of a possible trade rift is evident in an incident which took place in 1965 when it was first imposed. The Nigerian Produce Marketing Company, the authority responsible for the co-ordination and management of the country's agricultural produce, offered 5,000 tons of ground nuts and 10,000 bales of cotton unit for sale to the Japanese. After much reluctance, the latter offered "a ridiculously low price on the excuse that she had to pay high cost in transporting the products to Japan".[48] Again, this could have been purely a question of costs considering the insatiable needs of the Japanese economy for raw material supply and this is a possibility we are most likely to follow in further analysis. It does not however, escape our observation that this particular action seems too much of a coincidence to be true and looked rather like a retaliatory trade action.

Both countries are signatories to the General Agreement on Tariffs and Trade (GATT). A question that must be posed therefore is whether the various singularly restrictive measures and especially, the 1965 trade ban, violated the international body's regulations and trade stipulations? This is very important since in trade with each other, the two countries are not operating independent of the international market system. It is also important to the development of relations, both commercial and political, between the two states.

Quotas, as Rangarajan has observed, "are the grossest form of violation of the principles of free trade" and as such, "are prohibited under GATT, "a force in favour of the conduct of trade in a completely non-discriminatory manner"[49] except when export quotas are agreed upon multilaterally under a commodity agreement in order to stabilize the market or imposed temporarily and non-discriminatorily to counter acute balance-of-payment difficulties.[50] Specifically, Article XI prohibits the imposition of quantitative restrictions on imports, while Article XVII is firmly against any selective application of quotas. However, the GATT regulations allows for a few exceptions. Under Article XIX, GATT permits any government to impose safeguards without its approval if it determines that an unforseen surge in imports is causing serious injury to domestic industrial production. It also allows for the maintenance of import restrictions in the special case of promoting economic development under Article XVIII.

These exceptions, it must be stated, do not seem to cover the Nigerian action because under GATT regulations, any restrictions imposed for a specific reason such as balance-of-payments difficulties must not be selective but applied to all participants in the trade with equal measure. At the time of the imposition of the restrictive measures, Nigeria did not face "acute balance-of payments difficulties" and the trade ban was also selectively applied to Japan exclusive of other nations with which it had commercial contacts.

The question of violation, further assumes a different kind of dimension: that of moral responsibility. Understandably, this is a point that cannot go unqualified in the political economy of international relations but nevertheless, is of great significance in this consideration. This responsibility is owed largely to the fact that Nigeria not only championed the duty free entry for tropical products, a proviso that was added to GATT regulations in 1966, but from independence in 1960, had stood firm to prop up the effectiveness of GATT not only as a major tool regulating international commercial relations but also as an alternative to the other European systems.[51]

It cannot be denied that Japan was selected as a scape-goat for the general difficulties encountered by the Nigerian government in attempting to formulate an effective economic policy. Japan could not be blamed in any way for Nigeria's inability to expand exports to match its imports from that country. Nor was it to be blamed for Nigeria's lethargic export promotion policy and the bankruptcy of the leadership of a polity beset by competing interests and factions, each with it's own objectives. However, the trade ban is clearly demonstrative of a phenomenon all too evident in international relations; the willingness of nations to solve their own problems at others expense wherever they can get away with it. That is, when unilateral action is adjudged to involve few political costs. (It is academic but nevertheless, interesting to speculate on whether Nigeria would have been equally willing to impose the ban on the United Kingdom, the European Economic Community or the United States of America if the trade balance had been similar to that with Japan). The action was a hangover from a recent colonial past: the dead hand of the British colonial commercial prejudices against Japan. As was shown in Chapter One, there are many examples of prejudice against Japanese goods and competition. The trade ban should be seen not only as a result of inherited prejudice but also as a study in misplaced aggression.

The above observations should be qualified, however, in one respect. The Nigerian actions in imposing a selective ban on Japanese goods was an example of a widespread tendency at the time for countries to pursue private and exclusive trade policies. As Spiro's[52] study has shown, it was an era when despite GATT, several nations negotiated voluntary export restraint agreements usually on a bilateral and secret basis. These agreements ushered in a new, albeit sophisticated protectionism. The real "sin of commission" may therefore be that while other nations pursued subtle and "state-of-the-art" exclusions, Nigeria's was crude, brazen and not well refined. However, for a new nation taking tentative first steps in the international market economy, such excesses may be pardonable.

The last year of this period, 1966, stands out only because of its importance in determining the immediate effect of the Trade ban of 1965 on Japanese imports. As anticipated in the restrictive measures imposed on Japan, Nigeria's exports shot up from its 1965 figure of $9.3 million to an unprecedented high of $14 million which dwarfed the previous year's figure by 47 per cent. It now seemed likely that the trade gap with Japan would soon be amenable to control. It appeared so, especially in comparison with the Japanese figures which took a dive of 33 per cent to record an all-time low on its post independence records, to stand at $40 million.[53] Coming immediately after the 1965 action, the fall in Japanese exports seemed to point to the success of the policy. The gap between the $40 million Japanese export figures and the $14 million of Nigeria's exports was still substantial however. The imports of Japanese cotton-textiles also continued a downward trend but the basic composition of trading commodities as well as the percentage value of the Nigerian trade to the overall export trade of Japan remained at its insignificant level of 0.1 per cent. However, the percentage value of Nigerian exports to the total Japanese import trade dropped significantly from 1.4 per cent in 1963 for instance, to 0.4 per cent.[54]

The next period, 1967-70, would have been crucial for our assessment of the overall effect of the ban on trade and other activities. As it turned out, it was a period when all trade activities went into a general decline.

IV

NIGERIA-JAPANESE TRADE, 1967-1970: THE YEARS OF UNCERTAINTY AND IMMOBILITY

If the intensified restrictions on Japan's export trade were necessitated by the overwhelming desire to achieve an even balance of trade in the years to follow, the civil war which started in the second quarter of the 1967 trading year and lasted until the first quarter of the 1970 trading year, effectively undermined all such efforts. The war saw the introduction of punitive blockades against ports in the Eastern region as well as other economic restrictions. The wartime controls both economic and political not unexpectedly marked the beginning of a further but steady downturn in the trade of both nations. This was to become the overall trend of the trading relationship in the period 1967-70. As it turned out, the marginal gains made with the imposition of the trade restrictions in the 1966 trading year merely proved to be a temporary remission from an unfortunate asphyxiation; a condition that was in parts, self-inflicted. If Nigeria recorded slight increments in trade value in any of these years, it was because the commodities which it produced were fetching better prices in the world market. In very rare cases, particularly at the height of the war, it came as a result of the increased volume of commodities commandeered for export to finance the war effort. On the whole, the nation did not achieve what it had hoped to do, that is, the expansion of exports in volume while reducing the corresponding trade of the Japanese. This was also the result of another self induced strangulation: the civil war.

In the four years under study, it was Japan which reeled from the wounds inflicted by the double barrelled attack from restrictive measures and the civil war. On the whole its trade declined. Some of the figures recorded in these years were the worst ever in its Nigeria trade. 1967 and 1968 for instance, were its worst years in the whole history of the country's post-independence trade. A remarkable feature of these two years is the severe contraction in Japanese commodity supplies.[55] The figure for 1967 was $38 million, not only a 3.1 per cent drop from the previous year, but the worst ever figure to be recorded in the seven years of post-independence trading with Nigeria.[56] This was partly due to the war but was also the result of further import curbs which were clamped on Japanese imports in September of that year. The Nigerian authorities did not attribute this policy to the vicissitudes of the war. According to a Federal Commissioner, the curbs were imposed because "Japan has fully exploited the goodwill that exists for her in Africa, and in Nigeria this has built up grievances against her"[57].

As 1967 was disappointing, 1968 was disastrous for Japan. For the first time the Japanese lost the initiative in the two nations' trading relationship. That year, it relinquished the favourable trade balance which it had enjoyed since the beginning of its trading relations with

Nigeria in the late 1920s. With Japanese exports down to an all time low of $13 million, (a phenomenal fall of 65.8 per cent below the previous year), imports from Nigeria were valued at $15 million.[58] Another remarkable feature of the Japanese trade in 1968 was the decline of Japanese textile exports by 84.8 per cent.

In both years the percentage value of the Nigerian trade to total Japanese exports and imports figures further depreciated. In 1967, the Nigerian trade made up 0.4 and 1.0 per cent of Japan's exports and imports[59], while the 1968 figures represent 0.1 per cent as percentages of both total imports and exports.[60] Seen from this standpoint, the decline was noticeable but the magnitude of this decline can be better appreciated when considering the fact that Japanese exports made up only 3.72 per cent[61] of the Nigerian import trade in 1968. This was a massive drop from the towering heights of 25.7 per cent in 1960 and 27 per cent in 1961, percentage figures that were constantly maintained in varying degrees of the same height until this year. The percentage of Nigerian exports taken in by the Japanese even crawled up to a height of 1.77 per cent which was an improvement from its constant value of 0.2 per cent.

As the trade situation worsened for the Japanese, Nigeria was increasingly making more demands that required the Japanese to make more sacrifices and lose even more ground. In 1967 when further restrictions were placed on Japanese imports, the Federal Ministry of Industry requested a visiting Japanese mission to "provide assistance towards the development of small scale industries in the country, with particular reference to technical advice and training of personnel".[62] Clearly, the Japanese were under a lot of pressure. The Director-General of the Economic Affairs Bureau of Japan's Ministry of Foreign Affairs, Tiyluko Tsurumi, captured the general mood when he noted that Japan's imports from Nigeria rising steadily would lead to a desirable balance of trade between the two countries. At the same time he observed that it was a matter of great regret that quantitative restrictions were imposed on the importation of Japanese goods into Nigeria.[63]

It is worth commenting on the rise in the Japanese exports of synthetic fibre fabrics, general machinery and especially steel sheets which was noticeable in 1967 in spite of the general contraction of Japanese exports. In 1969, after Japan had successfully weathered the storm, the supply of these products soared by 95.9 per cent over the level in 1968 and accounted for a significant proportion of much of the 29.7 per cent increment in general exports in that year.[64] The increments in both of these years were accountable to increased demand for steel products occasioned by the civil war as well as, to Japanese supplies of new machinery and steel accessories to local Japanese ventures. Some of these firms like Pioneer Metal Products Company and Galvanizing Industries Ltd; are engaged in the production of galvanized iron sheets.[65] The increase in supply of this commodity to Nigeria in 1969 was due to the above factors but more significantly, was part of a general resurgence of Japanese imports which jumped to $29 million, representing a two-fold increase over 1968, its worst trading year.[66]

Another noticeable feature of the difficulties of Japan's Nigeria trade arising from the quantitative restrictions and further compounded by the exigences of the civil war was the noticeable absence of new Japanese ventures. From April 1965 when the Japanese set up the Arewa Textiles until February 1969, there was no single Japanese investment in Nigeria. In that year, despite the civil war and the discriminatory import duties imposed against them, the Japanese set up a plant for the local assembly and sales of home electrical appliances at Ibadan, in the Western region. The company was a subsidiary of Sanyo of Japan and was named Sanyo (Nigeria) Ltd. The whole venture was valued at £2 million.[67]

In the three years of trading relations before the end of the civil war in 1970, Nigeria's exports to Japan witnessed modest increases. In 1967, its exports increased 18 per cent over 1966 to stand at $18 million. This was the country's best export performance in trade with Japan since independence. Significant advances were also made in 1968 and even though the figures recorded for this year, $15 million represented a 10.3 per cent decline from the previous year, it was still important; for the first time Nigeria was able to achieve a favourable balance of trade position with Japan. Seen in this context, the various efforts made to curb Japanese import had achieved a measure of success. However, this conclusion depends on the adoption of a very narrow perspective. This is because it is not entirely correct to suppose that the drastic fall in Japanese exports to $13 million, was due to the import ban. In fact, more than anything else, it was due to the involuntary restrictions imposed by the civil war. It is most significant that even Nigeria's trade figures which were for the first time above that of Japan also were a drop of more than 10 per cent below the previous year's figures. The pattern for the following years further suggests that the effect of the restrictions was indeed minimal. As Nigeria's 1969 figure of $13 million shows, Nigeria's trade generally was in no better shape in these years than before the imposition of quotas. In fact, the 10.7 per cent decrease below the 1968 figure meant a resumption of the pre 1966 position even taking into account the effect of annual inflation in each of those years. What is remarkable perhaps in the three year period was the beginning of the exportation of petroleum products to Japan. In 1969, crude oil exports to Japan amounted to 47,000 kilolitres worth $643,000[68] and this set the pace for future trading on the Nigerian side.

As the period of uncertainty and immobility in the Nigeria-Japanese trading relationship drew to a close in 1970, a number of significant developments were apparent. These set the pattern for subsequent years trading. First, Japanese exports began a steady pace of post-war growth. At $62.9 million in 1970, it was an appreciable total increment over the 1969 figure of $29 million. On the Nigerian side, trade dropped a further 0.8 per cent to $12.8 million[69], a fall which could be attributed to the difficulties of post-war reconstruction. A factor that was responsible for the phenomenal rise in the Japanese trade accounts was the remarkable resurgence of textiles as a major trading commodity. In this year, textile imports recorded a 94.2 per cent increment over the previous year's figure to account for $8.2 million out of the final figure of $62.9 million. Machinery and equipment sales were also on the rise. At $23.7 million out of the Japanese trade figure, it was an increment of 89.3 per cent over the previous year. The increase in Japanese demands for raw materials led to a 72.6 per cent increment for goods recorded under that title during the trading year and this was in line with revitalized efforts made to consolidate a co-ordinated policy of maximizing raw materials supplies from Nigeria and from the rest of Africa.

First in the series of these attempts, a Japanese mission undertook a three week tour of Nigeria and eight other African states in February 1970. The mission was led by

Fumikiko Kono, chairman of Mitsubishi Heavy Industries. (It also visited Kenya, Ghana, Ivory Coast, Senegal, Ethiopia, Zambia, Tanzania and Congo). At the end of this tour, the mission referred to the continent as "a treasure house of natural resources" and proposed an active promotion of technical co-operation and development of Africa's vast natural resources for the mutual benefit of both Japan and the African nations. More important was its observation that "with our dependence on raw materials being what it is, imports of such natural resources are vital to our economic well-being".[70] To further strengthen its position, the Federation of Economic Organizations, Japan's most important business organization, set up a special Africa Commission, while the members of the Japanese Diet (parliament) established an "association for economic co-operation and development in Africa".[71] Also, in deference to Part IV added to GATT articles in 1966 (which made it possible for industrialized countries to give tariff preference to developing countries without granting other preferences to other developed nations) and in order to remove existing bottlenecks that might hamper the acquisition of natural resources, Japan introduced a system of preferential tariffs to boost the competitiveness of goods from the continent. The policy was to pave the way for the smooth flow of raw materials but the efficiency of preferential tariff rates, according to one writer, was a lesson which the Japanese could have learnt from Nigeria.[72] In Nigeria, this hunger for raw materials led to a Japanese 100 per cent capital ratio investment in the Japan Petroleum Company (Nigeria) for the exploration of petroleum and gas resources.[73] To achieve a proper understanding of the nature of the economic relationship between Nigeria and Japan in the decade following 1970, it is necessary therefore, to concentrate on this Japanese hunger for natural resources.

Meanwhile, in Nigeria, a number of significant changes in economic policy occurred which would ultimately affect the two nations trade. First, with the end of the civil war, the 2nd National Development Plan took off. The likelihood of achieving an even balance in the trade with Japan seemed to be embodied in the external economic policies of the plan. It declared that "the main objective of external policy for the plan period would be to promote the country's trade with, and investment from, the outside world on mutually beneficial basis".[74] The Marketing Boards which had been established in the 1940s to manage the export trade, were reformed or re-organized. Before this development, the Marketing Boards were divided into the State Marketing Boards responsible for the purchase of all the scheduled crops within their territories and their transportation to the ports; and the Nigeria Produce Marketing Company Ltd, a monopoly jointly owned by the state marketing boards responsible for the final shipment and overseas's sale of commodities. The Central government's role was restricted to the prescription of grades and standards for produce purchased by the Marketing boards, a function it exercised through the Federal Inspection Service of the Ministry of Transport.

These efforts were geared not only to the achievement of a favourable balance of trade, in the Japanese and other nations' trade, but primarily to correct some inherent contradictions between a policy that was determined to increase export productivity and other economic policies that debilitated it. This was because the decentralization of authority for export production which left the federal authority with mere supervisory roles had led to a situation whereby "80 per cent of Nigeria's exports were being controlled by an organization which the Federal government responsible for external trade policy did not control".[75] As the 2nd National Development Plan further admitted, the activities of the Marketing Boards were being remote-controlled from powerful political and commercial interests in Europe and especially London.[76] In the light of these considerations, the Federal government undertook reforms of the marketing boards in this year with a view to increasing producer incomes, producer prices and exports.[77] The reforms introduced were; the abolition of the two-tier system of produce taxation (export duty and produce sales tax); de-emphasis on trading surpluses as the objective of price fixing and the centralization of the price-fixing process. It was hoped that the perfection of state control of this all-important economic activity would revitalise exports as well as redress the huge imbalance with Japan.

Beyond the grandiose plans and the pious hopes was a sobering reality: the near collapse of the Agricultural-based economy. Agricultural commodities which a decade earlier, were accountable for 90 per cent of Nigeria's export receipts, had narrowed down to 30.2 per cent by this time.[78] The policy changes were therefore imperative.

SOME NOTICEABLE FEATURES AND AN EVALUATION OF POLICY IN THE DECADE, 1960-1970

A breakdown of trade figures between 1960 and 1970 shows that the index of Japanese exports to Nigeria with a base of 100 in 1960, stood at 105.7 in 1964, but at 86.6 in 1970. Nigeria's exports to Japan stood at 90.2 in 1964 and rose to 157.4 in 1970. See Table 2(iv). Nigeria's figures were however increments against absolute minimums as the trading accounts indicate. During this period also, imports in general[79] and particularly Japanese imports began to undergo important structural changes. The demands for heavy machinery and equipment arising from the requirements of the First National Development Plan (1962-68) projects necessitated the import of intermediate products, machinery and transport equipment. Thus, Japanese exports of Machinery and electrical goods stood at $8.630 million in 1960 and $27.356 million in 1964. In 1968 due to the war it dropped to $9.458 million. By 1970, it had jumped to $40.982 million. Nigerian demands for food and other durable consumer items also arose as urbanization became a marked feature of Nigeria's post-independence economy. Despite the various import restrictions and the civil war, the Japanese were able to entrench themselves solidly in the Nigerian import market. What was more, they did not lose the initiative in the supply of traditional commodities but put themselves in a solid position to exploit new demands. The Nigerian failure to make any significant in-roads in supplying the Japanese economy had led to evident frustration resulting in the imposition of restrictive import duties and quotas. This was against the backdrop of on-going attempts to re-structure the economy and provide a solid industrial base for it.

What is difficult to understand is the purpose the Nigerian policy-makers had hoped to achieve with the ban, especially since the policy did not contain a corresponding export policy particularly addressed to solving the Japanese problem. Singularly vindictive and generally ineffective, it was instructive only as an example of how not to pursue trade equilibrium. Tempered only by a measure of understanding and an unjustified feeling of debt by the Japanese to an economy which failed to change its moribund colonial structure and emerge from the economic backwaters into the open sea of international market economy where nations are made, the trading relationship was sustained.

The futility of the ban in the development of this trading relationship is further evident in the fact that it merely served to lower Japanese exports for a short time, and even then, not to any significant degree. Apart from providing the Japanese with space to reassess and rebuild their position and ensure even greater deficits in the years to follow, the attempt was further a massive act of ill-advised policy coming at the time that it did. First, the first National Development Plan 1962-68 was well underway and the nation needed Japanese co-operation more than ever. Essential consumer goods as well as products of heavy industrial manufacture were needed from Japan whose products were not only as efficient as any others in the market but more adaptable and less expensive. As we shall see in a later chapter, there was also a willingness for Japanese technical expertise to accompany the industrial machineries where the need arose.

Secondly, the ban looks like a default in policy rather than a solution because it whittled away resources that would have been spent to develop exports, in the form of higher costs of importation elsewhere. A parallel would inevitably be drawn between this policy and a similar one pursued by England against France when both nations found themselves in similar circumstances, in the late 17th and early 18th centuries. England had imposed very high tariffs on French goods which practically amounted to prohibition. As Adam Smith demonstrated, England lost because it imported the relatively cheap French goods at a higher cost elsewhere. Smith explains that "though the value of the annual importations from any one country be greatly augmented, the value of the whole annual imports would be diminished, in proportion as the goods of the particular country of the same quality were cheaper than those of other countries".[80] The principle here is that of comparative advantage which guarantees economics of scale. As we have shown, Japan provided these goods at relatively cheaper rates than any other country. What was more, the capacity to sustain such an exchange was evidently not lacking. Foresight would then prove to be the greatest handicap of the Nigerian policy makers since apart from a loan of $10 million dollars which was pledged by the Japanese, the exercise achieved nothing else. It merely diverted attention from the serious problem of declining exports.

Although trade for both sides grew at a leisurely pace especially in the last quarter of the decade, the relationship did not break nor suffer from any significant drawbacks. In fact, both the evidence of the progressively steady rise in the general level of trade as well as other developments suggest the beginning of a robust relationship. In 1967 for instance, Nigeria participated in the International trade fair in Tokyo[81] and at the end of the civil war, Japan gave a grant of $1 million to Nigeria for the rehabilitation of refugees.

On both sides the structural changes which became more evident in 1970 changed the nature of the trade. On the Japanese side, from consumer durables to heavy industrial products and on the Nigerian side, from agricultural commodities to energy sources. Investments were also indicative of the healthy state of the trading relationship. At the end of the year 1970, five more investments were added to the already existing ones bringing the number to a total of thirteen. The significant investment in the trading year of 1970 which signalled the direction and concentration of the Japanese trade henceforth was the Japan Petroleum company for the exploration of Petroleum resources, as well as Tayomenka Nigeria Ltd, which was specialized in data collection. Two more companies were added to the already existing plants for textile manufacture; the Woollen and Synthetic Textile Manufacture and the Bhojsons Industries Ltd. The remainder, Nigeria Net and Twine Industry was to promote the fishery industry a trade from which the Japanese would soon benefit.

If the 1960s witnessed the gradual restructuring of Japan's economic relations with Nigeria, in the 1970s the relationship not only blossomed, but expanded in geometric progression. As the years 1967-70 were the years of uncertainty in Nigeria-Japanese trade, the years, 1971-76 were ones in which trading contacts once established were cemented with effortless ease. It was the beginning of the modern phase in Nigeria-Japanese trading relations which spans the decade 1971-82. 1971-76 were therefore years of acceleration, while 1977-82 were years of sustained growth.

V

THE MODERN PHASE OF NIGERIA-JAPANESE TRADE RELATIONS

a) THE FIRST PHASE 1971-1976: THE YEARS OF A GRADUAL PROGRESSION

In 1971, the Preferential Tariff Scheme adopted by the Japanese in 1970 designed to benefit a wide range of commodities from developing countries[82], took effect. It was on this promising note that another decade of trading relations started. It was also the beginning on the Nigerian side, of the overwhelming predominance of Petroleum exports. While for Japan's trade, the year was also clearly marked as bringing the imports of machinery and allied products into predominance to finally overtake cotton textiles and other consumer goods. Out of the Nigerian total trade figure of $27.1 million (phenomenal for that country but not clearly significant in comparison with the Japanese figure of $96 million, a 52 per cent increment over 1970)[83], crude oil exports accounted for $12.8 million.

A noticeable feature of the 1971 trading year was the large increment in Japan's importation of machinery which rose 48.1 per cent, and automobiles which recorded a sharp increase (up 2.7 times)[84]. These increments were due to the large demands occasioned by the needs of post-war reconstruction in Nigeria and the new prosperity slowly being brought in by oil exports.

The Japanese importation of automobiles was significant as the Table below shows.

FIG. 2 (ii) JAPANESE IMPORTS OF AUTOMOBILES 1971[85]

	UP TO 2,000 cm^3 CAPACITY	OVER 2,000 cm^3	BUSES	TRUCKS AND MOTORCYCLES (360 - 2,000 cm^3)	
NO =	3506	1977	6	1034	8168

The increments were indicative of the Japanese intention to tap into a clearly evident area of increasing demand in the years to come. To satisfy the growing demand and to fully entrench themselves in the field, the Japanese applied to the government of Nigeria for authorization to build factories for the production of trucks and cars on a completely-knocked-down-basis.

Further investments were made in the textile industry. C. Itoh in partnership with another Japanese company, Hirata Spinning and a French multinational company, C.F.A.O. started the venture, Ninetso Nigeria Ltd, in September.[86] Further visits were also made to assess the potentials of the Nigerian market. In the second week of November, a 10-man Japanese trade delegation led by Mr Shinobu Ichikawa visited Nigeria with the dual purpose of ascertaining the future possibility of joint ventures and to indicate Japan's interests in the marketing of Nigeria's oil resources. As evidence of a blossoming relationship, the Federal government through Mr R A B Dikko, the Federal Commissioner for transport, gave the delegation a firm assurance of full co-operation.[87]

The years 1972-76 closely followed the pattern established by the 1971 trading year. What sets them apart from the 1971 model was not the increased volume of trade which both countries witnessed, but the widening gap of the trade imbalance. In 1972, Japan for the first time reached the $100 million mark as its final account climbed to $126 million, a 31.3 per cent increase over 1971. This was higher than Nigeria's account of $80 million, an unprecedented account and a 194.7 per cent increase.[88] These figures, as we have observed, followed closely the pattern established by the 1971 trade but they were further remarkable in many ways.

First was the resurgence in the imports of textiles and synthetic products, traditional Japanese export commodities which had remained in the doldrums in the Japanese trade owing to factors that were both internal and external. As clearly evident in figure 2 these products did account for a substantial portion of the Japanese total export trade. At $33.4 million, a 25.9 per cent increase compared to 1971, it was a remarkable resurgence indeed. However, in line with the trend already established, the imports of machinery accounted for 46.2 per cent of total exports.

There has been no reasons advanced anywhere to explain the sudden increment recorded in the Japanese textile supply and research to try to account for this particular development has so far not yielded a satisfactory explanation. However, a credible explanation may be that during the civil war, local production of textiles was disrupted, and the demand occasioned by ever increasing post-war needs far outstripped the capabilities of the local firms which, at any rate, were still desperately trying to rebuild, to re-instate and increase pre-war production levels. The Japanese were well placed to gain from this because this was an area of traditional leverage. The point above is further highlighted by the fact that the 1972 textile figures exceeded any previous average for that commodity since the beginning of the civil war in 1967.

Another point worthy of mention is the phenomenal rise in Nigeria's crude petroleum exports. The demands of post-war reconstruction and the increasing demands for energy sources in the international market meant that this commodity's assured consistency of production and a capacity to double output, would dominate Nigeria's export trade in most of the years under consideration. Signalling the trend, Petroleum exports to Japan rose sharply by 500 per cent during this year and accounted for $70 million out of the total trade figure of $80 million. Indicative of the role it would increasingly play in this trade, Japan's deputy Vice Foreign Minister, Takeshi Yasukana was appointed to take special charge of resource affairs in the specialist "International resources division" set up in 1972 by Japan's Ministry of Economic Affairs Bureau to handle questions concerning overseas resources.[89] This Japanese effort complemented previous attempts at securing Nigeria's and other African resources and formed part of a new foreign policy of "resource diplomacy".

There was no local investment by Japan in 1972 but in 1973, 1974 and 1975, some investments were undertaken and these would reflect later on the constitution of Nigeria's exports and Japan's policy of resource diplomacy. There were investments in the fishing industry (see Chapter Three).

The year 1973 marked a watershed in Nigeria-Japanese trade relations for this was the year following the oil crisis when Nigeria was drawn sharply to the centre of Japanese attention. It was remarkable because prior to this development, Nigeria had been no more than another promising market for products of industrial manufacture in the Japanese projections. As sometimes with relations among nations, factors external to those they are concerned to deal with, change the course of events and brings an irreversible break with the past. Writing in 1916, J.B.

Bury had referred to this kind of independent causal chain as the effect of chance, or the famous crux of "Cleopatra's Nose", in history.[90] Rostow simply calls this "exogenous events"[91] and it would seem that the sudden twist in Nigeria-Japanese trade relations beginning in 1973 can only be explained with reference to this phenomenon highlighted by Bury and Rostow. The advantage came too late in the trading year to reverse the fortunes of trade or even to help to achieve the much needed balance of trade position from one nation's point of view. While this did not happen in this year, it occurred in 1974 and corrected for the second time, the uneven balance of trade held in the Japanese favour.

In both years, the remarkable feature of trade was the unprecedented rise in Nigeria's export figures and the dominance of petroleum products which by far outstripped other commodities taking an unprecedented lion's share of exports: $187.844 million out of the total export figure of $189.010 million in 1973[92] and $434.735 million out of the 1974 trade figure of $448.864 million.[93] With 95 and as 97 as percentages of total export figures respectively, it no doubt signalled the beginning of a new era in Nigeria - Japanese trade.

Since 1974 was a veritable exception in the trade of both nations it has drawn quite a few comments. In all the records, there is an overwhelming agreement on the oil crisis as the sole responsible factor.[94] There is, indeed, hardly any doubt that Japan increased its purchases of

Nigeria's petroleum resources to offset the fall in supply elsewhere, as clearly evident in the records detailing trading contacts in both years (see Fig.3(iii)). However, the extraneous oil crisis and the favourable balance of trade it brought for Nigeria were the only remarkable events in the trade of the two years. In real terms, it masked the nature of the trade: the one-product predominance in the Nigerian trade. This contained the seed of future decline in the Nigerian trade as the world oil trade stabilized. The latter point is very important because it would become the overwhelming feature of the Nigerian trade. The prospect of consistent decline was already evident.

It is also evident that there was no noticeable decline in the Japanese exports of heavy and chemical industrial products, essential machinery and equipment. The supply of these products in fact increased, as well as the value of their total trade from \$141.147 million in 1973 to \$284.867 million in 1974.[95]

The Japanese response in their bid to correct the adverse position took various forms. On the one hand, "resource diplomacy" brought with it new agreements and strengthened old ones, ensuring them of a steady and alternative means of supply independent of Nigeria's sources. On the other, it joined a meeting of the United States of America, Canada and the European Economic Community (except France) in

February 1974 to find common solutions to the sharp increase in oil prices that was not only responsible for the loss of initiative in the Nigerian trade in 1974, but was also slowing the growth of its domestic economy. The conference agreed to work closely to assuage the effects of the oil crisis by putting into effect a number of measures which included a reduction of demand, the development of new energy supplies and finding new ways to meet the financial trauma resulting from the sharp price increases.[96]

Since Nigeria was a member of the oil cartel, OPEC, it appeared that the Japanese participation in what was, after all, an anti-OPEC stand, would seriously jeopardize the trade between them. This was not the case, however, because neither was Nigeria's post-war economy in any shape to shoulder the effects of any retaliatory action, which Nigeria in any case would have been forced by the circumstances to apply to other participants in the conference (nearly 70 per cent of its customers). Nor was such an action necessary since increased oil shipments were more than desirable in the effort to maintain a favourable balance of trade position. Accordingly, reaction was mute. It did not make any pronouncement on the Japanese involvement or indeed, on any of the rest. Generally, according to Aluko, it seemed to share the view of President Boumediene of Algeria who deplored the conference as "a bid by the United States to establish a protectorate over consumer as well as producer countries."[97]

Apart from this incident, precipitated by the trauma of increased oil prices, the years 1973 and 1974 could safely be said to fit into a pattern with the general trend of Nigeria-Japanese trading established from 1971. This is so because neither the demand nor the supply side of either side's trading betrayed signs of any structural changes. While Nigeria continued to desire in ever increasing numbers the products of Japanese industrial manufacture, Japan on the other hand seemed ever desirous of Nigeria's raw materials. The only thing that changed in the trade of 1974 was price, and the final figures appeared the way they did because of market forces acting independent of the two nation's trade. Since the increments were not the result of a carefully activated trade manoeuvre, it did not in any way affect the pattern of the two nations' trade, and quickly lapsed into history as one of those fortuitous accidents in relations between nations.

As quickly as the unfavourable balance of trade brought about by the oil crisis appeared in 1974, it was corrected in 1975 by the Japanese, who resumed their overwhelming initiative in the trade of the two nations. What made the Japanese export trade of this year truly revitalized was not only that it "recorded a continued high growth of 2.1 fold compared with the preceding year" to attain a new height of $585.3 million[98], but both the exports of machinery and iron and steel continued with the upward trend. While imports of machinery increased 54.9 per cent, iron and steel was up 60.9 per cent above the previous year's figures. These increases were accountable by the large demands occasioned by the feverish pace of industrialization in Nigeria, for these were the years of the oil boom. However, the general trend of trade increments noticeable in the Japanese export trade of this year may be attributed to an important development which took place in the last quarter of the trading year. This was the Nigerian withdrawal of the invocation of Article 35 of GATT against Japan extending to her a most favoured nation (MFN) status.

Indeed, the Nigerian - Japanese trade could be said to have finally reached the age of maturity in this year as further investments both in new sectors and others to strengthen old areas of concentration followed. While four Japanese companies went into the traditional areas of iron and steel manufacturing and the processing and sales of canvas, Toyo Glass went into partnership with Metal Box Overseas to set up Metal Box Toyo Glass (Nigeria) Ltd; a venture that was Metal Box's first step into glass-making.[99]

The trend of ever-increasing exports was continued by Japan in 1976 and even though trade actually fell 2.0 per cent below the last year's figure to stand at $573.8 million, it still maintained a clear advantage with a trade surplus of

$465.1 million. The imports of machinery continued its steady increases through the trading year, recording a rise of 10.1 per cent over the preceding year to account for 61.7 per cent of total Japanese imports.

If the two years of trading in 1975 and 1976 produced an overall increase in the value of Japanese imports resulting in higher accounts, it was indeed, the opposite on the Nigerian side where trade went into a steady decline after the remarkable developments recorded in 1974. In 1975, trade fell 37.9 per cent from the previous year's figure of $448.865 million to $278.5 million; and in 1976, it declined a further 61 per cent to stand at $108.731 million.[100] Although the amounts recorded in both of these years' trading were revolutionary in comparison with the pre-1972 figures, in real terms, it did not represent any more than a lateral expansion of exports. Crude oil exports for instance accounted for 92.6 per cent of the 1975 figure and trade further declined in 1976 when oil exports were down 65.8 per cent as the Japanese energy market stabilized. The only noticeable increase in commodity exports was the 39.9 per cent increment recorded in foodstuff exports in 1975 and it is not difficult to understand why. In September of the previous year, Taiyo Fishery had entered into a joint partnership with Ibru Seafoods to set up the Osadjere Fishing Company which specialized in shrimp trawling and the freezing and sales of marine products.[101] This was the first of such large scale local fishing operations in Nigeria.

Following the evident consistency of trade decline which promised to get worse as the needs for Nigerian oil resources became less in Japan, the Nigerian government once again introduced further incentives for export production. It announced increases in producer prices in the 1975 budget and to protect the country's reserves from fluctuating international currency values, it redistributed its reserves formerly held mostly in Pound Sterling, into a number of other convertible currencies including the Japanese Yen.[102] This was the situation existing at the beginning of the second phase in the years of increasing trade, 1977-1982, which is considered below.

VI

THE MODERN PHASE OF NIGERIA - JAPANESE TRADE RELATIONS

b) THE SECOND PHASE 1977-1982: THE YEARS OF ACCELERATED GROWTH.

If the period 1971-76 were the years of the "drive to maturity" to apply Rostow's terms in another context, the years 1977-1982 were the age of "high mass consumption" in Nigeria-Japanese trade relations. In general, the period followed very closely the pattern of the one preceding it in terms of increased importation of Japanese machinery and equipment as well as investments. What sets it apart, however, was the rate of growth of the volume of imports and the feverish pace of investments. It was also the period when Japanese trade attained the one billion dollar mark. To offer the above as the general characteristics of the period would not be altogether complete. This is because growth was one-sided and trade on the Nigeria side did betray symptoms of gross decline. A phenomenon that became more acute as the trade of the opposite side leaped in geometric progression. However, this slack export growth should not mask the overwhelming evidence of grossly inverted trade between the two nations, since this was a period in Nigerian history when it generally demanded more than it supplied in the realization of the new industrial programmes pursued under the national development plans.

This period of trading relationship witnessed unprecedented demands for heavy and chemical industrial products as well as machinery and equipment. The trend began early in the period. In 1977, the Japanese trading account reached the record figure of $1.009,534 billion.[103] Out of this figure the sales of chemical and industrial products accounted for $885.765 million, while machinery and equipment worth $647.824 million were sold. It was Nigeria's worst trade deficit since independence and the low figure of $20.290 million that it recorded signalled the shape of trade to come in the following years. That Nigeria was reduced to this position in its Japanese trade was primarily due to the Japanese stoppage of its oil imports having weathered successfully the storm of the energy crisis. It then signalled the domination of a product other than crude oil in Nigeria's exports: marine produce. In this year, exports of foodstuff including shrimps, prawns and lobsters accounted for $15,663 million out of the total figure of $20,290 million. It was the beginning of a new low in the Nigerian export figures and this was of grave significance because the marine products were generated by the Japanese in Nigeria (see Chapter 3).

A number of comments have been made regarding the towering proportions of the trade imbalance of this year and opinion voiced run the whole gamut of emotion from "rape" to "rip-off".[104] What is important, however, is not misplaced sentimentality expressed over purely economic exchange but that the deficit served to epitomise the lack of restraint in managing an economy geared to massive imports without promoting a correspondingly higher value of export trade. It was a period when Nigerian policy-makers lay secure in the abundance of foreign exchange from the supposedly infinite oil reserves and the consistency of its prevailing exorbitant market value as not to sufficiently review other export commodities and bring them on par with oil export earnings.

No doubt jolted back, for a time, to reality by the huge trade imbalance with the Japanese, a number of measures were taken to stem the one-sided flow. Since the various restrictive measures introduced in the 1977 budget which was aimed at improving the country's balance of trade position had proved inadequate to stem the Japanese flood, the policy was taken up and further expanded in the budget of 1978 and 1979. By this time however, the state of agricultural exports were almost of a non-salvageable proportion. Although in proportion, it had fallen to 30.2 per cent in 1970, by 1977, it was only responsible for 4.5 per cent of the total export trade. The re-organisation of the marketing boards in which enough hopes had been placed to lift the nation's declining agricultural exports had failed. The Federal Government therefore decided to abolish the boards outright and in their place were established seven national commodity boards. The statutory functions of these boards included among others, to encourage production and organize the marketing of all the major agricultural commodities. This effort was complemented by the "Credit Guarantee Scheme" set up to underwrite loans granted to farmers by banks in respect of certain crops, mainly export crops; namely, cocoa, rubber and palm-oil. It was a loose form of government relocation of export production to private capital initiative. In real terms however, agricultural productivity in both qualitative and quantitative terms, the regulation of export prices, as well as the direction of export trade were still tightly in the grasp of the government.

The Japanese position in the face of these changes was to heighten efforts geared to increasing local participation in the form of private capital investments. With eyes still firmly focused on the rapid industrialization and developmental efforts of the country, the flow of the new investments were widely spread. First Nichimen Corporation left Lagos, the traditional foothold for Aba, one of the busy commercial centres of the East to set up Metcome (Nigeria) Ltd; engaged in the processing and sales of steel products. An effort complemented later in the year by Kobe Steel and Mitsubishi Corporation who joined in a venture in the Standard Industrial Development Company for the manufacture of steel tubes. Mitsubishi Electric and Mitsubishi Corporation also followed with Melco (Nigeria) Ltd; a company specializing on the sales and installation of heavy electrical Machinery and Equipment. A further foothold was gained in the chemical equipments sector of the Nigerian economy by Sekui Chemical and Nichimen Corporation with joint investments in Elson (Nigeria) Ltd; for the marketing of PVC pipes and polyethylene films.[105]

The standard that was set in the 1977 trading year was carried on in 1978 and although the Japanese account dropped by 5.6 per cent largely because of the reaction against the colossal imbalance of 1977, it still towered at $953.431 million.[106] This reaction took the form of restrictions which largely affected Japanese imports of automobiles which dropped from the figure of $406,081 million in 1977 to $350,457 million in this year. machinery and equipment also dropped from their previous figure of $647,824 million in 1977 to $603,273 in 1978.

These were however very relative to previous figures as well as in comparison to Nigeria's figures which, as the exports of mineral fuels, crude and partially refined oil continued their absence from the export trade, was drastically reduced to $7,529 million. Out of this figure, the export of shrimps, prawns, lobsters and cocoa accounted for $3,897 million.[107] With consistent export decline, the imbalance had become a problem of immense proportions.

The increased volume of the Japanese trade which accounted for 11 per cent of Nigeria's total imports and 0.4 per cent of exports[108], was not the dominant character of the trade of these years. It was rather, increased investments, the level of which was pushed into new heights. In all, six new investments were added to the already existing twenty-two to bring the total to thirty-one in eighteen years. They were also as diversified as that of the previous years and new sectors covered include civil engineering works where Sumitomo Electric Industries undertook a 40 per cent capital-ratio investment in Sei Nigeria Ltd. Further Sumitomo investment in the form of Sumitomo Electric and Sumitomo Corporation combination materialized in the Nigeria Wire and Cable Company for the manufacture of electric wires and cables. Sumitomo also participated in yet another venture signalling its intention to sustain a long interest in the Nigerian economy when it came up with a data-based company, the Sumitomo Shoji Kaisha (Nigeria) Ltd. This last undertaking complemented similar efforts for the establishment of marketing survey and data collection companies in Nigeria made by other Japanese multi-nationals; Mitsui and company and C. Itoh and Company. Mitsui by setting up MBK (Nigeria) Ltd, and C. Itoh by setting up C. Itoh and Company (Nigeria) Ltd. Earlier in the year, Kawasho Corporation in partnership with a third country had set up the Rolled Steel Products Company in an area of traditional Japanese concentration in Nigerian investments; the manufacture of galvanized iron sheets.[109]

The following two years, 1979 and 1980 were important in the trade of this period because they were the years when Nigeria resumed gradually its exports of petroleum products to Japan. However, in comparison to the 1973 and 1974 levels, the figures fetched by the marketing of oil in the two years were very modest. In 1979, it accounted for $25,198 million out of the total export figure of $42,467 million[110] while cotton, non-ferrous metallic ores, oil seeds and shea nuts classified under raw materials made up for $10,479 million and shrimps, prawns and lobsters for $5,055 million. In 1980, oil earnings further increased because of a number of successful attempts made by Japan to secure its supply from Nigeria. In that regard, contracts for the supply of oil were made with Nigeria and the first two by Idemitsu Kozan and Maruzen oil was expected to bring in a daily $500,000 in export earnings in the first half of the year.[111] The contracts proved successful in bolstering

Nigeria's export figures but the set target was not completely achieved. At the end of the year, earnings from oil exports which totalled $104,643 million was largely responsible for Nigeria's total trade figure of $120,175 million. As was customary in the preceding years, the exports of marine products, namely shrimps, lobsters and prawns made up for $3,665 million while raw material exports amounted to $3,573 million.[112] Trade had significantly remained structurally unchanged.

In both of these years, Japanese trading figures remained virtually at the spectacular mark of over one billion dollars made in 1977. In 1979 total trade figures amounted to $806,889 million, down 15 per cent from the previous year. By 1980 however, following the token efforts made to reciprocate trade by concluding contracts with Nigerian oil producers, the figures jumped once again, to the height of $1,493,602 million.[113]

The Japanese had once again concluded another decade of trading relations having successfully amassed huge surpluses from the Nigerian account. As evident from the Japanese trading accounts of both years, the imports of Metals, Heavy and Chemical industrial products, Machinery and Equipment as well as other commodities that were all in high demand by a nation experiencing an unexpected rapid industrialization and high level of growth brought about by increased earnings from petroleum products, continued to make astronomical gains. What is not immediately evident from these representations as well as from other figures preceding the trading year 1979 and 1980, were the overall expansion in the sales of other consumer durables, especially, audio and video equipment. In 1979, for instance, the Japanese Ministry of Trade sources recorded an increment of 61 per cent in the sales of video recorders and 93.3 per cent in television sales to Africa.[114] Overall sales to Nigeria accounted for a very high proportion of these sales percentages because these were the years when ownership of either of the two commodities, almost exclusively imported from Japan, was a mark of furtherance of social status. As evident from the Japanese records of the Nigerian trade for that year (see Fig.2) the sales of these two commodities were very well pronounced. In each of these years, the Japanese continued to consolidate their position with new investments. Significant in-roads were made mostly to complement old efforts in the engineering services sector. Accordingly, three out of the four investments recorded in this year were in this field:- Sumalco Ltd, for the installation of electric wires and cables; Fujikara Cable Works, for communications and electrical power engineering, and Taisei West Africa for civil engineering construction and machinery procurement. The remainder, Nisho Iwai (Nigeria) Ltd, was in the old area, trading, as was the singular investment in 1980, Nigeria Textile Products, in textile manufacturing.

The increased demand for Japanese goods are best represented by the volume of automobile imports in 1980, despite latest restrictions on vehicle importation. The figures below [115] show the number of Japanese automobiles by classification imported by Nigeria in the first half of the 1980 trading year, January to June.

TABLE 2

	PASSENGER CARS	TRUCKS	BUSES	TOTAL
(iii)	9,841	10,175	14,623	34,639

One only needs to compare this figure to the total number of Japanese automobiles imported into Nigeria in 1971 (see Table 2 (ii)) to comprehend the degree of increased demand. In July of this year, the vice-president of Nigeria, Dr Alex Ekwuene spoke of the "great scope for partnership between Nigeria and Japan".[116] The final figures at the end of the trading year proved that 'partnership' which would suggest a <u>proportionate</u> trading relationship between two equal partners was still largely illusory, primarily because, as Joe Garba correctly observed, even though the United States trade deficit with Nigeria had reached eleven billion dollars by 1980, it was still second to that of Japan.[117] Ekwuene's comment, with the benefit of hindsight, is largely one of unjustified enthusiasm but it is very important as it underscores the mood behind the lackadaisical export policy pursued by Nigeria in respect of the Japanese trade.

The last two years of the period under consideration, (1977-1982), were also marked by heightened trading and investment activities. Japan's Nigeria trade in 1981 not only increased by nearly 50 per cent but accounted for 23.68 per cent of Japan's total Africa trade.[118] This confirmed Nigeria firmly as Japan's second largest market and trading partner after South Africa. Its export earnings from Nigeria which stood at $1,493,602 billion in the previous year, leapt to $2,158,826 billion in 1981. Representing a significant increment in trading accounts of 44.5 per cent, it was the highest figure to be recorded by the Japanese since the beginning of the trading relations with Nigeria in the late 1920's. Nigeria's total earnings also witnessed a significant increment of 183.2 per cent from $120.175 million to $340,369 million.[119] The value added in the Nigerian account notwithstanding, it represented the highest deficit with Japan of all African countries.[120]

Japanese imports of machinery and equipment which over the years have recorded consistent increments, reached an all-time height in this year when it jumped 175.1 per cent over the previous year to account for $1,526,691 billion out of a total account of $2,158,826 billion. The exports of transportation equipment also gained by 209.2 per cent to stand at $1,025,540 billion out of which sales of motor vehicles accounted for $711,909 million. On the Nigerian side, exports changed very little in volume and remained static in horizontal movement. The exports of petroleum products significantly boosted by last year's contracts accounted for $331.191 million out of the total earnings of $340.369 million. Prawns, shrimps and lobsters continued to make an impact, taking a 161.7 per cent jump to $6,567 million. As raw other materials' export took a 61 per cent dive to $2,178 million, it shows, most significantly that in real terms, Nigerian export performance was deteriorating, not improving.

The vertical increments and the decline of agricultural exports not only demonstrated the fragile base of Nigeria's exports but most importantly, it confirmed that so long as the Japanese were willing to import Nigerian oil, they were unhindered in exploiting to the full the capacity of Nigeria's market potential. The figure of nearly two billion in trade deficits also denotes the final conquest of the Nigerian Market by the Japanese, a position secured by loans and with other types of foreign aid. This position continued in 1982, at the end of which Japanese earnings remained at the now consistent level of over one billion dollars ($1,209,057 billion) while that of Nigeria slid down to a comparatively ridiculous figure of $8,002 million.[121] The decline of 56 per cent in the trading figure of the Japanese was a relative decline which was well outstripped in intensity by that of Nigeria. From $340.369 million in 1981 to $8.002 million in 1982,it was not so much the percentage scale of the decline as its significance in the Nigerian-Japanese trade relations.

This low figure was the result of the disappearance of petroleum from total exports. Japan had halted the importation of oil from Nigeria in 1981 because its corporations refused to pay the premium when Nigeria's oil prices reached $40 per barrel. As the trade situation worsened, the exports of shrimps, prawns and lobsters came to dominate total exports accounting for $5,795 million out of the total figure of $8,002 million. This was the beginning of the end for Nigeria's exports to Japan since Nigeria showed no interest in developing non-oil sectors. This prospect of consistent decline would become the marked feature of the following years' trade until the end of our period, 1985.

In the two years 1981 and 1982, a significant development which was further accentuated by new investments was the increase in the imports of Japanese motorcycles. The growing demand for motorcycles among the peasants and the working-class community translated into another area of concentration of both exports and investments in local industry by the Japanese. Motorcycles, which are used for both leisure and commercial purposes in Nigeria, became an area where the Japanese, with the benefit of specialization of manufacturing exploited to the full. In January 1981, Honda Motor Company, which had been making enormous sales in Nigeria since the early 1970s, opened a Motorcycle assembly plant in Lagos and in the following year 1982, Yamaha Motors and Mitsui and Company combined to open

Yamaha Manufacturing (Nigeria) Ltd, for the same purpose. Even while the first local production effort by Honda was going on in 1981, Motorcycle imports accounted for $119,844 million.[122] Apart from textiles, the production and sales of motorcycles then became another area of unrivalled domination in the Nigerian market by the Japanese. Today, an overwhelming number (about 99 per cent) of motorcycles in use in Nigeria are of the Japanese model. The trade brought in what could be rightly referred to as the motorcycle revolution in Nigeria.

