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## **Forged In Steel: The Origins of Japan-Rhodesia Trade and Diplomatic Relations (1924-1980)**

Madamombe, Panashe

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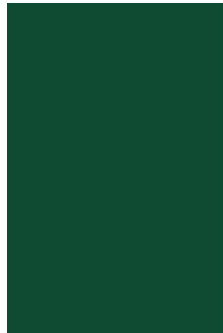
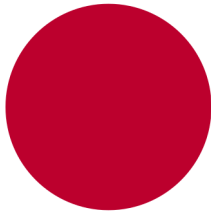
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# **Forged in Steel: The Origins of Japan-Rhodesia Trade and Diplomatic Relations (1924-1980)**

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Figure i: Photograph of RISCO (image supplied by National Archives of Zimbabwe)

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*Leiden University*

**PANASHE MADAMOMBE**

*June 2024*

## ABBREVIATIONS

|                   |                                                      |
|-------------------|------------------------------------------------------|
| AAC               | Anglo American Corporation of South Africa           |
| BIMCO             | Buchwa Iron Mining Company                           |
| CAF               | Central African Federation                           |
| COMZ              | Chamber of Mines Zimbabwe                            |
| FRELIMO           | Liberation Front of Mozambique                       |
| IBRD (World Bank) | International Bank of Reconstruction and Development |
| ISCOR             | Iron and Steel Corporation of South Africa           |
| NAZ               | National Archives of Zimbabwe                        |

|         |                                        |
|---------|----------------------------------------|
| RENAMO  | Mozambican National Resistance         |
| RISCO   | Rhodesian Iron and Steel Company       |
| RISCOM  | Rhodesian Iron and Steel Commission    |
| RISCORP | Rhodesian Iron and Steel Corporation   |
| UDI     | Unilateral Declaration of Independence |
| UN      | United Nations                         |
| ZISCO   | Zimbabwe Iron and Steel Company        |

### **JAPANESE TERMS AND ABBREVIATIONS**

|                          |                                           |
|--------------------------|-------------------------------------------|
| JETRO                    | Japanese External Trade Organisation      |
| <i>Kanyro</i>            | bureaucracy                               |
| <i>kanzai ittaishugi</i> | Government and business working in unison |
| <i>minkan keizai</i>     | Private business diplomacy                |
| MITI                     | Ministry of International Trade (Japan)   |
| ODA                      | Official Development Assistance           |
| <i>zaikai</i>            | Business world                            |
| <i>zaibatsu</i>          | Japanese conglomerates                    |

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### **Abstract**

Amongst the Asian giants, little attention has been paid to the relationship between Japan and Africa, let alone Japan and Zimbabwe. This thesis traces the development of trade and diplomatic relations between Japan and Rhodesia (Pre-independence Zimbabwe). The central argument in the thesis is that relations between Japan and Rhodesia were borne out of a 'quid-pro-quo' arrangement between the two with Rhodesia supplying critical raw minerals to Japan's industrial players whilst Japan invested in cash and kind into Rhodesia's critical industries, greatly contributing to Rhodesia's state survival once Rhodesia became a sanctioned pariah state.

This argument is built up by looking at Japan's foreign affairs policy objectives at the inception of diplomatic contact with Rhodesia which was in 1924, a year after the colony gained responsible self-governance from the British South Africa Company. Through archival research undertaken in Zimbabwe and the United Kingdom, the research unearths the commercial agreements that came to dominate Japan's relationship with Rhodesia; especially the 1961 deal for a £4½ million steel plant at Que Que (Rhodesia) between the Rhodesian Iron and Steel Company and Kawasaki. The thesis shows how post-World War

II World Bank loans to Japanese steel manufacturers such as Kawasaki Steel and Kobe Steel were used by these firms to invest in Rhodesia's iron and steel industry, helping the country develop Africa's only integrated steelworks north of the Limpopo and South of the Sahara. In return, Rhodesia exported hundreds of thousands of tonnes of pig iron and iron ore to Japan, which helped sustain Japan's modern iron and steel industry.

As the 'Wind of Change' blew throughout Southern Africa, Rhodesian and Japanese trade ties surprisingly intensified, in stark contrast to other states that began to boycott the racist white regime. The thesis will utilise Japan's 20<sup>th</sup> century *Black Africa* and *White Africa* policy to explain the motives and Japanese actors responsible for aiding the survival of Ian Smith's regime. Based on this policy, Japan clustered African states into two cohorts: Black Africa consisting independent states and White Africa which were the Southern African states dominated by white minority regimes. Through this policy, Japan worked to secure access to raw materials whilst securing political support at the United Nations from countries in the Asian- Africa bloc. This analysis of Japan-Rhodesia relations comes at a time where there has been a