Japanese motorcycles which replaced the bicycle as the most simple mode of transportation have both social and cultural significance in Nigeria. In some traditional communities, it has replaced the use of Raleigh bicycles as evidence of self-actualization and economic clout at communal rites of passage. Arriving first in small engine types like the Honda Benly, it expanded to include powerful models like the Yamaha CB200 and the Honda CD195. Among the ladies in Eastern Nigeria, Yamaha's C50's have since replaced the Mobylette as the dominant form of social acquisition. Particularly in Nnewi, it is an essential ingredient in almost every compound. Its socio-economic utility have since increased and with the present economic difficulties faced by Nigeria, it has overtaken the common Peugeot taxi, as the dominant form of transport in many states. (In Cross-River and Akwaibom States, the ratio of motorcycles to cars in public transport is about fifty to one). In

Igboland, an area of very large industrial and commercial activity, (the largest of such concentration in Africa), they are commonly received as gifts. One of the legacies of the Japanese trade is indeed the veritable social revolution[123] it brought with the exports of motorcycles.

Leaving this revolution aside, let us return to the pattern of trade which was now in consistent decline for both sides. Accordingly, we enter into the last period in our analysis which was marked by declining exports.

VII

ECONOMIC SLUMP AND THE DECLINE OF TRADE 1983-1985: THE SURVIVING TREND

The three year period, 1983-1985, were the years not only of the decline of Nigeria-Japanese trade, but of the beginning of a pattern which has survived to become the dominant characteristic of present trade. The three year period were the worst years in Nigeria's export trade with Japan since its independence in 1960. This followed not only the slump in petroleum prices, but the complete disappearance of crude oil from the trade with the Japanese. At $6,706 million in 1983, $7,012 million in 1984 and $5.832 million in 1985, Nigeria's total export figures represent in their totality, the complete failure to diversify or expand exports in the twenty-five years of trading relationship. On the Japanese side, the reduction in export earnings reflected the general trend in Nigeria's external trade and is in no way an exclusive phenomenon.

The Japanese export earnings decreased as the volume of commodities traded contracted. In 1983, the trade figure of $567,805 million was a decrease of 47 per cent below 1982, while the $445,518 million accumulated in 1984 represented a further fall of 78.5 per cent below 1983. In the same vein, the trade figure of $342,029 million earned in 1985[124], the last date in the period under consideration was a decrease of 23.2 per cent below the previous year.

Another significant development in the trade of these years was the change in the nature of Japanese investments and the disappearance altogether of new ventures. This change from the fairly diversified trend of investments noticeable in Japanese Nigerian ventures since November 1961, to a concentration on construction sector oriented investments is only remarkable as an attempt to adapt to the effects of the downward turn in the Nigerian economy. Thus Chiyoda Chemical Engineering of Japan which opened its Nigerian office in 1983 as well as Toda Construction's effort in the same year were all for the execution of previous contracts (see Fig.3(i)). Chiyoda, which most noticeably epitomises this trend, did so to complete the biggest Japanese contract ever in Nigeria -- the construction of the Kaduna Petroleum refinery and petro-chemical plants, which was then the largest in Nigeria. The only noticeable exception was Matsushita Electric's partnership with UAC of Nigeria, (part of the giant European multinational, Unilever) in setting up National Panasonic (Nigeria) Ltd, ostensibly to tap the still booming audio and video equipment trade in Nigeria. (It is noteworthy that National brand of electronics are the most widely used brand in Nigeria). Since this 1983 investment, no Japanese investment was recorded until the end of the period, 1985. This trend, a complete departure from the trend in Japanese investment in Nigeria, most clearly demonstrate the adaptive capability of the Japanese foreign trade.

The ever widening difference in the trading accounts of the two nations in the twenty-five years under study was largely one of diversity of economy. The result of a chasm between the failure of policy that resulted in static and non-expansive exports built largely upon a fragile single commodity; and a dynamic forward looking export-orientated economy. It was not simply the difference between a dependent and a highly industrialised economy. Rather, it shows one nation's inability to develop its resources and articulate its interests. We do agree with Professor Nurkse that the attraction of advanced living standards, (which is a major reason for Nigeria's increased demands for Japanese consumer goods which accounted for the huge trade deficit) is an obstacle to the late-comers in economic development.[125] This demonstration effect, or the 'Backwash theory' in Gunnar Myrdal's analysis, is a valid explanation. However, planning for economic growth is merely postponing present consumption for the future. It is only appropriate policies and the discipline exercised in their execution that can guarantee a leap to a developed system. Trade policies should therefore strike a balance between demand, especially for non-capital goods, and supply for economic development. Very often the discrepancy between excessive demand and expenditure on luxury consumer goods, and savings and available income for capital growth causes a major problem, and leads to asymmetry in trade, as we have shown.

Some may argue that this is not the case in Japan-Nigeria trade in the period and that the overwhelming feature of the relationship was a clear example of the willingness of the developed economies to exploit the weaker economies of the globe. The deepening poverty in much of the developing nations makes this position one which cannot be ignored. The debate engendered is continuous and very central to our analysis. The issues involved are treated especially in Chapter Four and subsequent chapters of this thesis.

NOTES

1. Robert S. Ozaki and Walter Arnold, op.cit.

2. See, Simeon Adebo Commission, Interim Report, 1970, p. 11. This is still highly contestable in all debates pertaining to this point. One school of thought, typified by the Adebo Commission and subsequent opinion, while not insisting on the contrary, would however seek for some qualifications.

3. W.W. Rostow's Stages of Economic Growth (Cambridge: Cambridge University Press, 1960) also needs some qualifications in the light of the Nigerian distortion.

4. Basil Davidson, Africa in Modern History: The Search for a New Society (London: Penguin Books Ltd, 1978), pp. 213 and 311. Basil Davidson insists that this great conglomeration of diverse peoples, each with its own objectives and hardly converging interests, in the immediate post-war era could hardly be described as "urbanized", but rather "de-ruralized multitudes". A flamboyant phrase but one which nevertheless captures the situation aptly. In the decade following independence, he maintains that the "urbanized masses" made up no more than between five and ten percent of populations in Africa. Davidson's summation may well be true for some parts of Africa, but in Nigeria, following the oil boom [the popular phrase used to describe the phenomenon in Nigeria] from 1973, the nation made about 35 per cent of this grade).

5. Africa Contemporary Record, Vol. 12, 1979/80, p. 146.

6. JETRO, White Paper on International Trade, 1984, p. 350.

7. ibid, 1987, p.375.

8. Ariyoshi Okumura's analysis explains the dynamics of this relationship. See the author's article 'Japan and East Asia', pp 261-281 in Christopher Saunders (ed.), The Political Economy of New and Old Industrial Countries. London: Butterworth and Company, 1981.

9. Jetro, ibid for both years.

10. Percentage figures for world trade taken from Joan Edelman Spiro, The Politics of International Economic Relations (London: George Allen and Unwin, 1985), p.117.

11. International Trade, 1983/84, pp. 1, 3-4, in Spiro ibid.

12. JETRO, ibid, 1971, p. 200.

International Monetary Fund, Direction of Trade Statistics

Yearbook 1, 1958-1962 has these figures, $77.9 million for the Japanese and $6.9 million for Nigeria. (See page 302). Both figures are slightly above JETRO figures. See also Ministry of Commerce and Industry, Nigeria Trade Journal, vol. 9, no. 2, April/June 1961, which has N27.8 million for imports and N2.4 million for exports.

In all the years that follow, the figures used for the purposes of analysis are the JETRO figures. However, the IMF figures as well as the Central Bank of Nigeria figures and the Federal Office of Statistics (Nigeria) figures will be reproduced side by side with the JETRO figures in the endnotes. It must be emphasised that the choice is simply one of preference based on the consistency of the JETRO figures for each of these years. Since the Nigerian sources are quoted in the Naira, the local currency and in some cases contradict each other, and since the IMF figures are derived from figures taken from the trading accounts of different countries, there seems no reason why the JETRO figures which are from source cannot be more reliable. This is however, not to state that both the Nigeria sources and the IMF figures have less creditability than JETROs. It is simply a matter of convenience and preference.

13. JETRO, op. cit.

14. ibid, 1960, p. 200.

15. R. Olufemi Ekundare, An Economic History of Nigeria, p. 329.

16. Nigeria Trade Journal, vol. 9, no. 2, April/June 1961, p. 72. The Japanese figures were 94.7 million square yards of cotton piece goods, 95.4 million square yards of rayon piece goods and 22.282 tons of corrugated iron sheets. The cotton figures recorded by the Japanese, 87,167 million square yards was out of a total Japanese cotton export figure of 1,424,301 billion square yards. See, All Japan Cotton Spinners Association, Quarterly Review of Japan Cotton Textile Industry, no. 46, March 1962, p. 15.

17. Nigeria Trade Journal, ibid.

18. ibid.

19. JETRO, Whitepaper, 1960.

20. Nigeria Trade Journal, vol. 4, no. 3, July/Sept 1956, p. 104.

21. The Open General Import Licence No 1 of 1958 (JAPAN) (Amendment No 1), 1959. Published as legal notice No 52 of 1959 in the "Supplement to the Federation of Nigeria Official Gazette" No 14, Volume 46, of 26 February, 1959, permits galvanized iron sheets, and cotton and other fabrics to be imported from Japan without specific licence.

See also, Nigeria Trade Journal Vol 7, No 2, April/June 1959. Page 88.

22. JETRO; White Paper 1961. Page 204. The Nigerian figure for this year's trade was about one-eighth of the Japanese trade figure, prompting the observation in the Nigerian Trade Journal that the unfavourable trade balance which has marked Nigeria's trade with Japan "did not show any improvement" see The Nigeria Trade Journal Vol 10, No 1 Jan/March, 1962. Page 75.

23. Quarterly Review of the Japan Cotton Textile Industry No 42, March 1962. Page 4.

24. ibid

25. The Oriental Economist, The Oriental Economist's Japan Economic Yearbook 1963 (Tokyo 1963) Page 63

26. JETRO; Whitepaper on International Trade 1962. Page 1. IMF, Direction of Trade, op. cit., puts the figures at \$69.6m and \$4.2 million for Japan and Nigeria respectively. Central Bank of Nigeria, Economic and Financial Review Vol 8, No 1, June 1970. Page 79 has the figure £24,853 and £1,488 (page 82) for Japan and Nigeria respectively in local currency which at conversion is still lower than JETRO's figures.

27. "Review of Overseas Trade 1962", Nigeria Trade Journal. Volume 11, No 1, January/March 1963. Page 75. The 1963 edition of JETRO's White Paper concurs with this assessment. See page 253.

28. The Oriental Economist, Economic Yearbook 1963. Page 63

29. Nigeria Trade Journal. Volume 12, No 1, January/March 1964. Page 66. Comparative figures for the trade with the United Kingdom, West Germany, the Netherlands and France appear on Page 65

30. The Oriental Economist, Japan Economic Yearbook 1964 Page 72

31. JETRO; White Paper on International Trade, 1963 Page 253, 254. IMF Direction 4 1962-1966 Page 277. With \$75.5 million and \$6.7 million for Japan and Nigeria respectively. CBN; Economic and Financial Review Page 79 and 82 with £26.947 million and £2.393 million respectively

32. JETRO; White Paper on International Trade 1964. Page 179. IMF Direction of Trade 4 Page 277. \$86.3 million and \$7.2 million for Japan and Nigeria respectively. CBN; Review £30.813 million and £2.570 million for Japan and Nigeria respectively.

33. JETRO; White Paper 1965 Page 168
IMF Direction of Trade Page 277. Figures $71.7 million and $8.9 million for the respective cases
CBN; Review. Figures: £25.613 million and £3.172 million respectively

34. Nigeria Trade Journal. Volume 13, No. 3 July / September 1965. Page 132.

35. Olufemi Fajana, "Trends and Prospects of Nigeria-Japanese Trade". Journal of Modern African Studies vol 14, No 1 1976. Page 130.

36. Commission for Economic Commodities, Vegetable Oils and Oil Seeds - A Review (London 1967) Page 137

37. Supplement to the Federation of Nigeria Official Gazette No 62, Vol 50. 22nd August 1963.

38. Federal Republic of Nigeria Official Gazette No 50. Volume 51 of 28 May 1964.

39. ibid No 57, Vol 51 of 2 July 1964.

40. Supplement to the Federation of Nigeria Official Gazette No 72, Vol 51 of 17 September 1964.

41. JETRO; White Paper on International Trade 1965. Page 168.

42. Nigeria Trade Journal Vol 14, No 2. April/June 1966 Page 68.

43. The Oriental Environment, Japan Economic Yearbook 1966 Page 70

44. JETRO; ibid

45. Ekundare, Economic History of Nigeria pp 296-308

46. Ragnar Nurkse, Some Problems of Capital Formation in Under-Developed Countries (Oxford, 1953), p.58.

47. Chikara Higashi and Peter Lauter, The Internationalization of the Japanese Economy (Boston, Massachusetts: Klauwer Press), 1987.

48. West Africa Magazine October 6, 1965. Page 1170.

49. Finn B Jenson and Ingo Walter (eds) Readings in International Economic Relations, New York: The Ronald Press Company. 1966. page 22.

50. L. Rangarjan, in Strange (ed) Page 144

51. An account of the Nigerian efforts are contained in G Aforka Nweke, "From the old to the new world economic order: The Nigerian initiative of 1961" in Ralph I Onwuka and Olajide Aluko (eds) The Future of Africa and the New International Economic Order (London: Macmillan Publishers) 1986. pp. 272 - 296. See especially pages 273, 277-282.

52. Joan Edelman Spero, The Politics of International Economic Relations (Third Edition) (London: George Allen and Unwin) 1985, p. 113ff. An official GATT report noted this development with increasing worry. See GATT, Report on International Trade 1980-81, p. 11. Quoted in S. Strange, 'The Poverty of Multilateral Economic Diplomacy' in G. R. Berridge and A. Jennings Diplomacy at the UN, (London: Macmillan), 1981, pp. 109-130.

53. JETRO; White Paper on International Trade 1966 Page 167.
IMF Direction of Trade 7 (1966-1970) Page 341. Figures; $40.10 million and $12.10 million respectively.
CBN Review Vol 8, No 1 June 1970. pp. 79 and 82. Figures; £14.320 million and £4.325 million respectively.

54. The Oriental Economist, Japan Economic Yearbook 1967. Page 69

55. Japanese sources cite the civil war as the cause of these limitations. See JETRO; White Paper on International Trade 1967, page 153. (See Fig.2 Appendix).

56. JETRO; White Paper ibid
CBN; Review. Figures: £18.749 million and £6.208 million respectively. See Vol 8 No 9. June 1970. Pages 79 and 82. Also, Federal Office of Statistics, Review of External Trade 1967, has £8.4 million and £2.6 million respectively. While, IMF Direction of Trade ibid $52.50 million and $17.40 million respectively. The apparent contradiction between the IMF figures and the others is especially noteworthy for this year because of the large divide.

57. The Nigerian Review March 1969. Page 20

58. JETRO: Whitepaper on International Trade 1968. Page 159
IMF; Direction of Trade 7 1966-70 page 341 with figures, $20 million and $10.40 million respectively.
CBN Review: £7.164 million and £3.706 million. Federal Office of Statistics, Review of External Trade 1968: £3.7 million and £1.8 million.
CBN, Annual Reports and Statement of Accounts 31 Dec 1970: £7.2 million and £3.8 million.

59. The Oriental Economist, Japan Economic Yearbook 1968, p. 66. On the Nigerian side, the Japanese share is 8.39 per cent for imports and 2.58 per cent for exports. See, Federal Office of Statistics, Annual Abstract of Statistics, 1967.

60. The Oriental Economist, ibid 1969, p. 68.

61. Federal Office of Statistics, ibid 1968.

62. The Nigerian Review, March 1968, p. 19.

63. 'Trade between Nigeria and Japan', Nigerian Review, December 1968, p. 16.

64. Nigerian Trade Journal, vol. 18, no. 2, April/June 1970, p. 68.

65. The Oriental Economist, Japanese Overseas Investment: A Complete Listing by Firms and Countries, 1984-85 (Tokyo 1984), pp. 127-128.

66. JETRO, Whitepaper 1969.
IMF, Direction of Trade 7, p. 341: $26.42 million and $9.30 million.
CBN, Review, vol. 8, no. 1, June 1970, pp. 79 and 82: £9.437 million and £3.105 million.
Federal Office of Statistics, Review: £3.7 million and £1.1 million.
CBN, Annual Report 1969: £9.4 million and £3.8 million.

67. The Oriental Economist, Japanese Overseas Investments, p. 128. See also, 'Africa Special Report', African Economic Digest, May 1982.

68. JETRO, Whitepaper on International Trade 1969, p.

69. JETRO, ibid 1970, p. 181.
IMF, Direction of Trade Annual 1969-73, p. 694: $66.46 million and $9.59 million.
CBN, Review, pp. 53-54: 47.468 million and 6.836 million.
CBN, Annual Report, 31 December 1970: £23.7 million and £3.4 million.
Federal Office of Statistics, Review, 1971, £6.3 million and £0.8 million.

70. The Nigerian Review, December 1968, p. 25.

71. Godfrey Morrison, 'Japan's Year in Africa', African Contemporary Record: Annual Survey and Documents 1970-71 (1971), p. A81.

72. David Morris, 'Japan in Africa', African Development, vol. 7, no. 6, June 1973, p. 65.

73. Kaigia Shimshutsu Kigyo Soran (Tokyo 1982).

74. 'First Progress Report', Federal Republic of Nigeria, 2nd National Development Plan, (1970-74).

75. 2nd National Development Plan, op. cit., p. 226.

76. <u>ibid</u>.

77. Federal Republic of Nigeria, <u>Third National Development Plan</u>, vol. 1, p. 70ff.

78. Uka Ezenwe, 'Nigeria's Export Policy under the Military: 1966-79', in <u>The Nigerian Economy under the Military</u>. Proceedings of the 1980 Annual Conference of the Nigerian Economic Society, 1980, p. 349.

79. The following assessment of the general trend of Nigeria's exports in the period is taken from Anyaegbunam Obi, 'International Economic Policy in Nigeria 1966-79: An Appraisal' in the <u>Nigerian Economy Under the Military</u>.

80. Adam Smith, <u>op.cit</u>., p. 475.

81. <u>Nigeria Trade Review</u>, December 1968, page 25.

82. <u>Africa Contemporary Record 1970-71</u>, p. A81.

83. JETRO, <u>Whitepaper 1971</u>, p.
IMF, <u>Direction of Trade 1969-73</u>, p. 694: $127.48 million and $24.67 million.
CBN, <u>Review</u>, vol. 13, no. 1, June 1975, pp. 53 and 54: 89.679 million and 17.620 million.
CBN, <u>Annual Report 31 December 1971</u>: £42.5 million and £9.7 million.
Federal Office of Statistics, <u>Review 1971</u>, p. 14: £8.4 million and £1.4 million.

84. JETRO, <u>op. cit.</u>

85. David Morris, 'Japan in Africa', <u>African Development</u>, vol. 7, no. 6, June 1973, p. 69.

86. <u>Kaigai Shinshutsu Kigyo Soran</u>, 1982.

87. <u>Nigeria Bulletin on Foreign Affairs</u>, vol. 1, no. 3, January 1972, p. 27.

88. JETRO, <u>Whitepaper 1972</u>, p. 215.
IMF, <u>Direction of Trade 1969-73</u>, p. 694: $149.35 million and $83.87 million.
CBN, <u>Annual Report 31 December 1972</u>, p. 81: 98.2 million and 4.5 million (non-oil exports).
Federal Office of Statistics, <u>Review 1972</u>, p. 23: 98.2 million and 35 million.
CBN, <u>Economic and Financial Review</u>, vol. 13, no. 1, June 1975: 98.256 million and 55.175 million.

89. <u>African Contemporary Record</u>, 1971/72, p. A116.

90. J B Bury, <u>Selected Essays</u>, (1930) in E H Carr, <u>What is History</u>, p. 94.

91. W W Rostow, 'Terms of North-South economic partnership', Millennium, vol. 14, no. 1, Spring 1985, p. 29.

92. JETRO, Whitepaper 1973, p. 160.

93. ibid, 1975, p. 232.

94. See especially, Federal Office of Statistics, Review of External Trade, 1974, p. 6.

95. JETRO, Whitepaper 1975, p. 232.
IMF, Direction of Trade 1979, p. 212: $254 million and $378 million.
CBN, Annual Report 31 December 1974, p. 88: 138.6 million and 4.9 million (non-oil exports).
CBN, Review, vol. 13, no. 1, June 1975, p. 54: 160.185 million and 171.574 million
Federal Office of Statistics, Review, 1974, p. 22: 160.2 million and 238 million.

96. Africa Research Bulletin, 15 Jan-14 Feb 1974, pp. 3, 002-3.

97. Aluko, p. 195.

98. JETRO, Whitepaper 1975, p. 232.
IMF, Direction of Trade 1979, p. 212: $595 million and $280 million.
CBN, Review, vol. 15, no. 1, June 1977, pp. 81-82: 366.494 million and 14.5 million.
Federal Office of Statistics, Review 1971, p. 24: 9.8 million and 3.5 million.

99. West Africa Magazine, no. 2983, p. 1013.

100. JETRO, Whitepaper 1977, p. 212.
IMF, Direction of Trade 1979, p. 212: $763 million and $52 million.
CBN, Review, vol. 16, no. 2, December 1978: 493.118 million and 191.133 million (pp. 114-115).
CBN, Annual Report 31 December 1976: 468.1 million and 6.7 million.
Federal Office of Statistics, Review 1976, p. 32: £9.3 million and £0.5 million.

101. The Oriental Economist, Japanese Overseas Investments, p. 129.

102. "Daily Star" (Nigeria), May 7, 1976, p. 13. Other attempts were also made to conserve foreign exchange and some of them required the help of the Japanese. For instance, Japan's Sumitomo Cement Company carried out a feasibility study on plans for the construction of a cement factory in the Egbado division of Ogun State. This is very important because at the time, massive importation of cement not only resulted in a cement-glut in the ports but was also another serious source of drain in net revenues. See, African

Development, vol. 10, no. 12, 1976, p. 606.

103. JETRO, Whitepaper 1978, p. 177.
IMF, Direction of Trade 1979, p. 212: $1,172 billion and $12 million.
CBN, Review, vol. 18, no. 1, June 1980, p. 86: 756.6 million and 7.7 million.
CBN, Annual Report 31 December 1978, pp. 76-77: 756.3 million and 7.6 million.
Federal Office of Statistics, Review 1978, p. 28: £10.7 million and £0.1 million.

104. The Sept/Oct 1976 editions of the Nigerian Business Digest caught the situation most gloomily. It believed the imbalance deserved superlatives. Thus, it reported that "Japan 'milks' three billion dollars from Nigeria". See no. 50 Sept/Oct 1976, p. 9.

105. Oriental Economist, Japanese Overseas Investments, op. cit.

106. JETRO, Whitepaper 1979, p. 267.
IMF, Direction of Trade 1985, p. 303: $1,372 billion and $6 million.
CBN, Review, June 1980: £871.5 million and £3.5 million.
CBN, Annual Report 31 December 1978: 880.6 million and 3.6 million.
Federal Office of Statistics, Review 1978, p. 28: £10.7 and £0.1.

107. JETRO, Whitepaper, ibid.

108. One author has an interesting comment on these developments. See, G O Olusanya "Nigeria and the World Economy" Nigerian Journal of International Affairs, Vol 10, No 2, 1984. Compare the figures on Page 58 with United Kingdom's 18 per cent and the magnitude of the situation becomes very apparent.

109. The Oriental Economist, Japanese Overseas Investments. Op cit.

110. JETRO; White Paper 1980 Page 267 and 268
IMF; Direction 1985 Page 303: $1,109 billion and $19 million.
CBN Review Vol 22, No 2, June 1984. Page 36: £669. Six million and £119 million.
CBN; Annual Report 31 December 1980 page 92/93: 796.7 million and 4.2 million.

111. West Africa Magazine NO 3301, 27 October 1980. Page 2123.

112. JETRO; White Paper 1981. Page 379.

113. JETRO; White Paper 1981 Page 303: 41,651 billion and $110 million.
CBN; Annual Report 31 December 1982, Pages 88 and 89:

$948.1 million and $4.9 million (non-oil exports), Federal Office of Statistics Review 1984 Page 26: £10.8 for Japan. (Figures not available for Nigeria's earnings).

114. JETRO; White Paper 1980, page 54.

115. Figures from the Anglo-Japanese Institute and the Japan Automobile Manufacturers Association.

116. Alex Ekwueme "Great opportunity exists for Nigeria-Japanese partnership". Press Release, Federal Ministry of Information, Lagos. June 17, 1980.

117. J. Garba, Diplomatic Soldering: Nigeria Foreign Policy 1975 - 1979 (Ibadan: Spectrum Books) 1987. Page 149.

118. Africa Now No 34, Feb 1984 (pp 56-57), page 56.

119. JETRO; White Paper 1982 page 413.
IMF; Direction 1988: $2,727 billion and $259 million.
CBN; Review Volume 25, No 1, March 1987, page 44: 1,684.3 billion and 160.2 million.
CBN; Annual Report 31 December 1982. Page 88/89: 1,373.1 billion and 3.1 million.
Fed Office of Statistics, Review 1981 Page 25: 1684.3 million and 159.8 million.

120. "Nigeria an AED Special Report" Africa Economic Digest May 1982. Page 39.

121. JETRO; White Paper 1983 Page 373.
IMF; Direction 1988: $1,684 billion and $7 million
CBN; Review Vol 25, No 1, March 1987: pp44/45: 1,133.9 billion and 4.9 billion.
CBN; Annual Report 31 December 1982: p.88/89: 1,356.6 billion and 0.7 million (non-oil exports)
Fed Office of Statistics, Review 1984: 1,133.9 billion and 4.8 million

122. JETRO; ibid

123. A popular group of musicians known as the 'Oriental Brothers' has an album in which one of the songs eulogised the Japanese motorcycle.

124. JETRO; White Paper for the various years. See also, IMF, Direction of Trade 1988 which has $626 million in 1983, $489 million in 1984 and $379 million in 1985 as Japanese export earnings. For Nigeria's it has $6 million in 1983, $6 million in 1984 and $5 million in 1985. CBN; Review vol 25 no 1, March 1987, pages 44/45, has N613.9 million for the Japanese in 1983, N368 million in 1984 and N408.3 million in 1985.
Federal Office of Statistics, Review 1984 Page 25: N613.9 million for the Japanese in 1983, N368 million in 1984 and N408.3 million in 1985. Nigeria's figures were N5.9 in

1983, N6.1 million in 1984 and 6.8 million in 1985.

125. Ragnar Nurkse, op.cit., p. 118.
For an elaboration of Myrdal's position, see H.W. Singer, The Strategy of International Development: Essays in the Economics of Backwardness, Sir Alec Caincross and Mohinder Puri (eds.), (London: Macmillan Press, 1978 edition), p.12. Also, pp. 22ff.

CHAPTER THREE

JAPANESE FOREIGN CAPITAL AND THE NIGERIAN ECONOMY, 1961-1983[1]

As set out in the introduction, it is possible to determine the contribution of a developed economy to the growth process of a developing economy by the use of such indicators as investments. Such forms of capital transfer are indispensable to the capital accumulation process in Southern economies. In "new states" like Nigeria where external contacts often preceded independence, it is possible to isolate the contribution of any one nation. This task may be possible through examing data indicating the amount of injected capital, the ratio of investments compared to imports and other invisible earnings and the contribution to infrastructural developments in the form of capital projects, and so on. But since serious structural distortions exist in the host economy, the use of the first two indicators is severely handicapped. In this case, the developed economy's contribution to infrastructural developments, especially those which directly impinge on national growth plans, may serve as the only basis for any meaningful assessment of this contribution.

These parameters indicated above, will be applied in our assessment of Japan's contribution to the growth and developmental efforts of Nigeria. Without question, ours is a very incomplete analysis. Any reasonably complete model would need additional variables to account for such a contribution to the growth process.[2] However, the primary focus here is on investments and the transfer of technology through such contractual obligations that are related to developmental plans. This contribution is suggestive of the benefit of the guest economy's specialisation. But since many other economies fall into the same category, it is more indicative of the willingness of the industrialised economy to provide services at more competitive rates while extending to the host the benefits accruing from its industrial specialisation. It thus helps to conserve the scarce resources of the host economy and at the same time, provides it with technological knowledge. These considerations are very important, and are the standards of judgement to be used in our analysis.

I

THE POLITICAL ECONOMY OF CAPITAL TRANSFERS IN NORTH-SOUTH RELATIONS: JAPAN AND NIGERIA, 1961-1983

It is conventional economic wisdom that private foreign capital investment is regarded as one of the yardsticks for measuring the degree of economic cooperation and national transformation in North-South relations. Such investment in Southern economies is usually related to the politics of North-South trade. Investment is therefore not only important because of these underlying factors but also because, as we have pointed out, they are indispensable to the capital accumulation process in developing economies. Perhaps because of these considerations, the issue is not free of controversy. On one hand, the belief is that such international income transfers merely serve as an effective way of draining resources from developing economies. On the other, the possible disruptive effects of the outward flow is used to suggest otherwise.

The participation of Northern economies in the growth process of the South is further affected by the state of international relations which sometimes creates a highly unfavourable environment for investors. This objection to foreign capital movements may take the form of stringent legislation to restrict immigration and other forms of foreign economic participation. There are various examples of these kinds of controls in many marginal economies but they were mostly apparent in the trade and industrial policies of the centrally planned economies. In Bertil Ohlin's view, legislation imposing restrictions on immigration and international capital movements naturally exercises an enormous influence on economic development.[3]

In the Southern states as elsewhere, the types of policies chosen in response to foreign capital transfers depend very largely on developmental strategy and market philosophy.[4] Restrictions and other regulatory barriers may be offset by favourable conditions like low labour costs (see Goldsbrough's analysis.[5]) Generally however, Southern governments have tended to pursue liberal economic policies and have sought to attract capital from abroad mostly to finance much needed infrastructure. As these investments involve the transfer of a package of resources, technology and managerial expertise, they may indeed exercise an even greater impact on the recipient countries' productive capabilities.[6]

In the North, capital transfers to the South usually depend on the risk factor. It goes without saying that profitability is the overwhelming motive. The attractiveness of location is also an important consideration. However, profitability in such investments depends to a large extent on the existence of a stable economic environment. In order to increase the attractiveness of developing economies to foreign capital and encourage private investments, some Northern governments have developed risk-offsetting incentives. In Japan, insurance options cover such risks.

In Nigeria-Japanese relations, the latter's investments have played a key role in the development of relations between the two nations. This is as a result of favourable economic conditions virtually guaranteeing recoupment of investments by such Northern ventures. These conditions include the large market potentiality of the Nigerian economy. The demands of the vast population (about 88 million) far outstrip the capabilities of local production, thus ensuring that foreign companies engaged in the production of necessary consumer goods readily find a market to absorb their supplies. JETRO conceded this point at Nigeria's independence in 1960 when it projected that Nigeria would provide a ready market for Japanese goods (see page 78). Another crucial factor that has determined the flow of investments from Japan is what we may refer to as the petro-dollar factor. Nigeria is the sixth largest producer of petroleum resources. The two world energy crises, 1973 and 1979, benefitted Nigeria; there was now an abundant availability of foreign exchange necessary for the procurement of infrastructure goods. As Japan is heavily dependent on imported raw materials, not merely oil, the availability of Nigeria's raw materials also greatly affected capital movements in form of private investments. Japan at this period needed to diversify its sources of raw materials.

Since 1960, the Nigerian government has also pursued an open-door policy with respect to foreign trade and investments.[7] It has followed this up with the provision of attractive tax and tariff incentives.[8] Japanese and other foreign firms investing in Nigeria thus enjoy a major advantage. A principal benefit accruing to those engaged in the manufacture of consumer goods for domestic production is the fact that many of their products fall within the protection of infant industries scheme under the import-substitution policy of the Nigerian government.

Since Japan pursues an active foreign investment policy with insurance policies to cover investments in developing economies while favourable conditions indicated above have existed in Nigeria, investments have flowed freely to the latter between 1961-1983. As Japanese trade contacts preceded the attainment of political autonomy in 1960, some investments, especially those undertaken during 1960-1970, were necessary to protect a monopoly of trade already in place. Such investment was also necessary in order to circumvent the strictness of colonial and immediate post-independence protectionism. In other words, some of these investments were tariff-hopping industries.

In any study of Japanese investments in Nigeria, especially from the point of view of the importance of North-South cooperation, attention must be focused, whether one makes a qualitative or quantitative assessment, on the business environment in Nigeria. From the discussion above, it would appear that conditions for investment were almost ideal. However, this is not completely true. For a start, Africa is viewed in Japan as a bad risk.[9] Conditions also existed in Nigeria which may have discouraged investors. The political arena is one of recurrent instability. The threat of a military coup d'etat and dictatorships has been an inherent, almost endemic prospect. The economic policies of the military usurpers as well as those of the civilian governments when they have been privileged to exist, have amounted to no more than a pot-pourri of ideologies ranging from left of centre utopian socialism to anarchic capitalism of the far right. They have never converged into a sustainable national policy.

The chaotic effect on foreign capital movements cannot be over-emphasised: the framing of necessary economic policies such as tariff and investment laws tend to be dictated by the erratic whims and selfish caprices of the particular groups in power. Corruption, of a form truly unique in character, has also been the hallmark of the various administrations and it is not unusual to find officials blocking business opportunities for want of a "facilitating fee".[10] Bertil Ohlin's point that "direct foreign investment in new facilities in a country with a relatively inefficient and not quite honest administration is less attractive than a country where there is less risk of arbitrary or 'negative' intervention by the administration"[11], is very appropriate and must be taken into account in any analysis, especially of the context of North-South relations.

II

THE PATTERN OF INVESTMENTS

Japan's foreign capital participation in Nigeria started immediately after Nigeria's independence. First on the investment scene was Nishizawa, a medium-sized merchandising firm from Osaka and a specialist in African trade. Its operations took off with ten Lagos based staff.[12] Having pioneered the way, other companies followed and the tide of investments soon rose rapidly. These investments were part of a carefully planned economic strategy, well co-ordinated and brilliantly executed, designed to ensure the maximisation of both capital returns and especially the dominance of particular sectors of the Nigerian economy. They were to ensure the smooth and an uninterruptible flow of raw materials needed by the Japanese economy. This latter consideration flowed from an aspect of foreign policy towards Africa which was actively pursued from the early seventies as part of resource diplomacy. Investments were also made in local substitutes for Japanese imports since the protective import substitution policy of the Nigerian government meant a decline in direct imports. The availability of cheap labour not only made this an attractive option but guaranteed economies of scale for international competition.

The investments follow the easily discernible pattern of Japanese foreign investments identified in the work of Chikara Higashi and Peter Lauter.[13] According to this study, in the period 1960-1970, Japanese investments were resource-related. Where manufacturing investments were made, the motives were to circumvent protectionist import substitution policies. From the 1970s, the study continued, most investments in developing countries went into manufacturing since the success of the systematic resource and energy conservation policies pursued by the

Japanese government had ensured that a stable supply of resources was no longer a dominant concern.

Japanese investments in Nigeria have also reflected Japan's industrial priorities in different periods. Again, this is because over the years the types of industry overseas in which Japanese interests have invested have reflected the development of Japanese industry, as another study has shown.[14]

Thus, in the decade 1960-1970, Japanese investments were primarily to further the age-long domination of supply of two commodities' in Nigeria's import market. These commodities, namely cotton textiles and galvanised iron sheets represented at first, the dominant concentration of Japanese trade in Nigeria as they were in other places in the Japanese world trade at this period. Over time, they successfully came to dominate the supply of these commodities. As we have shown several times in preceding chapters, both the colonial administration and the new post-independence government had shown a willingness to severely limit Japan's exports of the aforementioned commodities. To circumvent the strictness of protectionism, to reduce production costs as well as to satisfy the Nigerian governments proclaimed desire for technology transfer, the Japanese found it more profitable to engage in local production. The most important consideration was that of cost benefit. In Nigeria, there was an ample, and what was judged to become a constant flow of local raw materials. It seemed that the rewards of such a situation were not far from Japanese calculations. Of the thirteen investments between 1960 and 1970, an overwhelming concentration (eight) were to safeguard these two products (see Table 3[i]).

The best illustration of the attempt to start producing certain commodities locally in order to overcome existing barriers imposed by the dual effects of import restriction and external competition could be seen in the establishment of textile plants. Starting with the first local investment, AfPrint (Nigeria) Ltd, in 1961, the Japanese rapidly threw a net around the industry incorporating five other firms. These firms were the Northern Textile Manufacturers set up in August 1962 and the Arewa Textiles established in April 1965. Others included the Nigeria Teijin Textiles Company, Woolen and Synthetic Textile Manufacturing, and Bhojsons Industries, all established in 1970. Both the percentage ratio of capital invested (see Table 3[i]) and the production capacities of the various plants underscores the intention of the Japanese to dominate the market. The Northern Textile Manufacturing Company, for instance, is reputed to be the world's largest integrated blanket factory. By 1981, its production capacity had reached three million blankets per annum.[15] AfPrint also undertakes production on a grand scale. It produces and prints local designs on about three million metres of fabric every month.[16]

This pattern has been also followed closely by investments in the galvanised iron sheets industry. C. Itoh and Yodogawa Steel Works' Galvanising Industries Ltd, as well as Marubeni Corporation and Nippon Kokan's Pioneer Metal Products dominated local production.

A noticeable phenomenon in the trade of the period is the decline in the imports of these two products from Japan -- textile goods and galvanised iron sheets (see trading accounts in Chapter Two). The fall in textiles and galvanised iron imports which dominated Japanese exports prior to this date is indicative of a trend and some scholars like Ogunremi and Falola[17], as well as Agbi, attribute this to a rise in indigenous production. Thus, to Agbi, the imports of Japanese textiles which fell as low as 84.8 per cent in 1968 were the result of the rapid rise in domestic output.[18] However, both the evidence at our disposal and the circumstances of this period do not support this interpretation. Rather, they point to the fact that the Japanese were producing more of these products locally rather than exporting them to Nigeria direct.

Other extraneous factors also call the interpretation into question. First, the period under consideration was that of the Nigerian-Biafran Civil War, 1967-1970. This was a period in which all imports went into general decline. It is difficult to imagine any sudden jump in local production, especially at such short notice given the disruptive effects of the war. Further, with very few exceptions only cottage industries with exceedingly limited production capacities existed at this time. The new Japanese plants were Nigeria's first truly modernised industrial machineries capable of sustaining production to any large scale. The pattern of Nigeria's industrial growth also does not show evidence of any dramatic growth in both textiles and galvanised iron plants; both technologies which the nation did not possess at this time. Any sudden increment in textile output is also incompatible with the remarkable resurgence in Japanese exports witnessed after the war. Indeed, as Ojo confirms, Nigerians themselves were active -- increasing their ownership in the manufacturing sector which was virtually nil in 1960 to 30 per cent in 1967 -- but foreigners dominated the coveted import substitution industries and indeed, commerce as a whole.[19] The argument by Agbi and others above is therefore not plausible. In Nigeria, textile output was almost entirely Japanese in origin.

These developments in Nigerian textiles and galvanised iron sector are not difficult to follow. They are clearly in line with the pattern in Japanese overseas investments in the period, 1960-1970. At this period, textiles and machinery industries including machine tools, electrical appliances and transportation machinery accounted for more than 20 per cent of all investments.[20]

The Japanese dominance of these two sectors was as remarkable as it was successful. With further investments, the lead of the 1960s was reinforced and the circle completed. By 1981 even though the total number of all firms engaged in textile manufacturing had risen to 129[21], and the number in metal processing and fabrication to 152[22], the market was still overwhelmingly dominated by Japanese firms. In textiles for instance, the largest manufacturer of local fabrics, apart from the expensive Hollandais type still imported, are the Arewa, Afprint and General Cotton Mills; all Japanese owned or partly subscribed. The name of these plants, like UniLever's Omo synonymous with detergents, have become synonymous with textile fabrics. Afprint, for instance, operates the most popular textile market held every Tuesday at Isolo, Lagos. The event is usually like a weekly fair.

A similar pattern of concentration on particular sectors of the Nigerian economy was followed by Japanese investments in the period, 1970-1980. As we have pointed out earlier, this was a period when the Nigerian economy experienced rapid growth aided by oil exports. It therefore attracted the notice of foreign investors. Japanese investments were concentrated in the local assembly and sales of steel products, electrical equipment and machinery, and on data-based companies. This pattern was again, in keeping with the concentration of investments at this period in Japanese overseas ventures elsewhere. At this time, investments in machinery and industry accounted for 40 per cent and textiles less than 5 per cent of all Japanese foreign investments.

The investments in the manufacture of steel products were meant to supply the ever increasing demands for steel bars, steel tubes, steel rods and other secondary steel products like flats and wires for construction purposes. The electrical equipment plants were also set up for this purpose but more importantly to guarantee supply to the various electrical projects in progress during this period. (See later part of this Chapter). Four marketing survey and data collection firms were established as information bases and supplied their parent companies with vital information pertaining to the state of the Nigerian economy. They further served to help MITI and its specialised organ, JETRO, formulate a relevant approach to the Nigerian market.

In the period 1981-83, the concentration of investments were in the local assembly of automobile machinery. As the trade figures show (pages 114, 133), the Nigerian imports of Japanese automobiles had experienced a positive trend, leading to sustained growth in car and motorcycle imports. As with textile exports in the 1960s, the exports of cars and motorcycles was met with various restrictive import measures and significantly this resulted in investment in local assembly plants. The need to establish local production however, brought the Japanese for the first time, into open competition with West German and French automakers who had dominated these markets. Thereafter, there began what has passed into Nigerian history as the politics of local assembly plants.

Since it is not the purpose of this thesis to wade into the murky waters of Nigerian policy making, or the reasons that made one nation's expertise more acceptable than the other even when it was more expensive to acquire, it will suffice here to say that Japanese applications to set up local assembly plants were rejected.

Having met without success in the bid for independent local assembly plants, Japanese firms went into partnership with already existing plants for the production of light trucks. These investments are not reflected in Table 3, since they were made as part input in other foreign firms. These efforts include; the Mitsubishi two tonne trucks assembled at the British Leyland plant, Ibadan; Toyota's two tonne pick-ups produced at Austria's Steyr-Daimler-Puch plant at Bauchi; and Isuzu Motor trucks produced at America's General Motors and the UAC (Unilever) of Nigeria's Niger Motors at Apapa. Nissan Motors Company and Nichimen Company have also a joint partnership for light truck production as does Toyo Kogyo Company (Mazda) and C. Itoh and Company.

Major investments were also recorded in the construction industry in the period under study. As mentioned earlier, investments in steel production and sales of electrical equipment were ostensibly to guarantee supply to the Japanese and other interests engaged in construction activities. These construction firms followed in the wake of the period in the Nigerian economy when such services were in very high demand and took a disproportionate share of all economic and commercial activities. They were mostly to complete part of the projects envisaged under the National Development plans. These projects mostly involved firms engaged mainly in civil engineering and general construction works. As directly evident in the trend of this period, the largest Japanese interest in Nigeria was the Chiyoda Chemical Engineering and Construction's local subsidiary, Chiyoda (Nigeria) Ltd. This was set up in order to undertake the construction of what was then, Nigeria's largest petroleum refinery plant at Kaduna.

Investments in textile manufacturing and galvanised iron sheets production were continued in an attempt to consolidate earlier gains. The concentration of investments in the whole of the period, 1961-1983 could therefore be said to be in four major areas; textiles, the production and sale of steel products, electrical equipment and machinery and the construction industry. The period also saw the establishment of assembly plants, mostly for the manufacture of motorcycles, trucks, outboard motor engines and buses. The concentration of all capital transfers on these sectors were tied closely to the progress of the domestic economy. As the annual growth rate maintained steady increments -- the result of the relative boom brought about by the explosion of petroleum prices -- the largely agriculturally based ecnonomy needed technological expertise in the form of industrial machinery and equipment. These needs were there well before the sudden explosion of oil earnings in 1973, and were articulated in the First National Development Plan, 1962-1968. What made the new development remarkable was that while that of the earlier period was an affirmation of a desire to modernise the economy, a phenomenom ever too readily seen in the policies of "new" states, the demands of the new period were backed by an effective purchasing power. The buoyant economy meant that institutions as well as individuals could more increasingly afford products of Japanese industrial manufacture, thus boosting demand. It also meant a rise in the construction sector demands and the establishment of Japanese service oriented companies.

It may be said, therefore, with a high degree of certainty, that Japanese investments were dictated by the state of the Nigerian economy which in turn determined both the distribution and the scale of investments. There were no attempts to develop new sectors in order to enhance the diversification of the Nigerian economy and help to provide for it a solid base for development. There were no considerations for investments in non-self liquidating sectors as the Japanese merely extended investment to cater for demand in consumer goods. There were also no attempts to develop new sectors as a base for global trading.

These investments were crucial to the development of certain sectors, and had an appreciable influence on the cumulative process of national growth, but the overall volume might have been insufficient for Nigeria's development needs. From Japan's Ministry of Finance figures, at the end of our period, there were 89 cases of investment estimated at an overall value of $157 million.[23] This figure represents an insignificant 0.1 per cent of current Japanese foreign investments. In terms of the progression of these investments and in direct international juxtaposition, the figures available show no tendency towards improvement. In 1969, there were 12 recorded cases, worth $9,419 million. In 1982 there were 83 cases at an estimated value of $156 million. While the progression between 1969 and 1982 is a per unit increment of 120 per cent, on the basis of calculation of monetary value, the latter period shows a decrease of about 7 per cent. This is not difficult to follow, as we have shown in previous analysis, the increments correspond to the period of rapid growth in the Nigerian economy. The rate of investments dropped following the latter trend of recession in the corresponding period.

Our second conclusion can best be drawn by comparing six representative developing nations. The table below (Fig. 3[ii]) shows these figures in monetary, unitary and percentage values.[24]

Country	Number of Cases of Investment	Monetary Value	Percentage Value of Total Investments
Liberia	740	$ 3,010 billion	2.2
Zaire	56	$ 282 million	0.2
Singapore	2042	$ 3,065 billion	2.2
Indonesia	1494	$ 9,218 billion	6.6
Panama	3059	$11,146 billion	8.0
New Zealand	246	$ 476 million	0.3

Thus, it is easy to see that Nigeria's share of investments compares poorly with similar cases in other developing countries. It may be argued that some of the countries in the table above are classified as Newly Industrialising Countries, and by extension, possess more efficient productive systems. But Nigeria might seem to have deserved more investments because Japan's trade and other returns from Nigeria would make up the difference in these terms.

Nigeria's share of investments, however, follows closely the African pattern. In 1973, JETRO published its first whitepaper on international trade showing Japan's total investments in Africa during 1950-1970, at just over $92 million. Of this figure, $58.6 million represented investments in mining.[25] By the end of our period, 1985, the situation had changed very little. Japan's Ministry of Finance figures show 1,226 cases of investments worth

$3,951 billion or 2.8 per cent of total overseas investments.[26] Of this amount, investment in Liberia's shipping took the lion's share.

On the question why Japanese investments have remained relatively small in proportion to total overseas investments, the reason traditionally offered, as indeed for the rest of Africa, is the lack of political stability. Others include, the lack of financial experience required for the management of such ventures, the shortage of quality labour and the basic lack of infrastructural facilities; all which make investment a high risk.[27] Still, others point to Nigeria, and indeed, Africa's lack of political leverage over Japan, the exceedingly limited knowledge about the continent in Japan, and the lack of a long standing historical relationship between the two countries.[28] Geography is seen as a further limiting factor.[29]

The above explanations are excuses and not reasons, as we have shown, the post independence relationship was marked by a high level of activity. Especially, after 1974, Nigeria with its well developed tertiary educational system was in a position to offer qualified manpower as required. Other developments have also taken place within the context of the overall national development plans thereby removing several of the obstacles. Distance can only be considered in relation to trade since such remoteness between production and consuming centres are physical facts which have other repercussions.[30] It cannot however, be offered as a reasonable explanation for the paucity of investments since the increasing globalisation of the world's commercial empire would make it untenable.

Apart from political instability which cannot be ignored, the real reason can be grasped from this reply by Mr Tsutsumi, Vice-leader of the Japanese Trade Mission at the 17th International Trade Fair in Algiers, 1980. Answering the question whether Japan would invest more in Nigeria, he replied that "Japan's business main concern is business risk".[31] Whether this was a risk arising from the factors cited above, or any other, the message was clear; the provision of a stable economic environment is central to international income transfers. As we have stated earlier, it was clear that conditions in Nigeria were far from ideal.

The above observations merely represent the features of Japanese investments. The debate over the issues involved belong to another theme and are treated in the next Chapter.

III

NATURAL RESOURCES AS A CRITICAL DETERMINING FACTOR IN JAPAN'S CAPITAL TRANSFERS, 1970-1983

One area of investment which clearly shows the need by the Japanese for the acquisition of critical raw materials resources has been the energy sector. The absence of vital energy resources in Japan meant that petroleum and allied products which Nigeria produces in abundance not only attracted investments but also defined the nature of trading relations from the 1970s.

The lack of basic raw materials is a perennial problem facing the Japanese economy. As David Morris has observed, Japan is dogged by a dearth of domestic raw materials which leaves it 100 per cent dependent on imports for iron ore, tin, nickel, manganese, chromium, bauxite and oil. It is also dependant on external sources for 90 per cent of its supply of copper; about 70 per cent for lead and tungsten and 60 per cent for zinc. As a result of this, the securing of stable, diversified mineral and fuel supplies understandably forms a major plank in its international economic strategy.[32]

In the light of this critical need for energy sources, its "Economic and Social Development Plan, 1967-71", clearly defined the strategy. It proclaimed that;

> "in order to modernise the industrial structure and to strengthen the international competitiveness of enterprises, it is necessary to secure a steady supply of cheap energy which is the basic material for all industry and for the peoples's livelihood."[33]

While Japan's "New Economic and Social Development Plan, 1970-1975", continued to emphasise the need for a steady supply of raw materials and especially, energy sources, it made special reference to the "maldistribution of the world's natural resources". It further lamented the "dominance over the resources by mammoth enterprises".[34]

This need for raw material resources is most critical in the energy sector. The rapid demand for energy in the wake of an unprecendented growth rate led to increasing dependence on imports, particularly oil. In the decade 1960-1970, due to increased industrialisation the economy experienced nearly a three-fold rise in energy consumption. The rate of petroleum to total energy needs rose from an average base of 37.6 per cent in 1960 to 75.3 per cent in 1971.[35] As with the development of other natural resources, the Japanese turned from an earlier contentment with long term purchase deals to direct involvement in new overseas resource development.[36] This change of policy was part of a new resource diplomacy[37] as a result of the re-evaluation of foreign policy in the light of the energy crisis.

Japan's most critical energy need is for oil. 99.8 per cent of it is imported, representing 70 per cent of total primary energy supply[38], (compared with 46 per cent in the United States, 50 per cent for West Germany, 43 per cent in the United Kingdom and 60 per cent for France). Because of this, all available resources were deployed to secure its supply. As Yuan-Li Wu's study[39] shows, the growth of

Japan's oil industry was very rapid. While only four exploration firms were established between 1958 and 1965, an additional three were added in 1966 and five more in 1969. In the years immediately following the take-off of the new industrial policy, that is 1969-1974, the growth acquired a certain momentum and at once rapidly accelerated. In this period, new oil companies averaged between six and eight annually. A decisive step that boosted this development was MITI's decision in 1967 to form the Japan Petroleum Development Corporation (JPDC). This corporation was designed to help finance overseas ventures by syndicates of private interests through participation in risk capital and loan guarantees. Once the government took this initiative, it opened the way for the participation of the major financial and multinational groups. Companies like Mitsui, Sumitomo and Mitsubishi were drawn in and the growth of the industry was definitely assured. These giant financial houses acted as holding companies and direct operators of their own projects and this accelerated the development to no mean extent.

The need for these efforts made by the Japanese government and private interests had become most urgent and the need to diversify supply sources even more so. As Valerie York[40] has shown, Japan imported about 40 per cent of its oil needs from Arab countries before the 1973 energy crisis. This did not only leave it particularly vulnerable but politically, it had been obliged to compromise its policy of "sekei bunci"; that is, separating trade from politics.[41]

By 1974, there were already six Japanese oil exploration firms in Africa. The Japan Petroleum Company (Nigeria) formed in 1970,[42] and other activities by Mitsui Sekiyu Kaihatsu (Mitsui Petroleum Development Company) which secured a licence for off-shore drilling were the direct results of these efforts. These developments are important because until 1970, Japan's crude oil imports from the whole of Africa were virtually nil. The first major shipment of African crude oil was therefore in this year when 2,772,000 kl of oil was shipped. This figure represented a paltry 1.3 per cent of Japan's total oil imports.[43]

At first, the intention was that the 100 per cent capital ratio investment in the Japan Petroleum Company (Nigeria) would form the primary basis for oil shipments from Nigeria. Mitsubishi oil company then made an arrangement to purchase 1.2 million kl of oil annually over a five year period from September 1971.[44] The explorations which began in February 1972 were also designed as an effective insurance against possible fluctuations in oil supplies from other sources in Nigeria. The activities of the oil company, were most remarkable and firmly attest to the need by Japan for critical energy supplies from Nigeria. By 1974, the company had sunk seventeen wells, some of them between 2,600 to 2,700 metres below the seabed.[45] Unfortunately, only five of these wells met with any significant success and it became clear that the bulk of petroleum imports from Nigeria would have to come from other sources.

The situation above was further compounded by the sudden oil crisis of 1973. (This earned Japan the nickname "fragile blossom"). Imports of Nigerian crude oil increased dramatically. The table below shows the value and Japan's percentage share of Nigeria's oil exports, between 1971-1985.[46]

Fig. 3(iii)

Year	Value (N million)	Percentage Share
1971	9.0	1.0
1972	50.5	4.3
1973	94.5	5.0
1974	231.8	4.3
1975	157.7	3.3
1976	25.5	0.4
1977	--	--
1978	--	--
1979	0.8 ($ million)	0.002
1980	6.9 ($ million)	0.02
1981	148.5	1.4
1982	--	--
1983	--	--
1984	--	--
1985	--	--

Note: Where no representations are made, it means that no transactions took place in that year.

As clearly evident from the figures above, the years 1973, 1974, 1975 and 1981 were the peak periods in the Nigerian-Japanese oil trade. These years were essentially those in which it was vital for Japan to make purchases of Nigerian crude in order to help efforts geared to the recovery of its battered energy market. Since Japan's primary concern was procuring oil, purchases took more than a proportionate share of all purchases in the trade of these years. The 1973 figures represent 90.8 per cent of Nigerian exports while those for 1974 account for 96 per cent. For Japan, the 1972 and 1973 figures represent 2.4 and 2.7 per cent of total oil imports.[47] Although the percentage figures in these years (of Japan's total oil imports) were still very low it was a very high increment considering the value of oil imports prior to this period. It also represented a major increment in total earnings for Nigeria. The 1974 shipment, made up of 6,005 barrels, was valued at $168 million.[48]

By 1977, the world energy market had stabilised and Japanese firms found it more profitable to import from traditional sources. Oil imports from Nigeria were terminated until the demands by Nigeria to bridge the ever increasing trade gap and the second energy crisis forced Japan to re-negotiate supply sources. In order to overcome these difficulties, two companies, Idemitsu Kozan and Maruzen oil entered into contracts with Nigerian suppliers in 1980. This step was calculated to bring in a daily average of $500,000 in total earnings for Nigeria in the first half of the year. It must be emphasised however that Japan's interest in Nigerian crude oil has not always been primarily that of a final consumer. "Oil produced is not destined for Japan's oil refineries but as a "swop" for other international oil producers more conveniently located supplies", as one study has demonstrated.[49] This underlines the basic nature of Japan's overseas resource development strategy -- security of supply.[50]

Another sector which followed closely in line with resource related investments was the fishing industry. The rise in Nigeria's exports of foodstuffs -- shrimps, prawns, cuttlefish and lobsters -- which came to predominate as agricultural export productivity declined was the result of another carefully planned Japanese strategy. To ensure the availability of raw materials for the enormous Japanese fishing industry, large scale fishing activities were organised to secure catches off Nigerian coastal waters. As often to overcome difficulties arising from local legislation, the investments were based locally. It must be noted that Japanese firms have been fishing in Nigerian coastal waters since the 1940s.[51] However, no serious attempt was made to sustain fishing as a major local industry or as a base for the procurement of raw materials resources until 1973.

In this year, the EKO (local name for Lagos) -- Nippon

Fishing Company was formed. In 1974, Tokyo launched four new fishing trawlers for this company[52], signalling the line to be pursued by Japan with reference to the fishing industry. This attempt was followed by further investments in the Osadjere Fishing Company for trawling, processing and freezing of marine products. (It is worth mentioning that the local holder in this company, Ibru Seafoods, is the largest producer of fish and fish products in Nigeria). The Japanese interest follows from the natural environment disposition that makes Nigerian coastal waters rich in shoals of mackerel and especially the crustacea family -- prawns, shrimps and lobsters. Products originating from these fishing activities were then processed and shipped to Japan in form of Nigerian exports. Prawns, lobsters and shrimps being mainly for re-export.[53] In Japan, they were put to industrial use and with little transformation packaged into tins and brought back to Nigeria as exports. In 1978, Japanese exports to Africa increased 38.1 per cent because of large increases in tinned mackerel exports to Nigeria.

It is true of course, that the Japanese companies could not by themselves alone account for total shrimp, prawn and lobster and other fishery products emanating from Nigerian sources and taken in by Japan as imports. (By 1981, the total number of all companies engaged in this activity had risen to thirty). However, it is important to note that Nigeria has no large-scale indigenous commercial fishing culture. Japan, on the other hand, has a highly developed fishing industry whose interests are deployed all over the world to harness specific catches. It is also worth noting that only the Japanese companies and a small number of other itinerant fishing trawlers, mostly from the former Soviet Union, undertake large scale industrial fishing ventures here. Most of the local companies are engaged in food processing activities and even where their interests are occupied by commercial fishing, they are usually organised as small scale business ventures selling to the big firms or to the local markets. Like other investments in textile manufacturing and steel production, the importance of the investments in the fishing industry does not lie in their number or their domination of the fishing industry but in their significance to the development of the trade between both nations.

From 1973 to 1985, Nigerian export figures indicated that a significant proportion of earnings resulted from the exports of fishery products. Since the Japanese dominate fishing in Nigeria and generate most of the export products, it follows that in those years when these products dominated or took a significant proportion of Nigerian exports (and the years were many) Nigeria in absolute terms did not record exports to Japan, save in a technical sense. As we have shown, this was a function of the failure of the domestic economy. (See Chapter Four). This failure is further symptomatic of the limits of the vertical structure in North-South trading relations: peripheral production weakens the advantage of participation in international division of labour.

IV

JAPANESE PRIVATE CAPITAL AND NIGERIA'S DEVELOPMENT PLANS, 1977-1982

In 1977, the government of Nigeria formally requested the government of Japan's help in realising the objectives set forth in its Third National Development Plan.[54] The selection of capital projects below is designed not only to highlight the extent of this contribution but also to emphasise the level of collaboration between both nations.

In the development of Nigeria's primary export product, petroleum resources, the credit belongs to Japanese firms more than any other. They virtually account for the successful attainment of the nation's petroleum resources development strategy. These efforts began in 1977. As part of the Third National Development Plan (1975-1980) the Nigerian National Petroleum Corporation (NNPC), the national company responsible for oil production and marketing invited Chiyoda Chemical Engineering and Construction to handle a contract for the design, engineering, procurement, construction and the commissioning of a 100,000 BPD grass roots petroleum refinery at Kaduna. The contract for the refinery, Nigeria's third and largest, designed to increase the refining capacity of the country by 62.5 per cent, was worth $900 million.[55] After completing this refinery, the company was awarded another contract for the construction of gas and power plants at the same site. It currently holds the contract for the supply of spare parts, plants maintenance and the training of staff at the refinery.

Another major refinery, the Warri refinery was also completed with the company's assistance. It was responsible for the construction of the plant's H.C.C. unit. Marubeni Corporation also installed a gas turbine power station for the NNPC at the same site. This plant has the same formation as NEPA's Delta IV project at Warri. (See below).

The Construction of Nigeria's largest and most modern refinery, NNPC's Port Harcount refinery, was further undertaken by two Japanese firms; JGC Corporation and Marubeni Corporation. This 150,000 BPD plant is the latest in Nigeria's efforts at the diversification of petroleum resources. Since Petroleum resources account for about 96 per cent of Nigeria's total exports, these projects are highly strategic and contribute to the growth of the national economy. They have also been indispensable for the effective use of petroleum resources and the cross-linkage of national resource development. NAFCON's fertiliser complex phase 1 (see below) for instance, utilises the Port Harcourt refinery products. Its development, almost exclusively by the Japanese, is therefore a measure of the contribution of the developed economy to the growth process in the South.

Japan's contribution to the development of electricity supplies for Nigeria is also indicative of the extension to the South, of the benefits of industrial advantage. Again, almost exclusively, this cooperation started in 1978 when the first in what was to become a major involvement began. In that year, Mitsubishi Heavy Industries won a $7.5 million contract to supply the National Electric Power authority (NEPA) with power station floodgates. Mitsubishi Electric also secured a similarly valued contract for transformer supply. In 1980, Mitsubishi Corporation was contracted to construct six new power sub-stations in the Oshogbo and Lagos areas. This deal was valued at £11.6 million. The breakthrough for these firms however came in 1981 when Marubeni Corporation together with Hitachi and Bouygues secured government approval to build a 1,200 MW thermal power station at Igbin, Lagos state. At an estimated cost of $818.2 million, this plant, was the biggest in West Africa. The Japanese firms secured this contract against competition from eleven other international companies which included General Electric of the United States and Siemens of West Germany. The consortium of Marubeni Corporation, General Electric and Taisei Corporation also won the contract for the construction of Nigeria's Delta IV gas turbine power station at Warri. This contribution to Nigeria's urban and rural electrification project is a continuous one. Maruberi Corporation is the principal supplier of transformers for NEPA's various distribution systems. Their assistance is crucial and bears directly on national development as a stable supply of electricity is an indispensable factor of growth. (The World Bank World Development Report gives an adequate illustration of the effect of the lack of this vital infrastructural requirement.[56]) This assistance should be further appreciated when considered that the installed capacity of the Egbin and Warri plants will cover almost all the domestic demand for electricity supply, according to the projections of the federal government.

In the field of communications, Japan's assistance has also been as vital as in the fields highlighted above. In 1968, Nigeria first solicited help for the realisation of its telecommunications programme.[57] For the take-off of this system, Nippon Telecommunications Company was chosen as consultant with a $16.5 million project. Marubeni Corporation then secured government approval for installing a $72.7 million valued microwave communications network in the southwest (Sumitomo Electric carried out wiring and construction while Nippon Electric undertook the manufacturing and installation of equipment.) Nisho-Iwai was also chosen to build a co-axial cable between Lagos and

Kaduna.

The development of steel mills is central to Nigeria's development programmes. In this direction, Japanese help was also important. In 1978, Kobe Steel Corporation and Nisho Iwai were chosen to complete a rod and bar rolling mill at Katsina. The cost of the project was valued at £77 million.

It is however in the development of Nigeria's agriculture that the effect of this cooperation have been most readily felt. This is because of the nature of the projects and the direct involvement of the Japanese government. As we have demonstrated, the discovery of crude oil led to the neglect of agricultural production and consequently, to high expenditure on food importation. From the mid 1970s, the nation designed programmes for sustained food production in order to correct this anomaly. As part of this programme, two Japanese firms; C. Itoh and Taisei Corporation, were contracted to develop 5,000 hectares of paddy fields in the lower Anambra River in Anambra State.[58] (Nippon Koei was in charge of engineering). The Import-Export Bank of Japan, EXIM, provided part funding for this project which was valued at $61.6 million. This EXIM led project is an illustration of the involvement of Japanese banks in foreign policy and overseas investment pointed out by Spindler.[59]

Japanese firms were also heavily involved in the development of the agro-allied sector. As part of Nigeria's agricultural policy is the provision of subsidies to farmers in the form of free fertilizers, it has over the years spent a lot of scarce resources on this importation. An indigenous fertiliser plant was therefore regarded as imperative for the realisation of the policy of increased food production. To this end, the National Fertiliser Company was formed and a chemical fertiliser complex envisaged at Onne, Rivers State. To bring this project to fruition, the help of a consortium of three Japanese and two American firms were sought. Joined with MW Kellogs and Jacobs Engineering (USA) were Marubeni Corporation, Kawasaki Heavy Industries and Nisho Iwai Corporation. The Japanese share of this project was worth $100 million.

The importance of these two projects in the agricultural sector cannot be overemphasised. The Anambra Irrigation Project (which includes a rice milling factory) is not only Japan's biggest project to date, but more importantly, it makes it possible to harvest rice three times annually. The NAFCON project is being developed for the export market.

Other Japanese firms[60] were also as part of Nigeria's nation building process. Some of these efforts are not mentioned owing to constraints of space but such selectivity identifies only those projects which contribute to the growth of the national economy. This would help us fulfil the objective set out at the beginning of the thesis; that is, to determine the contribution of Japan to the economic growth and development of Nigeria.

These Japanese contracts[61] do not in any way represent an unusual event. At this time, governmental largesse was a free for all affair. In fact, several other companies from other nations also won similarly valued contracts for projects ranging from utopian satellite stations to a never-realised metroline system. Indeed we do not wish to attach any significance to the qualifications bearing on contract awards, the politics of which was part of an intricate system of patronage and runaway corruption. The significant consideration is that some of the Japanese projects -- the steel rolling mill, the refineries and the Onne fertilizer complex -- were projects on which the success of the National Development Plans hinged. That the Japanese firms completed all projects on time and at initial cost estimate helps to underline this commitment to Nigeria's national development. This is because it has not been the usual practice of foreign firms in Nigeria. Many other projects of like importance assigned to other firms were never completed. Often, these firms plead spiralling costs and indulge local officials in an orgy of bribery allowing them to delay the projects ad infinitum. The Ajaokuta Steel rolling mill, still uncompleted after more than a decade and the abandoned Lagos Metroline project are but a tiny fraction of the number of these uncompleted or abandoned projects. An exception to rule, the Japanese practice is not only highly commendable but exemplary of the way in which an industrialised country's commitment can help a nation's developmental efforts.

V

NATIONAL TRANSFORMATION, INTERNATIONAL COMPETITION AND THE SUCCESS OF JAPANESE FOREIGN CAPITAL INVESTMENTS

It is difficult to advance full reasons without appropriate statistical data (the availability of which is as yet currently short on hard and reliable information) to explain the overwhelming success of Japan's financial interests and business activities in Nigeria. The difficulties arising from such an exercise are onerous. The predicament results from such questions as, "what constitutes the measure of this success?" and, "against what is this success measured?". Answers to the above may be only approximate. However, an approach which we would like to follow in the light of the interests of all foreign ventures, is one which would serve as a yardstick for measuring the level of commitment to the local economy. Success in the context of international competition is also an important consideration. A study of Japanese interests in Nigeria brings out the following characteristics.

Pioneering efforts. A factor closely allied to the overall success of Japan in the world economy is that business interests in Nigeria often pioneered the opening of new sources of raw material supplies. They also revolutionised existing fields with modern technology. Where essential raw materials are lacking, they usually coordinate other interests around the globe to make them locally available. Mitsui, for instance, has a factory making Coca-Cola bottles. The acquisition of caustic soda, an essential component was not only problematic but very expensive. It was also very difficult to transport from traditional sources in the United States. After years of careful investigation, it discovered other sources in the continent. Consequently, it pioneered the development and the regular shipment of caustic soda from Kenya to Nigeria around the Cape. It has thus solved the problem of external sourcing of this material which is also used for other industrial purposes.

Another important factor has been the keen attention paid to the specific needs of the local market. They were often able, no doubt in the latter period (after 1970) helped by the various data collection companies, to assess prevailing local tastes and to match their production to suit this exactly. The remarkable success achieved in the marketing of textile products clearly illustrates this point.

Textile products are in great demand in Nigeria partly because of cultural variety (over 250 ethnic groups), as well as the large population. Bafts and drills, unbleached and bleached; drills dyed in piece; prints and coloured woven materials are the types generally in need. After independence cotton prints began to predominate popular tastes. In the North, the unbleached grey baft is the material most commonly used for traditional "riga" and "babariga" (long flowing gowns). While in the South, among the Yorubas, it is used in the important indigo-dyeing industry which produces an apparel fabric commonly known as "adire".[62] In the colonial period, the bleached bafts and drills which made up the largest category of textile imports were used for shirts and other household purposes.

As post World War II nationalism gathered pace, there was a reversion to traditional wear[63] and this required more yards of clothing than European style designs. While the United Kingdom manufacturers could not meet these demands (the colonial government expressed regret over this[64]), alternative sources from Latin America were too expensive. Japan was able to exploit this situation by supplying the types of materials needed with the specific requirement and at relatively lower prices (see page 36). Spurred on by the 1954 agreement, it was able to sustain mass exportation of this product. It was then able to displace Britain as the major supplier of piece goods. At Nigeria's independence their share further increased. With the new local plants set up in deference to the post independence policy of import substitution, this lead became almost unassailable. As we previously noted, the supply of textile materials is still firmly with the Japanese interests and their names have become synonymous with the products they sell.

Perhaps, the real impact of the Japanese textile ventures is the revolutionary effect on domestic production. In 1962, according to Hopkins,[65] only about 8% of textile products intended for local consumption were produced by traditional hand weavers. By 1980, the year of the latest Japanese venture, Nigeria had not only become self sufficient in textile production but could export to neighbouring markets.

Another aspect of this success is the willingness to train and use local manpower resources at all levels. These companies often send Nigerians for training in Japan. Since the Nigerian government pursues a policy of indigenisation of manpower, the companies are seen as desirable friendly companies which exercise conscientiously their corporate responsibilities to the host nation. A few examples will suffice.

When Chiyoda secured the contract for the Kaduna refinery, it opened a technical training School for Nigerians on the site. According to the records, this School produced a thousand capable welders, boiler makers, pipe fitters, instrument fitters, electricians and other technical staff.[66] To execute its contract, Kobe Steel trained 94 Nigerian inspectors at its steelworks and other facilities in Japan. This training of skilled local manpower helped the company complete the Katsina Steel Rolling Mill ahead of schedule. Apart from using these skills to these Companys' advantage, these individuals had acquired life-long skills. This may not seem important but it will be better appreciated when considered that in the execution of contracts by foreign firms, this is the exception not the rule. Other foreign companies especially Western European firms prefer to use their nationals, except for manual jobs. The belief by Nigeria that in such technical cooperation lay the hope for the acquisition of much needed technological skills is therefore amply justified by the Japanese.

Another case complements the above. After the completion of the Lagos Thermal Power Station, Hitachi left behind one of its staff, Mr Hayashi, who worked as the construction manager, to design and implement an effective technical training programme. The scheme designed was so successful that presently there is no single Japanese engineer on the staff at the station. For his success, the community recommended Mr Hayashi for a chieftaincy title. "Chief Hayashi" became the first Japanese chief in Nigeria.

Another employer, Mr Hideo Uchiyama of Suzuki Motor Company attached to Bolous Enterprises Ltd (Suzuki's local plant) as factory manager, is a further example of Japanese efforts at improving local technical expertise. The longest serving employee of all Japanese local interests, Bolous' unique "Nagara System" which he instituted is now a byword for quality control. The Ministry of International Trade and Industry have since honoured Mr Uchiyama in recognition of his efforts at technology transfer.[67]

A further example highlights this commitment to developing highly qualified manpower resources. When the Northern Textile Mills was set up in 1962, there were thirty-five Japanese nationals working as advisers and technical assistants. The holding company planned this as transitional phase and accordingly it received Nigerians for training in Japan. Progressively, the company became truly indigenised and by 1982, not a single Japanese person could be found in the textile plant.[68] This is generally the practice followed by all the Japanese ventures in Nigeria. It is a refreshing example of a developed country's commitment to help the industrialisation efforts of a developing nation and a relevant attestation of North-South cooperation.

As mentioned earlier, this is an exception to the rule followed by Western European and American business interests in Nigeria. These firms are very much addicted to a policy of "ourselves alone". The case of the French firm, Michelin, epitomises the point. This company has a tyre manufacturing plant at Port Harcourt. Following the complaint made by some local employees, its activities were investigated. It was found that not only was there an entrenched "Europeans only" policy but there was in existence at the plant, a French version of apartheid. The report concluded that there was a definite pattern of discrimination against local expertise and that the company had by far exceeded its expatriate quota.[69]

UniLever's UAC of Nigeria, the oldest commercial enterprise and once the government of Nigeria, is also not free of such practices. They have a policy of retaining the office of the vice-chairperson exclusively for European officials. In most cases, these persons act as "defacto" chairperson building up local power bases for themselves. Some of them have even taken local chieftaincy titles.[70] Their position in the company is further strengthened by the fact that the office of the Head of Finance is also UniLever controlled. The Board of Directors is also usually weighted to their favour and not to local investors. The company admits that this is essential to protect the interests of its largest investor, UniLever, and insists that their records in developing local manpower by far surpass their major competitors, all European firms.[71] Indeed, this is true. The records of the SCOA, CFAO and John Holt, among others, leaves nothing to be desired. Summed up by U. Joy Ogwu, it was simply the case that Japan has sought to provide for Nigeria technological support which the greater Western powers like the United States and Britain have been reluctant to supply.[72]

Attention to detail is another reason why the Japanese ventures have succeeded. Often they study the problems encountered by previous suppliers as well as other competitors and spend a considerable time searching for suitable local agents. Their automobile and motorcycle trade is one area which bears this out. As we have shown, most of their distributors and link firms were already established manufacturers like British Leyland. As in other areas, they cut production to suit local tastes, often selling mass useable brands at relatively cheaper prices. The case of Datsun's Panel Van and the Volkswagen Beetle illustrates this point. When the panel van was introduced, the selling price was lower than the popular Beetle and the sales of the latter dropped. The company (Volkswagen of Nigeria) then complained to the government and the importation of the panel van was banned. The reason was that Volkswagen needed no local competitor since it had a local assembly plant in which the hope for the development of Nigeria's indigenous car lay. These hopes have since turned out to be another "mhlakaza delusion". Volkswagen has terminated the production of the "love bug" in Nigeria. Before this, the initial price of N1,500 had jumped to about N45,000 making its claims to the peoples' car simply ludicrous. Even with this unfair competition arising from the advantage enjoyed by Volkswagen and Peugeot in their local plants, the Japanese employed other means and persisted. As we have shown, their car imports increased dramatically. In fact, their buses monopolised mass transportation in the period 1975-1985. The Nissan types, Urvan and the "E" series displaced the American Ford buses and until the end of our period, very much predominated.

Efficient after sales and spare parts service secured both this market and the electronics market. In electronic sales, as in other parts of the world, the name Japan has become synonymous with the products. Indeed, the general idea of a Japanese in Nigeria is one who has all sorts of electronic gadgets coming out of his ears. Their penchant for the sleek and portable with affordability further advanced this superiority over other designs. A specialist electronics market at Alaba, Lagos State, is the fair for Japanese electronics. Backed by an efficient after sales service they are quick to respond to adverse situations. All the major electronic companies have major technical departments in Lagos. Hitachi's Technical Department and National Panasonic are the best examples of this back-up service. The latter has excellent mobile after-sales service provided for by the UAC of Nigeria's Perabeam. The reasons behind the advantage enjoyed by these products have been attested to.[73] Nigerians, like many others around the globe, simply found the blend of quality with state-of-the-art design and low cost, irresistible.

This success is however not unqualified. In the sale of automobiles they have sometimes employed underhand methods. They sometimes collude with unscrupulous local agents to cut the grounds from under the feet of their competitors, circumvent regulations and enhance their position. In 1978, for instance, the total number of Japanese cars imported was 46,132. From the government records, this figure far exceeded the total number of vehicles from all sources approved for importation.[74] It would seem that the Japanese were prepared to use all means possible, including smuggling, to secure the market for themselves.

This would also appear to be the case in the galvanised iron sheets sector. In 1982, some manufacturers belonging to the galvanised iron sheets manufacturing association, (GISMAN) claimed that the Japanese firms were involved in a deliberate policy of smuggling. This concerned the illegal importation of more than 200,000 tons of iron sheets estimated to worth N100 million.[75] As the claim goes, this activity took place over a two year period, 1980-1982. The government ignored this claim and neither of its specialised agencies nor the department of customs and excise investigated it.

Since the latter case passed without proof, it may well be suggested that it is an example of a familiar ruse used by local manufacturers to undermine foreign competition. However, the fact that both cases are related (smuggling) seem to suggest a definite pattern of the use of all means possible to guard a position of strength. Be that as it may, it is not our intention to attach any significance to these episodes in our analysis. This is because this was a period in Nigerian history when such practices were the norm as the economy operated on a catch-as-catch-can basis. The cement and car glut of the Nigerian ports is an adequate illustration.[76] If indeed the Japanese were involved, they were simply following a market trend.

These firms also failed to demonstrate a sense of corporate social responsibility. It seems that the belief was that once the company had met its legal requirements, it was free to proceed with its activities without other responsibilities. In the twenty-five years under study, nearly all the Japanese firms failed to show any sustainable interest in the development of the community through sponsored educational and social programmes. Often devoted purely to business, they fail to interest themselves with the social responsibility aspect of their contract. To illustrate, none have a university scholarship programme either for the children of its staff or for the general public like that of the UAC of Nigeria. Unlike UAC also, they do not have a graduate recruitment scheme designed to take fresh graduates directly from the university and spend a considerable amount on their training in order to prepare them for management. They also very rarely sponsored sports and other social activities.

As Yuan-Li Wu[77] has observed, "some Japanese firms seem to be of the opinion that the paramount concerns of the host countries where Japan hopes to find oil are the extent of participation and the manner in which profits will be shared, the investment obligations of the oil companies and the magnitude of the 'signature bonus'". A parallel could be drawn between this practice and that of the Japanese firms in all sectors of the Nigerian economy. This is however not entirely their fault since local investment laws, in order to attract foreign investments are deliberately made lax. Hannah Arendt had referred to the "New imperialism" of the 1870s as a "process which possessed its own inherent insanity". The period 1973-1982 was a comparable one in Nigerian history when investors were free to do as they liked as the economy came under a saturnalia mood of sorts. Any charge of the lack of the exercise of corporate social responsibility should do well to recognise this governmental nonchalance in enforcing its own rules and regulations.

As Kiyoshi Kojuna has observed, "the main role of direct foreign investments is to transplant superior technology through training of labour, management and marketing from advanced industrial countries to lesser developed countries".[78] Seen from this perspective, Japanese investments have immensely helped Nigeria's development. As we have shown, they did not only provide ample employment opportunities, developed managerial capabilities and improved skills, but their efforts were also indispensable to the development of certain sectors of the economy. Despite the short-comings highlighted above, their overall conduct undoubtedly provides one of the few examples of the use of foreign investments by developed countries to the benefit of developing economies. It is a shining example of North-South cooperation and embodies the hope for the future of North-South relations. Their huge and continuing success is as a result of their appreciation and general acceptance by the people. They are looked upon not as the Western European and American firms with one clearly definable objective, the maximisation of profit, but as truly committed to national development.

In the 19th century, the Lebanese drove both European and African small-holders out of business in Sierra Leone because "they could go anywhere and undersell anyone".[79] At first a trickle, then a stream and finally a small river, but never really a flood, Japanese trading and investments in Nigeria was the 20th century version of this entrepreneurship.

NOTES

1. It is not a misuse of term to speak of Japanese foreign capital and then start off with a discussion of private investments. This is because in Japanese overseas ventures, private capital and government are inextricably linked together. As Albrectcht Rothacher summed up, "government and business are linked in every aspect of business abroad". See, Albretcht Rothacher, "the formulation of Japanese foreign policy", Millennium, Journal of International Studies, London School of Economics, Spring 1981, vol. 10, no. 1 (pp. 1-13). See also Spindler in note 59 below.

2. Part of the problems involved are also acknowledged elsewhere. We have used some of these phrases to define our terms since they relate directly to our own problems. For further study, see, Gustav F. Papanek, "Aid, Foreign Private Investments, Savings and Growth in Less Developed Countries", Journal of Political Economy, vol. 81, no. 1 (Jan/Feb 1973), p. 121.

3. Bertil Ohlin, Some Insufficiencies in the theories of International Economic Relations (Princeton University: International Finance Section, 1979), p. 5.

4. David Goldsbrough, 'Foreign Direct Investment in Developing Countries: Trends, policy issues and prospects' in Toivo Miljan (ed) The Political Economy of North-South Relations (Peterborough Canada: Broadview Press, 1987), p. 220.

5. ibid, p. 224.

6. ibid, p. 220. Further benefits of foreign investments on developing countries' economy can also be found in Kathryn Morton and Peter Tulloch, Trade and Developing Countries (London: Overseas Development Institute, 1977), p. 214 ff.

7. See page 237.

8. As above.

9. Hideo Oda and Kazuyoshi Aoki, 'Japan and Africa: Beyond the fragile partnership' in Osaki and Arnold, op. cit., pp. 153-68.

10. Such practices are the norm and not an aberration in Nigeria. Until the abolition of import licences, for instance, they were bought and sold in a type of open market for importers irrespective of the need for their usage.

11. Bertil Ohlin, op. cit., p. 7.

12. Martin Roth, 'Japanese investment expands', African Economic Digest, May 1982, p. 40.

13. Chikara Higashi and Peter Lauter, The Internationalisation of the Japanese Economy (Boston, Massachussets: Kluwer Press, 1987), p. 200.

14. West African Magazine, 29 November 1983, p. 2752.

15. African Economic Digest, ibid.

16. ibid.

17. G. O. Ogunremi and Falola, "Nigeria-Japan Trade Relations...", p. 39.

18. S.O. Agbi, 'Japan's attitudes and policies towards African issues since 1945: A historical perspective', Institute of Developing Economies, Tokyo 1982, p. 57.

19. Olatunde J.B. Ojo, 'Nigeria' in T. Shaw and O. Aluko (eds) The Political Economy of African Foreign Policy (Aldershot: Gower Publishing Company, 1984), p. 198.

20. Chikara Higashi and Peter Lauter, ibid.

21. Marie Lawn (ed), Major Companies of Nigeria (London: Graham and Trotman Limited, 1980), p. 271.

22. ibid, pp. 263-4.

23. Direct Overseas Investment Recorded in FY 1987, Ministry of Finance, Foreign Press Centre, Japan. July 1988, p. 2.

24. ibid.

25. African Contemporary Record 1972/73, p. 486.

26. Direct Overseas Investment, ibid.

27. Interpretation by Ozaki and Arnold, op. cit.

28. 'Japanese Investment in Africa: Trends and prospects for the 1970s' UN/ECA Investment Promotion Newsletter, June 1983. Quoted in, African Contemporary Record 1973/74, p. C237.

29. Robert A. Scalapino, 'Perspectives on Modern Japanese Foreign Policy' in Robert A. Scalapino (ed), The Foreign Policy of Modern Japan (London and Los Angeles: University California Press, 1977), p. 309. See also, Jide Owoeye, 'The linkages between psycho-cultural perceptions and Foreign Policy behaviour: A study of Japanese images of Africa', Geneve-Afrique, vol. 24, no. 2, 1986.

30. L. Rangarajan, 'The Politics of International Trade', in Susan Strange (ed), Paths to International Political Economy (London: George Allan and Unwin, 1984), p. 135.

31. Nigeria Bulletin on Foreign Affairs, vol. 10, 10 October 1980, p. 244.

32. David Morris, 'Digging in -- a diary of development', West Africa Magazine, no. 3130, 4 July 1977, p. 1355.

33. The Economic and Social Development Plan, 1967-1971 (Japan), May 1970.

34. New Economic and Social Development Plan, 1970-1975 (Japan), May 1970.

35. R.P. Sinha, 'Japan and the oil crisis', The World Today, Royal Institute of International Affairs, August 1974, p. 337.

36. West Africa, ibid.

37. The new policy involved greated government participation in oil and other energy markets. Among other things, it set out to;

    a) promote overseas oil development
    b) diversify oil supply sources, and,
    c) encourage government to government deals.

    See, Martha Caldwell, 'The dilemmas of Japan's oil dependency' in Ronald A. Morse (ed), The Politics of Japan's Energy Strategy: Resources, Diplomacy, Security (Berkeley: University of California Press, 1981), p. 67. See also, Ronald A. Morse, 'Japan's Energy Policies and Options' in Morse ibid, p. 1.

38. Nobutasho Akao, 'Resources and Japan's Security' in Nobutasho Akao (ed), Japan's Economic Security: Resources as a factor in Foreign Policy (Aldershot: Gower Publishing Company, 1983), p. 16.

39. Yuan-Li Wu, Japan's Search for oil: A Case Study on Economic Nationalism and International Security (Stanford: Hoover Institution Press, 1977), p. 63.

40. Valerie York, 'Oil, the Middle-East and Japan's search for security', Millenium, Journal of International Studies, London School of Economics, Summer 1981, vol. 57, no. 3, p. 434.

41. The accounts in the article above underscores this bold concession of political inactivism for economic necessity. See especially pp. 434-448 in York, above. An interesting comparison can be drawn with James R. Soukup, 'Japanese-African Relations: Problems and Prospects', Asian Survey,

vol. 5, no. 7, July 1965, pp. 333-341. Also with Michael Leifer, "Japan and Africa: Political Economy and Ambivalence" in Olajide Aluko (ed), Africa and the Great Powers in the 1980s (Lanham: University of America Press, 1980). Leifer above, captures the African position most aptly in the essential words, "political economy and ambivalence". Africa was simply not important enough in Japanese calculations.

42. For Japanese investments for the procurement of Nigerian crude oil, see, Nishizawa Jun, Afurika no Ki-Shokumishi Ka, Tokyo 1971. Also, JETRO, Japanese Multinationals: Facts and Figures, Tokyo 1981. For further local details, see 'The Rennaisance', 27 March 1974, p. 5. The passage above details the visits of two representatives of the Japan Petroleum Company to the then North-Western state for discussions on exploratory activities.

43. Jide Owoeye, 'Africa and Japan's search for resource security', Afrika Spectrum, Hamburg, vol. 19, no. 3, (1984), p. 285.

44. Japan and Africa, no. 56, November 1970.

45. African Development, vol. 10, no. 12 (1976), p. 605.

46. Figures derived from Central Bank of Nigeria, Annual Reports for various years, and Nigeria National Petroleum Corporation (NNPC), Petroleum Statistical Bulletin, pp. 71-72.

47. Comprehensive Energy Statistics, Japan 1974, pp. 189-99. Quoted in Yuan-Li Wu, op. cit., p. 25.

48. Sukahiro Hasegawa, Japanese Foreign Aid: Policy and Practice (New York: Praegar Publishers, 1980), p. 83.

49. David Morris in West Africa, op. cit., p. 1359.

50. ibid.

51. J. Harrison Church, 'Japan and West Africa', Part 1, West Africa, no. 2982, 12 August 1974, p. 983.

52. Africa Development, June 1974, p. J7.

53. Embassy of Japan in Nigeria, News Release, 25 May 1987.

54. West Africa, no. 3130, 4 July 1977, p. 1351.

55. ibid, 27 October 1980, no. 3301, p. 2126.

56. World Development Report, 1988, p.144.

57. Jide Owoeye, 'Nigeria and Japan: A Study of Trade Relations' in G.O. Olusanya and R.A Akindele (eds), Nigeria's External Relations: The first twenty-five years (University Press Ibadan, 1986), p. 327.

58. The National Concord, edition of 6 April 1988, has an account of this project.

59. To Spindler, "the links between Japanese commercial banking and foreign policy reflect both a natural extension of domestic economic and political relationships and an adaptive response to Japan's relative position of vulnerability in the world". See, Andrew J. Spindler, The Politics of International Credit: Private Finance and Foreign Policy in Germany and Japan (Washington D.C: The Brookings Institute, 1984), p. 114.

60. Dr Kenzo Tange of Kenzo Tange and Urtec was the supervisory architect and designer of Nigeria's new capital territory at Abuja. Codi of Japan carried out feasibility studies for the site of a new ocean terminal, a complex designed to improve Nigeria's port and shipping facilities. While Taisei West Africa undertook the construction of the 246-room Suleja International Hotel.

61. Information on the contracts taken from West Africa Magazine, no. 3301, 27 October 1980. From Martin Roth, 'Japanese firms look to the long-term', African Economic Digest, Special Report edition, February 1983; from Ministry of Trade Sources and from Embassy of Japan publications.

62. Nigeria Trade Journal, vol. 6, no. 2, April/June 1958, p. 67.

63. ibid. The federal government regarded this as 'the greatest filip to the growth of the trade in textiles'. See p. 67.

64. Department of Commerce and Industry (Nigeria), Annual Reports, 1950-51, p. 30.

65. Hopkins, Economic History, p. 250.

66. West Africa, no. 3301, 27 October 1980, p. 2126.

67. "Japan-Nigeria Association". Speech by JETRO official to the Meeting of Japan-Nigeria Association, 1990, p. 4. (Kind compliments of JETRO).

68. Martin Roth, 'Japanese investment expands' in African Economic Digest, ibid, p. 40.

69. This account is provided by Neswatch (Nigeria) in 1988.

70. Mr H.T. Mathers, former Deputy Chairman took the title as the "Are Babale of Abeokuta". Abeokuta is the home town of the Chairman, Chief E.A. O. Shonekan.

71. Interview with UACN's Pulbic Relations Adviser, Chief M.O. Okereke. December 1990.

72. U. Joy Ogwu, Nigerian Foreign Policy: Alternative Futures (Lagos: Institute of International Affairs and Macmillan Publishers, 1986), p. 129.

73. West Africa, no. 3130, 4 July 1977, p. 1359.

74. The Business Times of 19 June 1979 first drew attention to this anomaly. It was later officially reported in The Nigerian Bulletin on Foreign Affairs, vol. 9, no. 6, 6 June 1979.

75. Daily Times (Nigeria), 16 March 1982. See also edition of 19 March.

76. For an account, see African Development, vol. 10, No. 12, 1976, p. 606.

77. Yuan-Li Wu, op. cit., p. 82.

78. Kiyoshi Kojuna, Japanese Direct Foreign Investment: A model of multinational Business Operations (Tokyo: Charles E. Tuttle Company, 1978), p. 147.

79. Christopher Fyfe, A History of Sierra Leone (London: Oxford University Press, 1962), p. 514.

CHAPTER FOUR

EXPORT PRODUCTION, COMMERCIAL POLICY, POLITICAL FACTORS AND THEIR EFFECT ON THE TRADE DISPARITY

A constant theme that runs through the literature and the historiography on Nigeria-Japanese relations is the one-sided nature of the trading relationship (see Fig. 4 [i]). As Fajana has observed, "of all Nigeria's trade relations with foreign countries, none has generated as much local controversy as that with Japan, mainly because of the persistent disequilibrium."[1] The controversial nature of this issue has to do with the politics of North-South economic relations. As Ohlin has put it, the rapid and one-sector-led economic development of some less developed countries has often brought disturbances in their trade with the industrial countries.[2] This is particularly so because as we have observed, the dominant perspective in the South is one which postulates that trade with the industrialized economies only benefits the latter.

From sentimental analysis to macro-economic analysis, the issue above has generated much heat and is not lacking in subscribers. While Edozien and Oyejide, in search of an explanatory model which would allow them to make recommendations[3], have constructed a Japanese market share model, others have approached this subject with the characteristic bias and xenophobia adopted by many countries faced with Japanese competition.[4] Thus, the

Nigerian Business Digest reported the imbalance in one year with the caption, 'Japan "milks" three billion dollars from Nigeria.'[5] Ogunremi and Falola admit that the present imbalance (see Fig. 4 [ii]) is the result of reckless expenditure on non-productive luxury items by the government and suggest that the government embark upon rapid industrialization as an effective antidote.[6] Their position locates the obstacles to effective international market participation in domestic constraints; but it is not the dominant one and contradicts nationalist interpretations.

The nationalist school is represented by scholars like Bukarambe and Agbi. While the former does not blame Japan for the existence of the huge imbalance, he places responsibility for its redress on Japan and goes ahead to suggest various means.[7] The latter places the responsibility squarely on the Japanese and their insistence on quality control.[8] The extreme position is occupied by the Beijing Review which takes a characteristic Marxist approach. Discountenancing any other factor, it suggests that the imbalance exist purely because the "Japanese reactionaries" do not want anything from Africa except its rich strategic materials.[9]

For their part, the Japanese believe that the imbalance existed because of the supply of raw materials to Japan and the latter's heavy chemical products and machinery sales to

Nigeria. The explanation therefore lies in the content and not in the quantity and percentage of both countries total trade.[10] Commentaries on this issue run the whole gamut of interpretation. They are central to Nigeria-Japanese relations and we have not in the least exhausted them. Although the literature we have examined is in agreement on the importance of the trade imbalance to the development of the relationship between Nigeria and Japan, none of it critically examines the root cause of that trade imbalance. It has been argued above that obstacles to effective participation in the international market system are primarily internal to less developed economies. With that in mind, we shall examine some of the relevant economic policies of Nigeria which have gravitated against a beneficial interchange with the Japanese. Ohlin has remarked of the classical trade model that "once emphasis was placed on mutual inter-dependence, it was natural to ask which internal aspects of each country's economy exercised an influence on international economic relations."[11] The same questions need be asked here and it is against this comment that our analysis is set.

It is true, of course, that some of the factors to be highlighted below may well account for the general lack of progress in Nigeria's overall economic relations. However, this fact does not render our analysis any less relevant to, or important, for this particular example. Indeed, these factors are much more appropriate in accounting for the failure in Japan's trade because the imbalance with Japan in most years, has been more than Nigeria's other trade deficits put together.

Before we proceed with this examination however, it is necessary first to look at the political environment.

Following the 'new imperialism' of the 1870s, the territory now known as Nigeria came under the sovereignty of Great Britain. Finding it difficult to transplant the Westminster model to a territory lacking an organised political structure, Britain was forced to tinker with the existing local system to produce a unique pattern of administration known as 'Indirect Rule'. The territory was, however, both geographically and culturally diverse. In the North lived the Hansa/Fulari whose system, underpinned by Islam, was both feudal and oligarchic. In the West lived the Yorubas with a form of constitutional monarchy, while the dominant group in the East, the Igbos, lived under a highly republican system. Such a mechanism of administration, albeit an amalgam representing indigenous and hegemonic variants, was not so easily universally applicable to so vast a cultural spread and the 'country' was therefore separately administered. A variant of the system was applied to suit the Eastern disposition. By 1914, however, the various regions were brought together under one administration headed by Lord Fredrick Lugard, the chief exponent of the indirect rule system.[12]

Inherent in colonialism is a proposition for cultural transformation, in this context, through Christianity and Western education. But within the dynamics of this cultural imposition manifested in the Christian ideology was a prospect for conflict. This friction was clearly embodied in the integrative process of 1914. While the Northern system, a largely Islamic inheritance, was not easily adaptable to the new order, both the Yorubas and the Igbos quickly availed themselves to the new opportunities and possibilities. This Krio-led education produced among these groups, a highly articulate group which quickly constituted itself into a new elite. Having learnt to 'wear the top hat and drink tea', this elite sought political power in order to consolidate their position in the new dispensation. After World War II, the struggle for collective expression gathered momentum and was externalized in the formation of political parties. In deference to the regional differences above, this mobilization largely took the form of tribal aggregations. While the Northern Peoples Congress (NPC) represented Northern interests, the Action Group (AG) and the National Council of Nigerian Citizens (NCNC), formerly a broad based coalition, represented the West and the East respectively. These tribal groupings inherited the political mantle at independence in 1960.

With independence however, the "jagged edges in the relations of a mosaic of communities and nationalities, overlaid by colonial rule, came thrusting to the surface".[13] The crisis which these schisms precipitated; countless probes, electoral malpractice, disputed census figures and finally pogroms, could not be resolved. Indeed, "rather than coalesce around class interests, competition in national institutions, education and the civil service increasingly reflected ethnic interests".[14] These internal political contradictions, an account tediously provided by Mackintosh,[15] acted with explosive rapidity. From 1967-1970, the nation was embroiled in an internecine civil war.

The end of the war in 1970 however, did not result in any redefinition of the nature of the state so as to take into account all interests. The victors merely filled the political vacuum left by the vanquished and consolidated their power. Since the territory held enormous reserves of oil, the world energy crisis, in 1973, and the explosion in oil earnings, introduced a greater financial incentive into this ethnic competition. Since the national treasury now held loot beyond the dreams of avarice, the competition was intensified and politics became the "process of gaining control of public resources for the pursuit of private ends".[16] As the brigands, the bandits and the 'get-rich-quick brigade marched through other carnivals of pseudo-parliamentary charade', they excited the cupidity of the military. Political instability and a uniquely Nigerian corruption became the acceptable modus vivendi. There now started what Le Monde has referred to as "Le Grand Gâchis Nigérian"[17] (the big Nigerian waste). This "Nigerian Corruption" is truly unique and takes various forms: sale of import licences, inflation of cost of contracts, illegal bunkering, smuggling or simply taking cash from the national register. (State governors have been known to hide millions of dollars under their beds). Conspicuous consumption and other 'intolerable manifestations of affluence' 'unaccounted by any visible and legitimate means of income' became de rigeur. Maladministration, 'mockery of law and other outrageous trampling on the decencies of everyday life' defines the Nigerian system. (In 1992, the worlds sixth largest petroleum exporter was forced by smuggling to import oil and the president spent millions of dollars to buy Peugeot cars to bribe military officers. Both cases are well documented[18]). Indeed, apart from the regional Sicilian government with strong Mafia undertones, Nigeria is the only country in the world ruled by organized banditry with the military as enforcers. There has been no nation building because there was no state to build. Nigeria is only an abstract concept; a cruel joke.

In order to understand the account below, it is necessary to place it within the context above.

I

THE FAILURE OF EXTERNAL POLICY AND AGRICULTURAL EXPORTS

The failure of Nigeria's agricultural export economy and the skewed nature of external policy are the two area, in which an explanation of the deficit in the Japan trade should be sought. The former is of significance because Nigeria's comparative advantage lies in the agricultural sector and agricultural products, in the form of essential raw materials, are the main Japanese demand.

The fundamental flaw in Nigerian agricultural export policy has its origins in the total concentration of trade with the European countries to the almost total exclusion of other states and the pre-determination of the pattern of external economic relations by the ex-metropolitan power, the United Kingdom.[19] According to Ogunsanwo, Nigeria started off the formation and conduct of its external economic relations in 1960, "with a crop of political and bureaucratic leadership that was in multi-dimensional ways steeped in the British tradition."[20] There was a clear unwillingness to encourage the growth of political and, even more, economic contacts with non-European and American countries.[21] The Nigerian leaders took the concept of the friendly nation to apply only to Europe and America and what was more, made the public believe the same.[22] The legacy of almost a hundred years of colonial administration therefore was that Nigeria's economic relations with the external world at the time of independence were preponderantly with the United Kingdom[23], and Europe. It remained so for a long time after independence. The above point is best illustrated by the direction of Nigeria's external trade to the middle of the 1980's, as evident in Fig. 4 (iii) and Fig. 4 (iv) (see Appendix).

From the table it is quite clear that the United Kingdom, the European Economic Community and the United States of America dominated Nigeria's external trade in varying degrees during this period. For instance, with a 42.39 per cent share in 1960, a figure maintained in varying degrees of the same form, until 1973 when its share fell to 27.08 per cent, the United Kingdom dominated Nigeria's imports.[24] It was closely followed by the EEC and by the United States which finally took over this position. In Nigeria's export trade, the United Kingdom also enjoyed the same level of trade preference. It accounted for 47.6 in 1960, 37.3 in 1966 and for 18.7 in 1973, as percentage share of total value of exports. The percentage share of the EEC countries rose from a base level of 30.9 in 1960 to 37.46 in 1966. From 1966 to 1972, the EEC's share ranged between 33.05 per cent to 40.15 per cent. From 1973 onwards, the USA became the single most important trading partner of Nigeria (apart from the UK) but Western Europe still accounted for a disproportionate percentage of its trade. For instance, between 1971 and 1978, over two-thirds of Nigeria's imports came from Western Europe. As we have observed, this direction of Nigeria's trade was promoted and encouraged by Nigeria's leaders and pursued as a very active policy. According to the Prime Minister, Abubakar Tafawa Balewa, the Nigerian:

> "economy has been closely linked with that of the United Kingdom and we intend to strengthen that link to the advantage of both countries."[25]

The result of this factor was that there simply was no policy to encourage economic intercourse with other countries and no attempt was made to explore new areas of trade contacts. Asia, where Japan is located, was largely ignored except for Pakistan and India. Even then, contacts with these two countries, was severely limited to a political one arising from common membership of the Commonwealth.[26] Economic relations with Japan although friendly, were strained by the fact that Japan bought almost nothing from Nigeria while accounting for a very high percentage of its imports.[27] In the 1960's, Japan was not therefore, in the Nigerian understanding of the word, among the "friendly" nations. In fact, Japan was so far removed from both the knowledge and the external trade calculations of the Nigerian government that when Nigeria took part in the Tokyo international trade fair in 1967, its participation was regarded as "epoch-making".[28] Indeed the bias in favour of Western European and American trade was so great that Nigeria refused a soft developmental loan from the USSR.[29] The implications of this attitude for the

Japanese trade was that since Nigeria made no attempt to study the Japanese market with a view to developing supplies, potential buyers in Japan were completely ignorant of Nigeria's potentialities, except for those who had the opportunity to glean the little information available from JETRO's pamphlets. In fact, while MITI had calculated in 1960 that the Nigerian market was promising for Japanese exports (and initiated policies to follow up this assessment) knowledge about Nigeria's products in Japan could only be attributed to the efforts of JETRO which not only displayed Nigerian goods in periodic fairs for potential Japanese buyers but also undertook extensive research into the prevailing political and economic situation. It also surveyed the production activities and needs of the Nigerian economy as part of its Africa analysis programme.[30]

The international market system is highly competitive. Indeed many countries campaign vigourously in other states through the medium of international trade fairs and other avenues in order to improve the market potentiality of their products. In fact most send trade missions with the specific objective of identifying markets where their products could benefit from. In the period under study Japan sent three such missions to Nigeria (see Chapter One and Chapter Two). Other nations sponsor programmes in several ways in other countries in order to attract attention to their products. For example, in order to sell its coffee in Japan, the Brazilian government set up a Brazil Coffee Institute in Tokyo to advertise it.[31] On their part, Singapore set up offices in North America, Europe, Japan and other countries and the company, INTRACO was formed in 1968 specifically to search for markets.[32] No similar attempt was made by Nigeria. Most importantly, the Japanese Embassy had taken it upon itself to advise Nigeria on the value of such an undertaking, suggesting it arrange an exhibition of its products in Japan.[33] Nigeria failed to make any such arrangment, even though it was taking a very high percentage of Japanese exports. In fact, the reluctance to deal with the Japanese was such that an embassy was opened there only four years after independence, in 1964. On the other hand, Japan had opened a consulate in 1956 which it upgraded to an embassy as soon as Nigeria became independent in 1960. It may be true that the developed countries by the powerful nature of their economy are expected to take up the task of encouraging exports from developing economies. However, there is no understanding or rule of international cooperation that places the burden of development of any two countries' trade relations purely on the efforts of one.

One of the reasons for the trade imbalance lies in the development of Nigeria-Japanese relations. While Nigeria was very reluctant to open up trade with Japan, the latter was busy expanding its already existing foothold. While imports from Nigeria were virtually unknown in Japan because of Nigeria's apparent thoughtlessness, Nigerians were being introduced and were gradually getting used to Japanese products to a point where they virtually regarded them as indispensable. Over the years, Nigeria's exports gradually began to be directed towards Japan but by this time Japan's exports were already more established. If one takes into account the vertical structure of trade (raw materials against industrial machinery) the imbalance is readily explained.

Closely allied to the above point was the almost complete lack of a co-ordinated export policy in Nigeria. The long term objective of Nigeria's international trade as laid down in the 1962 budget included the diversification of exports[34], the development of new external markets, the strengthening of its position in existing markets and the reduction of dependence on imported goods.[35] A critical examination of the Nigerian economy before the phenomenal oil success of the early 1970s, reveals that these stated external trade policies were big on rhetoric but short on performance. As we shall see in the following analysis, especially with regard to agricultural export production, no attempt was made to translate objectives into a meaningful external trade policy. In fact, beyond the grandiose facade lay an almost complete abandonment of the nation's external trade interests. For a start, the nation was in no shape to compete in the international market system. The pre-1966 economy was plagued by persistent deficits in the visible balance and external assets. Only exceedingly limited short-term efforts were made to tackle these problems.[36] To say that there was no adequate export policy[37] or that a purposeful external trade policy was lacking[38] as some economists have concluded, would be an inadequate way of underscoring this point. This is because, of the three National Development Plans (1962-80), from successive budgets and policy statements of the military adventurers, it is quite clear as Ezenwe has suggested, that there has been no consistent discernible export policy.[39]

In Japan, by contrast, export promotion was not only the cornerstone of its international economic relations but a national way of life. From the beginning, trade promotion was given high priority in budgets and while the Import-Export bank of Japan (EXIM) provided favourable financing for overseas sales, tax benefits went to exporters and the whole export business. Because international trade serves a dual purpose in Japan -- as a way of improving the nation's standard of living and escaping from the poverty and stagnation of Asia[40] -- exporting came to be seen as a patriotic activity. Big business, politicians, and civil servants collaborated to prosecute the primary objective of promoting export trade. Harohiko Fukui has pointed out the immense importance of the tripodal nature of this economic decision making process to Japan's international trade.[41] As Spiro has correctly observed, "Despite their economic resurgence, the Japanese retained the perspective of an economically insecure country and despite huge balance-of-payments surpluses, they continued to believe that the Japanese economy had a structural tendency towards balance-of-payment disequilibrium and that foreign trade therefore had to be carefully controlled."[42]

The predictable effect of the widely different international trade attitude on Nigerian-Japanese trade relations was the large trade imbalance. A further consequence was trade friction. When confronted by the prospects of commodity exchange with an economy whose raison d'être was the pursuit of an active foreign trade policy, the Nigerian policy-makers could resort to nothing but a ban on imports.

The inadequate efforts at export promotion are best illustrated in relation to the decline in agricultural export production. This is very important in accounting for the trade disequilibrium as Japan imports nothing else from Nigeria apart from raw materials, the bulk of which constitute agricultural products. It is also important that we proceed to analyse agricultural production since our contention about the lack of a sustainable export policy could easily be dismissed as not based sufficiently on valid or authenticated facts. Further, it is necessary because we believe that the net decline in agricultural export production was the underlying factor that did not provide for reciprocity of trade.

The colonial administration pursued an intensive and sustainable agricultural export production policy.[43] The administration encouraged and supervised the cultivation of export crops, by providing local farmers with improved seed varieties and technical advice. It refused to grant concessions to European firms for plantation agriculture[44] since this would not only lead to a lot of land problems but would place the smallholders at a disadvantage negating the administration's policy of diffusing export production as widely among the population as possible. The colonial policy was so successful, despite some of its negative effects, that overall the production of export crops increased substantially. In the late 1950s, cocoa, groundnut and groundnut oil provided 20 per cent, while palm products made up 25 per cent of Nigeria's total exports.[45] According to Hogendorn's accounts, groundnut exports in 1957-58 trading year was a total of 715,000 tons and this rose after independence to 872,000 tons in 1962-63.[46] This useful colonial beginning (though arguably for a completely different purpose) ensured that a viable commodity trade would be developed on strong foundations. Ricardo's trade theory encourages nations to specialize in those areas where they have a comparative advantage. In Nigeria, as in most other developing economies, this advantage has been in agricultural export production. It did not therefore enter the international market system at independence without very well developed agricultural export products.

This advantage was indeed exploited in the early years of independence. (We should bear in mind that the crops under discussion are the same which generated Japanese demands). In 1964, while Nigeria provided 39 per cent of total groundnut exports from producing countries[47], it was also responsible for generating 24 per cent of the total world export of palm-oil.[48] At this time also, it had became the largest producer and exporter of cocoa, second only to Ghana.[49] This vibrant state of the Nigerian export economy was however very fragile as it was built on a colonial model with an overwhelming emphasis on bureaucratic control and initiative. Since no meaningful efforts were made to modify and adapt it to the new conditions existing in the international market system, it was not sustained. Largely dependent on overseas demand and other extraneous conditions to sustain itself, Nigerian agricultural exports, not unexpectedly failed to meet competition in the international system because as we have noted earlier, little or no attempt was made to promote it.

A major factor which made Nigeria's agricultural exports less competitive in the international market system was the fact that production was still organised on the colonial model without necessary adaption. There were fundamental flaws in the colonial mode of production and these flaws were thereafter transplanted into the post-independent agricultural export economy. The most over-riding flaw was the control of exports by the Marketing Boards.

Agricultural exports were controlled and conducted through the marketing boards established under the colonial system in the 1940s. Operating largely unrestricted by central authority until 1970, the activities of the boards were not unexpectedly controlled by powerful but manipulative boards, individuals and organisations. This situation resulted in a state of affairs, described in an official government document, the 2nd National Development Plan, "whereby 80 per cent of Nigeria's exports were being controlled by an organisation which the Federal Government responsible for external trade policy did not control."[50] The document further admitted that not only have agricultural production been neglected but that the activities of these boards were being remote-controlled from powerful political and commercial interests in Europe, especially in London.[51]

The Federal Government in the full realization that agricultural production had fallen disastrously thereafter set out to undertake structural reforms of the "Marketing Boards". These reforms were envisaged under the Third National Development Plan. The reforms not only centralised the price-fixing process but de-emphasised trading surpluses as the objective of price-fixing. It also abolished the two-tier system of produce taxation.[52] In 1974, the Export Promotion Council was established and this was followed up with an announcement of increases in producer prices in the 1974-75 budget. Two years later, 1976, the state Marketing Boards were formally abolished. In their place, seven national commodity boards were instituted to encourage production and organise the marketing of all the major agricultural commodities. In 1977, the Agricultural Credit Guarantee Scheme was set up to underwrite bank loans granted to farmers in respect of certain crops, mainly export crops like cocoa, rubber and palm-produce, Japan's main export demands. (Full account of changes given in Chapter Two).

The above reforms and initiated policies, laudable as they may seem, were grandiose but superficial; a charade of institutional purposiveness. They were debilitated by massive corruption and a sheer lack of any real intention to follow through - a characteristic of Nigeria's overall policy. For a start, while the Third National Development Plan sought to reactivate agricultural export production, it still assumed that about 96 per cent of total export earnings would come from the petroleum sector.[53] Cocoa, previously one of the principal crops needed by Japan was expected to earn a total of £792.2 million or 1.7 per cent of total export earnings in the whole of the plan period.[54] The plans for improved agricultural export production failed primarily because the policy makers did not believe in them. Nigeria's Fourth National Development Plan would later confirm that "the reform of the Marketing Board system on which much hope had been placed to resuscitate the nation's sagging agricultural exports seems to have failed to achieve the intended objective."[55] With the benefit of hindsight, this remark pointed to the real consequence of the problem, namely the increasing trade imbalance with Japan as the latter could not buy what was not on offer. As readily seem from (Fig. 4i and v) the imbalance reached its highest level between 1971 to 1985, years when agricultural production failed. (See Fig. 4 [vi]).

The effects of the marketing board system on Nigeria's agricultural exports can be measured purely on fiscal policy basis. The idea of marketing boards is not new in policy options as a source of government control of the export sector. New Zealand adopted this practice in 1936, and currently, Australia and Canada operate a limited stabilization policy on some strategic exports. This is essentially to help overcome fluctuations in the international market, as the wool and wheat controls in both countries would clearly illustrate. However, this "policy amounts to a tax falling on the producers of export commodities."[56] As Kindleberger has put it most succinctly, "when export taxes are paid by the producers, they are a selective income tax levied against a particular sector."[57] It may be argued that since most developing nations depend on the exports of primary products and with the prospects of ever depreciating prices in the international market, some form of government initiative is required to protect the producers, who in most developing countries are subsistence farmers. Indeed, the practice of affording some form of buffer for producer prices is widely diffused in West Africa. However, the question which remains is; in the context of Nigeria's overall development strategy, how did this help export production?

In the Nigerian situation this was a disastrous policy not only because of the serious imperfections in the organisation of the system, but also because of Nigeria's peculiar circumstances. This has to do with the discovery of petroleum resources, the relative prosperity it brought, and the assurance of indefinite production. Given these cirumstances, the government policy of maintaining a colonial system which paid very little to producers and was actually put in place to maximise colonial extraction was not a justifiable policy option. In fact, as Sarah Berry's study (see below) has shown, economic activity shifted away to other sectors due to the oil boom; a situation that the practice of fixing a ceiling price for exports did not help. The policy therefore led to a fall in export production, and agricultural exports which predominated in the 1960s fell to under six per cent of total exports.

Usoro has shown in his study of the oil-palm industry that the reduction of producer prices in the period 1955-65, although accompanied by the introduction of cultivation incentives, caused a decline in export output.[58]

Professor Ragnar Nurkse recognised this particular policy as one which constituted erecting blocks against capital formation. In 1952, he warned that such a practice could inflict serious damage upon a country's most efficient source of foreign exchange.[59] It was a warning which Nigeria failed to heed with disastrous consequences.

A cross-country analysis will further emphasise our point. Again, we turn to Singapore where the role of the government was confined to helping exporters search for markets for their products. The policy adopted here was to grant tax concessions on profits earned from exports.[60] The end result of both policies are only readily apparent.

Specifically, the decline in Nigeria's agricultural production which resulted from this policy, affected the imbalance because Nigeria turned from a primary product exporting nation to a net importer (in Nigeria domestic and export production run pari passu). The figure for food imports which stood at an average N46 million between 1964 and 1966 had jumped to N1,020,7 billion in 1978.[61] By 1982 this figure had trebled. In Anyaegbunam's analysis, agricultural exports which accounted for 90 per cent of Nigeria's export receipts a decade earlier had so declined that in 1970 it could only account for 30.2 per cent. By 1977, this figure had come down to an abysmal 4.5 per cent share.[62] The licensing system which had come into effect in fact hindered exports.[63]

By this date crops like groundnuts and groundnut oil had faded completely from the nations export list while exports of others like timber, logs and plywood, palm kernels and groundnut cake were mere shadows of their past performance[64]. As they fell, food imports from Japan rose and further contributed to the trade deficit. In 1978 for example, JETRO's figures confirm an increase of over 38 per cent in overall sales to Africa due to a large increase in canned mackerel sales to Nigeria. In 1985, canned mackerel and sardine in tomato sauce were still being imported from Japan.[65] As Myint has suggested[66], increased agricultural production could have offered a considerable scope for "import-substitution" either by cutting down foreign exchange expenditure on primary products or absorbing purchasing power which sought outlet in other imports. This did not happen and food imports were continued from Japan with grave consequences for the trade deficit.

Nowhere is this failure to sustain export production more suggestive of those factors hindering effective participation in the international market economy than in the pattern of Japanese trade with Nigeria. Our study of commodities in Nigeria-Japanese trade (Chapter Two) shows that there was a steady decline in Nigeria's agricultural raw materials exports to Japan. Between 1960 and 1970, agricultural exports recorded mainly as foodstuff and raw materials accounted for about 96 per cent of total exports to Japan.

From 1971 petroleum exports began to challenge this dominance of raw materials and eventually overtook it but agricultural exports remained at an acceptable minimum level. By 1977, what is recorded as agricultural exports in Nigeria-Japanese trade came to mean the export of shrimps, prawns and lobsters and these products came to dominate Nigeria's exports with the cessation of petroleum imports by Japan (see Fig. 4 (vii)). A cursory look at the Japanese firms in Nigeria (Fig.3) and the development in Nigeria's fishing industry with the Japanese construction of four new trawlers for the Eko-Nippon Fishing Company in 1973 will reveal an intriguing phenomenon: the Japanese domination of the Nigerian fishing industry (with the USSR). This meant that the composition of Nigerian exports, dominated by the sale of shrimps, prawns and lobsters from 1977-85, was in fact Japanese generated. The Japanese firms in Nigeria not only generated these items and sold them to Japanese importers but some of these products were then processed, packaged and eventually found their way back into Nigeria's import trade in form of finished products. The canned mackerel product is an adequate illustration. The trade imbalance further widened because of this factor.

Closely allied to the foregoing were the lack of expansion of Nigerian exports[67] to Japan and the lack of competitiveness of Nigeria's exports in the international market. In reality the Japanese economy has depended (and will continue to depend) on imports of huge amounts of resources from abroad.[68] Yet, because of the neglect in

Nigerian agricultural export production the nations trade did not exploit this fact. As we have shown, what is recorded as raw materials exports to Japan have consisted in the main of semi-processed goods like timber, cocoa cake and smelted tin. As Anyaegbunam has correctly observed such products "could represent the minimal transformation of primary commodities for export shipment."[69] No attempts were made to expand these products or indeed develop new raw materials for export to Japan. Indeed, as the prosperity of the country became highly dependent on petroleum earnings (Fig. viii), the dependence on primary commodity exports waned[70] and interest was altogether lost on their production. A recent study by Sarah Berry has demonstrated how this dependence on petroleum led to the depreciation of local export production in Western Nigeria[71] and this example could indeed be extended to the rest of the country. There was no innovation and new initiatives were lacking. To illustrate the effect of this lack of export expansion on the Nigerian-Japanese trade, let us take two raw material products needed by Japan and show how their development would have affected Nigeria's export figures.

Gum-arabic and Beni-seed are raw materials needed in Japan because of their industrial value. Nigeria had the ability to develop these crops and indeed they were part of Nigeria's exports in the colonial period as Egbo's[72] study of gum-arabic and Doward's[73] account of Beni-seed have shown. In the post-independence period, these products disappeared from Nigeria's exports. Trade accounts of Nigeria-Japanese trade, 1960-85, make no reference to these important products. Their impact on Nigerian export earnings cannot be overemphasised. As Douglas Rimmer[74] has observed, changes in export volume are an adequate measurement of export performance where the composition of exports and their relative values remain fairly constant. It is our view that responsibility for the large deficit in the Japanese account lies to a certain degree with this lack of trade expansion.

As Nigeria's exports were not expanded or new commodities developed, it is difficult to see how Japan could either have increased its purchases of Nigeria's products or taken in new exports. Both of these factors would have significantly lowered the trade disequilibrium. In fact, Nigeria did not show concern for this development as it was secure in the availability of oil exports until the end of the first military era in 1979.[75] It is therefore erroneous to suppose that the overall decrease in Nigerian exports to Japan were the result of distance which led to a fall in Japanese demands[76] or due to the Japanese protection of local interests.[77] On the contrary, Nigerian exports were very much in demand. For a start, some Japanese firms had formed a Japan-Nigeria Trade Company in 1964 in order to encourage the importation of primary products from Nigeria. Japan also took whatever was offered as Ogunremi's study has shown.[78] On the other hand, Japanese protection of local interests may well have affected its trade with the developed economies like Great Britain and especially, the United States of America but hardly Nigeria's exports. This is because there is a dearth of essential raw material resources in Japan and there would therefore be no local interests to protect. In fact, Japan did a lot to encourage Nigerian exports. In 1966, MITI placed all Japanese exports to Nigeria (from 1 Decmeber) under a trade control system whereby they would require government approval before being forwarded. This system was to enable exporters to apply an export-import compensation system to all export items to Nigeria so that Japan could increase its imports from Nigeria.[79] Again, in 1971, Japan introduced the policy of duty free entrance of goods from the developing economies. It is then difficult to imagine how factors internal to the Japanese economy would have resulted in the decrease of Nigerian exports other than those internal to the Nigerian economy as we have shown.

The failure to develop and expand export production indeed marks a rather grave point. Because no attention was given to agricultural exports in Nigeria whatever was produced could not compete in the international market -- if we take into consideration the intense competition in the international market system. For a start, what is recorded as Nigeria's exports to Japan consisting of raw materials like oil and oil products -- groundnuts, oil seeds and vegetable oils -- could for instance be acquired by Japan from Chicago, USA, in form of Soya bean and easily shipped home at very minimal costs. Cocoa, a trade commodity which consistently appeared in all the years of the trading relationship could also be obtained from Brazil. Nigeria's palm products could also very easily be obtained from Indonesia; cotton from Mexico and the United States and hides and skin from Argentina, as one study has shown.[80] All these nations pursue aggressive market policies for their products. It may well be that as Japan found cheaper sources it failed to interest itself with Nigeria's exports -- although we have shown this not to be the case. In the marketing of raw materials resources, there are many South economies eager to improve standards and to adapt their products to suit international needs. There is therefore nothing that ties Japan to Nigeria's sources especially if the desperately needed commodities are not forthcoming.

Kindleberger is of the view that the failure of developing economies is attributable to their failure to adapt to changing conditions rather than to the operation of the international market system.[81] This fact has amply been demonstrated as the main reason for Nigeria's trade imbalance with Japan. It is therefore difficult to see in Akindele's[82] viewpoint how the major pre-occupation of Nigeria's external economic diplomacy has been the pursuit of a vigorous trade policy. It is precisely the lack of such a policy which has been responsible for the huge trade deficit in the Japanese account.

II

TRADE AND INVESTMENT POLICY

Further compounding the lethargic export promotion and expansion policy, which is largely responsible for the widening of the trade gap, was the open door policy of trade and investments adopted by Nigeria at independence. Although protectionism is a controversial issue in international trade, at different periods in their economic growth many states have adopted it. In some of the economies, it has met with a high degree of success in promoting economic growth and development. The Japanese economy is an adequate illustration for this point. In many nascent states, especially those with underdeveloped economies, the form of policy regularly adopted is that of "import-substitution". The probability of its success depends on many aspects of policy and administration[83] and some have insisted that protectionism leaves infant economies in perpetual infancy. Ragnar Nurkse, for instance, believes that infant creation should precede infant protection.[84] Nevertheless, economies wishing to profit from the international system with less efficient factors of production have usually found it worthwhile to afford some form of protection to industries in areas where they lack comparative advantage.

In Nigeria, the kind of industries that would have afforded a considerable scope for advantageous trade were those engaged in the manufacturing of agriculturally based products. In Nigeria's trade with Japan, these would include many consumer goods taken in as imports from the latter. In this instance, protectionism would have substituted for products like textile goods, food stuffs and other light industry goods. (In 1985, the imports of these products took $31.067 million out of the Nigerian account.[85]) Contrary to the pursuit of affording protection to the above products based industries which would have considerably reduced the deficit in the Japanese account, Nigeria from 1960 opted for the open-door policy on international trade and foreign investments.

Foreign firms investing in Nigeria without exceptions or consideration for particular sectors of the economy were provided with a blank cheque with which to stifle effective local development. This was largely because, according to the Prime Minister, "so long as there is dearth of Nigerian capital, so long must there be an opportunity for foreign capital in Nigeria".[86] This pronouncement was a re-affirmation of investment laws which sought to attract foreign investors by providing incentives, already in existence. The "Pioneer Industries Act" No. 10, 1952 gave company tax relief of between two to five years to industries designated as pioneer while the "Industrial Development (income tax relief) Act" of 1958 gave complete exemption from income tax to investors depending on the volume of investments.[87]

On international trade, it retained without any change, the colonial government's policy of liberalized trade. This policy permitted the importation of all goods except coal, second-hand clothing, gold or articles manufactured wholly or mainly of gold.[88] The result of this was that at independence, a position of almost complete liberalization of imports into the Nigerian market was reached and only goods from Eastern Europe remained subject to quantitative restrictions.[89] This also meant that all sorts of goods from Japan including consumer goods, some of which the nation was well capable of producing, enjoyed virtually unrestricted entry into the Nigerian market. With an economy of scale that enables it to enjoy a position of immense strength in the international market system, goods emanating from domestic producers stood no chance of competing and the gap of the deficit widened into an abyss. The Japanese position was further strengthened by the Balewa administration's open-door policy[90] of investments, as we have noted above. As local manufacturing failed[91], the Nigerian market thus became a vast candy store for the sweet-tooth of the Japanese multinationals, who with immense capital at their disposal elbowed aside local producers of essential consumer goods with relative ease. If one takes into account the deficit arising from the invisible account and that accruing from the sales of these essential consumer items, the trade imbalance becomes one which, even with the immense power of the Japanese economy, could have been significantly reduced.

III

CORRUPTION AND THE EFFECT ON TRADE

In the qualitative and quantitative analysis of Japanese investments in Nigeria, we did suggest a "caveat emptor", not as a mitigating factor for any failure for an adequate and a sustainable investment policy by Japan but as one which is a "sine qua non" for our understanding of the dynamics of bilateral trade. That caveat has to do with the massive corruption central to the operation of the Nigerian economy. It is not our intention to flog this dead horse since we have made this point before. However, it is our belief that a proper understanding of the influence of this factor is central to the whole trade issue. In this regard there is the need to highlight an example which, saddening as it might be, is not an exception. In 1978, Japan exported a total of 46,132 automobiles to the Nigerian market. This total was made up of 15,820 passenger cars, 22,003 trucks and 8,311 buses. This number far exceeded the total number of automobiles authorized for importation from all sources by the Federal Ministry of Trade.[92] As we have noted, how this happened is now only a matter for conjecture but since this is only one of numerous lapses on policy, the effect on the trade disequilibrium can only be imagined.

It may seem somewhat over-reaching for a study addressing the relationship between two states to concern itself with domestic policies in one state. This is not an irrelevant digression however. The dynamics of this relationship cannot be properly understood without such an exercise. It is also part of what we have set out in the introduction as the main area of inquiry. That is, to outline the factors hindering effective participation in the international market. In chapter two, trade was considered side-by-side with policy. What we attempted here is the critical evaluation of these policies. Since our position is that obstacles to effective participation in the international market lie within the structural distortions in the domestic economy and not as a result of the exposure to the international system, we regard the above attempt as imperative.

The next two chapters, (five and six) consider the political aspect of this relationship. Our basic theme (internal obstacles) remains the same. The goal of the two chapters is simply to consider the relationship in the light of international politics.

NOTES

1. Olufemi Fajana, 'Prospects of Nigeria-Japanese trade', Journal of Modern African Studies, vol. 14, no. 1, 1976, p. 130.

2. Bertil Ohlin, Some Insufficiencies in the theories of International Economic Relations (Princeton University: International Finance Section, 1979), p. 9.

3. E.C. Edozien and Oyejide, A., 'Import restrictions in Nigeria and their impact on imports from Japan', Nigeria Journal of Economic and Social Studies, vol. 15, no. 2, July 1973, pp. 161-164.

4. Presently, the best illustration of this attitude can be found in the United States. See Michael Hodges, "The Japanese industrial presence in America: same bed, different dreams", Millenium, Winter 1989, Vol. 18, No. 3, pp. 359-376. Such attitudes highlighted in the study raises anxiety about the future of world trade.

5. Nigeria Business Digest, no. 50, Sept/Oct 1976, p. 9.

6. Ogunremi and Falola op. cit., p. 33.

7. Bukar Bukarambe, 'Nigeria's Economic Relations with Japan: The Direct and Indirect' in R.A. Akindale and Bassey Ake, Nigeria's Economic Relations with the Major Developed Market Economy countries, 1960-1985 (Lagos: NIIA and Nelson Publishers, 1988), p. 270.

8. Agbi, 'Japan's attitudes and policies ...'

9. Beijing Review, vol. 13, 25 Sept 1970, p. 27.

10. As evident from this explanation offered by Mr Nishimura, president of the Japan External Trade Organization, JETRO, in 1975. Agbi, ibid, p. 59.

11. Ohlin, ibid, p. 7. We find Ohlin's comment well suited to our own situation despite the fact that his references concerned the mode of analysis of the classical trade model. Both purposes should not be confused.

12. For an account if Nigerian coloonization, see M. Crowder, West Africa Under Colonial Rule (London: Hutchinson Publications), 1978.

13. Basil Davidson, Africa in Modern History. Davidson's account is quintessential and we have relied heavily on his descriptions.

14. Barbara Callaway 'The Political Economy of Nigeria' in Richard Harris (ed) The Political Economy of Africa (Cambridge, Mass: Schenkman Publications), 1975, (pp. 95-135), p.114.

15. J.P. Mackintosh, Nigerian Government and Politics (London: George Allen and Unwin) 1966.

16. Gavin Williams, State and Society in Nigeria (Idanre: Afrografika Publications), 1980, p.69.

17. Le Monde, Mardi 7 juillet 1992.

18. See Le Monde, ibid. and Financial Times, April 12 1992.

19. Olasupo Oyedokun, 'The changing patterns of Nigeria's International Economic Relations: The decline of the colonial Empire nexus, 1960-1966', Journal of Developing Areas, vol. 6, July 1972, p. 535.

20. Alaba Ogunsanwo, 'Nigeria's Foreign Relations, 1970-1975', Nigeria Journal of International Affairs, vol. 4, nos. 1-2, 1978, p. 35.

21. Oyedokun op. cit., p. 540.

22. Ogunsanwo op. cit., p.36.

23. R.A. Akindele, 'Nigeria's External Economic Relations, 1960-1985: An Analytical Overview' in R.A. Akindele and Bassey Ate (eds.), Nigeria's Economic Relations with the Major Developed Market Economy Countries 1960-1985 (Lagos: NIIA and Nelson publishers, 1988), p. 100.

24. S.O. Olayide (ed), Economic Survey of Nigeria, 1960-1975 (Ibadan: Aromararan Publishing Company, 1976), p. 125. The difference between the figures quoted and table 4 (iii) and (iv) is due to rounding off. The difference is so slight it does not affect our analysis.

25. Mr Prime Minister: A Selection of Speeches made by Alhaji the Right Honourable Sir Abubakar Tafawa Balewa, K.B.E., M.P., Prime Minister of the Federal Republic of Nigeria (Lagos: Federal Ministry of Information, 1964), p. 4. (Quoted in Oyedokun, 'Changing Pattern ... ', p. 132.

26. Claude S. Philips, The Development of Nigerian Foreign Policy (North Western University Press, 1964), p. 132.

27. ibid

28. Nigeria Trade Review, December 1968, p. 25.

29. Morning Post, 10 November 1967, in Aluko op. cit., p. 20.

30. Foreign Trade White Paper of Japan -- Book Six, Trade Relations with African Countries, 1962-1970 (Tokyo: Trade Bulletin Cooperation), p. 1. Quoted in Agbi op. cit., p. 56.

31. Nigeria Trade Review, December 1968, p. 25.

32. As part of a well articulated programme of development, see Mun, Heng Toh, "Production, Growth and Input-Output Analysis: An Empirical Application to the Singapore Economy", Ph.D Thesis, London School of Economics, 1984, page 8.

33. Embassy of Japan (Nigeria), Newsrelease, 11 October 1969.

34. H.M.A. Onitiri, 'Nigeria's external trade, balance of payments and capital movements, 1959-1968' in A. Ayida and H.M.A. Onitiri (eds), Reconstruction and Development in Nigeria (Ibadan: Oxford University Press, 1971), p. 246.

35. Edozien and Oyejide, 'Import Restrictions ...', p. 157.

36. ibid

37. Uka Ezenwe, 'Nigeria's export policy under the military, 1966-1979' in Nigerian Economy under the military. Proceedings of the 1980 Annual Conference of the Nigerian Economic Society, p. 322.

38. Presently one of the best evaluation of Nigeria's lack of any meaningful external trade policy is contained in, Toyin Falola and Julius Ihonvbere (eds), Nigeria and the International Capitalist System (Boulder: University of Denver Press, 1988).

39. Ezenwe ibid. See also, Edozien and Oyejide, 'Import restrictions ... ', p. 157 which believes that no effective steps were taken to diversify external economic relations.

40. Philip H. Trezise, 'Japan' in Wilfred L. Kohl, Economic Foreign Policies of Industrial States (Lexington: Lexington Books, 1977), p. 146.

41. Harohiko Fukui, 'Foreign Policy Making in Japan'. Paper presented at the 1974 Annual General Meeting of the Association of Asian Studies, Boston, 1-3 April 1974. Quoted in Tresize ibid, pp. 146-7.

42. Joan Edelman Spero, The Politics of International Economic Relations (3rd ed), (London: George Allen and Unwin, 1985), p. 107.

43. For an account of the various policies of the colonial government, see Reuben K. Udo, 'British Policy and the development of export crops in Nigeria', Nigeria Journal of Economic and Social Studies, vol. 9, no. 3, November 1967.

44. The contention that the colonial government did not grant land to European firms for the above reasons have been strongly questioned by some scholars. According to Anne Philips, 'the newly acquired territories were treated as a "tabular rasa" on which entirely novel property and production relations could be inscribed'. W.G. Clarence-Smith of the School of Oriental and African Studies has not only developed this theme further but questions the whole basis of the policy. For these views, see Anne Philips, The Enigma of Colonialism: British Policy in West Africa (London: James Curry, 1989). (Passage quoted on p. 66). Also W.G. Clarence-Smith, 'The organisation of colonial consent in West Africa' (forthcoming). I am indebted to Dr Clarence-Smith for pointing out the emergence of this new interpretation.

45. J. Hopkins, An Economic History of West Africa (London: Longman's Group, 1973), p. 177.

46. Jan S. Hogendorn, Nigerian Groundnut Exports: Origins and Early Development (Zaria and Ibadan: ABU Press and Oxford University Press, 1978), p. 133.

47. F.A.O., Agricultural Development in Nigeria, 1965-1980, Rome 1966, p. 405.

48. ibid

49. ibid. See also, Yearbook of International Trade Statistics, United Nations, New York, Trade Yearbook 1963. It had also made considerable strides in the supply of other products. See, Commission for Economic Commodities, Vegetable oils and Oil-seeds -- A Review, London 1967, p. 137.

50. Federal Republic of Nigeria, 2nd National Development Plan, 1970-1974, p. 226.

51. ibid

52. Federal Republic of Nigeria, 3rd National Development Plan, 1975-1980, vol. 1, p. 70ff.

53. Federal Republic of Nigeria, 4th National Development Plan, 1981-1985, vol. 1, p. 6.

54. ibid

55. ibid

56. Ragnar Nurkse, Problem of Capital Formation, page 99.

57. Charles P. Kindleberger, Economic Development, McGraw Hill, 1965, page 243.

58. Eno J. Usoro, The Nigerian Oil Palm Industry: Government Policy and Export Production, 1906-1965 (Ibadan: University Press, 1974), p. 136.

59. Nurkse, ibid.

60. Mun, Heng Toh, op. cit., page 9.

61. Uka Ezenwe, 'Nigeria's export policy ...', p. 324.

62. Anyaegbunam W. Obi, 'International Economic Policy in Nigeria, 1966-1979: An Appraisal' in Nigerian Economy under the Military, p. 349.

63. An example of this kind of hinderance is given in 'Business Times', 13 September 1977, p. 1. Quoted in Anyaegbunam, ibid, p. 352. The system operated in this way. The government decides on the quota. Through a system of political patronage this is sold to middlespersons. The later group then disposes of the licence at the going market rate to importers who may then use it or sell it again. It was a veritable labyrinth of state corruption.

64. Fourth National Development Plan, op. cit.

65. JETRO, Whitepaper on International Trade, 1987, p. 375.

66. H. Myint, 'International Trade and Developing Countries' in P.A. Samuelson (ed), International Economic Relations: Proceedings of the International Economic Association (London: Macmillan Publishers, 1969), p. 24.

67. Myint's reasons for the lack of export expansion in Latin America indeed partly account for Nigeria's. See Myint, ibid, p. 20.

68. Kiyoshi Kojuna, Japanese Direct Foreign Investment, p. 197. See also, West Africa Magazine, no. 3130, 4 July 1977, p. 1353.

69. Anyaegbunam Obi, ibid, p. 351.

70. S.O. Olayide (ed), Economic Survey of Nigeria, p. 10.

71. Sara S. Berry, 'Oil and the disappearing peasantry: Accumulation, Differentiation and Under-development in Western Nigeria', African Economic History, no. 13, 1984, pp. 1-22.

72. Edmund Egbo, 'The Nigerian Gum-Arabic, 1897-1940: A Study in rural economic development under colonial regime', Cahier Etudies Africaines, Paris, vol. 18, nos. 1-2, 1978, pp. 69-70.

73. D.C. Doward, 'An unknown Nigerian export, Tiv Beniseed, 1900-1960', Journal of African History, vol. 16, no. 3, 1975.

74. Douglas Rimmer, The Economies of West Africa (London: Widenfeld and Nicolson, 1984), p. 10. The author however believes that the composition of Nigeria's exports witnessed a degree of transformation. This is difficult to believe and even the author's figures (Table 15) clearly contradict him. See p. 112.

75. Anyaegbunam Obi, op. cit., p. 347.

76. Jun Morikawa, 'The myth and realities of Japan's Relations ...', in Journal of African Studies, vol. 12, no. 1, 1985. The West Africa story of Japan's refusal to take in exports (see Note 48, Chapter Two) gives an erroneous impression.

77. Tom Kotari, 'Africa and Japan? Rising sun over Africa', Africa Report, vol. 30, no. 6, 1985, p. 70. The author also advances other political and economic arguments.

78. G.O. Ogunremi, 'Japanese importation of Nigeria's products, 1973-1979', Transafrican Journal of History, vol. 6/7, 1977/78, pp. 100-111.

79. Jide Owoeye, 'Nigeria and Japan: A Study of Trade Relations', in G.O. Olusanya and R.A. Akindele (eds), Nigeria's External Relations, page 327.

80. The Nigerian Review, March 1969, p. 23. See also, Ogunremi and Falola, op. cit., p. 35.

81. Charles P. Kindleberger, Foreign Trade and the National Economy (New Haven: Yale University Press, 1962), p. 99. See also, Bauer, Dissent on Development, pp. 364-386.

82. R.A. Akindele, 'Nigeria's External Economic Relations...', p. 110.

83. Ohlin, op. cit., p. 9. The issues involved are tackled in H. Myint's article op. cit.

84. Nurkse, op.cit., page 105ff.

85. JETRO, Whitepaper 1987, op. cit.

86. P.O. Proehl, Foreign Enterprises in Nigeria: Laws and Policies (Chapel Hill, North Carolina: University of North Carolina Press, 1965). Quoted in Adeoye A. Akinsanya, 'State Strategies towards Nigerian and foreign businesses', in William Zartman (ed), The Political Economy of Nigeria (New York: Praegar Publishers, 1983), p. 146.

87. ibid, p. 148. J.S. Coleman in 'The foreign policy of Nigeria' in J.E. Black and K.W. Thompson (eds), Foreign Policies in a world of change (New York: Harper and Row, 1963), points to other generally complimentary laws which lent the nation a certain attractiveness to foreign investors. Akinsanya's work (note 79) also further highlights other efforts made by Nigeria to shore up foreign confidence over the fear of nationalization. See p. 148ff.

88. R. Olufemi Ekundare, An Economic History of Nigeria, p. 329.

89. ibid

90. The open door policy to international trade has always been an admirable policy worthy of pursuit all over the world. However, for a new nation groping for foothold in the international economic system, such an unrestricted and sectiorally non-discriminatory investment opportunity would only prove suicidal given the relatively inadequate infrastructure necessary for high marginal returns of factors of production. Indeed, the practice is for nations to maintain such areas where they have a comparative advantage almost exclusively. The growth of the Japanese economy is an adequate example. The open door policy is therefore an ideal which nations have qualified throughout history. In the Nigerian case, it was simply the fact that the absence of these guarantees left the "door" very wide open with predictable consequences.

91. The condition of the manufacturing sector is captured most aptly in this statement by a former Minister for National Planning in 1985. According to him, the Nigerian manufacturing sector "is dominated 60 per cent by light consumer goods industries, about 30 per cent by assembly type durable consumer goods industries, and less than 10

per cent by intermediate goods". The situation is further complicated by the fact that these industries depend on foreign sources for "over 70 per cent of their raw material needs, 80 per cent for its technical and managerial manpower, 99 per cent for the technology in use and 80 per cent for maintenance of equipment". See, M.S. Adigun, 'Reviving the National Economy'. Lecture delivered by the Minister for National Planning at the Nigerian Institute of International Affairs, Lagos, 19 March 1985, p. 7. Quoted in R.A. Akindele, 'Nigeria's external economic relations...', p. 105.

92. See Chapter Three.

CHAPTER FIVE

JAPAN'S AID AND THE DEVELOPMENT OF RELATIONS

In the relationship between nations, trade and other contacts often derive from closer political ties. In some cases, political ties take root as a by-product of commercial interest. However, the absence of political ties may limit trade, or even make it practically impossible. In the development of Nigeria-Japanese relations, the flag was made to follow trade. This situation fits into the general pattern of European contacts with Africa before the new imperialism of the 19th century. In both cases, the demands of a new industrial system led to the search for new markets.

At the time Japan began to open up trade with Nigeria, the country was under British sovereignty. It could not, therefore, maintain direct diplomatic relations since Nigeria was a part of a greater empire with which ties already existed. The late maturity of the political aspect of this relationship was a consequence of this development but also of another. Japan was occupied at the end of the second world war and deferred to the United States in all matters affecting the development of its international relations. In the immediate post-war reconstruction period, neither Nigeria nor any part of Africa, were on the priority list. The continent was relegated to the bottom rung of the foreign relations ladder.

The situation was modified, although not significantly changed, by the juxtaposition of two events. First, in 1960, Nigeria became an independent nation occupying a major position in Africa. Secondly, as US/Japanese hostility eased, and the United States became entangled in the Cold War[1], a measure of foreign policy control was given back to Japan. These events, occurring independent of one another, paved the way for closer political ties. Before these events, neither Nigeria nor Japan could deal with the other on a bilateral basis until they achieved independence of foreign policy.

In the first of two Chapters dealing with the political aspect of the relationship, the first sets out to accomplish a major task. It examines the place of aid in the development of relations. Given the importance of foreign aid to economic development[2], we intend to examine the following issues:

a) The place of foreign aid in Japan's foreign policy, particularly towards Africa';
b) The functions of this aid. Whether it is extended to achieve political goals and to redress the huge trade imbalance in trade with Nigeria, and,
c) The relationship between Japanese aid and private capital.

These issues assume a central place in our analysis not only because foreign aid is a means by which developing countries may overcome gaps that may appear in their capital formation process; foreign aid facilitating the development of capital infrastructure and especially the creation of social overhead capital. It also bears directly on the nature of the relationship between the North and the South.

Some have argued that aid extended for development constitutes economic assistance and must be treated purely as such without reference to political issues. Indeed, this is the official view of the Japanese government which adheres firmly to the principle that development assistance is given purely for economic and social infrastructures. However, the argument of this chapter is that Japanese aid to Nigeria cannot be properly understood without consideration of the political context in which it occurred. The next two chapters examine this context.

As we have stated, the place of aid in third world development is controversial. Japan's aid giving has been seen in various lights by development writers. An examination of this literature would serve to put the extension of this aid to Nigeria in proper context.

I

ALTERNATIVE MODELS OF JAPANESE AID

A number of studies have examined the nature of Japanese aid, and its underlying political and economic rationale. Higashi and Lauter[3], in a recent study, have shown the clearly definable goals of Japan's Foreign aid policy pursued through the years. In the 1960s, Japan's ODA primarily took the form of tied aid which had to be spent on the purchase of Japanese goods. Following the oil crisis of 1973, aid was given to resource-rich developing countries and nations situated on important shipping routes. From the early eighties, emphasis came to be placed on reducing poverty and support for developing countries of world wide strategic importance to the Western alliance.

Sukehiro Hasegawa's[4] analysis while acknowledging the economic basis of Japanese aid diplomacy, clearly emphasise the primacy of political motivation. The various changes in Japanese aid objectives during the post-war period, have been a direct consequence of political priorities. Thus, Aid in the period, 1953-1973 was extended primarily to augment Japan's "kokueki" (the national interest). The goals were two-fold; national development and international rehabilitation. As the nature of these basic goals changed, so did the priorities of immediate aid objectives. Having been extended for commercial objectives and domestic material prosperity in the first decade, 1953-1963, it was structured in the next to improve the societal welfare of Japan. It was also designed, according to Hasegawa, to help the pursuit of a leadership role and to help secure a "proper" place in the international community. It was only when industrialisation had doubled in pace and immediate economic gains had been firmly secured that humanitarian aid began. This later development was not designed to mitigate the huge economic advantage by now held over recipient countries. This would have been incompatible with the vigorous international trade policy being pursued. Rather, it was deemed essential for the improvement of living conditions in less developed countries, indispensable for fostering international peace and creating more markets for greater economic security.

An examination of the application of Japanese aid in the period would confirm this basic assumption. Hasegawa's analysis however runs the risk of overstating the case as in the reference to the use of aid to secure "a proper" place in the community of nations. This allusion by Hasegawa evokes the spectre of the "Greater East Asia Co-prosperity sphere" and foreign policy in the 1930s. It seems hardly in place in a new post-war diplomacy dedicated to "sekei bunci" that is; trade without politics. We will return to these issues later. First, let us explore further the underlying paramountcy of economic motivation.

Two scholars, Terutomo Ozawa[5] and Dennis Yasutomo[6] offer an interpretation which is an extension of both Hobson and Lenin's monocausal "new imperialism".[7] In this view

Japanese aid is essentially for entrenching Japanese monopoly capitalism and has a definite economic motive. They point out that aid is extended for the expansion of overseas markets essential for the promotion of exports, the development of new sources of raw materials supply and for increasing overseas private investment. Leon Hollerman[8] provided support for this interpretation in his assessment of Japanese technical assistance. According to him, aid is merely a tool for export promotion in under-developed countries: the purpose is to spread Japanese technical know-how and induce demand for exports of plants and equipment. John White argues, insisting that the United Nation's doctrine - namely, there is an obligation to aid less developed nations as a humanitarian duty - is completely lacking in Japanese foreign aid.[9] The general opinion thus identifies aid as part of the process of extracting resources from developing areas. Some writers have even gone as far as to advocate that all aid be terminated because of its alleged harmful effects on the growth process. To Bauer, for instance, aid in general distorts economic growth in under-developed economies.[10]

It is not our intention to delve into these interpretations since to do this would be completely beyond the scope of this study. Some of these issues and especially, the moralistic concept of foreign aid have been treated elsewhere.[11] However, some comment on the basic assumptions of these interpretations are necessary for this thesis.

First, the one sided benefit of the flow of capital transfers denies the fact that this kind of assistance has become indispensable to the capital formation process of the developing economies. Indeed, as the experience of many states and especially Australia[12] confirms, government expenditure financed by foreign loans "can be a suitable method of laying the foundation of a country's economic development in the form of public services and social overhead capital". Such transfers can also fulfil an equilibrating function as far as the balance of payments is concerned, in Ragnar Nurkse's viewpoint.[13] This is however merely a hypothetical approach resting on the supposition that international income disparities open up gaps in the balance of payments and international income transfers will fill them. But so is the analysis that assumes automatic benefits to the lending economy. Keynesian income and employment effects of the return flow cannot be stretched without qualification. Indeed, it was once the primary concern of economists in the developed countries that these and other forms of capital transfers may not serve to stimulate but depress their economies.[14] Professor Nurkse's warning that such theories of capital movements concerned with capital as a factor of production must direct attention to such fundamental issues as the proportion in which capital co-operates with labour and land in different parts of the world; to the relation between capital movements, population growth and migration[15], among others, must be taken into account, for a proper contextual understanding.

Having made the observations above, let us step away from dogma and examine the official Japanese government aid policy, and the performance of this aid, with respect to the developing economies and Africa in particular.

II

OFFICIAL JAPANESE AID POLICY

In 1959, the principle behind the extension of succour to developing nations was first articulated in Japan's aid programme. The policy document noted that, "the economic development of the less advanced countries is of extremely great significance for the achievement of permanent world peace".[16] This was, however, only an affirmation of intent since no aid policy was outlined. This initiative is not difficult to imagine. Japan's interest in these years was concentrated on achieving the economic ideals set out in the 1951 Peace constitution. Until 1973, aid policy, as part of foreign policy was therefore left to the arbitration of the United States. Aid given in these years merely comprised reparations, Yen loans and technical assistance. It was not only small in absolute terms but was extended as discerned necessary, not guided by predefined policy. In 1967 and 1968, for instance, total aid to developing nations amounted to £285 million and £350 million. Calculated by ratio against its national income, these figures represent in percentage value, 0.89 and 0.94 respectively. Also in terms of GNP per capita, it ranked a distant fifth among the member nations of the Development Aid Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

In 1977, the government announced its decision to double Official Development Assistance (ODA). According to the Prime Minister[17], Japan would endeavour to raise the level of its Official Development Assistance close to that of other major advanced industrialised nations and would be active in seeking solutions to the problem of primary commodities and other issues. It would also, positively expand, in particular, bilateral grant aid. Aid was also further untied. This change of attitude was largely due to the pressures of the OECD and especially the United States which insisted that Japan should take its share of responsibilities as a member of the Western alliance.

From this period and for these purposes, Japanese aid rapidly expanded. At the Bonn Summit in July 1978, it pledged to double its ODA in three years and committed itself to expanding its aid positively in succeeding years. In an attempt to honour this pledge, a meeting of its government ministers voted to increase the grant element of aid by 86 per cent. It also decided to ease the conditions of its loans.[18] From 1981-1985, aid was again doubled.

An examination of Japan's aid during this period confirms that these promises were partly met. But the increments sounded more impressive than they were, because the base level was so low. Its lending rates average 3.5 per cent in interest rates, spread over 23.5 years. These figures are high compared with the same rates of the United States which works out at 2.6 per cent, and 38 years.[19] The grant component of its ODA has also been the lowest among the eighteen OECD countries. A recent OECD report confirms.[20]

Japanese aid policy is still very much provincial and focused on strengthening economic ties and on countries where it has a major economic interest. It is also tied to the foreign policy of the United States. Thus, the term "Comprehensive Security first used officially in expressing the conceptual framework of Japan's aid policy in 1980" emphasised assistance to countries bordering on conflict areas of strategic significance to the Western alliance. As Inada's study has shown[21], these "conflict areas" refer to anti-communist areas and are not identifiable with other forms of struggles. Pundits would argue that this convergence of interests is not difficult to follow; while American arms went to prop up these regimes as showpieces of capitalism and western ideals, Japanese capital supplied their industry. However, such an assessment, true as they may be, only captures part of the general picture.

Japanese aid varies in application, comprising political, economic and strategic elements. It would also do little justice to a nation, which, in 1981, returned to the 1959 theme with a decision to strengthen aid to areas important to the maintenance of peace and stability of the world.

Whether taken, like Sushi, with a pinch of salt or vinegar, it is difficult to deny that an attempt has been made to strengthen aid and to extend it beyond the narrow confines of South-East Asia. It is also undeniable that the volume of Japanese aid is out of proportion to its enormous economic success. (In 1985, in terms of GNP per capita, Japan ranked eleventh among donor countries.) Let us consider this policy as it was applied to Africa.

III

AFRICA IN JAPAN'S AID DIPLOMACY

With reference to Africa, South of the Sahara, the policy pursued has deviated very little, if at all, from the general principles and practice of Japanese aid set out above. Both the paucity of funds provided, the high interest rate charged, as well as the late arrival all fit perfectly into the general pattern. The policy towards Africa was clearly defined in an official government document published in 1981. It declared inter alia, that;

> "Japan is of the view that it will ultimately contribute to Japan's own security for her to extend

> as much and as wide economic cooperation as possible to black African countries with a view to helping their nation building efforts."[22]

This statement of policy was the culmination of a process embarked upon since 1971. The aim was not only to aid African countries in their nation building, but to promote relations in trade, economic co-operation and other fields.[23]

Here again, the real intention behind this policy has come under intense scrutiny. Don Shanon sees this as designed purely to secure commercial gains,[24] while Kweku Ampiah insists that this aid is designed neither to achieve political objectives, nor to support developmental objectives resulting from decolonization - it is simply designed to develop Japan's domestic industry.[25] The model of Japanese aid provided by Hasegawa above, is extended to determine the interest on Africa, in the most comprehensive analysis of Japan's African aid by Owoeye and Vivekanda.[26] Echoed in no uncertain terms, this aid is not only a form of Japanese imperialism, but serves as an important vehicle in the commercial exploitation of Africa. This is used to further promote its upward mobility within the elite club of industrially advanced Western capitalist nations. Without any doubt, this is an assertion of the Marxist view that Aid promotes foreign investment and trade at the expense of true development and extracts wealth from developing countries through debt servicing.[27]

It is true, as Frey and Schneider have correctly asserted, that "economic aid given by governments of industrialised to less developed countries is scarcely given for philanthropic and humanitarian reasons".[28] However, to insist without qualification, that this aid is only selfishly motivated, would be to stretch human reasoning beyond the confines of what is normally acceptable. Japanese aid to Nigeria, as we shall show, has undoubtedly helped the capital accumulation process of the country as Japanese bilateral aid has in many African states.

To state the above is not to deny that aid in Africa and Nigeria definitely encompass some of the characteristics that occupy the definition of the above viewpoints. Aid here has not only been small but has also been influenced by the infinite search for raw materials supply. This purpose is evident from the conclusions of the Japanese mission to the African continent in February 1970[29]; from the recommendations of the meeting of Japanese envoys to fourteen African states in June 1974[30]; from Japanese newspaper editorials[31], and generally from the fact that the spread of aid only take into account those African countries with which it has a sustainable economic interest. A breakdown of Japanese aid figures, on the basis of our conclusion, shows that Tanzania, Zaire, Madagascar, Kenya, Mauritania and Sierra Leone account for four-fifth of total aid to Africa between 1960 and 1982.[32]

These countries constitute essentially the sum of Japanese African interest. From 1960 to 1980, Africa's share of Japan's ODA was only 6 per cent, or the cash equivalent of $223 million.[33] Investments have also remained at a bare minimum. From April 1960 to March 1982, Africa received only 4.4 per cent of total Japanese overseas investments.[34] This compares to 29 per cent for Asia; 16.2 per cent for Latin America; 27.1 per cent for North America; 11.6 per cent for Europe. The process of relegating Africa to the background in aid and investments terms is a continuous one. Not only have public and private capital transfers gone mostly to South-east Asian countries, of all ODA granted in the period 1984-1985, 71 per cent went to the Asian-Pacific region, in particular ASEAN countries and Indonesia.[35] Although this "position reflects the totality of their political and economic relations with Japan and has historical roots"[36], the practice of concentrating investments on one area means paying only lip service to the developmental efforts of other areas. In real terms, as we have shown, the total African grant might have been insufficient for Nigeria's capital needs considering the enormous gains that have accrued to Japanese private capital and industry there.

IV

JAPAN'S AID TO NIGERIA

A lengthy discussion of Japan's aid policy in general, and Africa's position in particular, is necessitated by the fact that the policy in Nigeria is part of the overall aid giving process and can only be understood within that context. It is an important consideration, in part, because of the existence of the huge imbalance in the trade of both nations. Such income transfers play a central role as they facilitate development if we consider capital purely as a factor of production. However, the benefit of this process as a potent political tool is not lost on this analysis and part of our own task is to determine its other significance in terms of international politics.

The table below (Fig. 5[i]) divides these transfers, generally referred to as Overseas Development Assistance, into appropriate categories. This is very crucial to our judgement, vis-a-vis trade and other activities considered in Chapter Three. It will also lead to a proper understanding of the analysis of the relationship between Japanese aid and foreign capital investments which shortly follows.

Fig. 5[i] JAPAN'S ODA DISBURSEMENTS TO NIGERIA BY CLASSIFICATION, 1960-1985[37]

1. Grants in Aid

a) Grant Aid for Fisheries

1981 -- Marine Fisheries Training and Research Vessel for Nigerian Institute of Oceanography and Marine Research.
E/N: 2 March 1981 ... $21. million.

1982 -- Fishery Training Equipment. NIOMR.
... $0.12 million

1984 -- A Skip Jack Pole and Line Fishery Research and Training Vessel. NIOMR.
E/N: 3 April 1984 ... $2.0 million.

1984 -- Spare Parts for Vessel. NIOMR. $27,000.

b) Grant Aid for Agriculture

1981 -- Agricultural Research Equipment, IITA, ... $0.1 million.

1984 -- Laboratory Equipment Agronomy Department, University of Ibadan ... $14,000.

c) Grant Aid for Education and Research

1983 -- 861 sets of Microscopes for Secondary Schools ... $100,000.

1983 -- Book Donation, NIOMR ... $1,200.

1984 -- Book Donation, University of Jos ... $4,240.

ii) Project Type Technical Cooperation to Universities

This involves Training in Japan, Dispatching of Experts and Supply of Equipment. Field -- Medical Cooperation.

University of Nigeria, 1972-1979

Number of Experts Dispatched	--	10
Number of Experts Trained in Japan	--	4
Equipment Donated	--	$0.5 million

Obafemi Awolowo University, Ife, 1972-1979

Number of Experts	--	26
Number Trained in Japan	--	10
Equipment Donated	--	$0.6 million

TOTAL GRANTS IN AID, 1960-85	--	$6,666,440 million
ASSISTANCE TO NIOMR	--	$4,248,200 million

ABBREVIATIONS

E/N -- Exchange of Notes
IITA -- International Institute of Tropical Agriculture
NIOMR -- Nigerian Institute of Oceanography and Marine Research

[ii] LOAN ASSISTANCE (YEN LOANS)

DATE OF AGREEMENT	PROJECT	AMOUNT	FINANCIAL INSTITUTION	INTEREST RATES (PA)	MATURITY (GRACE PERIOD)
23 November 1966 (1st Yen Loan)	i) Arewa Textile Expansion Project ... ¥1.26 billion ii) United Nigerian Textiles Expansion Project ... ¥1.512 billion iii) Dieselization of Nigerian Railway Corporation (12 Diesel Locomotives) ... ¥1.241 billion iv) Lagos-Kaduna Coaxial Cable Project ... ¥6.5 billion	¥10.8 billion ($46.96 million)	EXIM	5.75	18 (5)
14 September 1972 (2nd Yen Loan)	Kainji Dam and Nepa Power Distribution Projects	¥6.2 billion ($26.38 million)	EXIM	4.75	20 (7)

DATE OF AGREEMENT	PROJECT	AMOUNT	FINANCIAL INSTITUTION	INTEREST RATES (PA)	MATURITY (GRACE PERIOD)
30 March 1974 (3rd Yen Loan)	Nigerian Railway Expansion Project (140 Passenger Cars)	¥6.2 billion ($26.38 million)	EXIM	4.50	25 (7)
24 July 1981 (4th Yen Loan)	Lower Anambra River Irrigation Project	¥16.9 billion ($99.41 million)	EXIM	3.50	30 (10)

As evident from the table, it is quite clear that a high percentage of these income transfers were in the form of direct government loans. The first of these loans, extended in 1966, was to correct a balance of payments disequilibrium in a period when Nigeria imposed discriminatory tariffs and quantitative restrictions on Japanese imports. This credit attracted a high interest rate of 5.75 per cent and was to be paid over 18 years. Other loans were extended in 1972, 1974 and 1981, for various purposes. These transfers had one thing in common; the excessiveness of their lending rates. At an average rate of 4.62, these rates compared poorly to America's 2.6 per cent. Nigeria's rates are also high compared to Japan's average lending rates of 3.5 per cent. Without exception, all the loans were also heavily tied to the purchase of Japanese equipment and the execution of the project by Japanese firms. (This latter relationship is fully examined in the final part of this chapter). Such a policy of tied transfers was applied to the 1981 loan, even though the decision had been taken in 1977 to untie Aid. An example of such tied transfer is appropriate.

In 1974, an agreement was signed in Lagos for Japan to extend a Yen-based loan to the Nigerian government to finance the Nigerian Railway Corporation's purchase of 140 passenger cars and freight rail coaches (see Fig. 5[i]). The rolling stock to be purchased for the replacement of worn-out stock would be supplied by Kawasaki Heavy

Industries, Hitachi, Kinki Sharyo, Tokyu Car Manufacturing, Nippon Sharyo, Seizo Kaisha and Fuji Heavy Industries. Export arrangements were to be made by Nisho-Iwai, Marubeni Corporation and C. Itoh; all Japanese Companies.[38] Needless to say, an important percentage of the cash value has been taken by these firms before the resources were realised. Other loans and similar agreements have since been reached and other disbursements made (see Fig. 5[ii]). At the end of 1982, Nigeria's total indebtedness to Japan stood at $2.5 billion representing 17.65 per cent of Africa's total.[39] This prompted Major-General M. Buhari, then Nigeria's Head of State, in April 1984, to make a direct appeal for Japanese understanding of Nigeria's debt burden.[40]

Another major characteristic of these income transfers is the insignificant value of the grant element. The grant element of the 1966 loan, for instance, was only $8,421.[41] The allocations were also small in comparative terms. While it extended just over $26 million for the railway project in 1972, a similar grant to Zambia for the electrification of its railway system in 1973 was $30 million and $120 million to Zaire for railway construction. Although it is unfair to compare aid directly in this way since costs and purposes differ, it is significant to note that Zaire's single grant almost amount to about two-third's of Nigeria's four yen loans. Also, Nigeria does not benefit from the "Gratuitous Cooperation" programme of

Japanese aid. This is designed to help recipient nations procure equipment from Japan on a charity basis. JETRO's sources show that by 1980, 28 African nations had benefitted from this programme.[42] Admittedly, this is designed mainly to help the poorest of developing countries. Again, Nigeria was not a beneficiary of Japan's Cooperation Overseas Volunteer Scheme (its version of America's Peace Corps) in the whole of the period, 1965-1985.[43]

It has however gained indirectly from Japan's participation in multilateral institutions and organisations aimed at promoting growth and development in the third world. Japan is for instance, the third largest contributing member of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development.[44] It was also, one of the first thirteen non-African states to join the African Development Bank, with an initial investment of $290 million when the bank was set up in November 1972.[45] (This figure was only surpassed by the Contribution of the United States). It has further contributed a total of $195.8 million to the African Development fund, the soft loan affiliate of the African Development Bank, and is the institution's biggest supporter.[46] By 1985, it had contributed a total of $149 million to the World Bank's special facility for sub-Saharan Africa (SFA). By actively supporting these organisations, each of which Nigeria could draw funds from, it has opened other avenues for Nigeria's development finance.

It is however, in the field of technical assistance and education finance that the paucity of the funds provided, as well as its stringent terms are partly excused. In the field of education, grant aid and various donations have been made. (See Fig. 5[i]). This aid is most visible in Nigeria's education finance. According to Segun Adesina[47], a breakdown of the basis of calculation of monetary value of this type of external aid shows that Japan spent N12,000 per annum, per expert from 1960 to 1967.

The Japanese government further complemented its private sector's adherence to the policy of technical training and development of Nigeria's manpower resources. This technical cooperation programme consists of two types of training; Individual and Group Training courses. The first is undertaken at the request of developing countries, and the second, organised according to their greatest common needs. These programmes are further complemented by the "Expert Programme" involving the dispatch of experts to applying countries. This is an on-going process involving numerous bodies, and not least, the Japan Foundation. It is important to consider the performance of this type of assistance in the early years of Nigeria's independence to assess the impact at a time such efforts were needed most.

This assistance started in 1961 when seven Nigerians were received to take part in a technical group training course. By 1968, a total of seventy-nine Nigerians had been accepted and trained under this scheme in various fields such as rice cultivation, fisheries, civil engineering, telecommunication, vocational training and small scale industrial management.[48] By this date also, the number of experts sent to various institutions in Nigeria had reached a total of fourteen. By this time, twenty-eight technical award schemes were open to Nigerians. It would appear that premium was placed on the development of Nigeria's manpower resources. In 1968, for instance, 70 per cent of all African trainees in Japan were Nigerians.[49] By March 1975, up to 176 Nigerians had been trained in various fields in Japan thus making it the highest recipient in Africa's total of 877 (out of a world total of 21,987[50]). At the end of 1979, this number had increased to 400. Taken separately, or seen from today's values, these efforts may not amount to very much. However, coming at the crucial moment as it did, it was invaluable to Nigeria's development efforts as it provided a new nation with practical skills with which to secure its independence.

It is difficult to account for Japan's reluctance to extend as much aid as possible to Nigeria, considering the huge economic gains it had secured both through trade and other ventures. Africa's lack of political leverage in Japan, as well as the other factors enumerated in our account of the inadequacy of Japan's investment (see page 172) may indeed offer us a clue but they only provide part of the answer and perhaps one need to consider other underlying factors. In this instance, it may well be perfectly in order to contend that not enough pressure was brought to bear on Japan, through the threat of economic boycott or through other diplomatic channels. This would no doubt have had an effect on Japan's policy considering the relative importance of the Nigerian market which is its second largest in Africa. (Truck exports to Nigeria, until the end of our period, provided Japanese manufacturers with a third of the entire African market[51]). But this complaint featured prominently in all discussions with visiting Japanese officials. It may then be that the frequent change of leadership and the sheer lack of articulation of national interests undermine this pressure. It may also be that Nigeria's need for such foreign capital places this aid in perspective. This may indeed, explain part, if not all of the problem.

From 1977 when Japan's overall aid policy gathered momentum to the end of our period 1985, Nigeria amassed tremendous wealth from the sale of petroleum products. During this period the need for foreign capital was very minimal. In the Third National Development Plan for instance, no provision was made for the use of foreign capital.[52] Since this was the case, it may have been that the need for Japanese aid did not arise. Then the issue of paucity of aid loses its relevance to our debate. What is difficult to ignore is that this provides us with a classical case of high economic activity without a corresponding political consideration. (This theme will be pursued in the following Chapter.) One may look at this from several angles. We do not pretend to have all the answers.

V

THE RELATIONSHIP BETWEEN JAPANESE AID AND JAPANESE PRIVATE INTERESTS IN NIGERIA

The various interpretations earlier considered broadly identified Japan's aid objectives. A study of this aid in Nigeria confirms the double-sided nature of this subvention; to provide succour for Nigeria's developmental efforts and to help to further secure Japan's commercial objectives. Our attempt here is to add another element; the merger between Japan's public and private interests. The general purpose of this is not to construct an intricate web of conspiracy. Rather, it is simply to provide an example of the inextricable link that peculiarises Japan's public and private interests abroad. To chart the various channels where aid has been utilised will further demonstrate clearly the overall significance of these income transfers.

Our first consideration is the involvement of Japanese firms in the execution (or its other interests) of the projects for which the various Yen loans were extended. Our second is to show the clearly definable objective of aid by showing the purpose behind the extension of grants-in-aid, and how the private interests benefitted from such.

From the table (Fig. 5(i)), we identified the projects for which the various loans were offered. Half of the first Yen loan, 1966, was used to the benefit of Japanese firms. The first project, the Arewa Textiles expansion project, was of direct benefit to Japanese firms as this was a Japanese company. Admittedly, this was so because this loan was in aid of Nigeria's balance-of-payments difficulties: since the bulk of Japanese exports constituted textiles during this period, increasing the capacity of local plants was a direct way of curbing imports. Part of the loan was therefore used to expand the largest local mill, Arewa (the venture that combined the interests of Toyobo company and eight other spinning mills from Osaka), and the United Nigeria Textiles. An increase in Arewa's productivity will reduce imports. It will also increase profitability for the owners. Government loan therefore went into a project that helped its trade but had no long-term effect on the balance of payment position as the foreigners long term claims cancelled out any offset in short term transfers. The other project, the Lagos-Kaduna co-axial project, directly involved Japanese firms. As we have seen in Chapter Three, the contract was undertaken by

Nisho-Iwai.

The second Yen loan of 1972, was also of immense benefit to Japanese private interests in Nigeria. This loan was utilised for the development of electricity supplies. (The Kainji Dam and NEPA's Power Distribution project). As we have shown in Chapter Three, this field was almost developed for Nigeria exclusively by Japanese firms. Marubeni Corporation for instance, is the principal supplier of transformers for NEPA's various power distribution programmes. The Japanese government had used a tool open to it to secure the interests of its private companies. While this had an indirect effect, the third Yen loan, 1974 directly benefitted the "Sogoshoshas". As we have demonstrated on page 265/6, the contract for the Railway Expansion Project, down to transport arrangements, was exclusively organised by these firms.

Nowhere in this cooperation is it more evident than in the EXIM-funded lower Anambra Irrigation Project (fourth Yen loan). Again, from its finance to the realisation of the project, this was an exclusively Japanese private capital undertaking. It involved three firms; C. Itoh, Taisei Corporation (both locally registered) and Nippon Koei.

Japan's grants in aid have also gone to prop up Japanese local interests. Out of the total amount of just over $6 million, a disproportionate amount (over $4 million) went to aid NIOMR, the national authority for fisheries and marine research. We have previously shown that Nigeria's fishing industry is almost, an exclusive preserve of Japanese interests since the main concern here is raw material sourcing. It cannot be denied therefore that the overwhelming concentration of the grant element of its ODA in this sector is clearly to the benefit of its private interests. In fact, these donations have always been accompanied by Japanese experts. In 1984, a marine engineer was sent and in 1985, a master fisherman and a specialist on modern fishing methods: both were long-term experts.

By extending these grants to NIOMR (Japan is its largest supporter) the purpose were two-fold. First, the Nigerian government would be amenable to accede concessions for fishing rights. It will also look favourably on the Japanese fishing fleets like the Eko-Nippon fishing company. Even if this was not the expressed intent, the government would be trusted not to take any drastic action that may radically affect the sourcing of this essential raw material. Also by assisting NIOMR which is purely a research organisation, the principal gains of its research would accrue to Japanese fishing ventures.

We do concede that any point to be made about this collaboration of public and private interests belong to the general issue of tied ODAS; a normal practice for most donor countries. We would also agree that it is a perfectly legitimate aspiration of foreign policy to seek to protect national interest. It may even be argued that Japan's relative position of strength in the world economy and its relatively inexpensive goods account for the tied nature of this aid: it was to the benefit of Nigeria to buy these services from the donor country. Loan agreements also usually require to be accompanied by experts since most developing nations lack this facilitating factor. The validity of these arguments does not escape our notice. Nevertheless, they do not render any less valid, our basic point as it cannot be denied that a large percentage of these income transfers have gone to prop up the interests of Japanese private capital.

As an attempt to look at Japan's relations with Nigeria from the context of international politics (a theme further taken up and developed in the next chapter), this chapter raises a number of questions. Very central to the development of the thesis is the issue whether Japan's aid has been at all important to Nigeria's growth and developmental process. From 1977 when Nigeria officially requested Japanese technical assistance for the successful completion of its development plan, Japan's aid, especially technical assistance, has been indispensable to the growth and development process in Nigeria. Even in instances where aid was tied to particular projects, Japanese practices have been exemplary. As we have shown in the agricultural sector, their assistance went a long way in promoting a programme of self-sufficiency in food production. In other areas, their assistance has been crucial to the effective utilisation and the cross-linkage of national resources. This assistance also helped to develop basic infrastructures. The second question raised by the discussion relates to the paucity of aid provided. It is difficult to make any kind of judgement here, or to jump to any conclusion because this depends on the interplay of several factors. It may be true that the aid given is small in comparative terms. It would be easy to base any argument on this fact and to reach conclusions. However, this position would merely reflect not only a rather narrow perspective but the opinion of developing countries who by that very position, must adopt an Oliver Twist attitude. In reality this abstracts from economic interrelations.

For a start, the amount of aid provided would be relative to Nigeria's needs. As we have demonstrated (see page 270) the need for this kind of assistance was neither compelling for Nigeria, nor desirable in the second half of the period under study. The absorptive capacity of the economy is also an important consideration. It is further difficult to say that more aid should have been given since this depends on the resources available to the donor country and its foreign policy objectives. Furthermore, Japan mainly extends development assistance on request and according to greatest need. The possibility that what Nigeria got was the sum of what it requested - and by extension, its needs

- does not seem far-fetched but very reasonable.

We would therefore conclude that while increased aid would have been desirable to accelerate the development efforts of Nigeria, any judgement based on this can only be effective if seen from the context of Japanese overall aid policy, Nigeria's needs and its position in the league of needy developing countries. In the twenty-five years under study, it cannot be denied that Japan's aid has made an enormous contribution to Nigeria's development.

NOTES

1. The involvement of the United States in the Korean war is regarded as the turning point in the post-war re-attainment of a measure of economic and political independence by Japan.

2. G.O. Olunsanya, "Nigeria and the World Economy", Nigerian Journal of International Affairs, Vol. 10, No. 2, 1984, p. 58.

3. Chikara Higashi and G. Peter Lauter, The Internationalisation of the Japanese Economy (Boston: Kluwer Academic Publishers, 1987), p. 214.

4. Sukehiro Hasegawa, Japanese Foreign Aid: Policy and Practice (New York: Praeger Publishers, 1975).

5. Terutomo Ozawa, Multinationalism, Japanese Style (Princetown, New Jersey: Princetown University Press), pp. 34-5.

6. Dennis T. Yasutomo, The Manner of Giving: Strategic Aid and Japanese Foreign Policy (Lexington: Lexington Book, 1986), p. 6ff. The organisation of Japanese aid is examined by Alan Rix, Japan's Economic Aid: Policy making and politics (London: Croom Helm, 1980).

7. See, J. Hobson, Imperialism: A Study, London 1902, and V. Lenin, Imperialism, the Highest Stage of Capitalism, 2nd ed., 1934.

8. Leon Hollerman, Japan's Dependence on the World Economy (Princeton: Princeton University Press, 1967), p. 119.

9. John White, Japanese Aid (London: Overseas Development Institute, 1964), pp. 10-11. For the treatment of UN concept of aid as a humanitarian obligation, see, Goran Ohlin, Foreign Aid Policies Reconsidered (Paris: OECD Centre, 1966), p. 14. See also, Marta F. Loufti (ed), The Net Cost of Japanese Foreign Aid (New York: Praeger Publishers, 1973). Ohlin's work above is quoted on p. 48.

10. P.T. Bauer, Dissent on Development: Studies and Debate in Development Economics (London: Weidenfeld and Nicolson, 1971), p. 95ff. This was an extension of the argument that Bauer had developed earlier. See P.T. Bauer, "Foreign Aid: an instrument for progress?" in B. Ward & P.T. Bauer, Two Views on Aid to Developing Countries (Institute of Economic Affairs, London, 1966), p 37. Bauer's major points are that such unearned grants obstructs the development of the qualities, attitudes or efforts which are necessary for material progress. It thus serves to divert attention from the prime movers of development.

11. See, Roger Riddel, Foreign Aid Reconsidered (Baltimore: The John Hopkins University Press, 1988).

12. In 1930 the external public debt of Australia amounted to about three-quarters of the total foreign capital employed there. See, C.P. Haddon-Cave, "Some Aspects of Private International Investments with Special Reference to Australia". (Australia and New Zealand Association for the Advancement of Science, Perth Conference, 1947, Mimeographed), p. 9. Quoted in Ragnar Nurkse, Problems of Capital Formation in Underdeveloped Countries (Oxford: Basil Blackwell, 1953), p. 91.

13. Ragnar Nurkse, ibid, p. 93.

14. See for instance, Norman S. Buchanan, International Investment and Domestic Welfare (New York, 1945) in Nurkse ibid, p. 132.

15. Nurkse, ibid, p. 131.

16. Gaiko Seisho (Diplomatic Bluebook, 1959), p. 27. In Juichi Inada, "Japan's Aid Diplomacy: Economic, Political or Strategic?, Millennium, Winter 1989, Vol. 18, No. 3, pp. 399-414.

17. Mr Fukuda's remarks to parliament at the opening of the 80th Session of the Diet, in West Africa, No. 3130, July 4, 1977, p. 1353.

18. "Special Report on Japan and Africa", West Africa, No. 3249, 22 October 1979, p. 1935.

19. Nihon Keizai, 22 July 1975, in Agbi, "Japan's Attitudes and Policies ...", p. 80.

20. OECD, Economic Assistance Report, 1989. Quoted in William Nester, "The third world in Japanese Foreign policy", Millennium, Winter 1989, Vol. 18, No. 3, p. 378.

21. Inada, ibid.

22. Diplomatic Bluebook 1981: Review of Recent Developments in Japan's Foreign Relations. Ministry of Foreign Affairs, Tokyo, p. 55. See also, West Africa, No. 3301, 27 October 1980, p. 2129.

23. Foreign Relations, a Year in Review: Excerpts from the Diplomatic Bluebook April 1970-March 1971. Ministry of Foreign Affairs, Tokyo.

24. Don Shanon, "Japan in Africa: Commercial Pay off Business without frills keep raw materials flowing to power industrial exports". Africa Report, Vol. 15, May 1970, pp. 24-27.

25. Kweku Ampiah, "A one-sided Partnership", West Africa, November 28-December 4, No. 3720, p. 2221. This opinion is a direct quote from a 1961 MITI report. See Joanna Moss and John Ravenhill, Emerging Japanese Economic Influence in Africa: Implications for the United States (Berkeley: University of California, Institute of International Studies, 1985), p. 66.

26. Owoeye Jide and Franklin Vivekanda, "Japan's Aid Diplomacy in Africa", Scandinavian Journal of Development Alternatives, Vol. 5, No. 4, 1986, p. 145.

    The importance of this raw materials interest is backed up by two other studies. See, David Morris in New Africa, May 1983, p. 39. Also, Ozaki and Arnold, op. cit., p. 166. These studies contain extensive information on various Japanese aid agencies, both private and government owned.

27. For this analysis, see, Joan Edelman Spero, The Politics of International Economic Relations, p. 172.

28. B.S. Frey and F. Schneider, "International Political Economy: A Rising Field", in Economica Internazionale, Vol. XXXVII, Nos. 3-4, Agosto-Novembre 1984, p. 325.

29. At the end of the visit, the mission described Africa as "a treasure house of natural resources", and proposed an, "active promotion of technical cooperation and development of Africa's vast natural resources for the mutual benefit of both Japan and the African nations". It went further to observe that "with our dependence on raw materials being what it is, imports of such natural resources are vital to our economic well-being". (Nigeria was among the countries visited). See, Nigeria-Japan Economic Newsletter, December/January 1971, pp. 2-4.

30. At the end of this three-day meeting in Tokyo, the envoys urged their government to step up its relations with the various countries where they were stationed, by increasing investment, trade and economic cooperation. The envoys were the representatives to Nigeria, Ghana, Gabon, Senegal, Ivory Coast, Zaire, Liberia, Central African Republic, Zambia, Kenya, Tanzania, Madagascar, the United Nations and the Counsel-General to Pretoria. Further details are contained in, West Africa, No. 2974, 17 June 1974, p. 735.

31. The "Daily Yomuri" in an editorial stated that the first objective of Japan's relations with Africa is the "Securing of natural resources such as Cobalt, manganese, uranium and iron ore for which Japan depends on Africa for more than 50 per cent of its imports". Quoted in Africa Diary, 19 October 1979, p. 9716, in Owoeye, "Africa and Japan's Search ...", p. 281.

32. Ozaki and Arnold, op. cit., p. 159.

33. Fumihiko Togo, "Africa in the context of Japanese foreign policy", International Affairs Bulletin, Vol. 6, No. 3, 1982, p. 50.

34. David Morris, "Japanese Investment in Africa", New African, May 1983, p. 39. See also, Africa Economic Digest, 10 December 1982, p. 13.

35. Higashi and Lauter, op. cit., p. 216.

36. Inada, op. cit., p. 407.

37. Information taken from JETRO, Economic Cooperation of Japan, Tokyo 1979; Embassy of Japan (Nigeria) Economic and Technical Cooperation by the Government of Japan, 1990.

38. Africa Development, June 1974, p. J7.

39. Mainichi Shimbum, "Still a long way to go", West Africa, 28 November 1983, No. 3439, p. 2743. Together with Kenya, Tanzania and Zambia, these countries are the four of the top five African recipients of Yen loans up to June 1982. See Masaki Tamagami, "Economic Cooperation with Sub-Saharan countries: Credits targeted creation of infrastructure". Look Japan, 10 September 1982, pp. 16-17.

40. "Daily Times" (Nigeria), 27 April 1984, p. 24.

41. Tsusansho, Keizai Kyoryoku no Genjo to Mondai-ten: 1973. (Tokyo 1973), p. 168. Quoted in Hasegawa, op. cit., p. 154.

42. JETRO, Economic Cooperation of Japan, 1980.

43. Outlook of Japan's Economic Cooperation. Economic Cooperation Bureau, Ministry of Foreign Affairs, Tokyo, October 1988.

44. "Special Report on Japan and Africa", West Africa, No. 3249, 22 October 1979, p. 1935.

45. Africa Research Bulletin (Economic, Financial and Technical), 15 June-14 July 1972, p. 2403. See also, Miguel S. Wionczak (ed), Economic Cooperation in Latin America, Africa and Asia: A Handbook of Documents (Cambridge, Massachussets: MIT Press, 1969), pp. 408-412.

46. Information Bulletin (Japan), Vol. XXVII, No. 7, 15 July 1980, p. 9.

47. Segun Adesina, "The Place of Foreign Aid in Nigeria's Educational Finance, 1960-1968", Quarterly Journal of Administration, Ibadan, Vol. 7, No. 4, 1973, p. 474.

48. ibid.

49. ibid.

50. Information Bulletin, 1976. Public Information Bureau, Ministry of Foreign Affairs, Japan. pp. 103-107.

51. Africa Now, No. 34, February 1984, p. 57.

52. Compared with 50 per cent in the 1962-68 plan period, and 20 per cent in the 1970-74 period.

CHAPTER SIX

FORM AND SUBSTANCE IN THE CONDUCT OF NIGERIA-JAPAN RELATIONS

In the light of previous discussion and with specific reference to the rhetoric of Japanese foreign policy, it is necessary to assess the true dynamic factors in the relationship with Nigeria. Accordingly, this chapter examines fully the difference between the form of declaratory policy and the substance of operational policy in the context of international politics.

Our first task will be to examine the place of each country in the others' foreign policy. After considering the principle guiding their respective policies, we shall then identify the international issues arising out of this relationship and the different ways in which each country has dealt with them. As Japan's foreign policy is predicated on "sekei-bunci", (the pursuit of trade without politics) and since we are looking at these policy options from the point of view of North-South relations, the international issues considered are mainly those which concern Nigeria. In this regard, those which claim centre stage are; the international politics of oil and raw materials sourcing and Japan's support for Nigeria's nationalist aspirations. In dealing with these sensitive questions, our main areas of concentration are: the nature of Japan's response to nationalist struggles in Africa; Japan and the international politics of the Nigerian civil war; as well as Japan and the Apartheid regime of South Africa. An important measure of Japan's sensitivity in the first consideration (oil and raw material politics) is to see how it sought to deal with Arab issues and then compare this to its response to Nigerian issues. Its voting record at the United Nations concerning these issues will constitute a critical determining factor.

These issues which are closely linked to the question of aid considered in Chapter Five, and investments considered in Chapter Three, constitute the basis of our judgement on the state of Nigeria-Japan relations. In fact, the experimentum crusis here is whether Nigeria is of any significant political interest for Japan or is it just another market. The importance of this as an index of Japan's Africa relations is a crucial and intentional part of this analysis: Nigeria which is one of Africa's most powerful states and its largest economy is also, most importantly, Japan's second largest market in Africa. If the emphasis of our analysis seems to fall too heavily on multilateral rather than on bilateral issues, this is simply because with limited bilateral contact between them, their respective positions on multilateral issues provide the best available evidence on the evolution and the present state of Japanese/Nigeria relations.

I

THE PLACE OF JAPAN IN NIGERIA'S FOREIGN POLICY

Independence for Nigeria in 1960, carried over a whole baggage of colonial legacies and prejudices, and with it impulses that led to the relegation of Japan to a low priority in the formulation of foreign policy. Not only did these impulses help to foster an age-long economic bias for Western Europe and the United States, it ensured that Japan remained distant in political terms as in geographical terms.

Many factors were responsible for this state of affairs. For a start, the state began the formation and conduct of its external relations with a bureaucratic leadership steeped in the British tradition.[1] There was a reluctance to encourage the growth of political and economic ties with non-"Western" nations.[2] This is partly explained by the fact that the government relied on British diplomatic missions abroad to conduct its external relations where it had no missions.[3] Indeed, it could be argued that at this period independence was only nominal. It was a period when the Prime Minister could hardly take any major foreign policy decision without first consulting the British government.[4] The Parliament functioned a rubber-stamp of foreign policy decisions.[5] Indeed foreign policy was totally subordinated to the will of the Prime Minister.[6] This state of political attachment not only undermined the very basis of independent nationhood but led also to a failure to mobilise Nigeria's potential in international affairs.[7] It had far-reaching repercussions for its relations with Japan.

Throughout Britain's colonial period in Nigeria, the administration pursued a policy of protectionism and other generally complementary anti-Japanese policies (see Chapter One). These measures were the counterpart of political propaganda, a practice carried to such an extent that not only trading commodities but everything Japanese was held to be inferior. This was a campaign sustained to fever-pitch. By allowing Britain to direct its foreign policies after independence, the latter's priorities predominated. It therefore not only inherited but effectively retained an anti-Japanese foreign policy. The situation was further aggravated by the lopsided nature of trading relations and even though Nigeria opened an embassy in Japan and sent Alhaji Baba Gana as its first ambassador in August 1964, the distance persisted. A result was the 1965 trade ban against Japanese goods.

The civil war, 1967-70, economic realities and the increasing importance of oil in the international economic system combined to change Nigeria's external policies. If the increasing importance of oil did not do much to change the "invisible" nature of its foreign policy, as James Mayall believes[8], the civil war re-ordered its priorities. At last, the Federal government realised that it had only been tacking behind the prevailing winds without enough power beneath to carry it to a destination of its own choice. Against the secessionist Biafra, Nigeria's support had come mainly from the Eastern bloc. These states actively supported its determination to avoid the break-up of the national polity. In contrast, the West with which it had aligned itself vacillated. Some, like France came close to siding openly with Biafra. Aluko[9] considers the civil war as the most profound influence on Nigerian foreign policy because of the new realities of international relations that it generated.

The economic dimensions of these new realities had to do with credit for the various development projects envisaged in the First National Development Plan, covering the period, 1962-1968; for post-war reconstruction and for similar types of succeeding plans. All these plans required foreign capital, and the need for foreign capital, as one observer has shown, was now at a level where discrimination against certain sources became untenable.[10] From then on the policy was one of, <u>ex quocunque capite</u>: the source of foreign capital did not matter; the important thing was to get it. Consequently, Japan was increasingly brought to the centre-stage of foreign policy. The post-civil war period was without any doubt a turning point in Nigeria-Japan relations.

Admittedly, the ground had been prepared, to some extent, before the war. Thus, even though prejudices inherited from the colonial period affected the conception of

Nigerian policies and attitudes towards Japan in the pre-1970 period, the government was still aware of the value of maintaining friendly relations. Its embassy in Japan, which was opened four years after independence, in 1964, was its first in the Far-East. However, after the civil war, it began actively to look to Japan in efforts to modernize the economy.[11] From this period, the need for Japanese capital and the latter's need for energy and raw material resources dictated closer cooperation. This relationship thereafter entered a new phase underscored by exchanges of visits and closer bilateral economic cooperation.

Although no visits have been made as yet at the state level, they have been made by high ranking government officials. On the Nigerian side, the visit in June 1977 of General James Oluleye, the Federal Commissioner for Finance, to Tokyo for talks with government leaders attests to increased cooperation. This particular visit was very important to the development of Nigeria-Japan relations because for the first time, Nigeria formally requested Japan for assistance in completing its Third National Development Plan (1975-1980). It also asked for help in developing its mineral resources other than oil and in setting up a car plant.[12] Other visits sponsored by the government and the private sector followed. The need was necessarily propelled by the realities of an economy already in increasing difficulties. It was against this background that a 30-member delegation of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture paid a visit to Japan in 1981 to attract capital and technical expertise for joint ventures with Nigerian industrialists and entrepreneurs. For this purpose also, and as a complement to the 1977 visit of General Oluleye, Professor Ishaya Audu, the Minister of External Affairs visited Japan in 1983. The main purpose on this occasion was to request general economic and financial assistance for agricultural development projects and the construction of liquefied petroleum gas facilities and oil cracking plants.

The relationship gradually evolved, and as we have shown in previous chapters, it was marked by a high level of economic activity. By 1980, Nigeria's Vice-President, Dr Alex Ekwueme, could speak of the "great scope for partnership between Nigeria and Japan." In this year too, as a mark of closer cooperation, two delegations from the National Assembly went to Japan to study its democratic institutions. The friendship had become so strong by 1984 that when major earth tremors swept through three Nigerian states, Japan was the first country to offer assistance.[13]

It should be noted that the relationship developed in line with the rapid growth of the Nigerian economy and its willingness to involve Japanese interests while spending its petro-dollars. The decline in oil earnings since 1983 has meant that once more, the relationship has become low-keyed and marked by a certain lethargy reminiscent of the pre-1970 relations.

II

JAPAN'S AFRICA FOREIGN POLICY

For a proper understanding of Japanese-Africa policies it is necessary first to consider the development of post-war Japanese foreign policy. This will provide the context within which to identify Africa's position.

Prior to 1945, Japan had pursued a vigorous foreign policy which was outward looking and expansionist. All apparatus of state deferred to the military schema and the "zaibatsu" (financial cliques) were used to secure economic gains once military conquest was completed. Initially, much of the energy of state was spent in building a greater empire in South-East Asia, grandiloquently referred to as the "Greater East Asia Co. prosperity sphere". This aggressive tendency involved Japan in a disastrous Pacific War and ultimately led to the complete collapse of foreign policy and to the dissolution of empire. The mandate for the occupation of Japan was given to the United States by the victorious allied powers. As this occupation progressed, it became quite clear that in the new dispensation, there was no space for any independent foreign policy. The Japanese themselves were also too pre-occupied with rebuilding their economy to undertake any external policy.

As post-war US/Japanese relations thawed and the Americans became embroiled in the Korean conflict, the need for a powerful friendly Asian economy became part of the strategy of the Western alliance. By extension, this need meant obliging the Japanese to take much more independent control of their affairs. Accordingly, the San Francisco peace treaty of 1951 and the Peace Constitution that followed ushered in a new period of post-war independence albeit regulated by the United States.

This development however, did not lead to the sudden explosion of Japanese world interest with a corresponding policy to match. Having adopted a Peace Constitution, the Japanese were determined to secure their economic well-being by pursuing a different kind of policy devoid of political considerations. In fact, its main pre-occupation was not to change the international situation or to play a more influential role but to adjust to it.[14] The raison d'etre of the state became the pursuit of a vigorous international trade policy with little active consideration for world politics. In the 1960s, as the attainment of a higher standard of living seemed more than ever a realisable possibility, (its GNP which stood at a base of 109 in 1950 had risen to 430 in 1960), Japan started to rebuild its shattered image abroad but continued not only to rely on, but also to defer to the United States in all matters of foreign policy. This attitude which one writer has referred to as an "adaptive reflex"[15] continued until 1973: a date which marked the beginning of Japan's independent African policy.

It has been necessary to touch on the state of Japanese foreign policy before 1973 for a good reason. Because of the subordination of Japan's national interest to that of the United States, the policy considerations of the latter automatically predominated. Since relations with Nigeria, or indeed Africa were by no means a priority for the United States in these years of Cold War, Japanese-African relations did not develop and indeed withered even in Nigeria where some seeds had already been sown prior to 1951. Africa was not considered important and was treated with the levity deserving of an unknown continent. There was no separate African department in the foreign office where issues concerning Nigeria could be handled. In fact, African issues were handled by a minor desk in its Middle Eastern Bureau. It was not until 1961 that a separate African position was established and even then continued as a minor department. This state of affairs had enormous repercussions for the development of Nigeria-Japanese relations. It continued until 1973 when the international politics of energy resources drew Nigeria and the rest of Africa sharply into the focus of foreign policy.

The events leading up to the 1973 energy crisis lie outside the scope of this study. What is important to note, however, is that the immediate period was one of profound traumatic dislocation in the Japanese economy. The four-fold increase in oil prices between October 1973 and January 1974, the cutback in oil production by Arab countries and the Arab embargo on the United States and the Netherlands created intolerable hardship in Japan as in most of the non-oil producing states.[16] Not having much energy resources of its own, Japan was much more affected than any other consumer nation to the extent that its panic buying at the Rotterdam spot market helped to increase oil prices even more. This development was in the face of already existing United States restrictions on soyabean exports and the subsequent explosion of food and raw materials prices. Since Nigeria, and indeed Africa possessed enormous reserves of these resources, it was drawn sharply into the focus of Japan's economic calculations.

It was then that an African foreign policy based on this need to secure vital resources, was formulated. According to the Prime-Minister, Masayoshi Ohira, in an address to the conference of Japan's ambassadors to Africa in 1974, Japan had to acknowledge that its existence and prosperity could no longer be viewed as something unrelated to the vast area that is Africa. The problem of where to position Japan's relations with Africa in Japan's diplomacy, he continued, was a task to be tackled from then on.[17] In the realization of this new objective, the Foreign Minister, Toshio Kimura became the first Cabinet Minister to visit Nigeria and four other African states in 1974. Since then, similar visits have been made and further assurances given about Japan's genuine interest to assist in Africa's development. At a breakfast meeting held between the Japanese Foreign Minister, Shintaro Abe and 24 ambassadors of the member states of the OAU at the Foreign Ministry Guest House Tokyo, in 1983, the Japanese government reiterated its commitment to continue to provide economic assistance to complement these African nations's own efforts to achieve economic development.

These assurances however were mere diplomatic manoeuvres since Japan's Africa relations were essentially dependent on the exigencies of the moment. No distinct and sustainable Africa policy existed in Japan between 1960 and 1985 except for like-periodic statements and reviews of activities published in the Diplomatic Bluebook and similar documents. The state has tried through the provision of aid where necessary (see Chapter Five) to secure its private interests. Africa very rarely features in both private and public discussions in Japan, except with regard to the sourcing of raw materials. In fact, it could be summarized without any fear of contradiction that the whole Africa policy operates in fits and starts.

As Robert Ozaki and Walter Arnold[18], have correctly identified, the phases of Japan's Africa policy fall into an easily identifiable pattern;

1. The pre-1973 period when Japan's Africa relations were minimal or non-existent;
2. The post-1973 period when the energy and raw materials crisis drove Africa increasingly into the reckoning and;
3. The period from 1975 when Japan having weathered the oil crisis, lowered its high inflationary trend, adjusted its balance of payment position and recovered from recession let its Africa relations revert to its pre-1973 position.

Thus, it is quite clear that economic factors have determined the nature of importance attached to relations with Nigeria. This feature of Nigeria-Japanese relations, a phenomenon one writer has correctly referred to as "high economics and low politics"[19], hinges on the latter's need for raw material supplies and an overseas market with effective demand for its industrial products. There is no doubt on the face of it, that Japan views Nigeria as politically important[20]; its ministers and officials sometimes wax lyrical on the subject. Still, among its diplomatic corps, service in Nigeria is regarded as almost analogous to the old Soviet exile to Siberia; something they would rather not wish to experience.[21] This extremely low level of political interest tied to the paucity of aid, presents one conclusively with evidence that Nigeria is in Japan's view, a theatre where its predilection for business without frills can be played out. A situation where it could extract values without the added weighty baggage of attendant political concern that are associated with such economic rewards. The various diplomatic efforts made by Japan with respect to Nigeria bears this out.

In 1953, Japan established a consulate in Lagos which it upgraded to a full embassy in 1961, shortly after Nigeria's independence. In 1956, JETRO sponsored a six-man trade and economic mission which held extensive deliberations with the Nigerian minister for Trade and Industries (see Chapter One). This 1956 effort was followed up in March 1960 when the government sponsored another mission on economic and technical cooperation to seek ways in which its entrepreneurs could cooperate and assist in developing the business and industry of Nigeria. (Also noted in Chapter One).

In 1970 (followed later in 1978) a high powered delegation of the Keidanren (Federation of Economic Organisations) had visited Nigeria as part of its African tour programme. Its purpose was purely economic. In 1971 a 19-man economic delegation led by Mr Shinobu Ichikawa also came to Nigeria to seek out the possibility of future joint ventures. It was during this visit that Japan's interest in the Nigerian petroleum industry was first officially put to the government. The visit of Foreign Minister, Kimura in 1974 was again necessitated by the need to diversify resources supply. The last visit, July 1979 was also due to the dictates of economic needs in the period of the second world energy crisis.

Relations between both nations have therefore simply mirrored Japanese economic aspirations and have proceeded without considerations for African national interests or any other political considerations as we shall show shortly. Nigeria possesses oil and other natural resources which is of enormous importance to Japan. It relations with Japan can therefore only be understood viewed from the context of Japan's needs for resource supply in Africa. This is a view with which Hideo Oda and Kazuyoshi Aoki[22], Nobutoshi Akao[23], as well as Joanna Moss and John Ravenhill[24] would agree. It is a phenomenon that manifests itself in many ways: In a public opinion survey on diplomacy carried out by the Prime Minister's Secretariat, on June 13, 1982, 27 per cent of the opinion sample had no idea whether relations with African countries were important, 34 per cent said it was not important and only 39 per cent thought them worthwhile.[25] On this problem, Professor Nish, the distinguished scholar of Japan at the LSE could only commiserate with the author. Japanese intellectuals explain this state of affairs on the basis of Japan's lack of political experience in Africa, and high ranking Japanese officials find other excuses. The former

Foreign Minister, Toshio Kimura in a speech at the 16th anniversary of the inauguration of the OAU put it down to geographical considerations.[26] As if both the alleged lack of political experience and distance was something that fifty years of very profitable relations with Nigeria could do nothing whatsoever to ameliorate. It is further claimed, by way of reassurance in official circles, that Africa's position can only improve from the new assertiveness creeping into Japanese foreign policy. Since anyone who lives on a diet of hope would die fasting, we can but agree with Owoeye when he asserts that Japan is only seeking in both Nigeria and the rest of Africa, a reliable and guaranteed long term supply of natural resources which it requires for both domestic and industrial purposes.[27] The only rider is that it had sought to ameliorate this position by the high level of interdependence that marks its economic cooperation with Nigeria. It is this position that mainly interests our analysis; that is, since Japan's interest was purely economic, how did Nigeria try to gain from this? However, any analysis of this political side of relations that did not consider the Japanese conception of Africa as a "treasure house of natural resources" would be totally inadmissible.

III

JAPAN'S RESPONSE TO THE NIGERIAN CIVIL WAR, 1967-1970

A pointer to Nigeria's relative lack of importance in Japan's political calculations is the nature of the latter's response to the Nigerian civil war, 1967-1970. We need not enter into a background study of the war since much has been written about it.[28] It is important to note however that the issue involved was national identity: the feeling by the Igbos that since the federal state had failed to secure their general interests and was seemingly indifferent to the genocide by the Muslim North, they were better off being politically on their own. The primary point here is that the situation was not different from that in many new states where society and polity are not necessarily congruent. In Nigeria, it was not so much a case that unresolved tensions of the colonial period, (those sources of myriad resentment settled by "pacification" as Davidson[29] would put it) were now re-launched within the nation state that was still the colonial state. The natural tensions between different communities were re-inforced by intra-elite conflicts. It was simply the case that the inheritance elite who marched through the carnivals of pseudo-parliamentary charade chanting hymns to the "dear Fatherland" (as the anthem proclaimed) plus ten per cent had failed to reconcile their interests and brought in the masses to fight in their own war. When Africa's disease of military dysplasia threatened to sideline these interests they retreated to their regions and using religion and ethnic interests unleashed a trail of bloodshed, like denied vampires. In 1967, a full scale civil war erupted.

From war documents and from major works on this issue, it is clear that Japan's response was simply nonchalant. When Mr Hasiji Hattori arrived in Nigeria as Japan's new ambassador in 1967, his main concern was not the looming crisis which threatened to dismember the country but the Yen credit agreement.[30] (See Chapter Five) In fact, the military leader, General Yakubu Gowon had to give him an assurance that the crisis would not stand in the way of trade and other types of cooperation.[31] The following year, 1968, Nigeria solicited the help of Japan for the development of its telecommunications programme. The latter was most reluctant to help since its officials openly voiced doubts whether Nigeria would remain intact after the war.[32] In 1969, the government of Japan assured Mr G. Dove-Edwin, Nigeria's ambassador of its absolute support for the stand of the Nigerian federal government.[33] By this time, the Biafran forces were not only in retreat but were rapidly collapsing and it was clear whose interests had prevailed. At the end of the war, in 1970, Japan's new ambassador, Mr Akira Shigemitsu offered his government's praise for the efforts of the federal forces in winning the war and bringing about unity and stability. He drew attention to the fact that they had done it "by themselves", an unintended irony that was not lost on his host and audience, Colonel Mobolaji Johnson, the military governor of Lagos.[34]

The above attitude of disinterest shown in Nigeria's greatest hour of need is marked out in many other ways and supported by other sources. John Stremlau's definitive book on the International Politics of the Nigeria civil war makes no mention of any Japanese efforts.[35] Japan's only contribution was to reconstruction efforts. The government gave a $1 million grant to Nigeria to help alleviate the refugee problem, and the Japan Ship Building Association (principal member of the Motorist Federation of Japan) donated eight ambulances for relief and reconstruction purposes.[36] Even then, the purpose was clear enough: the interest of its private capital would best be served by an accelerated return of economic conditions to the status quo ante. This case was a clear illustration of the essence of Japan's policy towards Africa summed up by Michael Leifer who observed that "it appears to convey the impression of getting off the political fence without in practice being obliged to take such an uncharacteristic step".[37] In this particular instance, if we may be allowed to take Leifer's metaphor one step further, it was the case that Japan "hovered above the fence" without any intention of attempting to sit on it. As mentioned earlier, this response was typical of Japan's general response to political issues affecting Nigeria other aspects of which are considered below.

IV

JAPAN'S RESPONSE TO AFRICAN ISSUES AFFECTING NIGERIA

i) JAPAN AND APARTHEID SOUTH AFRICA

An aspect of international politics that further underlines Nigeria's lack of importance in Japan's political calculations, has been the latter's South Africa policy. Because of the predominance of economic motives in Japan's Africa policy the rope of political interest has been kept slack with a total lack of consideration for Nigeria's political sensitivities. Our first task is to show the central place occupied in Nigeria's policy by the struggle for black liberation in South Africa. We would then gauge Japan's response and show the reality of economic needs.

Since Nigeria's independence, Africa has always been the centre-piece of its foreign policy. The liquidation of racial oppression in the whole of the continent is a very important aspect of this policy to which large resources were devoted. The anti-apartheid position was clearly defined in a policy statement by the former head of state, General Yakubu Gowon in 1969. Among other things, it declared that "Nigeria considers the existence of white supremacist regimes anywhere in Africa as a positive menace and a threat to her independence and territorial integrity". The policy committed the nation, "wholly to the struggle against racial oppression".[38]

This position was made clear to Japan in no uncertain terms on different occasions. In 1974, during Foreign Minister Toshio Kimura's visit to Nigeria (as part of his five-nation African tour), the Nigerian head of state requested that Japan switch its imports of agricultural produce from South Africa to other African nations. He stated that; "all that Nigeria and indeed, Africa would like to achieve with regards to South Africa is to see the Republic change her apartheid policy".[39] Prior to this, in May 1973, the meeting of Japanese ambassadors to fourteen African states had alerted their government to the strong feelings in Africa regarding apartheid in South Africa. They warned that Japan would not hope to develop close links with black Africa without showing support for the anti-apartheid movement.[40] At a further meeting between Nigeria's head of state, General Olusegun Obasanjo and the visiting Japanese Foreign Minister, Mr Sunao Sonada, these sentiments were again clearly expressed. Japan was called upon to increase its pressure against South Africa. In fact, Japan's link with apartheid South Africa again dominated top-level discussions held between Nigeria and Japan in July 1979.[41]

In its response to these well articulated national feelings, Japan elected for a highly hypocritical approach. On the surface, through very well polished public pronouncements, it stood firmly with world opinion on the issue. But an examination of its real response to this central issue reveals international jiggery-pokery; a pathetic case of a nation sacrificing its moral values on the altar of materialism.

This visceral perfidy dressed up in the garb of support for anti-apartheid fervour took effect from 1966 when Japan officially declared its stand against apartheid. This stand came in the form of a declaration at the United Nations which stated that, "the policies of racial discrimination whenever and wherever they have been practised and by whatever racial groups against another have inevitably and invariably retarded the progress of humanity for a world of peace and justice".[42] Before this date however, Japan's UN representatives had abstained on the motion to expel South Africa and Portugal from the Economic Commission for Africa (ECA), and voted against proposals to impose extensive sanctions on South Africa in 1962.[43] After the 1966 declaration, it embarked on a wishy-washy policy and contrived somewhat, at least on the official level, to maintain a semblance of an anti-apartheid stance.

This cosmetic practice was carried out in a series of operations in different years whenever prevailing economic conditions permitted. It was a highly professional public relations venture which started in 1967 when Japan participated in an international seminar on Apartheid held in Kitwe, Zambia. After this meeting, it made a donation of $20,000 to the United Nations' education and training scheme for black South Africans. In 1971, it banned the sale of arms (which it has never sold abroad) to the racist enclave and in 1973, the meeting of its ambassadors to fourteen African states further emphasised the need for more positive action if it was to improve its economic links with black African nations. In the following year, 1974, it downgraded its embassy in Pretoria to a consulate and refused to grant visas to South Africans. On 5 June, it announced a suspension of cultural, sports and educational ties. At the United Nations in September, a highly acclaimed speech confirmed this commitment to Africa. In 1977, Japanese firms were prohibited from undertaking joint ventures in South Africa and Japan imposed further restrictions on a number of other exchanges. In 1981, Japan's foreign minister, Sunao Sonada gave a speech at the 40th session of the UN General Assembly in which he denounced apartheid in no uncertain terms. He stated clearly Japan's position which is that it is "determined to take whatever steps it considers necessary until the government of South Africa embarks upon drastic and specific reforms for the abolition of Apartheid".[44] In 1984, after South Africa had imposed martial law, Japan refused to buy Krugerrands or to sell computer equipment there. On October 9, 1985, the Japanese government announced a decision to impose further sanctions on South Africa on account of the latter's continued adherence to Apartheid policies. Among other things, these sanctions include a ban on the import of iron and steel, the sale of computers to the South African police and the import of Krugerrand gold coins.

These policy objectives were very laudable in so far as they sought to bring pressure to bear on apartheid South Africa. In fact, our examination of Japan's voting records at the United Nations, confirms that it has voted in support of African nations condemning raids by the South Africa military into Mozambique and Angola and policies towards Namibia. On the face of it, this demonstrates a high level of commitment to African issues affecting Nigeria. However, if one overlooks the political theatre and hastens to step away from the much expended klieg lights a different reality emerges. Indeed, the whole Japanese anti-apartheid policy calls to mind the elaborate De Gaullian manoeuvre[45] as evidence at our disposal suggests that Japan's anti-apartheid policies were mere theatrical displays which only served to divert attention from the big tents to the side shows.

Kitazawa, Richard, Morikawa, Prestowitz, Spring, and others[46], have all carried out extensive research on the question of Japan's relations with South Africa and we shall not attempt to reproduce this vast literature. Our basic task here is to demonstrate how economic needs subverted all other aspects of Japan's sensitivities to this international issue at the centre of Nigeria's Africa policy.

Japan's trade with South Africa dates back to the early years of the century, and from the 1960s, the Republic began to account for a significant portion of its overseas trade. Since apartheid had become the official policy at this time, Japan sought for, was conferred with, and accepted an "honourary white" status in 1961. It did very little to restrict the activities of its private companies and carried on a policy of "blind" trade.

From the studies above and from other related sources, as well as from documents dealing with international commerce, it is quite clear that a great divide exist between political rhetoric and the realities of economic existence. Both the needs of the Japanese economy for strategic raw materials and minerals supply as well as the need for overseas market with sustainable supply interests have conspired to ensure that government anti-apartheid policies remain in the main, "a death of an oyster diminishes me" after-seafood dinner speech. Since 1961 when the Japanese were accorded an "honourary white" status to enable commercial and other activities to be carried out in South Africa, extensive banking and investment activities, as part of the process of the internationalization of the economy, have been maintained. Its needs for supplies of certain strategic minerals from South Africa leap-frogged from a part supply source to a position of indispensability. Since South Africa had assumed a position of great importance in this supply economics, Japan's position on anti-apartheid was severely compromised and a posture of ambivalence became inevitable.

Japan not only depended on South Africa for its Vanadium ore, calico-chrome, platinum chrome ore, manganese ore and felo-chrome, but also for the supply of uranium ore mined by South Africa in Namibia.[47] By 1979, its dependence on South Africa for the supply of these minerals had assumed a disproportionate position accounting for the following percentages in its entire world demand.

Fig. 6(i)[48]

MINERAL ORE	TOTAL JAPANESE DEMAND (IN PERCENTAGE)
Vanadium	100
Calico Chrome	92
Felo Chrome	71
Chrome Ore	41
Radium Lumps	75
Manganese Ore	48
Platinum	34

By this date also, it had become South Africa's biggest customer for chromium and platinum[49], as well as the largest export market for South African sugar.

The necessities of a world based economy may have made South Africa indispensable to Japan for strategic minerals but it was a partnership which was not one-sided but highly symbiotic. South Africa needed Japan as much as Japan needed it. With the Republic's decision to embark on rapid industrialization in the 1960s, it came to rely increasingly on Japan in the face of an international trade boycott, for its supplies of plant, equipment and machinery[50], as well as for technical assistance in constructing dams, railways and generally for the creation of social and public overhead capital. Japanese private capital also found a lucrative outlet in the manufacturing sector, especially motor manufacturing and related assembly plants.

This interdependence not only increased but did so in geometrical progression. In 1974, at the end of the game of musical chairs being played by the major industrial powers[51] over links with South Africa, Japan was the republic's fourth largest trading partner. However, this was a position that could only improve since the other major trading partners of South Africa had by now started their policy of de-linking. By 1981, Japan had become the republic's second largest trading partner; the republic accounting for 37.4 per cent of its total African trade.[52] Since then, long-term supply contracts have been signed[53] and investments have doubled.[54] The method of these investments have varied from time to time depending on the build up of international pressure. In the face of increasing international condemnation, the Japanese trading companies adopted the practice of setting up dummy corporations (Yurei Kaisha) financed by South African capital. Even discountenancing this practice, its Foreign Direct Investment, both portfolio and greenfield, is very substantial. Toyota's South Africa plant, for instance, is the company's largest plant outside Japan.

There is nothing inherent inviting special condemnation in this Japanese posture considering the general cosmetic approach adopted by the industrialized countries on trade sanctions against South Africa. However, as Kitazawa has pointed out, the rapid growth of Japan's South Africa trade represented an alarming trend not found among other major trade partners of South Africa such as the United Kingdom and the United States of America.[55] One may add to this also, the attempts made by some Western economic powers such as West Germany and the USA to embark on disinvestment programmes. Despite the ambivalence of Margaret Thatcher's government which was apartheid's biggest supporter and where economic sanctions were positively discouraged, private organisations took up the mantle and championed the case against apartheid. In Japan, not only did government policy fall short of the standards expected of it but also public sentiment against apartheid has been essentially non-existent.[56]In fact, as Prestowitz and Baker have shown[57], key members of the ruling Liberal Democratic Party belong to the Japan-South Africa Parliamentary Friendship League which advocates closer ties with South Africa based on the reality of Japan's economic needs. Recent scholarship supports the view that financial commitments strengthening apartheid did increase.[58]

The increased financial commitment was indicative of an effective lack of willingness by Japan to treat with any consideration, the central issue in Nigeria's foreign policy. Moreover, this apathy permeates the fabric of Japanese society and is very much evident in policy options. A few illustrations highlight this assessment.

The first indication may be most readily glimpsed from the reply of the Japan's Foreign Minister, Toshio Kimura, to General Gowon's demand that Japan switch its imports of agricultural produce from South Africa to other African states. While insisting that Japan was doing its best in the fight against apartheid, Mr Kimura stated that Japan could not scale down dealings with South Africa immediately but was prepared to substitute essential raw materials from other parts of the continent, <u>if available</u>. Implicit in this statement is the admission that so long as these commodities were unavailable elsewhere, Japan would continue to obtain them from South Africa despite the inhuman policies of the racist enclave. In fact, this lack of political commitment was an issue touched on by an editorial of the "Japan Times"[59] on Toshio Kimura's visit. This newspaper expressed the view that Japan must be prepared to take difficult political decisions in the years ahead if it hoped to sustain the new found meeting of minds with proud black African states. In retrospect, it was a sacrifice that Japan was not willing to make as the various examples (above) and further evidence below clearly illustrate.

This last pointer has to do with the selective nature of the limited sanctions imposed by Japan. As Prestowitz and Baker[60] have put it, "areas of trade that matter" were not affected by the sanctions. Coal, which is one of the commodities excluded on grounds of national security, abounds in the United States but Japan choose to import it from South Africa where the use of exploited cheap black labour guaranteed lower prices. As this article further shows, this practice was even against the background of sustained efforts by US trade negotiators to persuade Japan to switch its imports to the United States.

The over-riding economic motivation above ensured that even the little political remonstrance that Japan was prepared to muster in support of anti-apartheid efforts was highly qualified. In the early years of the anti-apartheid struggle, it not only stood firm against any economic sanction but failed to support the suggestion by African states that South Africa be expelled from the United Nations. Its reasoning, like that of the industrialized Western nations, was that this would negate the diversity and universality that characterises the United Nations and reduce the effectiveness of the international body's action against South Africa. Also, if one looks at Japan's record at the United Nations, it is always very careful, in its condemnation of apartheid, to emphasise its opposition to apartheid and not the South African government.[61] This exceedingly limited political action has been dependent on the ebb and flow of the world market. At the close of our period, 1985, Japan had become more positive in its anti-apartheid posture. At this point, however, the supply of South African raw materials was no longer a dominant concern in Japan's economic security calculations. As in other areas where the absence of, or laxity of certain actions leads to increasing embarrassment for any government, the apologia officially adopted resurrects the anti-slavery debate.

The official line is that Japan is one of many and cannot be singled out for condemnation especially given its peculiar circumstances. Japan perceives itself as a trading nation and is economically so vulnerable that it cannot afford to practice economic blackmail for political ends.[62] Such a rationalisation lacks intellectual integrity. [63]

What the Japanese have demonstrated in their unwillingness to enforce a measure of economic discipline in their dealings with South Africa is the lack of any useful desire to enforce sanctions. The ever expanding trading links indicate that Nigeria's opinions and legitimate aspirations have meant very little in Japan's foreign policy calculations. This is despite anti-apartheid policy being Nigeria's major foreign policy objective in Africa and the nation expending a great deal of scarce resources in pursuit of this objective. When added up with the other factors previously enumerated such as the paucity of aid provided and investments undertaken, the absence of any desire to assist Nigeria in its greatest hour of need during the civil war, the picture that emerges clearly shows that for Japan, Nigeria is just another market. We need only examine the final aspect of this kind of response to further underscore the point. This last point concerns Japan's attitude to African nationalist aspirations. To be able to effectively underline this point -- as Nigeria is also an oil producing country -- there is the need to show the sensitivity to Arab interests and compare this to Nigeria's.

(II)
JAPAN AND AFRICAN NATIONALISM

A study of Japan's United Nations record and policies on African nationalism corresponds closely to its position on Apartheid and other issues already considered. It is quite clear that on this issue, the Japanese were content to hide under the "sekei bunci" policy while carrying on a hypocritical practice. This practice was clearly stated at the United Nations General Assembly in 1957. On 9 September, Mr Aiichiro Fujiyama, the Japanese Foreign Minister adopted what amounted to a patronising outlook when he clarified Japan's position. According to him, Japan sympathised with African nationalist aspirations but would like the people engaged in the realization of these goals to desist from arbitrary actions, narrow mindedness and work for their economic, political and social progress in a spirit of tolerance and trust.[64]

Japan espoused and developed this patronising attitude further at the General Assembly plenary meeting in 1962. At this session, Japan openly counselled Africans who wished for independence to be more patient and less distrustful of colonial powers.[65] Prior to this date, in 1960, it had voted against the Soviet proposal for a United Nations timetable for independence for all colonies by 1961.[66] Its position was that colonialism and imperialism should be ended promptly and unconditionally since the right to self-determination was guaranteed to all peoples.[67] This position, on the face of it, clearly demonstrated support for colonial peoples. In practice, it was not so. Rather, it was the opinion of a nation which was reluctant and, not at all, willing to help to secure a definite commitment on independence from the colonial powers. We need not go far for this explanation: the 1962 speech (above) is clearly illustrative. Not only was this reluctance the case, but it also shows, as Agbi has correctly observed, the unwillingness of Japan to understand the aspirations of peoples in countries where the colonial powers were reluctant to grant independence.[68]

A diabolical hypocrisy is exposed in Japan's refusal to apply the resolutions of the United Nations on colonialism. Japan's attitude is diabolical because it voted in support of some of these resolutions which it afterwards practically ignored. A major economic power, it gave encouragement to those determined to disregard world moral opinion and continue with their inhuman policies.

Two cases most readily epitomise this point: Namibia and Zimbabwe. The issue of Namibia is closely tied to the struggle against South Africa. The territory known as South West Africa was colonized by Germany, and after the first world war became a League of Nations mandate, passing under a United Nations trusteeship in 1945. During this period, South Africa unilaterally assumed control of the area despite protestations from the people of the territory. Following an International Court of Justice advisory opinion in 1971 which questioned South Africa's tenure, international pressure mounted against South Africa to relinquish control. Nigeria, with many other African states, championed this struggle, and channelled support to the South West Africa People's Organization (SWAPO) which had emerged as the leading nationalist group. Intense lobbying at the United Nations produced minor results, such as the UN's rejection of South Africa's plan for the division of Namibia into tribal homelands and eventual independence, in 1974. Later, following the crystallisation of world opinion against South Africa, significant steps were taken by the UN to guarantee eventual independence for the territory. In 1975, the UN Council for the administration of Namibia passed a declaration which was meant to limit further economic plunder by South Africa. This decision concerned mining activities. It stated that "no natural resources should be exported from the territory" without its consent.

In total disregard for this declaration, South Africa continued to undertake mining activities for strategic mineral resources especially, uranium. Japan was the nation which virtually guaranteed the demand for these minerals. Among other things, it was the major customer for the controversial Rossing uranium mine in Namibia. This connection with South Africa regarding Namibia, has been studied in detail by Kitazawa Yoko[69] who documents in detail a nation's complete disregard for world moral order and virtual abandonment of Africa's nationalist aspirations. The dynamics of this relationship, constitute a study in microcosm of moral atrophy which has been characteristic of Japan's response to such African issues. At the UN, Japan continued with long winded speeches censuring South Africa.[70]

The same attitude was adopted in response to the independence struggle in Zimbabwe (then Rhodesia). The Zimbabwean struggle is a test case of Japan's overall attitude to Nigerian and African nationalist aspirations as it epitomised nationalist struggles everywhere in Africa because of the settler factor. It was also a case where Lagos took centre-stage and began training militia and other personnel for the nationalist groups in Zimbabwe. It also took a strong position with the British government on the issue. On the whole Zimbabwe question, Japan was against the use of force by the groups fighting for independence, a position which was completely in opposition to the stand of the Organisation of African Unity (OAU). Its policy was to defer to Britain's leadership in the crisis precipitated by Ian Smith's UDI between 1962-1965. It only closed its consulate in Salisbury in May 1968 when it had become clear that the struggle had taken a different direction. Following this development, its Ministry of International Trade and Industry, MITI, announced that it would no longer underwrite insurance for goods destined for the territory. As in South Africa, where rhetoric was not matched by decisive action, it continued to defy the UN and trade with Zimbabwe. This prompted an OAU report in 1974, to describe Japan as "the most notorious sanctions buster".[71]

We isolated these two African issues; Namibia and Zimbabwe, because more than any other nationalist struggle (apart from Angola and Mozambique) Nigeria championed these causes which became a matter for national pride. These facts are often countered by the suggestion that Japan was not apathetic to African nationalist aspirations because it was the first Western nation to recognise the independence of Guinea Bissau in August 1974. Contrary evidence is more convincing, however. First, before this date, Japan had abstained on a vote for a resolution censuring Portugal and advocating independence for Guinea Bissau, at the 28th General Assembly of the United Nations in November, 1973. Secondly, it could afford to do this because Portugal was a minor European power whose trade with Japan amounted to very little. There was no fear of political reprisal from any quarter. The real reason therefore was political expediency: this was the period of the world energy and raw materials crisis and the start of Japan's new African diplomacy. The recognition of Guinea Bissau's independence, a tiny African state occupied by a puny European power involved very little political or economic exertion and presented an excellent platform for the take-off of this policy.

As stated earlier, our main purpose is to show how far Japan was willing to back issues in the mainstream of Nigerian foreign policy. Relevant here is the fact that Nigeria is a leading African state and also a major producer of oil. Let us therefore place side-by-side Japan's response to Arab nationalist feelings in the case of the Palestinian struggle in order to see how the edifice of "sekei bunci" stands in the face of minimum pressure.

Again, from its record at the United Nations, it is clear that Japan eschewed a non-political stand and took positive action in support of the Palestinians. It supported this struggle from the beginning. In 1970, it voted for resolution 2628 (XXV) of the General Assembly which called for respect for the rights of the Palestinian peoples. It further voted for another General Assembly resolution (2792D.XXVI) recognising the Palestinian right to self determination. J.C. Hurewitz's study[72] provides an adequate illustration of the political wimp suddenly became assertive when its energy requirements were placed in jeopardy thus threatening the basis of its whole industrial structure. This logic is not difficult to follow. Japan depends heavily on Arab states for its energy supplies: a situation clearly recognised by policy. For example, a JETRO publication explains; "close economic ties with the area are vital for Japan's national economic security".[73] It therefore seems to have succumbed to the pressure of economic needs and the UN automatic majority and took a positive stand to back an issue so sensitive to Israel considering that the official policy of most of the Arab states was then to drive Israel into the sea. It was purely a question of economic importance: Africa was not important enough for Japan to get off Michael Leifer's "political fence". In the Arab case, it discarded its political wimp image and entered for an olympic gold medal in political arm-twisting.

What is striking is that Japan was able to disregard

African political sensitivities without suffering any opportunity cost. During the period that Japan an economic giant was willing and anxious to play the role of a political dwarf[74], its trade with the continent increased by 500 per cent.[75]

Japan's excessively minimalist and cautious attitude adopted towards Nigeria's national interests can be explained, because its interests were not only identical with the ex-colonial powers and South Africa but protected by them. Unlike China, it did not use its membership of the United Nations to support Africa's nationalist aspirations because it felt secure in the Western camp.[76] The willingness of Japan's foreign policy to shadow that of France and Britain with regard to these central issues in Nigerian Africa policy may be further understood in another way. As a defeated power, it was anxious to win back the favour of the allied powers since its economic recovery depended on precisely that effort. However, this explanation is untenable. The issue of nationalist aspirations in international relations cannot be subjected to the need for economic self preservation of any one state.

What we have demonstrated in this chapter is Japan's consistently hypocritical policy in the way whereby it paid lip service to the promoters of African nationalism and Nigeria in particular.

Two important issues arise from this conclusion. The first is the question: 'What other states which had material rather than propaganda status in any country (not just Nigeria) are prepared to sacrifice them for nationalist sensitivities?' Judging from the conduct of international political economy since 1960, the answer is none. If this is the case, is the above then a totally justifiable parameter to apply in assessing Japan's political conduct with respect to Nigerian issues? Again, our response would be in the negative. It may also seem contradictory to our position - which is that the obstacles hindering a beneficial interchange between the North and the South lie within the South - that we have outlined the lack of political sensitivity of the Northern state.

The answers to the above questions are not far-fetched. Our attempt in the first instance was merely to show the interplay of international factors affecting this relationship and how the two states reacted to them. As we said earlier, to seek to secure material interests is a legitimate aspiration of foreign policy. In the second, the conclusion reached concerning Japan's lack of political sensitivities does not weaken but is rather useful to our position. This is because part of the argument of those who believe that the Southern states are caught in an inherent web of disability in their relations with the developing economies, is the exercise of undue political influence. The argument is tied closely to imperialism and neo-colonialism which is at the centre of this dependency position. To summarise this position, the political control exercised by the developed countries often results to skewed development and reinforces underdevelopment because this leads to the emergence of a comprador elite. This elite are often the managers of a periphery existing to serve the development objectives of the hegemon. The client state therefore will never benefit from any economic relationship with the centre as a result of the distortions inherent in this system. Indeed, all other aspects of the dependency analysis may be said to be predicated on this "client-state" phenomenon.

Japan, which has no colonial relationship with Africa, also operates a "trade for trade alone" policy, as we have conclusively proved in the chapter. Since this is the case, the developing economy had been presented with a new set of relationships and an almost classic ideal for a most beneficial interchange; and if we are to extend this position, for conditions necessary to make a fresh start. Yet, in the twenty-five years considered, the benefits of this relationship failed to accrue largely to the developing economy. Why did the Southern economy, in this case Nigeria, fail to exploit the new relationship that was free of the paradigm constructed by dependency analysis? It may be posited that this inability resulted from the mode of production enforced by the first relationship (the colonial heritage). But, how could this be the case here?

As we have shown, the pattern of Nigeria's production would have benefitted her since Japan was ever desirous of its products. This was not the case however, as none of these products were forthcoming. It seems to us therefore, that the answer lies in the operation of the domestic economy and not in the international system.

NOTES

1. See Note 13, Chapter 4.

2. Olasupo Oyedokun, "The changing pattern of Nigeria's international economic relations", op. cit., p. 540.

3. Olajide Aluko, Essays on Nigeria Foreign Policy (London: George Allen and Unwin, 1981), p. 50.

4. During the Bizerta crisis of 1961, the Prime Minister travelled to London to seek the advice of the British government before making any pronouncement on the matter. See, Gordon J. Idang, Nigeria Internal Politics and Foreign Policy, 1960-1966 (Ibadan: University Press, 1973), p. 14.

5. R.A. Akindale, "Nigerian Parliament and Foreign Policy, 1960-1966", Quarterly Journal of Administration, Ibadan, vol. 9, no. 3, 1975, p. 279.

6. There was no cabinet committee on foreign policy and even though Jaja-Wachuku was appointed Minister for External Affairs, the prime minister retained exclusive control of external policy. For a clear illustration, see, J.P. Mackintosh et. al.; Nigerian Government and Politics (Evanston, III: Northwestern University Press, 1966), p. 283. In Idang, ibid, p. 6. Mackintosh, in another article, offered part explanation for this state of affairs. He is of the opinion that Nigeria barely needed any foreign policy since it was surrounded by weak neighbours. See, J.P. Mackintosh, Nigeria's external Relations", Journal of Commonwealth Political Studies, vol. 2, 1963-64, pp. 207-219.

7. Timothy M. Shaw, "Nigeria in the international system" in I. William Zartman (ed), The Political Economy of Nigeria (New York: Praegar Publishers, 1983), p. 211. Further points out the negligible "international" content in the succeeding Gowon administration.

8. James Mayall, "Oil and Nigerian Foreign Policy", African Affairs. Journal of the Royal African Society, vol. 75, no. 300, July 1976.

9. Olajide Aluko, "Nigerian Foreign Policy" in Olajide Aluko (ed), The Foreign Policies of African States (London: Hodder and Stoughton, 1977), p. 185.

10. Oyedokun, op. cit., p. 543. About 20 per cent of the capital required for investment in the 2nd National Development Plan, 1970-1974, was expected from abroad. The First National Development Plan required 50 per cent. See, Federal Republic of Nigeria, 2nd National Development Plan, 1970-1974, p. 299. Also quoted in Aluko, op. cit., p. 50.

11. As evidence in the address of the Nigerian ambassador at the 10th General Meeting of the Japan-Nigeria Association, Tokyo, June 1976. See, Nigeria Bulletin on Foreign Affairs, 6 June 1976, p. 55.

12. West Africa Magazine, No. 3130, 4 July 1977, p. 1351.

13. The Guardian (Nigeria), 5 August 1984.

14. Kochiro Horie, "How Japan has grown in Africa" in West Africa, 28 November 1983, pp. 2753-2755.

15. Mushkoji Kihinde, "The changing Japanese Foreign Policy: Attitudes in the 1960s". Japan Institute of International Affairs, Annual Review, vol. 5, 1969-70.

16. Olajide Aluko, Essays, p. 194.

17. Africa Diary, vol. 14, 1974, p. 7023. In Jide Owoeye, "Africa and Japan's search for resource security", p. 279.

18. Robert S. Ozaki and Walter Arnold (eds), Japan's Foreign Relations, op. cit., p. 153.

19. Bukar Bukarambe, "Nigeria's Economic Relations with Japan: The Direct and Indirect" in R.A. Akindale and Bassey Ate, Nigeria's Economic Relations, p. 236.

20. Koichiro Matsuura, "Keizai Kyoryoku Taikoku Nihon'e no Michi", Keiza to Gaiko, March 1982, p. 19. See also speech by Mr Tatsuo Hiroyama, the information and cultural attache, Embassy of Japan in Nigeria. Daily Times (Nigeria), 3 August 1984, p. 7.

21. Private communication with Japanese Diplomats in Nigeria and London.

22. Hideo Oda and Kazuyoshi Aoki, "Japan and Africa: Beyond the Fragile Partnership" in Ozaki and Arnold, ibid, pp. 153-168.

23. Nobutoshi Akao (ed), Japan's Economic Security: Resources as a Factor in Foreign Policy (London: Gower Publishing Company, 1983). See especially Chapter Two, pp. 15-45.

24. Joana Moss and John Ravenhill, Emerging Japanese Economic Influence in Africa: Implications for the United States (Berkeley, California: Institute of International Studies, 1985).

25. Public Opinion Survey on Diplomacy. Prime Minister's Secretariat, October 1982. Foreign Press Centre, Tokyo, December 1982, p. 24. (I am grateful to Professor Michael Leifer for providing me with this data.)

26. Africa - Japan Economic Newsletter, 1979, No.16, pp.5,8.

27. Owoeye, op. cit., p. 288.

28. The most interesting remains the accounts of the participants. See, Olusegun Obasanjo, My Command (Ibadan: Heinemann Books, 1980). C. Odumegwu Ojukwu, Biafra, vols. 1 & 2, New York and London, 1966 and 1969.

29. Basil Davidson, Africa in Modern History, op. cit., p. 294.

30. Morning Post (Nigeria), 9 March 1967.

31. ibid.

32. Jide Owoeye, "Nigeria and Japan: A study of Trade Relations" in Go. O. Olusanya and R.A. Akindele (eds), Nigeria's External Relations: The First Twenty-Five Years (Ibadan: University Press, 1986), p. 327.

33. The Morning Post, 28 July 1969, p. 8.

34. ibid, 9 March 1970, pp. 4 and 9.

35. John Stremlau, The International Politics of the Nigerian Civil War, 1967-1970 (Princeton: Princeton University Press, 1977).

36. Daily Sketch (Nigeria), 27 June 1970.

37. Michael Leifer, "Japan and Africa: Political Economy and Ambivalence" in Olajide Aluko (ed), Africa and the Great Powers in the 1980s (Lanham: University Press of America, 1987), p. 162.

38. "Long Live African Unity", Text of General Gowon's address to Heads of State of the OAU, 6 September 1969 in Aluko, "Nigerian Foreign Policy", p. 186.

39. Africa Contemporary Record, vol. 7, 1974/75, p. A66.

40. ibid, vol. 6, 1973/74.

41. Daily Times (Nigeria), 23 July 1979, p. 2. See also edition of 24 July 1979.

42. Statement by Delegates of Japan to the United Nations, 1966. Quoted in Agbi, Japan's Attitudes and Policies..., p. 31.

43. Economic and Social Council (ECOSOC). Resumed Thirty-fourth session. Official Records, Meeting 1239, 19 December 1962, pp. 13-17. See Yearbook of the United Nations (YUN), 1962, p. 100.

44. Africa, the International, no. 171, November 1985, p. 59.

45. Charles De Gaulle's Brazzaville Declaration of 1944 which was received with loud cymbals and hallelujahs, sought to keep the "natives" happy by promising them independence while the difficulties of the moment were overcome. As it turned out, it was a declaration whose "words were large but in substance small". Independence was not granted.

46. Yoko Kitazawa, From Tokyo to Johannesburg: A study of Japan's Growing Economic Links with the Republic of South Africa (New York: Interforth, Centre for Corporate responsibility, 1974).

Yoko Kitazawa, "Japan's Alliance with Apartheid", Africa Report, vol. 19, Nov/Dec 1974, pp. 37-41.

Yoko Kitazawa, "Dishonourable 'white': Japanese capital buys into apartheid", Ampo, vol. 7, Winter 1975, pp. 79-87.

Payne Richard, "Japan's South Africa Policy: Political Rhetoric and Economic Relations", African Affairs, vol. 86, no. 343, April 1987, pp. 167-178.

Jun Morikawa, "Japan's Contribution to Apartheid", Secheba, vol. 12, no. 2, 1978, pp. 48-54.

Jun Morikawa, "The Anatomy of Japan's South Africa Policy", Journal of Modern African Studies, Cambridge, vol. 22, no. 1, 1984.

Martin C. Spring, "Japanese-South Africa relations", Newsletter, South African Institute of International Affairs, vol. 6, No. 4, 1974, p8-17.

The most recent of these articles chronicling Japan's sanctions busting is, Clyde V. Prestowitz and Pauline Baker, "To Japan South Africa is just a market", International Herald Tribune, 6 April 1989.

47. Yoko Kitazawa, "Japan's Namibia Connection -- illegal Japanese deals violate United Nations resolutions", Ampo, vol. 12, no. 3, 1980, pp. 34-37.

48. "Keizaiteki Masubitsuki: Nihon to Minami Afurika", Afurika Kodi Linka Nyasu, no. 22, November 1979, p. 3, in Agbi, op. cit., p. 41.

49. Payne Richard, op. cit., p. 168.

50. Yoko Kitazawa, "Japan's alliance with apartheid", op. cit., p. 39.

51. A beautiful phrase used by William Nester to capture the essence of the big power politics regarding South Africa. See William Nester, "The Third World in Japanese Foreign Policy", Millennium, Winter 1989, vol. 18, no. 3, p. 391.

52. Africa Now, no. 34, Feb 1985, p. 56.

53. Yoko Kitazawa, ibid, details some of these long-term supply contracts on p. 38.

54. Yoko Kitazawa, "From Tokyo to Johannesburg".

55. Yoko Kitazawa, "Japan's alliance with apartheid", p. 37.

56. Payne Richard, "Japan's South Africa policy", op. cit.

57. Clyde V. Prestowitz and Pauline H. Barker, "To Japan, South Africa is just a Market" International Herald Tribune, 6 April 1989.

58. Jun Morikawa, "Japan's contribution to apartheid", op. cit.

59. See African Contemporary Record, Vol. 7, 1974/75, p.66.

60. Prestowitz and Baker, op.cit.

61. A practice observed by James R. Soukup in "Japanese-Africa Relations: Problems and Prospects", Asian Survey, vol. 4, no. 7, July 1965, p. 334.

62. "Japan's Foreign Policy". Speech by Foreign Minister Takeo Miki at Australian National University, 29 July 1968. Ministry of Foreign Affairs, Tokyo.

63. Consider the anti-slavery reasoning embodied in this verse by J. Walker, A Descriptive Poem of the Town and Trade of Liverpool 1789:

    Let none too rash condemn the Afric trade,
    Till once the subject they have duly weighed;
    The Moors are purchased from their native shore,
    And sold for slaves, were they not as before?
    'Tis proved their state is better'd - not made worse,
    Then slav'ry is a blessing, not a curse.

    Both this, and the Japanese excuse are practical reasoning guaranteed a large audience in a kindergarten.

    For the above verse, see Roger Austey, The Atlantic Slave Trade and British Abolition 1760 - 1810, (London, Macmillan Press), 1975, page 295.

64. Ministry of Foreign Affairs (UN Bureau). "Statements delivered by delegates of Japan during the XII regular session of the General Assembly (Tokyo 1958), p. 4.

65. James R. Soukup, op. cit., p. 333.

66. United Nations General Assembly, 15th Session. Official Records, Plenary Meeting 947. 14 December 1960, pp. 1272, 1273. Quoted in Soukup, ibid.

67. United Nations Resolution 1654 (XVI) A/L325. Quoted in Agbi, op. cit., p. 20.

68. S.O. Agbi, "Japan's Attitudes and Policies...", p. 15.

69. See Note 45 above.

70. New Nigerian, 8 April, 1981, p.11. For a statement by Japan's ambassador the UN, Mr. M. Nisibori condemning South Africa in Namibia.

71. Statement by OAU's Secretary General, Nzo Ekangaki. Quoted in West Africa, no. 2974, 17 June 1974.

72. See for instance, Kiichi Saeki, "Japan's Energy-Security Dilemma" in J.C. Hurewitz, Oil, the Arab-Israeli Dispute and the Industrial World (Boulder: Westview Press, 1977), pp. 258-261.

73. JETRO; Trends in Japan's Foreign Trade, Tokyo 1989, p. 41.

74. Agbi, ibid, p. 27.

75. Yoko Kitazawa, "Japan's alliance with apartheid", p. 37.

76. Agbi, ibid, p. 13.

CHAPTER SEVEN

CONCLUSION

I

THEORETICAL SIGNIFICANCE OF THE THESIS

A central object of this thesis has been to illustrate the interplay of domestic factors hindering the effective participation of a Southern economy in the international system. This approach is in opposition to the thesis articulated by dependency analysts in which the international system acts as the prime stumbling block. Both positions, that is, the failure to mobilise potential and properly articulate development objectives resulting from structural distortions in the domestic economy, and dependency analysis are part of the conventional wisdom on development in the third world. This debate has historical roots and may only be properly understood within that context.

Sustained growth, as the product of domestic and international activity, has been at the foundation of economic thought from Adam Smith to Keynes.[1] Different factors have been identified as the prime movers for development. To many theorists, this change was propelled by capital, the accumulation of which was seen as an end in itself. Some, however, sought alternative explanations. To Joseph Schumpeter,[2] entrepreneurial sprit was the prime-mover. The economic basis for human progress (sustained growth) seemed limited by inherent and easily identifiable barriers. David Ricardo[3] argued that agriculture, then wrongly attributed with diminishing returns as opposed to increasing returns in industry, would act as a barrier to development. It was on this basis that the Rev. Thomas Malthus[4] propounded a theory of population as a threat to development. According to Malthus, populations which grew at geometrical progression as opposed to arithmetical progression in food production would finally outstrip agricultural productivity. Characteristically, reservations about the prospects of sustained growth were most articulately put by John Maynard Keynes. Expressed in terms of the falling marginal efficiency schedule of capital, Keynes believed that "as capital accumulation proceeded, new investment opportunities were gradually used up; and as the rate of interest could not, for various reasons, continue to fall in step with the falling marginal efficiency of capital investment, capital accumulation and progress would come to a stop".[5] In general all these scholars agreed on the importance of international trade and factor movements in the realisation of developmental goals. Major differences remained on how important international cooperation and in particular, foreign trade were to national growth. Among the scholars who emphasised the beneficial economies created by foreign trade were J. S. Mill, Alfred Marshall, Jacob Viner and G. Haberler.[6]

These scholars, however, did not primarily concern themselves with the problem of development in the third world or with the nature of the market relationship between the latter and the developed states. This task was left to neo-classical scholarship, a body of thought which emerged chiefly in the

United States. Kindleberger, Singer, Rostow, Nurkse and Meier, among others, were scholars who typified the attempt made to examine the problems facing the late comers in economic development. These scholars identified the major problem as that of capital accumulation. One of the most important theses about third world development was provided by Ragnar Nurkse who carefully analysed these problems in Some Problems of Capital Formation in Underdeveloped Countries. Nurkse recognised that the attraction of the higher living standards of the developed economies would act as a stumbling block to capital formation as rampant consumerism would arise in the developing economies. This would act as a threat to savings and realisable investment. All recognised the fact, most succinctly put by Simon Kuznets,[7] that domestic factors were as important as external factors in third world development analysis. Some, like Kindleberger and Peter Bauer, found that domestic obstacles more than external factors accounted for the lack of development in the third world. Since there was an agreement that a right combination of domestic policies would help overcome these problems, a characteristic of these writings were explicit policy recommendations. As a result of these efforts, third world development was established as a legitimate line of academic inquiry.

Southern economists, like Arthur Lewis,[8] who joined this debate were optimistic about the possibilities of rapid development in the developing countries. Some, like Gunnar Myrdal[9] maintained an unqualified pessimism and were increasingly apprehensive not only about the contribution of trade to development in the South but also about the frameworks for sustaining development in the South. By this time (end of the 1950s and early 60s) certain rapid developments were taking place in the third world. For a start, independence had become a reality for most of the nations and with this came increasing demands for the redistribution of the world's resources. The economics of development became the economics of discontent[10] and the interests of the developed economies were seen as widely divergent from those of the developing countries. All over the third world, the demand was for an increased share of the world's resources. It was from this mood that Dependency theory emerged.

As a theory, dependency forged a link between the causes of underdevelopment and the relationship between the North and the South. This pattern was explained by reference to historical antecedents which were characterised by asymmetrical interdependence. A dependency framework was established based on this explanation and it was argued that not only was this the cause of underdevelopment but that Southern states could not hope for a beneficial interchange with the North because of the inherent bias of the system. The alternative way to development was state ownership of the means of production and planned distribution of total output between investment and consumption as the most effective way of ensuring an increasing use of resources directed at improving living standards. This was the most effective system, it was argued, since it was free of the alleged class interests plaguing the established diffusionist model. Since the demand in the third world at this time was for increasing share of available resources, this theory seemed to legitimise these aspirations. Accordingly, it was given a wide reception in academic institutions in the third world. In some, it transcended this level and had a most profound influence in terms of psychology, encouraging a rabid nationalism.

In Africa, the belief was that dependency was the most potent explanation for its underdevelopment (for details see Introduction). The influence of this theory was more pervasive than might have been previously imagined. For one, most students of African universities could not hope to pass their examinations in politics without being very well versed on the dynamics of this relationship. Indeed, the theory legitimised political aspirations. It gave impetus to certain groups who sought to overthrow their inherited systems. It also informed Africa's approach to the multinational agenda. But most important of all would have been its psychological effect. As Africans came to believe that their conditions were not of their own making but attributable to external forces this resulted in a sense of diminished responsibility. Regimes could now care less about their domestic systems and coup plotters could justify their actions since they fought against western imperialism and their 'lackeys' (dependency's comprador bourgeoisie). Everywhere in Africa, corruption and dictatorships thrived and scant consideration was paid to the practical problems of development. Dependency theory was the ideal hostage to fortune.

There can be hardly any doubt that dependency which has since "become one of the foremost interpretations of development",[11] was a relevant hypothesis. Indeed, by reference to historical factors, it articulated a system that had characterised North-South relations and which could hardly be ignored. As a force, it helped to bring the issues of the third world to the centre stage and led to the defeat of Eurocentrism and the centre bias prevalent at the time. It may even be argued that the various international initiatives on the solution to third world problems, such as UNCTAD and the New International Economic Order (NIEO) resolution of 1974, were the result of pressures mounted by this challenge to conventional development thinking. The Group of 77 symbolises the pervasive influence of this thinking and the attempt to affect a reformist redistribution through multilateralism, though not necessarily through state ownership.

Dependency analysis in its attempts to explain Africa's underdevelopment and its relations with the developed economies was, however, fraught with fundamental flaws. It was a plausible theory but one which was largely untested. As a mode of explanation for present relationships, it left a lot of questions unanswered. As we have underlined in the introduction, some of these questions needed to be reconsidered. One, the line between the two systems (developed/underdeveloped) is not as sharp as it was when the theory was articulated. Some underdeveloped countries have made giant strides and are now classified as Newly Industrialised Countries, (NICS). Some of these NIC's had a very similar political and economic heritage to others still underdeveloped (e.g. Malaysia, Nigeria). Indeed, some underdeveloped states have had opportunities presented to them for massive capital accumulation of a kind unlike that experienced by some developed economies. Yet, they remained underdeveloped. What plausible explanation was there for these divergencies? Even discountenancing these nagging problems, third world countries, as we have pointed out, are not homogenous. In fact, the difference between oil producing and non-oil producing third world states are as wide as the one between the former and the developed countries. It may even be said that these states (oil producing) may have done more damage to the economies of the non-oil producing states than the perceived effect of the developing nations. Even some minor details needed explanation. Such as the fact that Nigeria, the world's largest producer of palm-oil in the 1960s is now a net importer, some of it from Malaysia where Unilever had taken some samples in an earlier period. Where lies the responsibility for this inertia; external or internal factors? Again, since the 1960s the international system has increasingly provided opportunities to the third world for capital growth through multilateral development agencies. While some states like Singapore (which secured its independence in 1965) have made effective use of these resources, others like Nigeria (which became independent in 1960) and which is more richly endowed had completely wasted these resources in projects such as the Ajaokuta Steel Mill. (A project which has presently cost the nation about $5 billion without yet producing a single tonne of steel[12]). Were these facts also as a result of a mythical conspiracy or simply one of the imperfections of the domestic system?

Beyond the problem of inadequacy of interpretation, there are also some conceptual difficulties in application. Two of these difficulties are;

(a) The extent to which the underlying assumptions do in fact correspond to the actual situation[13] in each case and;

(b) Whether any resulting shortfall for the South in the relationship with the North must be automatically put down to dependency relationships.

These were the issues we raised and the questions we posed at the outset of the thesis. They were important because in the light of an ever changing international system, any relevant model must be able to provide adequate explanations to them. In dependency analysis, they are subsumed under a covering hypothesis. For us, therefore, this was an incomplete model.

What has been offered in our analysis, with regard to the explanation of the nature of the relationship between the North and the South, is an alternative explanation. By studying the relationship between a Northern and a Southern country, we have argued that underdevelopment is not the result of an inexorable decree of fate arising from structural alignments. Rather, that the explanation must be sought with reference to domestic factors. We posited that a myriad of political and economic factors combined to place obstacles in the way of sustained growth as a corollary of participation in the international economic system.

We justified this position by putting clearly the main arguments along the following lines.

By considering trade side-by-side with policy, we showed that while there was reciprocal demand, this was not matched by supply on the Nigerian side because of the ineffectiveness of policy. This ineffectiveness resulted mainly from massive corruption and the neglect of agricultural production with the discovery of oil. The massive corruption central to the operation of the Nigerian system created administrative bottlenecks and with it, the collapse of the machinery for policy execution. In our discussion of Japanese investments, we argued that increased investments may not have been possible because of this factor. As a Japanese official had put it, "Japan's main business concern is business risk." (See page 161). This was merely one result of this factor. Further structural distortions in the domestic economy resulted from the retention of the colonial Marketing Board system without necessary adaptation. Since this was a tax falling on domestic producers, with the discovery of oil and a resulting boom, activity shifted away to other sectors. This led to a drastic fall in Nigeria's exports. The neglect of the agricultural export sector also meant a lack of competitiveness in the international market.

The lack of discipline which permeated the whole apparatus of economic policy making and implementation - a general characteristic of Nigeria's overall policy during the period, was as we have shown - of supreme importance in the shaping of Nigeria's relations with Japan. It led to a lack of restraint for managing an economy for massive importation of Japanese consumer goods without promoting a correspondingly higher value of exports. The end result was an asymmetry in trade. The inverted trade and resulting huge deficit was not therefore the result of the industrialised economy's competitiveness or the result of "structural variations in the conditions of supply and demand between the developed and the developing systems"; that is, of declining terms of trade, as Prebisch had argued.[14] In this particular case, it was simply the result of the lack of articulation of overall national interests.

This failure of external trade policy was also the result of the conduct of external relations. Since the policy emphasised Western European and American ties it led to the neglect of other areas, most significantly Japan, a country that had already become a major supplier of the Nigerian market. The skewed nature of external policy meant there was a lack of any knowledge of the operations of other systems and their markets. In the relationship with Japan, the result was a failure to meet competition and exploit the latent demand for Nigerian goods in the former's domestic market.

We also argued that the domestic political structure of Nigeria did not allow for a beneficial interchange with Japan. This system was marred by competing factions, mainly ethnic interests.

This led to the lack of articulation of overall national interests. We showed how these interests distorted development objectives. The most noticeable effect of this was the ruinous civil war and other effects such as the siting of development projects. Done purely on the basis of political considerations and devoid of economic rationalisation, the practice whittled away resources that would have been spent pursuing development objectives which would have led to a most beneficial interchange. This political consideration also led to showpiece projects that had no relevance to overall economic development.

It was also our belief that the absence of democratic institutions and the succession of military coup d'etats did not provide a stable economic environment. Since tariff and investment policies were ever changeable, the political instability which resulted hindered capital movements in the form of Japanese foreign investment. Coupled with the lack of articulation of overall national interests, this affected the movement of Japanese capital in the form of development aid. This is because in Japan, such assistance is provided only for overhead capital.

We had sought to further consolidate our argument, by showing that Japan's insensitivity to Nigeria's political sentiments and its general lack of political interest in the pursuit of international relations presented a novel proposition. It meant that the damaging political influence which as dependency explained, characterised North-South relations was simply not a factor. The developing economy was thus presented with a relationship that was completely different. Yet, the developing economy did not exploit the situation. As we have argued, this was because of the structural distortions in the domestic system. We therefore concluded that any explanation of the asymmetrical interdependence which developed must be sought in the domestic economy and not in the operations of the international system.

It is not our intention to extrapolate from the above and conclude that all North-South relations are characterised by the pattern we have described. This would amount to, in Karl Popper's[15] words, a historicist inclination. Besides, the privilege of pontification still remains that of the Vatican. It is our opinion, however, that although historical links are important, in the light of an ever changing international system and relationships, dependency theory is a form of scholarship which is of little relevance as a mode of explanation of North-South relations. Developing countries are in the main, the architects of their own destinies and all scholarly interpretations should come to terms with this fact of life.

II

PROBLEMS OF JAPAN-NIGERIA RELATIONS

A study of Nigeria-Japan relations, 1960-1985 is a study of 'high economics and low politics'. As a prelude to these modern relations, Japan's interest in Nigeria in the 1930s was primarily economic. At this time, Japan was rapidly modernising its industrial structure and expanding its capital base. Since industrial output consisted mainly of primarily goods, mostly textiles, the international politics of textiles and the decline of the China trade meant that alternative markets had to be found. Nigeria was seen as a lucrative market with enough potential to allow for increased cooperation. Accordingly, trading links were established and other necessary policies adopted to suit this disposition. Any political attention that would have followed this economic interest was not forthcoming in this early period because Nigeria was under the sovereignty of Great Britain and this ruled out bilateral contacts. Secondly, the Japanese drive towards economic maturity was led by the military which used the "Zaibatsu" (financial cliques) to subvert all other apparatus of state. This meant that Japan's national political interests were not very well articulated.

This state of affairs provided the foundation upon which the post 1960s relations were built. When Nigeria became independent in 1960, it needed to undertake its own modernisation process by providing necessary infrastructural requirements. These needs readily became part of the national development plans increasing the prospects of trade in both consumer goods and industrial machinery between both states.

As Nigeria is an oil producer, the 1973 energy crisis helped to draw it even closer to Japan. By the late 1970s, this relationship had come to be marked by a high degree of cooperation not only in commodity supplies but in other areas, mainly the service sector. The need for the imports of these goods and services for Nigeria meant increasingly expending foreign exchange and the prospects of balance-of-payments difficulties. A situation that was not improved by the fact that its comparative advantage lay in the agricultural and not in the manufacturing sector. The nation therefore rapidly embarked on an alternative: import substitution. This obliged the Japanese to set up local industries but this was not without initial difficulties as we have seen in Chapter Two. Increased trading and investments thereafter became the marked characteristic of the post-independence relationship.

The use of this increased bilateral economic cooperation for political advantage did not result, however. This was for two main reasons. First, the skewed nature of Nigeria's external policy which initially emphasised Western European and American contacts almost exclusively, had led to the relegation of Japan to a secondary position in foreign policy considerations. Secondly, the Japanese in exorcising the ghost of adventurism that had led them to a disastrous Pacific War conceived a foreign policy which separated trade from politics. This was known as "sekei-bunci". Preoccupied with economic reconstruction and adjusting into new alignments, Nigeria was only marginally important.

The lessons of the twenty-five years of bilateral relationship are therefore very limited. It is the respective attitudes of the two states which is more of interest. Japan's relations with Nigeria, 1960-1985, is a study of two widely differing responses. On a broad canvas, they would be separated by two sharply contrasting shades; adaptive adjustments and minimalism bordering on laxity. While the first stroke would capture the sum of Japan's attitude, the second would clearly illustrate Nigeria's overall posture. This variation did not result from differences in economic base. Rather, it denotes the degree of articulation of overall national interests. That the gains of this relationship accrued largely to Japan was the result of the consistency of its approach to the Nigerian market. From the 1930s when problems in its China trade brought Nigeria to its attention, until the 1970s when the energy crisis made Nigeria a very attractive market, its attitude remained the same. This could be seen in the nature of its economic adjustments: the rapid responses to changes called for by the market as illustrated in the thesis. It further undertook some necessary initiatives to improve the relationship. Japan's exceedingly low level political response to bilateral and multilateral political issues affecting Nigeria may be explained as a result of its trade for trade alone policy. Its dedication to helping Nigeria's growth process was exemplary. As we have pointed out, the Japanese factor was crucial to Nigeria's development.

For Nigeria, the twenty-five years under study was one of missed opportunities. Its inability to articulate its interests vis-a-vis Japan was the result of several factors as we have shown. Japan was of economic importance yet the failure of relevant policies militated against a highly beneficial interchange. This inability to participate effectively in the international system is symptomatic of the domestic constraints existing in the economics of many third world states. This study is illustrative of this belief. Nigeria, however, possesses an economic advantage in the form of its huge reserves of essential raw materials. It is this fact which holds the prospects for a changing pattern.

The prospects for a changing pattern involving greater reciprocity must be viewed, however, from the context of the political economy of energy and raw materials resources in the international system. Japan has not only become an economic superpower but also an emerging political power. Its energy and raw material needs still remain and increased by greater production. The paramountcy of economic needs which had governed the bilateral relationship therefore remains intact. As U. Joy Ogwu[16] has observed, the large deposits of raw materials in Nigeria and the large market which it provides for finished goods from Japan will act as an incentive to maintain and improve friendly relations. However, it is doubtful whether these incentives would go any respectable distance in improving relations in the light of other international developments.

The rapidly unfolding changes in the international system are producing a different set of equations for Japan's economic calculations. The break-up of the old Soviet Union and the collapse of communism in Eastern Europe are realities which threaten to unhinge Nigeria's balance in this equation. The territories of the former Soviet Union produce most of the mineral resources obtained by Japan from Nigeria and indeed, from the rest of Africa. It has also a larger market in terms of notional effective demand and a relatively better articulated development objective than Nigeria. Added to this is the proximity to Japan. Japanese entrepreneurs could well undertake massive investments to develop much needed resources here as in Eastern Europe. Any Soviet venture may however depend on improved Japan-Soviet relations, especially on any agreement reached over the Kurile Islands. Given the monumental changes in the former Soviet Union, and the fact that it was able to reach a solution with West Germany enabling the latter to absorb the former East Germany, a complete pull-out is not a far-fetched possibility. The prospect of massive infusion of much needed capital by Japan into a rapidly collapsing economy makes this highly probable. Given that Japan's resources are not unlimited and the opportunity cost consideration for overseas investments, it seems that Nigeria is likely to lose out to the former Soviet Union and Eastern Europe.

This position seems even more likely by the absence of any power relationship between Japan and Nigeria or indeed any African nation. This kind of power relationship, illustrated by Zuhayr Mikdashi with reference to the US/Saudi relationship,[17] is usually characterised by a sense of interdependence. In the US/Saudi case, this is heightened by the oil-import requirements of the US and substantial Saudi assets held in the US currency.

In fact, no African nation, except possibly South Africa, possesses any kind of leverage over Japan. Any prospect for improved relations will depend on much needed political and economic changes in Nigeria. These would provide a more stable economic environment necessary for the attraction of investments. However, the possibility of these changes taking place is not very bright. Nigeria is still beset with an elite dedicated to securing personal and ethnic interests rather than a national goal. The proposed return to democracy in 1992 holds very little hope since some fundamental issues have not been addressed. Again, the history of Nigeria's past democracy and the lack of discipline in the armed forces does not leave room for any serious optimism. It remains to be seen whether the elected representatives would be determined to undertake a revolution of values, or whether the only bills they would be passing are those which line their pockets as their reputation most infamously indicate. With a rapidly growing population and increasing discontent, they may have no choice but to introduce much needed economic changes. This is the only basis for any optimism. There is no doubt that Nigeria is important in Japan's economic calculations (out of a total of 3,964 Japanese living in Africa in 1981, 906 were resident in Nigeria[18]) and that Japan would be most willing to increase its economic cooperation once conditions improve.

The lesson of Japan-Nigeria relations is a lesson for Africa - a continent that has not only replaced Turkey's position in the 19th century as the sick man of Europe, but is proving an increasing burden on the rest of the world.

With Japan and the other industrially advanced countries most likely to be switching investments and development aid, to Eastern Europe and the former Soviet Union, Africa has no choice but to reform its political and economic systems. As the Rev. R.S.B. Attoh-Ahuma[19] irreverently put it in 1911, it must emerge from the savage backwoods into the open where nations are made. The economics of development must begin to replace the economics of discontent.

III

MANAGING THE JAPAN-NIGERIA RELATIONSHIP

The issue of trade has always been controversial in North-South relations, especially when it is perceived to leave the southern economy at a disadvantage. Japan's relations with Nigeria in the period, 1960-85, epitomize this difficulty in North-South interchange. The question of a more profitable trade for the South is indeed central to the development of relations between the developed and developing economies. Since the inception of GATT, especially from the early 1960s when the last of the developing economies threw off the shackles of colonialism, the organisation has tried to address the problems facing trade in the southern economies. The United Nations for its part, through such agencies as UNCTAD, has also tried to address this perennial problem. The southern economies have also made some useful efforts through inter-regional and intra-regional associations that have enabled them to present a bloc of opinion to the wider world trade associations. These efforts have sometimes met with a degree of success but have more often been obstructed by the lack of internal consensus and convergence of interests. Such attempts have also been severely limited by the lack of economic discipline, bureaucratic ineptitude, infrastructural problems[20] and a general lack of political will. The massive corruption institutionalized in most of these economies has also, not unexpectedly placed enormous barriers on sustained growth as a corollary of international trade.

All these factors account for the general lack of progress in Nigeria's trade with the rest of the world. The Japanese problem stands out from the general pattern only because of the massive disproportion in the trading accounts. Indeed, it has been specifically shown by Bukarambe that the pattern with Japan is not different with Nigeria's other international trading partners. According to him, "without the regular purchase of Nigerian oil, the outcome of the trade with Western Europe and the United States of America would be identical to the pattern with Japan given the effective lack of variation in the Nigerian economy."[21] Because of the above points, any useful approach adopted towards the realisation of a reciprocal relationship between Nigeria and Japan is severely constricted. This is because from the foregoing analysis it has become apparent that the obstacles to effective international market participation rest very squarely within the structural distortions in the

Nigerian economy. But to suggest that trade cannot be improved until these problems are eliminated would not be practical. Our study of Nigeria-Japanese relations leads us to believe that the following changes in policy set out below are indispensable to the development of any meaningful relationship between the two countries.

First, it has been suggested that the enormous deficit in Nigeria-Japanese trade could be bridged if Japan shows a willingness to develop Nigeria's non-oil mineral resources and take them in as imports. However, such reasoning has very little approximation to reality. This is so because, as one study[22] has shown, Nigeria's list of minerals does not include any of the eleven strategic rare minerals being stockpiled in Japan since 1983. It does not possess also, any of the twenty minerals imported wholly (100 per cent) by Japan. Although its supply of tin, coal and iron ore are among the minerals whose supplies are actively sought by Japan, these minerals at the present rate of production, are mainly consumed locally, or exported to Western Europe. As for its limestone, Japan is self-sufficient. It must be pointed out however, that discoveries have been made in Nigeria which could be of interest to Japan. Resources like uranium ore have been found to exist in Nigeria and this is an area where Japan could take an active interest in the effort to improve relations. Indeed, Japan has already indicated an interest in this area. We hasten to add that the realization of this laudable objective further depends on a number of factors including Nigeria's security considerations and the profitability of such a venture in Japan's economic calculations. This is a very important area of cooperation worth exploring by both countries in order to develop a more productive relationship.

Secondly, the problems of organising increased production and exports of essential raw materials like cocoa, groundnuts, sheanuts and cotton, for which there is demand in Japan, must be addressed immediately if the trade relationship is to be brought back into balance. The solution to the problem does not lie with curtailing exports or outrightly banning them as in 1965. This would not only lead to complications in trade and other aspects of the relationship but may cause problems for the domestic economy which may result in even more distortions in balance of payments. Britain and France's experience and adoption of necessary changes in the transitional process of changing their economic base from agriculture to industry is illustrative of the multiplier effect of such trade policy. In the late 19th century, when faced with declining productivity in agriculture the two nations adopted different solutions. One adapted despite severe difficulties and the other extended protectionist cover. Over the years, the agricultural industry in Britain became more efficient so that the industry could compete in the international market without succour from government. On the other side, agriculture has steadily failed to keep up with other industries and has become a gigantic millstone around the neck of the national economy. (The lamb "war" between French and British farmers in 1990 is one example). Kindleberger's advice based on the example above may therefore be extended to Nigeria with very slight modifications. According to him;

> "to evade specialization in exports or to cut off imports may be a reasonable step to protect social values during a period of adjustment... but the adaptation should take place. Resisting the changes called for by the market is likely to produce worse results in the long run than any possible short term harm which the transitional process may inflict."[23]

Indeed, any effective hope for the redress of the trade imbalance lies with adaptation. Having removed the obstacles facing agricultural productivity, Nigeria should also adopt an aggressive market campaign in Japan through participation in periodic fairs and follow the Brazilian example, namely, the establishment of commodity institutes. The use of trade catalogues would also improve trade as it has always been a matter for recurring regret that Japanese business interests who had sent such requests to Nigeria often receive inadequate replies.[24] The government has already instituted specialised bodies and this will help trade significantly. The commodities must also be processed to give them a higher value in Japan. Increased manufacturing is not a solution to the Japanese problem since Japan has already attained an economy of scale which will make such efforts counter productive. The only hope for Nigeria is the expansion of exports in volume. This process would afford a considerable scope for increased earnings and should be followed by the development of new raw materials in need in Japan. The argument that the effects of export expansion are severely limited by the declining world commodity prices is an excuse not a reason. <u>The World Development Report</u>, 1988, has shown how many economies of south-east Asia were able to overcome the strictures imposed by severe contractions in non-oil commodity prices after peak in the late 1970s, by a sustained programme of stepping up the volume of primary commodity exports.[25]

Thirdly, since the Japanese trade accounts for such a significant proportion of its imports and since Professor Ragnar Nurske's "demonstration effect"[26] has led to a situation of almost complete adaptation of Japanese products, Nigeria must set up a specialist institute to deal with the problems arising from the Japanese trade. This would enable the country to be familiar with the prevailing market conditions in Japan and to adopt effective policies. The current situation whereby Nigeria is flooded with Japanese goods but little knowledge exists in the country about the Japanese and their needs is not encouraging. To suggest that it must also observe a high degree of discipline concerning its own policies to avoid a repetition of the case of smuggling on page 226 is completely outside the scope of this study. However, relevant policies and their successful application is an inseparable ingredient in economic development. Particularly, such internal factors are very important. In Kuznet's analysis, the domestic structure is as important as other factors determining trade and other capital movements across national boundaries.[27] Political will must follow the provision of economic policies otherwise any attempt made to address the Japanese problem will turn out as the rest -- insufficient and ineffective.

Fourthly, necessary changes in attitude must be adopted by the Japanese in their approach to the Nigerian market. It is not the intention of this study to apportion blame for the grossly inverted trade on Japan and its ability to take advantage of the multiple imperfections in the Nigerian economy. The temptation may be great but this would only serve to mask the real nature of the problems faced with North-South trade. Such an attempt (unfortunately dominant in the interpretation of North-South relations) would not only digress from the main reason why nations participate in the international market system, that is, to increase their GNP and improve the standard of living of their nationals. In its basic supposition, it treats the developing economies as if they were in a dormant state and incapable of taking up initiative and putting into effect effective policies concerning international trade.[28] In our opinion, this is the real danger. However, having made the above point it is not our intention to suggest that there are no ways in which the Japanese would help the Nigerian governments achieve their developmental objectives and in particular, mitigate the effect of the imbalance. There are indeed various ways.

One way to achieve this end is through Aid. It is easy to suggest increased aid but aid is not and indeed can never be a panacea to all such problems in North-South relations. It is a means and not an end in itself and with this in mind we would suggest that the Japanese develop a new type of developmental assistance to be known as "Applied Aid". This is because all too often, aid given to Nigeria ends up in other non capital projects; usually projects that massage the ego of a particular adventurer in power or in private accounts. We would therefore suggest that future aid involve as little credit as possible and be tied to specific projects. An illustration of the benefit of this kind aid is appropriate. The lower Anambra project funded by the EXIM bank of Japan can safely be said to be its most valuable assistance to Nigeria in the twenty-five years of the trading relationship. The lower Anambra project for instance, with the benefit of Japanese rice cultivation skills, has so immensely benefitted agriculture in this area that the people are not only self sufficient in food supply (thus preserving much needed foreign exchange) but are in fact exporting these products to neighbouring states and earning foreign exchange. (This writer can attest to the immense benefit the people have derived from this project since he hails from this area). Such qualitative but "applied" aid has not only been beneficial to Nigeria but indeed holds future prospects for increased Japanese trade as capital accumulation seeks outlet in consumer goods. The Israeli example must be followed in extension of aid to Nigeria. It used to be the Israeli policy before the unfortunate and totally unnecessary break in diplomatic ties that qualitative manpower tied to specific projects was the best aid on offer to developing economies. (It must be said here that no single nation's aid, not even the United States has as much been beneficial to the ordinary people of West Africa than that of Israel). Quality manpower tied to specific projects must therefore be a necessary corollary of Japanese foreign aid in Nigeria.

There are practical reasons for this kind of practice. The infrastructure in Nigeria is inadequate to handle large scale projects without assistance. The Japanese should not take it for granted that policies have been fashioned out and that capital is the only facilitator. We are aware of the various arguments against this kind of assistance. These include security considerations and the political argument that insistence on such "applied" aid would be an unnecessary interference in domestic affairs.

The possible disruptive effects on economic development have also been emphasised. Part of the argument, as Gerald Meier puts it, is that this kind of aid distorts the recipient's investment priorities and twists its import pattern in favour of the import components of the tied projects.[29] We wish to emphasise the point that by "applied aid", we mean the direct execution by the donor of a project which is part of a development plan. This is different from project-tying which involves the former picking out project at random, especially those likely to benefit its interests. In our case, a general understanding is needed between the donor and the recipient, as regards those projects most likely to benefit the latter's overall development strategy. In Nigeria's case, applied aid removes such bottlenecks as the inflation of the cost of projects - a practice at the heart of Nigerian business environment. This helps to conserve the resources of the country.

The suggestion above is important because most governments in

Nigeria do not represent the people as usually power comes through the barrel of a gun. Even when they do (and this is an unlikely proposition) there is a propensity not to separate public and private accounts. These factors are practical considerations and must be practically addressed. Besides, since the Japanese through the application of strict standards and the exercise of immense discipline have come to assume a position where they are now able to dispense aid, they should do so according to need and this need would be a consideration for the impoverished masses suffering from government maladministration. The problem has assumed a desperate dimension that calls for the developed economies to dispense with such niceties of international relations. The only hope for Japan to help with Nigeria's developmental efforts in an effort to address the trade issue is to apply the golden rule of economic superpower politics. That is, "he who has the gold makes the rule.". Until this approach is taken by Japan the imbalance will not only loom larger than ever but whatever credit it extends to Nigeria would be money down the drain and will only serve to increase Nigeria's external debt.

Japan should also help to address the trade problem through increased investments. As Agbi puts it, "investment is an area where the Japanese could, both in theory and practice, demonstrate to the African countries that their foreign policy in Africa is not characterised by trade for trade only".[30] It is true that some of the Japanese investments, especially those in the consumer goods manufacturing sector, have afforded considerable advantages to Nigeria and that Japan's policy of technology transfer is exemplary in North-South relations. However, a lot still needs to be done. The number of investments at the present rate is insufficient especially if one were to consider the benefits accruing to Japan from the Nigerian market. The advantage of such increased investment is one that would enable increased production and consequent upon this, Nigeria would be able to export these products to neighbouring states and elsewhere. If this is done, the imbalance with Japan would not be a serious issue since it transforms the goods it buys into a productive means of accumulating capital. The benefits would then be shared by the two nations; Nigeria by earning foreign exchange from other customers and Japan through increased sales and other additions in the invisible account.

New investments must also be undertaken in the heavy industries sector. It would be difficult to see the viability of such investments since the intensive capital content makes them less feasible. However, some of these industries are engaged in the manufacturing of component parts for the Japanese world wide commercial empire and in Nigeria, there is a lot of raw materials for their use. The automobile industry is a likely area. Japan could set up industries manufacturing parts for Japanese assembly plants spread all over the globe. These export-based industries would then earn foreign exchange for Nigeria and generate related investments from other places. As Myint has noted, the mistake often made in developing countries is to enlist the support of foreign firms for domestic production instead of for primary export production with less favourable effects on the balance of payment position.[31] These investments must however be part of a sustained investment in domestic production. At any rate, the Nigerian domestic market is very well supplied by both local Japanese firms and others, at the moment. The need for export-based industries is therefore critical to the capital accumulation process. The Japanese have already done this is other areas, especially in South-East Asia and Brazil as part of the policy of "security of supply". There is no reason why industries that could supply Japanese ventures in the whole of Africa cannot be concentrated in Nigeria given the existence of enormous raw materials reserves. This is an area that should be developed. Nigeria is the largest market in Africa both in terms of purchasing power and population. The trend of ever increasing world energy prices denotes sustainability of purchasing power. Japanese investment such as suggested would go a long way to benefitting both nations and fulfilling the prospects of mutually advantageous trade.

Central to all these increased efforts on the Japanese side is the change of attitude. Japan must adopt a positive attitude to the Nigerian market and the development of the country. It must cease to regard it as just another lucrative market for Japanese industrial goods. The policy it adopted in 1959 that the "economic development of less advanced countries is of extremely great significance for the achievement of permanent world peace"[32] must be truly pursued. Japan's experience is instructive to Nigeria and it must make a conscious effort to "export" these experiences. The veneer of civilization is very thin. The prospects of a truly harmonious world lies in the conscious efforts of the developed to help the developing otherwise such excesses of greed as Iraq's covetousness towards Kuwait in August 1990 will turn out to be the dominant character of world politics.

Having made the above points, it is our considered opinion to state that the initiative for increased cooperation must be taken by Nigeria not Japan. First, Japan must form a central part of Nigeria's external trade policy and all the benefits and privileges currently enjoyed by the other Western nations must be extended to Japan. This is very important for without political consideration there can be little hope for improved economic relationship. Nigeria's heads of state must arrange for state visits to Japan (from 1960-1985, no Nigerian leader ever set foot in Japan but all have visited the USA and Britain) where their problems must be brought into focus. Juichi Inada[33] has shown that the Japanese rarely refuse requests from visiting heads of state or their representatives and this is of great significance. Nigeria must take the initiative for this is the only way Japan has of recognising its needs since it is not the only developing country that Japan has to consider in its aid diplomacy. This policy should be part of a wider attempt to de-emphasise Western European and American contacts as the overwhelming concentration of economic relations. Nigeria has a lot to gain by improving relations with Japan and focusing economic relations on India and South-East Asia for their interests converge. The privilege of improving relations with Japan is totally Nigeria's. It must begin to equate necessary changes in domestic policy with attractiveness to capital movements from Japan. As the World Development Report, 1988 has phrased it,

> "growth and trade policies in industrialized countries have a direct bearing on export opportunities for developing countries ... but the developing countries own policies help to determine how vulnerable they will be to such external factors.[34]

In other words, obstacles to effective international market participation and the prospects of growth lie with necessary and appropriate changes in policy which must be pursued with all amount of discipline. Nigeria must make these changes otherwise its protestations about the trade disparity will remain like those of other third world nations who are in the same position, a mere brass band of discontent forever crowding the developed countries, causing minor irritations and resulting in an occasional penny. W.W. Rostow has the last word on this issue. According to him, the only solid potential basis for North-South partnership are northern policies that reconcile sustained growth with control over inflation and southern policies that begin to correct the accumulated structural distortions.[35]

NOTES

1. Part of the analysis of development thought is taken from H.W. Singer's account. See H.W. Singer, The Strategy of International Development (eds) Sir Alec Caincross and Mohinder Puri (London: Macmillan Press) 1978, pp. 1-21.

2. J.A. Schumpter, Theory of Economic Development.

3. Ricardo, op.cit.

4. See T.R. Matthus, An Essay on the Principles of Population, 8th ed. 1888. Quoted in Singer, ibid, page 3.

5. For this account, see Singer, ibid, page 2. It was for these reasons that Keynes sought to develop a counteracting model.

6. An interesting analysis is provided by M. A. G. van Meerhaeghe, in International Economics (London: Longman Group Ltd) 1972, pp 99-104. See especially page 99.

7. Simon Kuznets, Six Lectures on Economic Growth (Glencoe III: Free Press) 1959. Page 106.

8. Lewis for instance had forecast a sharp improvement in the terms of trade of primary products. See W.A. Lewis, "World Production, Prices and Trade", Manchester School of Economic and Social Studies 1952. Quoted in Singer, ibid, page 16.

9. Gunnar Myrdal, An International Economy (New York: Harper and Bros) 1956. See especially chapter on commercial policy, Chapter XIII.

10. Gerald Meier commenting on this politics of discontent observed that "in popular and political discussions, the economics of development often degenerates into the "economics of discontent". This quintessential phrase, captures the disregard for economic issues of development for political moralising prevalent in the third world at the time. See, Gerald Meier, The International Economics of Development: Theory and Practice (New York: Harper and Row) 1968, page 168.

11. Heraldo Munoz (ed) From Dependency to Development: Strategies to Overcome Underdevelopment and Inequality (Boulder Colorado: Westview Press), 1982, page 43.

12. This plant needs an additional $2 billion to make it fully operational. Even then, this would become the most expensive tonne of steel ever produced! See, Africa Business, Nov. 1991, no. 159, page 17.

13. "All criticism of the present international order are rebuffed by first identifying them with Marxist-Leninist doctrine, then rejecting that doctrine, and so dismissing all anti-establishment contentions", writes Reubens in the classical posture of Marxist-Leninism. See, Edwin Reubens "An Overview of the New International Economic Order", in Edwin P. Reubens (ed) The Challenge of the New International Economic Order (Boulder: Westview Press), 1981, pp. 1-17. Passage quoted on page 9. Our evaluation of dependency does not stem from any such squalid proposition. What we had sought to do is to examine the relevance and the validity of dependency in a changing world economic system. To put it in Meincke's words, "to tell it as it really was."

14. Dr Raúl Prebisch had argued in The Economic Development of Latin America and its Principle Problems, that the structural variations in the conditions of supply and demand between the developed and the developing economies placed the latter at disadvantage in the international system. The problems of development, according to him, was essentially one of lack of capital which resulted from the mode of third world incorporation into the international system. As we had mentioned, this set the tone for future arguments and the dependency position was a consequence. For Prebisch's ideas, see the book as quoted in the introduction.

15. Karl Popper in The Poverty of Historicism (London: Routledge and Kegan Paul) 1960, observes the tendency of Marxist thought not to accept plurality of interpretation but to present views as theories or doctrine. See page 151. Our position is not absolute.

16. U. Joy Ogwu, Nigerian Foreign Policy: Alternative Futures, page 129.

17. See Zuhayr Mikdashi, "Oil-exporting and oil-importing countries: what kind of interdependence?", Millennium, vol. 9, no. 1, Spring 1981, pp. 1-20, pp. 7,8.

18. Yutaka Shinoda "Still a long way to go", West Africa, 28 November 1983, page 2743.

19. R.S.B. Attoh-Ahuma, The Gold Coast Nation and National Consciousness, 1911. Rep. Frank Cass, 1970.

20. One of the best accounts of such obstacles can be found in, Charles A. Jones, The North-South Dialogue: A Brief History (London: Frances Pinter, 1983). See especially p. 84ff. The World Bank Development Report 1988 has also an account of how debilitating such barriers can be for industry in its particular examination of the Nigerian problem. See p. 144.

21. Bukar Bukarambe op. cit., pp. 265-266.

22. The Far-East and Australia (London: Europa Publications, 1985), pp. 474 and 481. Quoted in Bukarambe op. cit., p. 266. See also Japan's stockpile list and percentage ratio of dependence on mineral resources in, Asia Research Bulletin (Energy and Mineral Resources), vol. 12, no. 4, 30 Sept 1982, p. 968.

23. Charles P. Kindleberger, Foreign Trade and the National Economy, p. 226.

24. Owoeye believes that Nigeria's poor technological base and the vagaries of weather both hinder the stability of quoted prices. Consequently, the use of catalogues as a practical means of promoting Nigeria's exports in Japan is severely hampered. See Owoeye, "Nigeria and Japan", page 321.

We wish to point out that this is not an insurmountable difficulty and can only affect quoted prices by a small margin of error. It may no longer be the case that "up to date, there is no known indigenous business concern that ever thought of producing trade catalogues and fixed price lists as a practical means of promoting... products from Nigeria", as one Japanese document phrased it. Still, it is regrettably the case that this practice is not as established or widespread as a vigorous export promotion policy would dictate.

25. World Development Report 1988 (The International Bank for Reconstruction and Development, IBRD). (Oxford University Press, 1988), p. 26. The bank's view that since the two regions faced similar trends in prices the difference in purchasing power could be attributed to varying degrees of flexibility in supply response and that such a response depended in no small measure on the domestic policy environment, is particularly instructive and underscores our point, see p. 27.

26. Professor Nurske believes that "when trade is opened up, consumers are likely to alter their tastes because of the opportunity to buy foreign goods". This transformation is known as the "demonstration effect". See, Ragnar Nurske, Some Problems of Capital Formulation in Under-developed countries (Oxford 1953), p. 58.

27. Simon Kuznets, Six Lectures on Economic Growth (Glencoe III: Free Press, 1959), p. 106.

28. An example of this kind of analysis on the basis of this premise can be found in William Nester's treatment of Japan's third-world relations. See, William Nester, 'The Third World in Japanese Foreign Policy', Millennium, Winter 1989, vol. 18, no. 3, pp. 377-398.

29. The problems are treated in Gerald Meier, The International Economics of Development (New York: Harper and Row) 1968, page 109ff. Passage quoted on page 110.

30. Agbi, "Japan's attitudes and policies".

31. H. Myint, 'International Trade and Developing countries', in Samuelson (ed), <u>op. cit.</u>, p. 34.

32. Gaiko Seisho (Diplomatic Bluebook, 1959), p. 27. Quoted in Juichi Inada, 'Japan's Aid Diplomacy: Economic political and strategic?, <u>Millennium</u>, Winter 1989, vol. 18, no. 3, pp. 399-414.

33. Inada, <u>ibid</u>

34. <u>World Development Report</u>, 1988, p. 27.

35. W.W. Rostow, 'Terms of North-South Economic Partnership', <u>Millennium</u>, vol. 14, no. 1, Spring 1985, p. 36.

APPENDIX

TABLE 1 (iv) NIGERIA-JAPANESE TRADE, 1934-1960

YEAR	JAPANESE IMPORTS (£000)	NIGERIA'S EXPORTS (£000)
1934	397,718	750
1935	213,856	3,307
1936	483,710	24,001
1937	917,473	2,746
1938	379,068	1,346
1939	212,435	772
1946	125	--
1950	5,835,903	8,000
1951	7,523,587	5,000
1952	11,344,577	12,000
1953	5,576,426	2,736
1954	9,351,551	6,000
1955	16,652,323	-- (negligible)
1956	20,222,957	8,000
1957	17,602	26,000
1958	19,433	1,029
1959	18,826	2,311
1960	27,814	2,455

Sources: Colony and Protectorate of Nigeria, Trade Reports (various years) and Nigeria Trade Journal (various years)

TABLE 1 (v) JAPANESE SHARE OF NIGERIA'S TOTAL TRADE, 1929-1932 AS PERCENTAGE VALUE

YEAR	PERCENTAGE VALUE
1929	.01
1932	.72
1933	.02
1934	2.53
1935	1.07
1936	2.82
1937	2.46
1938	2.07
1939	1.25

TABLE 1 (vi) PERCENTAGE SHARE OF TOTAL IMPORTS, 1934-1939 (JAPANESE)

YEAR	PERCENTAGE SHARE
1934	7.21
1935	2.58
1936	3.82
1937	4.94
1938	4.39
1939	3.19

TABLE 1 (vii) AVERAGE PERCENTAGE SHARE OF IMPORTS, 1950-1959 (JAPANESE)

YEAR	AVERAGE SHARES
1950-54	8
1955-59	11.9

TABLE 1 (viii) PERCENTAGE SHARE OF TOTAL IMPORTS, 1946-1960 (UNITED KINGDOM)

YEAR	PERCENTAGE SHARE
1946	64.6
1950	59.8
1954	45.3
1960	42.9

Source: Annual Abstract of Statistics, 1963

FIG 2 (I)
NIGERIA-JAPANESE TRADE, 1960-1984
(Unit: $1,000)

Export goods	Unit of quan	1960 quantity	1960 Value	1961 quantity	1961 Value	1962 Quantity	1962 Value
Total		-	75,214	-	72,800	-	63,982
(Exchange received)		-	-	-	-	-	(66,855)
Foods and beverages		-	157	-	321	-	270
Fish		-	86	-	173	-	227
Textiles		-	60,456	-	58,951	-	47,667
Cotton fabrics	1,000SM	72,883	24,846	86,442	28,544	74,800	22,648
Rayon fabrics	"	3,719	1,292	318	115	490	160
Spun rayon fabrics	"	66,674	14,083	54,047	10,947	24,260	4,873
Synthetic fibre fabrics	"	3,033	1,774	2,263	1,201	1,352	724
Woolen fabrics	"	1,034	1,476	848	1,112	1,295	1,511
Clothing		-	9,110	-	9,630	-	9,100
Fishing nets		-	439	-	726	-	1,356
Metal and metal products		-	6,064	-	5,292	-	6,443
Iron and Steel	MT	25,724	5,113	22,863	4,357	29,002	4,978
Galvanished iron plates	"	25,692	5,105	22,092	4,218	26,388	4,601
Metal products		-	943	-	803	-	$830
Machinery and instruments		-	3,431	-	3,527	-	4,812
(Machinery)		-	3,067	-	3,072	-	4,419
General Machinery		-	487	-	498	-	$ 747
Textile Machinery		-	1	-		-	216
Sewing machines		-	413	-	407	-	396
Electric machinery		-	1,204	-	1,002	-	$1,589
Radios	Number	38,303	861	28,984	620	55,440	1,056
Transportation equipment		-	1,389	-	1,588	-	$2,077
Automobiles and parts		-	262	-	517	-	1,039
Bicycles and parts		-	1,085	-	1,017	-	1,023
Precision instruments							
Cameras	Number	1,834	60	2,687	455	-	$ 397
Nonmetallic							

mineral products	-	673	-	658	-	504
Pottery	-	349	-	352	-	194
Chemical and pharmaceutical products	-	135	-	199	-	211
Others	-		-		-	
Toys	-	153	-	215	-	180
Footwear	-	1,807	-	1,186	-	1,217
Umbrellas and parasols	-	452	-	214	-	237
Rubber tires and tubes	-	269	-	274	-	474

<u>Imports from Nigeria</u>
(Unit: $1,000)

Import goods	Unit of quantity	1960		1961		1962	
		Quantity	Value	Quantity	Value	Quantity	Value
Total		-	8,156	-	9,480	-	5,211
(Exchange paid)		-		-		-	(4,441)
Foods and beverages		-	-	-	1,310	-	949
Cocoa beans	MT	1,962	1,279	2,452	1,251	2,065	947
Raw textile materials		-	1,894	-	2,038	-	237
Raw cotton	MT	2,939	1,894	3,054	2,038	362	237
Others							
Soyabeans	MT	3,550	418	6,510	722	0	0
Cotton seed	"	22,210	1,966	36,194	3,185	0	0

Exports to Nigeria

(Unit: $1,000)

Export goods	Unit of Quantity	1963 Quantity	1963 Value	1964 Quantity	1964 Value	1965 Quantity	1965 Value
Total		-	74,109	-	79,514	-	58,984
(Exchange received)		-	(76,266)	-	(83,513)	-	(63,369)
Foodstuffs		-	768	-	1,917	-	1,491
Fish		-	743	-	1,900	-	1,475
Raw Materials and fuels		-	3	-	4	-	7
Light industry products		-	59,378	-	56,668	-	43,176
Textile products		-	55,001	-	52,110	-	40,295
Fabrics		-	33,965	-	27,711	-	22,764
Cotton fabrics	1,000 SM	73,798	24,815	47,128	16,310	50,200	12,220
Woolen fabrics	"	1,414	1,584	1,347	1,469	1,611	1,652
Synthetic fiber fabrics	"	4,411	3,251	7,802	6,033	6,742	5,032
Rayon fabrics	"	7,683	2,332	8,414	2,667	2,223	1,497
Spun rayon fabrics	"	13,012	3,114	7,472	2,362	4,059	1,416
Textile Secondary products		-	20,619	-	23,706	-	16,563
Clothing		-	16,511	-	18,337	-	13,779
Nonmetallic mineral products		-	575	-	589	-	412
Others		-	3,802	-	3,972	-	2,469
Heavy and chemical industry products		-	13,960	-	20,926	-	14,309
Chemical and pharmaceutical products		-	536	-	796	-	917
Metals and metal products		-	6,930	-	10,089	-	6,739
Iron and steel	MT	34,120	5,758	49,007	8,609	34,990	5,749
Sheets	"	3,331	393	22,241	3,602	25,608	3,972
Machinery and instruments		-	6,494	-	10,041	-	6,653
(Machinery)		-	5,973	-	9,291	-	6,184
General machinery		-	870	-	2,945	-	1,296
Electric machinery		-	1,870	-	3,323	-	2,522
Radios		-	954	-	1,756	-	1,628
Transportation equipment		-	3,280	-	3,116	-	2,463

Exports to Nigeria

(Unit: $1,000)

Export goods	Unit of Quantity	1963		1964		1965	
		Quantity	Value	Quantity	Value	Quantity	Value
Total		-	74,109	-	79,514	-	58,984
(Exchange received)		-	(76,266)	-	(83,513)	-	(63,369)
Foodstuffs		-	768	-	1,917	-	1,491
Fish		-	743	-	1,900	-	1,475
Raw Materials and fuels		-	3	-	4	-	7
Light industry products		-	59,378	-	56,668	-	43,176
Textile products		-	55,001	-	52,110	-	40,295
Fabrics		-	33,965	-	27,711	-	22,764
Cotton fabrics	1,000 SM	73,798	24,815	47,128	16,310	50,200	12,220
Woolen fabrics	"	1,414	1,584	1,347	1,469	1,611	1,652
Synthetic fiber fabrics	"	4,411	3,251	7,802	6,033	6,742	5,032
Rayon fabrics	"	7,683	2,332	8,414	2,667	2,223	1,497
Spun rayon fabrics	"	13,012	3,114	7,472	2,362	4,059	1,416
Textile Secondary products		-	20,619	-	23,706	-	16,563
Clothing		-	16,511	-	18,337	-	13,779
Nonmetallic mineral products		-	575	-	589	-	412
Others		-	3,802	-	3,972	-	2,469
Heavy and chemical industry products		-	13,960	-	20,926	-	14,309
Chemical and pharmaceutical products		-	536	-	796	-	917
Metals and metal products		-	6,930	-	10,089	-	6,739
Iron and steel	MT	34,120	5,758	49,007	8,609	34,990	5,749
Sheets	"	3,331	393	22,241	3,602	25,608	3,972
Machinery and instruments		-	6,494	-	10,041	-	6,653
(Machinery)		-	5,973	-	9,291	-	6,184
General machinery		-	870	-	2,945	-	1,296
Electric machinery		-	1,870	-	3,323	-	2,522
Radios		-	954	-	1,756	-	1,628
Transportation equipment		-	3,280	-	3,116	-	2,463

Precision instruments	-	474	-	657	-	373
Reexports and exports of special commodities	-	0	-	0	-	*

Imports from Nigeria

Import goods	Unit of quantity	1963		1964		1965	
		Quantity	Value	Quantity	Value	Quantity	Value
Total		-	6,760	-	7,351	-	9,285
(Exchange paid)		-	(6,241)	-	(7,490)	-	(9,357)
Fooodstuffs		-	2,895	-	2,239	-	1,339
Cocoa beans	MT	5,293	2,895	4,332	2,222	3,500	1,337
Raw materials		-	3,844	-	5,106	-	7,921
Raw cotton	MT	44	28	1,685	1,126	3,024	2,030
Raw materials for vegetable oils		-	3,274	-	3,520	-	5,409
Cottonseed	MT	28,961	2,160	14,606	1,084	29,015	2,418
Others		-	21	-	6	-	25

Export teas	Unit of Quantity	1966 Quan tity	1966 Value	1967 Quan tity	1967 Value	1968 Quan tity	1968 Value
Total		-	39,572	-	38.335	-	13,094
Light industry products	-	-	26,097	-	24.587	-	4,227
Textile products	-	-	23,940	-	22.852	-	3,471
Non metallic mineral products	-	-	195	-	180	-	31
Others	-	-	1,962	-	1,555	-	726
Heavy and chemical industry products	-	-	13,114	-	13,438	-	8,613
Chemical and pharceutical products	-	-	1,030	-	732	-	371
Iron and Steel	MT	32,509	5,054	30,212	4,176	32,862	4,776
Sheets	"	21,987	3,147	28,070	4,176	29,280	5,000
Machinery and instruments	-	-	6,232	-	7,580	-	3,242
(Machinery)	-	-	5,821	-	7,148	-	3,164
General Machinery	-	-	1,971	-	3,087	-	1,637
Electric machinery	-	-	1,732	-	2,162	-	1,415
Transportation equipment	-	-	2,175	-	1,989		118
Bicycles	-	-	451	-	226	-	33
Precision instrument	-	-	354	-	342	-	71
Re-exports and ex-exports of special commodities	-		0				

Imports from Nigeria

Import Item	Unit of Quantity	1966 Quan tity	1966 Value	1967 Quan tity	1967 Value	1968 Quan tity	1968 Value
Total	-	13,671	-	16,163	-	14,502	
Foodstuffs	-	-	1,362	-	5,132	-	4,649

Cacao beans	MT	2,897	1,349	8,223	4,874	5,592	3,657
Raw materials	-	-	12,081	-	9,712	-	9,820
Raw materials for vegetable fats and oils	-	-	10,270	-	7,794	-	8,027
Cotton seeds	MT	65,134	5,847	49,577	4,686	46,625	3,861
Others	-	-	291	-	1,319	-	33
Crude Oil	1,000 KL	-	-	50	718	0	0
Petroleum products	-		269	-	569	-	0

Exports to Nigeria

(In thousands of dollars)

Year Export Item	Unit of Quantity	1969 Quantity	 Value
Total	-	-	28,625
Foodstuffs	-	-	29
Light industry products	-	-	5,483
Textile products	-	-	4,198
Yarn	-	-	2,292
Nonmetal Mineral products	-	-	44
Others	-	-	1,240
Heavy and chemical industry products	-	-	23,029
Chemical & pharmaceutical products	-	-	712
Metals and metal products	-	-	9,794
Iron and steel	MT	62,502	9,466
metal product	-	-	315
Machinery and Instruments	-	-	12,523
General machinery	-	-	6,874
Electric machinery	-	-	3,297
Transport equipment	-	-	2,217
Automobiles (excl. parts)	NO	821	1,443
Precision instruments	-	-	135
Re-export and exports of special commodities	-	-	79

Imports from Nigeria

(In thousands of dollars)

Year	Unit of Quantity	1969 Quantity	 Value
Total	-	-	12,949
Foodstuffs	-	-	6,034
Cacao beans	MT	4,904	4,793
Raw materials	-	-	6.267
materials for vegetable oils	-	-	4,246
Nonferrous ore	MT	1,055	1,785
Crude oil	KL	-	643
Re-exports and exports of special commodities	-	-	5

Export to Nigeria

(Unit: $1,000)

Year / Item	1970	1971	Increase over the previous year (%)
Total	62,892	95,989	152.6
Foodstuffs	121	414	342.1
Light industrial products	10,754	29,817	277.3
Textile products	8,154	26,485	324.8
Synthetic fibre fabrics	974	9,159	940.3
Non-metalllic mineral products	475	390	82.1
Other light industrial products	2,125	2,942	1,384
Heavy industrial products	51,932	65,526	126.2
Chemical products	1,632	2,246	137.6
Metals and metal products	26,631	28,228	106.0
Iron and Steel	24,158	26,198	108.4
Metal products	2,402	1,893	78.8
Machinery and instruments	23,669	35,051	148.1
General machinery	11,920	11,656	100.3
Electric machinery	5,693	6,470	113.6
Transport equipments	5,845	15,525	265.6
Automobiles (excl.parts)	3,605	7,250	201.1
Precision instruments	510	1,401	274.7

Imports from Nigeria

(Unit: $1,000)

Year / Item	1970	1971	Increase over the previous year (%)
Total	12,841	27,131	211.3
Foodstuffs	1,998	1,543	77.2
Cacoa beans	1,349	973	72.1
Raw materials	10,817	12,124	112.1
Raw cotton	741	529	71.4
Materials for vegetable oils	7,910	9,845	124.5
Non-ferrous metal ore	1,768	1,365	77.2
Mineral fuels	0	13,372	-
Petroleum products	0	616	-

Exports to Nigeria

(Units: $1,000)

Commodity	Unit of Quantity	1972 Quantity	1972 Value	1973 Quantity	1973 Value	Compared with Previous Year(%)
Total	-	-	125,998	-	141,147	112.0
Foodstuffs	-	-	1,664	-	1,395	83.8
Light Industrial Products	-	-	38,093	-	26,811	70.4
Textile Products	-	-	33,352	-	22.925	68.7
Synthetic Fibre Yarns	MT	3,413	8,498	3,390	11,082	130.4
Staple Fiber Fabrics	"	1,456	1,044	1,536	1,093	104.7
Synthetics Fibre Fabrics	1000SM	19,599	13,454	4,708	3,937	29.3
Clothings	-	-	3,019	-	1,962	65.0
Scarves, Shawls	-	-	2,018	-	1,444	71.6
Other Light Industrial Products	-	-	3,938	-	3,240	82.3
Heavy and Chemical Industrial Products	-	-	86,059	-	112,797	131.1
Chemical Products	-	-	3,029	-	3,219	106.3
Metal and Metal Products	-	-	31,780	-	43,594	137.2
Iron and Steel	MT	155,354	30,365	163,437	41,378	136.3
Plates and Sheets	"	83,086	15,660	105,247	25,278	161.4
Steel Pipes	"	36,416	7,612	44,586	12,349	162.2
Metal Products	"	-	1,394	-	2,180	156.4
Machinery and Equipment	-	-	51,249	-	65,983	128.7
General Machinery	-	-	9,623	-	11,789	122.5
Textile Machinery	-	-	4,960	-	5,135	103.5
Electrical Machinery	-	-	8,751	-	15,757	180.1
Radio Broadscast Receivers	1000 NO	173	3,065	189	4,892	159.6
Transportation Equipment	-	-	32,002	-	4,892	115.3
Automobiles (excl. Parts)	NO	9.072	17.917	11.903	21,418	119.5
Passenger Motor Cars (Assembled)	"	7,548	11,539	9,742	16,820	145.8
Buses, Trucks (incl. Chassis)	"	1,469	6,180	2,151	4,564	73.9
Precision Instruments	-	-	871	-	1,545	177.4
Scientific Optical Instruments	-	-	799	-	1,459	182.6

Imports from Nigeria

(Unit: $1,000)

Year / Commodity	Unit of Quant.	1972 Quant.	1972 Value	1973 Quant.	1973 Value	Compared with previous Year (%)
Total	-	-	79,961	-	189,010	236.4
Foodstuffs	-	-	2,815	-	13,378	475.2
Frozen Lobster	MT	292	1,123	375	1,270	113.1
Cocoa Beans	"	2,713	1,643	5,192	6,322	384.8
Raw Materials	-	-	5,930	-	7,340	123.8
Non-metalic Ores	MT	650	1,146	1,344	2,876	251.0
Materials for Vegetables Oil	"	48,804	4,488	26,292	3,761	83.8
Cotton Seed	"	41,065	3,597	4,367	556	15.5
Shea Nut	"	7,243	750	21,615	3,054	407.2
Natural Rubber	"	501	172	801	369	214.5
Mineral Fuels	-	-	71,029	-	167,844	236.3
Petroluem and Crude Oil	1000KL	3,618	71,029	6,005	167,844	236.3

(Unit: $1,000)

Year / Commodity	Unit of Quant-ity	1974 Quant-ity	1974 Value	1975 Quant-ity	1975 Value	Compared with pre vious (%)
Total Exports	-		284,687		585,328	205.6
Foodstuffs	-		4,066		9,700	238.6
Light industrial products	-		55,845		107,771	193.0
Textiles	-		48,327		92,010	190.4
Synthetic Fiber Yarn	MT	5,163	19,601	8,641	25,445	129.8
Synthetic Fiber Fabrics	KSM	13,886	10,917	33,527	26,080	238.9
Other Light Industrial products	-		5,690		12,179	214.0
Heavy & Chemical Industrial products	-		223,935		466,524	208.3
Metals	-		86,926		137,450	158.1
Iron & Steel	MT	188,663	81,271	303,493	128,496	158.1
Plates & Sheets	"	77,987	28,381	139,400	44,847	158.0
Zinc plates & sheets	"	4,310	1,804	39,022	15,675	868.9
Steel Pipes	"	65,362	34,236	64,679	48,513	141.7
Machinery & Equipment	-		128,071		321,573	251.1
General Machinery	-		25,577		44,637	174.5
Textile Machinery	-		7,885		15,298	194.0
Electrical Machinery	-		25,983		87,559	337.0
Telecommunication Equipment	-		10.032		55.029	548.5
Radio Sets	KNO	147	6,229	703	35,852	575.6
Transportation Equipment	-		73,907		185,161	250.5
Railway Vehicles	-		3		21,836	-
Motor Vehicles	NO	22,803	48,494	34,316	92,726	191.2
Passenger Motor Cars (Assembled)	"	20,747	41.084	26,699	63,898	155.5
Buses & Trucks (including chassis)	"	2,045	7,222	7,417	25,603	354.5
Motorcycles	-		18,279		64,391	352.3
Total Imports	-		448,865		278,538	62.1
Foodstuffs	-		6,789		9,498	139.9
Cacao Butter	MT	759	2,818	1,503	5,122	181.8
Raw Materials	-		7,124		10,950	153.7
Non-ferrous MetalOres	MT	1,066	2,744	1,102	3,749	136.6
Materials for Vegetable Oils & Fats	"	12,572	3,168	16,212	7,161	226.0
Nuts	"	8,828	2,469	16,212	7,161	290.0
Mineral Fuels	-		434,735		257,978	59.3
Crude Petroluem & Partially Refined Oils	KKL	5,092	434,735	3.167	257,978	59.3

(Unit: $1,000)

Year / Commodity	Unit of Quantity	1975 Quantity	1975 Value	1976 Quantity	1976 Value	Compared with Previous Year (%)
Total Exports	-		585,328		573,787	98.0
Foodstuffs	-		9,700		15,914	164.1
Industrial Products	-		107,771		62,671	58.2
Textiles	-		92,010		48,333	52.5
Synthetic Fiber Yarn	MT	8,641	25,445	5,394	18,011	70.8
Synethetic fiber fabrics	KSM	33,527	26,080	7,387	6,388	24.5
Other Light Industrial Products	-		12,179		13,007	106.8
Heavy & Chemical Industrial Products	-		466,524		492,870	105.6
Metals	-		137,450		133,257	96.9
Iron & Steel	MT	303,493	128,496	348,721	120.635	93.9
Plates & Sheets	"	139,400	44,847	145,771	44,653	99.6
Zinc Plates & Sheets	"	39,022	15,675	73,541	32,513	207.4
Steel Pipes	"	64,679	48,513	66,266	23,979	49.4
Machinery & Equipment	-		321,573		354,113	110.1
General Machinery	-		44,637		36,062	80.8
Textile Machinery	-		15,298		8,198	53.6
Electrical Machinery	-		87,559		85,181	97.3
Telecommunication Equipment	-		55,029		51,449	93.5
Radio Sets	KNO	703	35,852	600	29,977	83.6
Transportation Equipment	-		185,161		227,785	123.0
Railway Vehicles			21,836		605	2.8
Motor Vehicles	NO	34,316	92,726	43,393	138,623	149.5
Passenger Motor Cars (assembled)	"	26,699	63,898	28,420	79,067	123.7
Busses & Trucks (Incl. chasis)	"	7,417	25,603	14,545	53,609	209.4
Motorcycles	-		64,391		75,469	117.2
*Total Imports	-		278,538		108,731	39.0
Foodstuffs	-		9,498		13,773	145.0
Cacoa Butter	MT	1,503	5,122	2,049	8,070	157.6
Raw materials	-		10,950		6,726	61.4
Non-ferrous Metal Ores	MT	1,102	3,749	484	1,815	48.4
Materials for Vegetable Oils & Fats	"	16,212	7,161	13,055	4,743	66.2
Nuts	"	16,212	7,161	12,083	4,583	64.0
Mineral Fuels	"		257,978		88,149	34.2
Crude Petroleum & Partially Refined Oils	KKL	3.167	257,978	1,005	88,149	34.2

(Unit: $1,000)

Year / Commodity	Unit of Quantity	1977 Quantity	1977 Value	1978 Quantity	1978 Value	Compared with previous Year (%)
Total Exports	-		1,009,534		953,431	94.4
Foodstuffs	-		41,521		68,443	164.8
fish & shellfish	MT	39,633	41,446	63,413	68,413	165.1
Mackerels, canned	"	35,675	37,338	59,073	64,252	172.1
Raw materials & fuels	-		421		456	108.3
Light industrial products	-		79,551		81,287	102.2
Textiles	-		56,146		41,848	74.5
synthetic fibres Discontinuous	MT	1,035	2,251	463	1,210	53.8
Synthetic fibre Yarn	"	7,825	26,476	4,425	16,946	64.0
Rayon Yarn	"	1,417	8,291	1,100	6,850	82.6
Synthetic fibre fabrics	KSM	3,548	2,853	1,546	1,464	51.3
Secondary textile products	-		11,997		10,732	89.5
Clothing	-		8,105		5,858	72.3
Nonmetallic mineral products	-		3,914		5,893	150.6
Other light industrial product	-		19,492		33,545	172.1
Tires & Tubes	MT	1,399	3,393	3,535	10,051	296.2
Heavy & Chemical Industrial product	-		885,765		798,906	90.2
Chemicals	-		7,093		16,933	238.7
Dyes & costings	MT	59	521	4,145	5.149	988.3
Plastic materials & Artificial Resins	"	1,070	2,805	3,397	5,352	190.8
Metals	-		230,849		178,699	77.4
Iron & Steel	MT	635,324	211,512	327,637	140,259	66.3
Bars & Shapes	"	29,325	6,582	6.188	1,873	28.5
Light Plates & Sheets	"	195,855	64,143	165,981	60.537	94.4
Tinned plates & sheets	"	8,384	4,404	7,565	4,562	103.6
Galvanized plates & sheets	"	110,776	50,164	65,836	35,275	70.3
Hoops & Strips	"	17,603	4,827	26,226	8,560	177.3
Tubes & pipes	"	234,934	69,963	31,569	18,412	26.3
Metal products	-		16,409		35,739	217.8

Machinery & Equipment	-		647,824		603,273	93.1
General Machinery	-		50,768		88,973	175.3
Internal Combustion Engines (Excl. Aircraft Engines)	-		13,544		24,259	179.1
Textile machinery	-		9,649		5.907	61.2
Constructing & Mining Machinery	NO	152	3,553	99	2,805	78.9
Heating & Cooling Machinery	-		3,810		14,830	389.9
Cargo Handling Machinery	-		3,277		4,296	131.1
Electrical Machinery	-		182,207		155,982	85.6
Heavy Electrical Machinery	-		22,660		28,992	127.9
Electrical circuit Articles	-		3,572		7,581	219.8
Telecommunications Equipment	-		103,268		69,990	67.8
Television Sets	NO	163,993	26,645	96,541	16,162	60.7
Radio Sets	"	813,258	53,424	397,082	30,043	56.2
Room Fans	"	359,578	16,666	215,517	11.510	69.1
Electrical Apparatus for Motor Vehicles	MT	997	7,559	1.263	11.438	151.3
Insulated Wire	"	1,303	5,474	1,682	7,028	128.4
Transportation Equipment	-		406,081		350,457	86.3
Railway Rolling Stock	-		15,852		45,556	287.4
Motor Vehicles (Excl parts)	NO	59,339	223,246	45,743	203,540	91.2
Passenger Cars (Assembled)	"	32,930	103,923	21,494	81,840	78.8
Buses (Assembled)	"	4,443	23.058	10,779	59,257	257.0
Trucks (Assembled)	"	18,601	60,511	12,708	41,928	69.3
Chassis for Buses & Trucks	NO	2,949	26,468	457	6,610	25.0
Motor Vehicle parts	-		10,016		12,054	120.3
Motorcycles (Assembled)	NO	287,908	127,695	91,787	45,426	35.6
Precision Instruments	-		8,767		7,861	89.7
Scientific & Optical Instruments	-		8,393		7,246	86.3
Re-exports, Commodities & Transactions not Classified According to kind	-		2,275		4,339	190.7

Total Imports	-		20,290		7,529	37.1
Foodstuffs	-		15,663		3,897	24.9
Shrimps, Prawns & Lobsters	MT	1,060	6,338	524	3,868	61.0
Cocoa	"	1,283	9,324	10	29	0.3
Raw materials	-		4,258		2,859	67.1
Nonferrous Metallic Ores	MT	108	460	42	191	41.5
Oil Seeds	"	10,768	3,746	5,030	2,479	66.2
Shea Nuts	"	6,916	2,329	2,353	788	33.8
Mineral Fuels	-		0		0	-
Crude & Partially Refined Oil	KKL		0		0	-
Manufactured products	-		286		704	246.2
Re-imports, Commodities & Transactions not Classified According to Kind	-		83		69	83.1

Commodity	Units of	1979		1980		Compared with	
	Quantity	Quantity	Value	quantity	Value	Guatity	Value
‡ Total Exports	-		806,889		1,493,602		185.1
Foodstuffs	-		54,351		71,700		131.9
Mackerels,Canned	MT	53,183	53,109	60,032	70,470	112.9	132.7
Raw Materials & Fuels	-		568		1,077		189.6
Light Industrial Products	-		52,819		101,948		193.0
Textiles	-		28,706		53,206		185.3
Synthetic Fiber Yarn	MT	2,405	12,661	5,447	28,318	226.5	223.7
Rayon Yarn	"	991	7,172	1,095	8,444	110.5	117.7
Synthetic Fiber Fabrics	KSM	760	753	1,913	1,995	251.7	264.9
Secondary Textile Products	-		3,953		5,979		151.3
Clothing	-		1,495		2,948		197.2
Nonmetallic Mineral Products	-		3,009		7,859		261.2
Other Light Industrial products	-		21,104		40,882		193.7
Tires & Tubes	MT	673	2,161	2,197	7,107	326.4	328.9
Fishing Hooks	KDZ	48,826	850	102,492	2,305	209.9	271.2
Records,Tapes & Other Similar	-		2,530		4,598		181.7
Articles	-		691,134		1,316,755		190.5
Heavy & Chemical Industrial Proucts	-		691,134		1,316,755		190.5
Chemical	-		20,557		26,506		128.9
Organic Compounds	MT	801	2,250	431	2,927	53.8	130.1
Dyes & Coatings	"	643	2,423	1,004	5,181	156.1	213.8
Plastic Matrials & Artificial Resins	"	7,015	10,297	5,652	9,909	80.6	96.2
Metals	-		191,027		418,363		219.0
Iron & Steel	MT	309,032	155,481	651,272	367,267	210.7	236.2
Bars & Shapes	"	9,953	3,876	32,375	13,067	325.3	337.1
Heavy Plates & Sheets	"	1,675	620	7,647	3,289	456.5	530.5
Light Plates & Sheets	"	158,367	76,684	326,802	168,708	206.4	220.0
Tinned Plates & Sheets	"	11,819	8,248	38,220	28,995	323.4	351.5
Galvanized Plates & Sheets	"	45,619	29,018	119,745	82,578	262.5	284.6
Hoops & Strips	"	21,813	7,923	31,727	12,342	145.4	155.8
Tubes & Pipes	"	44,600	23,683	48,294	35,815	108.3	151.2
Nonferrous Metals	-		7,125		15,407		216.2
Metal Products	-		28,421		35,689		125.6
Machinery & Equipment	-		479,549		871,885		181.8
General machinery	-		100,041		125,334		125.3
Internal Combustion							

Engines (Excl.Aircraft Engines)	-		19,194		43,674		227.5
Agricultural Machinery	-		653		3,789		580.2
Office Machines	-		2,991		5,010		167.5
Metalworking Machinery	-		5,363		8,739		162.9
Textile Machinery	-		4,828		11,208		232.1
Constructing & Mining Machinery	NO	19	166		3,408	873.7	10.5 -fold
Heating & Cooling Machinery	-		12,637		7,124		56.4
Cargo Handling Machinery	-		5,320		10,300		193.6
Electrical Machinery	-		124,879		248,230		198.8
Heavy Electrical	-		17,727		20,420		115.2
Electrical Circuit	-		14,022		17,695		126.2
Telecommunications Equipment	-		40,620		125,423		308.8
Television Sets	NO	73,311	10,432	133,105	19,838	181.6	190.2
Radio Sets	"	247,200	22,019	709,809	75,086	287.1	341.0
Room Fans	"	147,804	8,639	291,508	16,350	197.2	189.3
Insulated Wire	MT	4,195	19,361	2,102	12,945	50.1	66.9
Electrical Apparatus for	KG	692,509	6,843	1,645,386	15,781	237.6	230.6
Tape Recorders	NO	10,856	1,254	82,410	8,346	759.1	665.6
Transportation Equipment	-		250,993		490,293		195.3
Railway Rolling Stock	-		45		2,254		50.1
Motor Vehicles (Excl.	NO	33,357	181,745	68,607	325,942	205.7	179.3
Passenger Cars	"	8,479	35,898	21,976	84,300	259.2	234.8
Buses	"	13,567	76,657	28,725	161,061	211.7	210.1
Trucks	"	10,230	52,499	17,018	63,227	166.4	120.4
Chassis for Buses &	"	945	12,760	552	8,853	58.4	69.4
Motor Vehicle Parts	-		12,372		26,850		217.0
Motorcycles (Knock-down)	NO	94,284	45,514	233,672	115,141	247.8	253.0
Precision Instruments	-		3,636		8,028		220.8
Scientific & Optical Instruments	-		3,411		7,613		223.2
Re-exports, Commodities & Transactions not Classified	-		8,017		2,122		26.5
*Total Imports	-		42,467		120,175		283.0
Foodstuffs	-		5,305		4,061		76.6
Shrimps, Prawns & Lobstrs	MT	565	5,055	530	3,665	93.8	72.5
Raw Materials	-		10,479		3,573		34.1
Cotton	MT	4,193	6,651	0	0	0.0	0.0
Nonferrous Metallic Ores	-		2,550		2,191		85.9
Oil Seeds	MT	2,070	1,098	1,964	1,211	94.9	110.3
Shea Nuts	"	2,070	1,098	1,964	1,211	94.9	110.3
Mineral Fuels	-		25.198		104,643		415.3
Crude & Partially Refined	KKL	0	0	399	104,597	-	-
Heavy Oil	"	117	25,198		45	-	0.2
Manufactured Products	-		44		331		752.3
Re-import, Commodities & Transactions not Classified According to kind	-		1,441		7,566		525.1

Commodity / Year	Units of Quantity	1980 Quantity	1980 Value	1981 Quantity	1981 Value	Compared with Previous Year (%) Quantity	Compared with Previous Year (%) Value
*Total Exports	-		1,493,602		2,158,826		144.5
Foodstuffs	-		71,700		101,026		140.9
Fish & Shellfish	MT	62,221	71,478	71,735	100,878	115.3	141.1
Mackerels, canned	"	60,032	70,470	69,381	97,906	115.6	138.9
Raw Materials & Fuels	-		1,077		1,143		106.1
Light Industrial Products	-		101,948		113,689		111.5
Textiles	-		53,206		47,245		88.8
Synthetic Fibers, Discontinious	MT	456	1,184	242	879	53.1	74.2
Synthetic Fiber Yarn	"	5,447	28,318	5,274	26,416	96.8	93.3
Rayon Yarn	"	1,095	8,444	875	6,950	79.9	82.3
Synthetic Fiber Fabrics	KSM	1,913	1,995	351	291	18.3	14.6
Secondary Textile Products	-		5,979		5,257		87.9
Clothing	-		2,948		1,931		65.5
Nonmetallic Mineral Products	-		7,859		8,901		103.0
Other Light Industrial Products	-		40,882		58,352		142.7
Tire & Tubes	MT	2,197	7,107	5,135	16,478	233.7	231.9
Records,Tapes & Other Similar Articles	-		4,598		13,298		289.2
Heavy & Chemical Industrial Products	-		1,316,755		1,940,553		147.4
Chemicals	-		26,506		28,327		106.9
Organic Compounds	MT	431	2,927	878	3,438	203.7	117.5
Dyes & Coatings	"	1,004	5,181	565	5,160	56.3	99.6
Plastic Materials & Artificial Resins	"	5,652	9,909	7,584	12,366	134.2	124.8
Metals	-		418,363		385,535	92.2	
Iron & Steel	MT	651,272	367,267	552,611	326,162	84.9	88.8
Bars & Shapes	"	32,375	13,067	32,956	10,738	101.8	82.2
Heavy Plates & Sheets	"	7,647	3,289	5,840	2,484	76.4	75.5
Light Plates & Sheets	"	326,802	168,708	274,267	136,406	83.9	80.9
Tinned Plates & Sheets	"	38,220	28,995	14,335	11,622	37.5	40.1
Galvanized Plates & Sheets	"	119,745	82,578	110,621	71,761	92.4	86.9
Hoops & Strips	"	31,727	12,342	30,624	11,150	96.5	90.3
Tubes & Pipes	"	48,294	35,815	75,861	76,315	157.1	213.1
Nonferrous Metals	-		15,407		16,968		110.1
Metal Products	-		35,689		42.404		118.8
Machinery & Equipment	-		871,885		1,526,691		175.1
General Machinery	-		125,334		209,721		167.3
Internal Combustion Engines (Excl.Aircraft Engines)	-		43,674		60,741		139.1
Metalworking Machinery	-		8,739		18,534		212.1
Textile Machinery	-		11,208		12,308		109.8
Constructing & Mining Machinery	NO	166	3,408	508	17,256	306.0	506.3

Heating & Cooling Machinery	-		7,124		13,539		190.0
Cargo Handling Machinery	-		10,300		14,459		140.4
Electrical Machinery	-		248,230		278,712		112.3
Heavy Electrical Machinery	-		20,420		50,573		247.7
Electrical Circuit Articles	-		17,695		14,099		79.7
Telecommunications Equipment	-		125,423		126,270		100.7
Television Sets	NO	133,105	19,838	117,916	26,482	88.6	133.5
Radio Sets	"	709,809	75,086	534,066	65,574	75.2	87.3
Room Fans	"	291,508	16,350	213,568	13,228	73.3	80.9
Insulated Wire	MT	2,102	12,945	1,165	6,878	55.4	53.1
Electrical Apparatus for Motor Vehicles	KG	1,645,386	15,781	2,008,981	19,043	122.1	120.7
Transportation Equipment	-		490,293		1,025,540		209.2
Railway Rolling Stock	-		2,254		543		24.1
Motor Vehicles (Excl.Parts)	NO	68,607	325,942	152,135	711,909	221.7	218.4
Passenger Cars	"	21,976	84,300	68,671	291,457	312.5	345.7
Busses	"	28,725	161,061	44,018	245,759	153.2	152.6
Trucks	"	17,018	63,227	38,457	149,091	226.0	235.8
Chassis for Busses & Trucks	"	552	8,853	228	5,235	41.3	59.1
Motor Vehicle Parts	-		26,850		28,682		106.8
Motorcycles	-	233,750	115,175	353,672	182,175	151.3	158.2
Motorcycles (Assembled)	"	78	35	42	52	53.8	148.6
Motorcycles (Knock-down)	"	233,672	115,141	353,630	182,123	151.3	158.2
Precision Instruments	-		8,028		12,719		158.4
Scientific & Optical Instruments	-		7,613		12,140		159.5
Re-exports, Commodities & Transactions not Classified	-		2,122		2,416		113.9
#Total Imports	-		120,175		340,369		283.2
Foodstuffs	-		4,061		6,567		161.7
Shrimps, Prawns & Lobsters	MT	530	3,665	815	6,558	153.8	178.9
Cocoa	"	0	1	0	0	-	0.0
Raw Materials	-		3,573		2,178		61.0
Cotton	MT	0	0	0	0	-	-
Nonferrous Metallic Ores	-		2,191		314		14.3
Oil Seeds	MT	1,964	1,211	3,909	1,828	199.0	150.9
Shea Nuts	"	1,964	1,211	3,909	1,828	199.0	150.9
Mineral Fuels	-		104,643		331,191		316.5
Crude & Partially Refined Oil	KKL	399	104,597	1,239	331,185	310.5	316.6
Heavy Oil	"	0	45	0	6	-	13.3
Manufactured Products	-		331		11		3.3
Re-export, Commodities & Transactions not Classified	-		7,566		423		5.6

Year / Commodity	Units of Quantity	1981 Quantity	1981 Value	1982 Quantity	1982 Value	Compared with Previous Year(%) Quantity	Compared with Previous Year(%) Value
#Total Exports	-		2,158,826		1,209,057		56.0
Foodstuffs	-		101,026		70,766		70.0
Fish & Shellfish	MT	71,735	100,878	57,117	69,930	79.6	69.3
Mackerel, Canned	"	69,381	97,906	47,838	60,120	68.9	61.4
Raw Materials & Fuels	-	1,143			504		44.1
Light Industry Goods	-	113,689			82,285		72.4
Textile Goods	-	47,245			32,045		67.8
Synthetic Fibers,	MT	242	879	837	1,806	345.9	205.5
Synthetic Fiber Yarn	"	5,274	26,416	2,995	14,050	56.8	53.2
Rayon Yarn	"	875	6,950	422	3,175	48.2	45.7
Synthetic Fiber Fabrics	KSM	351	291	363	325	103.4	111.7
Textile Secondary Products	-		5,257		3,634		69.1
Clothing	-		1,931		1,004		52.0
Nonmetallic Mineral Products	-		8,091		3,475		42.9
Other Light Industrial	-		58,352		46,765		80.1
Tires & Tubes	MT	5,135	16,478	1,814	5,505	35.3	33.4
Records & Tapes	-		13,298		23,400		176.0
Heavy and Chemical Industry	-		1,940,553		1,054,792		54.4
Chemical Goods	-		28,327		15,477		54.6
Organic Compounds	Mt	878	3,438	177	1,646	20.2	47.9
Dyes & Coatings	"	565	5,160	336	4,067	59.5	78.8
Plastic Materials & Artificial Resins	"	7,584	12,366	2,855	4,888	37.6	39.5
Metal Goods	-		385,535		282,602		73.3
Iron & Steel	MT	552,611	326,162	443,247	246,108	80.2	75.5
Bars & Shapes	"	32,956	10,738	26,594	8,781	80.7	81.8

Heavy Plates & Sheets	"	5,840	2,484	5,384	2,551	92.2	102.7
Plates & Sheets	"	274,267	136,406	286,637	144,065	104.5	105.6
Tinned Plates & Sheets	"	14,335	11,622	21,364	16,304	149.0	140.3
Galvanized Plates & Sheets	"	110,621	71,761	18,748	9,976	16.9	13.9
Hoops & Strips	"	30,624	11,150	40,914	14,549	133.6	130.5
Tubes & Pipes, of Steel	"	75,861	76,315	35,072	45,276	46.2	59.3
Nonferrous Metals	-		16,968		9,285		54.7
Metal Products	-		42,404		27,208		64.2
Machinery	-		1,526,691		756,714		49.6
General Machinery	-		209,721		137,584		65.6
Internal Combustion Engines (Excl. aircraft Engines)	-		60,741		56,597		93.2
Metalworking Machinery	-		18,534		9,220		49.7
Textile Machinery	-		12,308		5,793		47.1
Constructing & Mining Machinery	NO	508	17,256	227	6,344	44.7	36.8
Heating & Cooling Machinery	-		13,539		7,346		54.3
Cargo Handling Machinery	-		14,459		4,639		32.1
Electrical Machinery	-		278,712		187,320		67.2
Heavy Electical Machinery	-		50,573		39,554		78.2
Electrical Circuit Articles	-		14,099		6,759		47.9
Telecommunications Equipment	-		126,270		77,834		61.6
Television Sets	No	117,916	26,482	80,697	18,042	68.4	68.1
Radio Sets	"	534,066	65,574	397,728	38,672	74.5	59.0
Room Fans	"	213,568	13,228	119,864	7,151	56.1	54.1
Insulated Electric Wire	MT	1,165	6,878	748	5,039	64.2	73.3
Electrical Apparatus for Motor Vehicles	KG	2,008,981	19,043	2,214,963	19,048	110.3	100.0
Transportation Equipment	-		1,025,540		425,833		41.5
Railway Rolling Stock	-		543		35		6.4
Motor Vehicles (Excl.Parts)	NO	152,135	711,909	62,680	244,778	41.2	34.4
Passenger Cars	"	68,671	291,457	35,926	127,596	52.3	43.8
Busses	"	44,018	245,759	10,634	48,677	24.2	19.8
Trucks (Assembled)	"	38,457	149,091	15,180	56,178	39.5	37.7
Bus & Truck Chassis	"	228	5,235	642	3,782	281.6	72.2
Motor Vehicle Parts	-		28,682		24,355		84.9
Motorcycles	NO	353,672	182,175	263,126	119,844	74.4	65.8
Motorcycles (Assembled)	"	42	52	106	109	252.4	209.6
Motorcycles (knock Down)	"	353,630	182,123	263,020	119,735	74.4	65.7
Precision Instruments	-		12,719		5,977		47.0
Scientific & Optical	-		12,140		5,721		47.1

Re-exports, Commodities & Transactions not Classified According to kind	-		2,416		710		29.4
‡ Total Imports	-		340,369		8,002		2.4
Foodstuffs	-		6,567		6,330		96.4
Shrimps, Prawns, &	MT	815	6,558	738	5,795	90.6	88.4
Cocoa	"	0	0	249	534		
Raw Materials	-		2,178		354		16.3
Nonferrous Metal Ore	-		314		0		0.0
Oil Seeds	MT	3,909	1,828	650	331	16.6	18.1
Shea Nuts	"	3,909	1,828	650	331	16.6	18.1
Mineral Fuels	-		331,191		0		0.0
Crude & Partly Refined	KKL	1,239	331,185	0	0	0.0	0.0
Heavy Fuel Oils	"		6		0		0.0
Manufactured Goods	-		11		16		145.5
Re-imports & Commodities & Transactions Not Classified	-		423		1,303		308.0

According to kind

Lobsters

(Unit:$1,000)

Year / Commodity	Units of Quan-tity	1983 Quantity	1983 Value	1983 Share %	1984 Quantity	1984 P.Y. (%)	1984 Value	1984 P.Y. (%)	1984 Share (%)
$ Total Exports	-		567,805	100.0			445,518	78.5	100.0
Foodstuffs	-		28,308	5.0			1,134	4.0	0.3
Fish & Shellfish	MT	22,733	28,257	5.0	940	4.1	991	3.5	0.2
Mackerel, Canned	"	16,234	21,495	3.8	25	0.2	32	0.1	0.0
Raw Materials & Fuels	-		311	0.1			470	151.1	0.1
Light Industry Goods	-		38,017	6.7			17,547	46.2	3.9
Textile Goods	-		15,446	2.7			9,988	64.7	2.2
Synthetic Fibers, Discontinuous	MT	954	1,810	0.3	283	29.7	528	29.2	0.1
Synthetic Fiber Yarn	"	1,494	7,190	1.3	578	38.7	2,498	34.7	0.6
Rayon Yarn	"	98	693	0.1	53	54.1	383	55.3	0.1
Synthetic Fiber	KSM	258	180	0.0	56	21.7	88	48.9	0.0
Textile Secondary Products	-		2,131	0.4			698	32.8	0.2
Clothing	-		154	0.0			201	130.5	0.0
Nonmetallic Mineral Products	-		4,017	0.7			1,241	30.9	0.3
Other Light Industrial Products	-		18,554	3.3			6,317	34.0	1.4
Tires & Tubes	MT	1,168	3,641	0.6	690	59.1	2,381	65.4	0.5
Records & Tapes	-		7,218	1.3			1,047	14.5	0.2
Heavy and Chemical Industry Products	-		499,911	88.0			426.052	85.2	95.6
Chemical Goods	-		11,126	2.0			6,845	61.5	1.5
Organic Compounds	MT	321	1,710	0.3	152	47.4	581	34.0	0.1
Dyes & Coatings	"	110	2,186	0.4	54	49.1	957	43.8	0.2

Plastic Materials & Artificial Resins	"	2,944	4,391	0.8	1,933	65.7	3,553	80.9	0.8
Metal Goods	-		136,422	24.0			96,984	71.1	21.8
Iron & Steel	MT	189,776	99,485	17.5	144,460	76.1	79.042	79.5	17.7
Bars & Shapes	"	9,770	3,314	0.6	2,923	29.9	1.194	36.0	0.3
Heavy Plates & Sheets	"	3,061	1,147	0.2	2,575	84.1	1.068	93.1	0.2
Plates & Sheets	"	136,049	68,317	12.0	105,863	77.8	56,083	82.1	12.6
Tinned Plates & Sheets	"	9,375	7,481	1.3	4,496	48.0	3,840	51.3	0.9
Galvanized Plates & Sheets	"	2	3	0.0	2,300	-	1,341	447 fold	0.3
Hoops & Strips	"	13,475	4,731	0.8	9,387	69.7	4,276	90.4	1.0
Tubes & Pipes, of Steel	"	11,726	10,719	1.9	13,128	112.0	8,611	80.3	1.9
Nonferous Metals	-		11,029	1.9			7,682	69.7	1.7
Metal Products	-		25,908	4.6			10,260	39.6	2.3
Machinery	-		352,363	62.1			322,222	91.4	72.3
General Machinery	-		148,915	26.2			194,146	130.4	43.6
Internal Combustion engines (Excl.Aircraft Engines)	-		16,426	2.9			11,969	72.9	2.7
Metalworking Machinery	-		3,201	0.6			5,164	161.3	1.2
Textile Machinery	-		4,585	0.8			2,475	54.0	0.6
Constructing & Mining Machinery	NO	126	3,580	0.6	20	15.9	979	27.3	0.2
Heating & Cooling Machinery	-		10,840	1.9			20,559	189.7	4.6
Cargo Handling Machinery	-		6,588	1.2			3,392	51.5	0.8
Electrical Machinery	-		110,128	19.4			87,356	79.3	19.6
Heavy Electrical Machinery	-		28,212	5.0			35,773	126.8	8.0
Electrical Circuit Articles	-		10,943	1.9			30,494	278.7	6.8
Telecommunications Equipment	-		35,665	6.3			6,418	18.0	1.4
Television Sets	NO	25,339	3,833	0.7	12,425	49.0	2,086	54.4	0.5
Radio Sets	"	152,732	12,582	2.2	48,671	31.9	2,067	16.4	0.5
Room Fans	"	166,643	9,301	1.6	18,269	11.0	768	8.3	0.2
Insulated Electric Wire	MT	460	2,289	0.4	331	72.0	1,215	53.1	0.3
Electrical Apparatus for	KG	805,258	7,375	1.3	450,779	56.0	4,533	61.5	1.0
Transportation Equipment	-		89,863	15.8			39,669	44.1	8.9
Railway Rolling Stock	-		72	0.0			40	55.6	0.0
Motor Vehicles (Excl. Parts)	NO	9,829	40,495	7.1	3,703	37.7	19,667	48.6	4.4
Passenger Cars	"	5,15	18,641	3.3	129	2.5	833	4.5	0.2
Busses	"	1,526	7,177	1.3	6	0.4	40	0.6	0.0
Trucks (Assembled)	"	2,911	12,103	2.1	3,559	122.3	17,030	140.7	3.8
Bus & Truck Chassis	"	219	1,247	0.2	0	0.0	0	0.0	0.0

Motor Vehicle Parts	-		9,897	1.7			4,121	41.6	0.9
Motorcycles	NO	59,025	23,344	4.1	26,106	44.2	11,480	49.2	2.6
Motorcycles (Assembled)	"	21	10	0.0	20	95.2	17	170.0	0.0
Motorcycles (Knock Down)	"	59,004	23,335	4.1	26,086	44.2	11,463	49.1	2.6
Precision Instruments	-		3,457	0.6			1,051	30.4	0.2
Scientific & Optical Instruments	-		3,387	0.6			1,041	30.7	0.2
Re-exports,Commodities & Transactions not Classified According to kind	-		1,257	0.2			315	25.1	
*Total Imports	-		6,706	100.0			7,012	104.6	100
Foodstuffs	-		4,773	71.2			6,162	129.1	87
Shrimps, Prawns, & Lobsters	MT	580	4,540	67.7	693	119.5	5,104	112.4	72
Cocoa	"	121	225	3.4	400	330.6	993	441.3	14
Raw Materials	-		1,446	21.6			645	44.6	9
Nonferrous Metal Ore	-		0	0.0			212	-	3
Oil Seeds	MT	3,326	1,376	20.5	551	16.6	244	17.7	3
Shea Nuts	"	3,326	1,376	20.5	551	16.6	244	17.7	3
Manufactured Goods	-		119	1.8			78	65.5	1
Re-imports & Commodities & Transactions Not Classified According to kind	-		368	5.5			127	34.5	1

INDEX OF EXPORT PERFORMANCE NIGERIA AND JAPAN, 1960-1985
FIG 2 (iv)

YEAR	JAPAN	NIGERIA	JAP. INDEX	NIG. INDEX
1960.0	72214.0	8156.0	100.0	100.0
1961.0	72800.0	9480.0	100.8	116.2
1962.0	63982.0	5211.0	88.6	63.9
1963.0	74109.0	6760.0	102.6	82.9
1964.0	79514.0	7351.0	110.1	90.1
1965.0	58984.0	9285.0	81.7	113.8
1966.0	39572.0	13671.0	54.8	167.6
1967.0	38335.0	16163.0	53.1	198.2
1968.0	13094.0	14502.0	18.1	177.8
1969.0	28625.0	12949.0	39.6	158.8
1970.0	62892.0	12841.0	87.1	157.4
1971.0	95989.0	27131.0	132.9	332.7
1972.0	125998.0	79961.0	174.5	980.4
1973.0	141147.0	189010.0	195.5	2317.4
1974.0	284687.0	448865.0	394.2	5503.5
1975.0	585328.0	278538.0	810.5	3415.1
1976.0	573787.0	108731.0	794.6	1333.1
1977.0	1009535.0	20290.0	1398.0	248.8
1978.0	953431.0	7529.0	1320.3	92.3
1979.0	806889.0	42467.0	1117.4	520.7
1980.0	1493602.0	120175.0	2068.3	1473.5
1981.0	2158826.0	340369.0	2989.5	4173.2
1982.0	1209057.0	8002.0	1674.3	98.1
1983.0	567805.0	6706.0	786.3	82.2
1984.0	445518.0	7012.0	616.9	86.0
1985.0	342029.0	5832.0	473.6	71.5

Fig. 3(i) JAPANESE INVESTMENTS IN THE NIGERIAN ECONOMY, 1961-1983

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Nishizawa	1961	7.4	Afprint (Nig.) Ltd	Textile Manufacturing	N/A	Lagos
Nishizawa	1962	12.8	Northern Textile Man.	Man. of Textiles	N/A	Kano
Yodogawa Steel Works	1964	12	Galvanising Ind. Ltd.	Prod. of Galvanised Iron Sheets	CFAO and Others (64%)	Lagos
C. Itoh & Co.		24				
Nippon Kokan	1964	19.1	Pioneer Metal Prod. Co.	Prod. of Galvanised Iron Sheets	Peterson Zochonics, G.H Kato & Co.	Lagos
Marubeni Corp.		19.1				
G.H. Kato & Co.		2.7				
Toyobo Company 8 Other Spinning Firms from Osaka	1965	44.9	Arewa Textiles Ltd.	Textile Manufacturing	Local Capital (40%) UK & US Firms (15%)	Kaduna
Sanyo Electrical Co.	1969	20	Sanyo (Nig.) Ltd.	Assembly & Sales of home electrical appliances	A.G Leventis Others (70%)	Ibadan
Marubeni Corp.		10				
Nichimen Corp.	1969	40	Nichimen Co. (Nig.) Ltd.	Trading	Nabama Badamosi Holding Co., Others (60%)	Lagos
Tayo Menka Kaisha	1970	40	Tayo Menka Kaisha (Nig.) Ltd.	Data Collection	Local Capital (60%)	Lagos

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Teijin Ltd, Osaka C. Itoh & Co.	1970	N/A	Nigeria Teijin Textiles Ltd.	Production of Blended Synthetic Fabrics	C.F.A.O.	Lagos
Kuraray Co. Marubeni Corp.	1970	11 6	Woolen and Synthetic Textile Man. Ltd.	Man. of Textiles Piece Goods	NIDB (20%), J.T Chanrai, Others (40%)	Lagos
Mitsui Sekiyu Kaihatsu	1970	100	Japan Petroleum Co. (Nig.) Ltd.	Oil exploration		Lagos
Momoi Seiko	1970	50	Nigeria Net & Twine Co.	Fishery	N/A	Lagos
Daiwa Spinning Co. Chori Co.	1970	5.3 5.3	Bhojsons Ind. Ltd.	Woven Cloths, Dying and Processing	Local Capital (89.4%)	Lagos
Hirata Spinning Asahi Chemical C. Itoh & Co.	1971	22.5 19.4 19.4	Ninetso (Nig.) Ltd. and Processing of nylon fishing nets	Textile Production Others (40%)	CFAO (38.75%)	Lagos
Toray Industries	1973 (Capital Participation)	17.8	General Cotton Mill Ltd	Spinning and weaving of polyester/Cotton and mixed fabrics	Startex, Others (82.2%)	Onitsha
N/A	1973		Eko-Nippon Fishing Co. Ltd.	Fishery		Lagos
Mitsui & Co.	1973	20	Nigeria Wire Industries	Prod. of Steel Rod & Secondary Products	Bridon Ltd, Others (70%)	Lagos
Taiyo Fishery	1974	30	Osadjere Fishing Co.	Fishery	Ibru Seafoods (70%)	Lagos

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Unitika Ltd Nichimen Corp.	1975	26 25	Zaria Industries Ltd.	Spinning, weaving processing & sales of canvas	Industrial Development Corp., Kaduna Investments Co. (49%)	Kaduna
Toyo Glass	1975	6.5	Metal Box Toyo Glass (Nig.) Ltd.	Glass making	Metal Box Overseas (55.9%), NIDB (37.6%)	Lagos
Kyoei Seiko Nisho Iwai Corp.	1975	9.13 6.84	Continental Iron & Steel Co.	Manufacturing of Iron Steel Tubes, Bars, Rods, Flats and Wire	Local Capital	Lagos
Nichimen Corp.	1977	20	Metcome (Nig.) Ltd.	Processing & Sales of Standard Steel Products	J.R Anyaechie & Co. (40%), Others (40%)	Aba
Mitsubishi Corp. Kobe Steel Corp.	1977	17.3 10.2	Standard Industrial Development Co.	Sales of Steel Tubes	John Holt & Company (Liverpool), Others (72.5%)	Lagos
Mitsubishi Electric Mitsubishi Corp.	1977	25 15	Melco (Nig.) Ltd.	Sales and Installation of heavy electrical machinery	Wali Group, Others (60%)	Lagos
Sekisui Chemical Michimen Corp.	1977	30 10	Eslon (Nig.) Ltd.	PVC Pipes, Polyethylene films	NNIL (30%) NRDL, Others (30%)	Kaduna

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Kawasho Corp.	1978	10	Rolled Steel Products Limited	Galvanised Iron Products Ltd	Colada Investments (40%), Third Country (50%)	Ibadan
Sumitomo Electric Industries	1978	40	Sei (Nig.) Ltd.	Comm. and Civil Engineering Works	M/S Alao & Alade (60%)	Ibadan
Sumitomo Electric Industries Sumitomo Corp.	1978	40	Nigeria Wire and Cable Company	Manufacturing of eletrical wires and cables	Odua Investments (40%)	Ibadan
Sumitomo Corp.	1978	40	Sumitomo Shoji Kaisha (Nig.) Ltd.	Marketing Survey/ Data Collection	Local Capital (60%)	Lagos
C. Itoh & Co.	1978	40	C. Itoh & Co. (Nig.) Ltd.	Data Collection	Chief Thomas (30%), Others (30%)	Lagos
Mitsui & Co.	1978	40	MBK (Nig.) Ltd.	Data Collection	Local Capital (60%)	Lagos
Sumitomo Corp.	1979	40	Sumalco Ltd.	Installation of electrical wires and cables	Local Capital (60%)	Lagos
Marubeni Corp.	1979	40	Marubeni (Nig.) Ltd.	Trading	Local Capital	Lagos
Mitsubishi Corp.	1979	100	Mitsubishi Shoji Kaisha (Nig.) Ltd.	Trading	--	Lagos
Taisei Corp.	1979	40	Taisei West Africa Ltd.	Civil Engineering, Construction and Machinery Procurements	Hawas Services (35%), Others (25%)	Lagos

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Fujikara Ltd Mitsui & Co.	1979	35 5	Fujikara Cable Works (Nig.) Ltd.	Communications and Electric Power Eng.	Ogoro, Others (60%)	Lagos
Nisho Iwai Corp.	1979	40	Nisho Iwai (Nig.) Ltd.	Trading	Omicron Int. Ltd, Others (60%)	Lagos
Saibo Company	1980	20	Nigeria Textile Products Ltd.	Textile Manufacturing	Local Capital (80%)	Kano
Honda Motor Co.	1981	30	Honda Manufacturing (Nig.) Ltd.	Production of Motorcycles, Parts	Local Capital (70%)	Lagos
NEC Corp.	1981	40	NEC (Nig.) Ltd.	Sales of Electronic and Communications Equipment	Chief Ogundeji Two Others (60%)	Lagos
Yamaha Motor Co. Mitsui & Co.	1982	17.5 17.5	Yamaha Manufacturing (Nig.) Ltd.	Production of Motorcycles, Parts	John Holt (25%), Others (40%)	Lagos
Taisho Marine & Fire Insurance	1983	15	Fire Equity & General Insurance Company	Non-Life Insurance	AFIA (25%), Others (60%)	Lagos
Toda Construction	1983	40	Toda Construction (Nig.) Company	General Construction	Local Capital (60%)	Lagos
Matsushita Electric Industrial	1983	40	National Panasonic (Nig.) Ltd.	Production of colour television, fan and other domestic appliances	UAC Int (10%) UAC (Nig) Ltd (10%), Others (40%)	Lagos

JAPANESE INVESTOR	DATE OF ESTABLISHMENT	CAPITAL RATIO	NAMES OF COMPANIES	MAJOR BUSINESS LINES	MAJOR PARTNERS	CITY LOCATION
Chiyoda Chemical Engineering & Construction	1983	40	Chiyoda (Nig.) Ltd.	Construction of Petroleum and Petrochemical Plants	Chief Thomas (60%)	Lagos
Mitsui & Co. Tone Boring	1983	20 20	Nija Water Development & Construction Co.	Well Drilling, Water Resource Development	Local Capital (60%)	Lagos

Supplement to Fig. 3 (i)

<u>Companies whose interests are also represented but whose particulars are incomplete due to non-availability of data.</u>

1. Taichi Company Ltd.
2. Marubeni Engineering (West Africa) Ltd.
3. Dainichi Tsuun Company Ltd. (c/o Panalpina World Transport (Nigeria) Ltd.)
4. Nishizawa (Nigeria) Ltd.
5. J.G.C. (Nigeria) Ltd.
6. Mitsubishi Heavy Industries Ltd.
7. Suzuki Motor Company Ltd. (c/o Boulous Enterprises Ltd.)
8. Far East West Africa Conference Lines (c/o Alraine (Nigeria) Ltd.)
9. J.N.E. (Nigeria) Ltd.
10. Mitsui O.S.K. Lines Ltd. (Lagos Reps. Office)
11. Telerex Electronics Ltd.
12. Ninetco Ltd.
13. Delta Freezer Ltd.
14. Nigeria Surgical Products Ltd.

N.B: This list may not be exhaustive. It is also important to note that some of these companies may have wound up operations.

FIG. 4(i)

NIGERIA - JAPAN TRADE, 1960 - 1985

VALUE OF TOTAL TRADE ($MILLION)

YEAR	JAPAN	NIGERIA
1960	72,214	8,156
1961	72,800	9,480
1962	63,982	5,211
1963	74,109	6,760
1964	79,514	7,351
1965	58,984	9,285
1966	39,572	13,671
1967	38,355	16,163
1968	13,094	14,502
1969	28,625	12,949
1970	62,892	12,841
1971	95,989	27,131
1972	125,998	79,961
1973	141,147	189,010
1974	284,687	448,865
1975	585,328	278,538
1976	573,787	108,731
1977	1,009,534	20,290
1978	953,431	7,529
1979	806,889	42,467
1980	1,493,602	120,175
1981	2,158,826	340,369
1982	1,209,057	8,002
1983	567,805	6,706
1984	445,518	7,012
1985	342,029	5,832

SOURCE:

JETRO, WHITEPAPER ON INTERNATIONAL TRADE (various years)

FIG.4 (ii)

JAPAN'S SHARE OF NIGERIA'S TRADE AS PERCENTAGE OF TOTAL TRADE

YEAR	IMPORTS (C.I.F)	EXPORTS (F.O.B)
1960	13.1	1.5
1961	13.8	1.5
1962	12.4	0.9
1963	13.8	1.3
1964	12.3	1.2
1965	9.5	1.2
1966	5.6	1.5
1967	8.4	2.6
1968	3.7	1.8
1969	3.8	1.1
1970	6.3	0.8
1971	8.4	1.4
1972	9.9	3.9
1973	9.2	4.6
1974	9.2	4.1
1975	9.8	3.5
1976	9.3	0.5
1977	10.7	0.1
1978	10.7	0.1
1979	10.9	0.1
1980	10.8	0.1
1981	13.4	1.5
1982	11.2	0.1
1983	9.4	0.1
1984	8.2	0.1
1985	7.4	0.1

SOURCE:

FEDERAL OFFICE OF STATISTICS, Review of External Trade (various years).

FIG 4 (III)

Direction of Nigeria's External Trade, 1960-1984:

Imports by Regional Groupings as Percentage total Value of Imports

Year	United Kingdom	Other Commonwealth Countries	Western Europe	United States	Eastern Europe	Japan	West Africa	Others	Total
1960	43.6	5.9	26.0	5.4	2.0	13.1	0.3	3.6	100
1961	38.8	7.8	26.2	5.4	2.6	13.8	0.3	5.1	100
1962	36.8	7.4	27.5	7.5	3.0	12.4	0.2	5.3	100
1963	36.3	6.4	30.1	4.0	3.6	13.8	0.3	5.4	100
1964	31.3	5.3	30.0	11.5	3.0	12.3	0.4	6.1	100
1965	31.5	5.8	32.1	12.2	2.9	9.5	0.4	5.6	100
1966	30.0	6.0	33.9	16.3	2.8	5.6	0.5	4.9	100
1967	29.0	5.6	32.6	12.6	3.8	8.5	0.6	7.3	100
1968	31.4	4.7	32.8	11.7	5.0	3.8	1.0	9.6	100
1969	35.0	4.7	30.5	11.9	3.9	3.8	0.6	9.7	100
1970	28.3	3.1	45.0	11.5	3.6	0.8	0.8	7.0	100
1971	32.0	4.9	31.0	14.1	4.1	8.3	0.3	5.2	100
1972	29.5	4.6	36.4	10.4	3.4	9.9	0.3	5.5	100
1973	27.1	4.0	37.2	10.3	3.7	9.2	0.2	8.2	100
1974	23.1	4.0	40.5	12.3	4.2	9.2	0.4	6.2	100
1975	23.0	2.4	43.7	11.0	3.1	9.8	0.5	6.0	100
1976	23.5	2.5	44.5	11.7	1.8	9.6	0.5	6.0	100
1977	22.0	2.8	44.3	11.2	2.6	10.7	0.8	5.7	100
1978	21.9	3.5	45.0	10.6	2.2	10.7	0.4	5.6	100
1979	18.9	3.4	45.9	10.7	2.1	10.9	0.4	7.8	100
1980	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
1981	18.5	5.7	40.7	10.7	1.8	13.4	0.3	8.9	100
1982	18.6	4.8	42.5	11.0	3.5	11.2	0.3	8.1	100
1983	16.5	4.5	40.0	11.8	4.7	9.3	0.5	10.7	100
1984	18.5	5.3	43.1	12.7	3.7	8.2	1.3	7.3	100

FIG 4 (IV)

DIRECTION OF NIGERIA'S EXTERNAL TRADE, 1960 - 1984
EXPORTS AND RE-EXPORTS BY REGIONAL GROUPINGS
(AS PERCENTAGE OF TOTAL VALUE OF EXPORTS)

COUNTRIES AND REGIONAL GROUPINGS

YEAR	UNITED KINGDOM	OTHER COMMONWEALTH COUNTRIES	WESTERN EUROPE	UNITED STATES	EASTERN EUROPE	JAPAN	WEST AFRICA	OTHERS	TOTAL
1960	47.6	1.4	33.9	9.4	0.4	1.5	0.7	5.2	100
1961	43.9	1.2	33.6	11.1	0.4	1.5	0.9	7.2	100
1962	42.0	1.8	38.0	10.8	1.0	0.9	3.3	2.2	100
1963	39.4	2.1	42.7	9.2	0.8	1.3	3.4	1.1	100
1964	37.9	1.6	40.6	6.7	2.3	1.2	5.2	4.4	100
1965	38.2	1.3	41.0	10.0	3.2	1.2	2.0	3.1	100
1966	37.3	4.3	39.8	8.0	1.2	1.5	1.9	6.0	100
1967	29.9	4.3	48.0	7.9	3.0	2.6	1.5	2.8	100
1968	28.9	3.8	45.5	8.3	5.7	1.8	3.0	3.0	100
1969	27.3	3.0	44.0	12.6	3.6	1.0	0.8	7.1	100
1970	28.3	3.1	45.0	11.5	3.6	0.8	2.1	7.0	100
1971	21.5	2.3	45.8	17.3	3.4	1.4	2.1	6.2	100
1972	21.0	2.0	42.8	20.9	1.8	3.8	2.1	5.6	100
1973	18.7	3.3	36.3	24.1	1.4	4.6	1.1	10.5	100
1974	16.9	2.2	34.7	27.4	1.8	4.1	1.4	11.5	100
1975	14.1	1.3	33.5	29.0	1.8	3.5	1.3	11.6	100
1976	14.3	0.6	32.2	35.1	0.2	3.4	1.7	12.5	100
1977	8.1	10.0	22.1	39.5	0.2	0.1	2.3	17.6	100
1978	6.4	4.0	35.0	42.2	0.3	0.1	2.5	9.5	100
1979	6.1	7.2	36.1	44.4	0.2	0.1	1.7	4.2	100
1980	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
1981	1.2	7.9	38.4	35.6	1.8	1.5	2.7	10.9	100
1982	2.3	4.5	36.6	32.4	0.6	0.1	2.5	21.0	100
1983	4.1	1.7	41.7	23.3	0.6	0.1	1.9	26.6	100
1984	4.6	6.3	66.9	13.3	0.4	0.1	3.3	5.1	100

FIG.4 (v)

JAPAN'S SHARE OF NIGERIA'S TRADE AS PERCENTAGE OF TOTAL NON-OIL EXPORTS 1970 - 1983

YEAR	PERCENTAGE OF TOTAL NON-OIL EXPORTS
1970	1.6
1971	1.6
1972	1.7
1973	2.7
1974	1.1
1975	4.0
1976	1.6
1977	1.4
1978	0.6
1979	0.6
1980	0.9
1981	0.9
1982	0.9
1983	0.6

SOURCE:

Central Bank of Nigeria, ANNUAL REPORTS AND STATEMENT OF ACCOUNTS (various years).

4 (VI)

EXPORT COMMODITIES IN NIGERIA'S EXTERNAL TRADE 1960 - 1984

(AS PERCENTAGE OF TOTAL VALUE OF EXPORTS)

	Cocoa	Groundnuts	Groundnut Oil	Groundnut Cake	Palm Kernels	Palm Oil	Raw Cotton	Natural Rubber	Hides & Skin	Timber	Crude Petroleum	Tin Metal	Other Commodities	Grand Total
60	21.6	13.5	3.1	0.9	15.4	8.2	3.7	3.4	2.7	4.1	2.6	3.6	12.1	10
61	19.4	18.6	2.9	1.1	11.5	7.6	6.4	6.3	2.4	3.9	6.6	3.8	9.5	10
62	19.8	19.2	3.7	1.5	10.0	5.3	3.5	6.7	2.3	3.4	10.2	3.9	10.6	10
63	17.1	19.4	3.4	1.4	11.6	4.9	5.0	6.2	2.2	3.5	10.7	4.7	10.4	10
64	18.7	15.9	3.8	2.2	9.8	5.0	2.8	5.6	2.2	3.6	14.9	5.8	9.7	10
65	15.9	14.2	3.5	2.0	9.9	5.2	1.2	4.1	1.7	2.3	25.4	5.5	9.1	10
66	9.9	14.4	9.4	1.7	7.9	3.9	1.2	4.0	2.0	2.0	32.4	5.4	11.9	10
67	22.5	14.7	2.4	1.7	3.0	0.5	1.7	2.6	1.9	1.4	29.9	5.0	12.6	10
68	24.3	18.0	4.4	2.3	4.8	-	1.6	3.0	1.9	1.7	17.5	6.5	13.9	10
69	16.5	11.1	3.3	1.6	3.1	0.1	1.0	3.0	1.3	1.3	41.2	3.8	12.5	10
70	15.0	4.9	2.6	1.2	2.5	0.1	1.5	2.0	0.6	0.7	57.5	3.8	7.5	10
71	11.1	1.9	1.0	0.5	2.0	0.2	0.9	1.0	0.4	0.4	73.7	1.9	5.9	10
72	7.2	1.4	0.7	0.4	1.1	-	-	0.5	0.5	0.4	81.6	1.3	4.8	10
73	4.9	2.0	1.0	0.8	0.8	-	0.2	0.9	0.5	0.5	83.1	0.7	4.5	10
74	2.7	0.1	0.2	0.1	0.8	-	-	0.6	0.2	0.2	92.6	0.5	2.1	10
75	3.5	-	-	-	0.4	-	-	0.3	0.1	0.1	94.0	0.3	0.1	10
76	3.3	-	-	0.1	0.4	-	-	0.2	0.1	-	93.6	0.2	2.2	10
77	3.9	-	-	-	0.4	-	-	0.1	0.1	-	92.8	0.1	2.4	10
78	6.4	-	-	-	0.3	-	-	0.2	-	-	90.0	0.3	2.7	10
79	2.4	-	-	-	0.1	-	0.2	0.2	-	-	95.2	0.1	1.8	10
80	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-
81	1.3	-	-	-	0.2	-	-	0.2	-	n.a	96.9	0.2	7.3	10
82	1.8	-	-	0.1	0.2	0.2	-	0.1	-	n.a	97.5	-	-	10
83	5.0	-	-	0.2	0.2	-	-	0.3	-	n.a	94.5	-	-	10
84	2.8	-	-	0.1	0.1	-	-	0.3	-	-	96.8	-	-	10

FIG.4(VII)

Value of External Trade, 1960–1984 (Millions of US Dollars)

(NIGERIA)

Year	Exports	Imports	Balance of Trade
1960	461.80	602.70	−140.9
1961	485.90	621.90	−136.0
1962	471.50	568.30	96.8
1963	531.00	580.90	−49.9
1964	601.20	711.20	−110.0
1965	750.00	766.40	−16.4
1966	781.90	717.10	+64.8
1967	677.70	626.50	+51.2
1968	592.10	539.70	+52.4
1969	905.06	696.44	+208.6
1970	1,142.97	1,011.19	+131.8
1971	1,810.00	1,510.00	+300.0
1972	2,179.00	1,505.00	+674.0
1973	3,461.00	1,861.00	+1,600.0
1974	9,219.00	2,774.00	+6,445.0
1975	7,995.00	6,032.00	+1,963.0
1976	10,771.00	8,213.00	+2,558.0
1977	11,823.00	11,021.00	802.0
1978	9,956.00	12,811.00	−855.0
1979	17,222.00	10,213.00	+7,009.0
1980	26,802.00	16,517.00	+10,285.0
1981	21,292.00	18,854.00	+2,438.0
1982	17,650.00	13,787.00	+3,863.0
1983	14,038.00	8,775.00	+5,263.0
1984	14,304.00	7,059.00	+7,245.0

Source: IMF, *Direction of Trade, Various Years.*

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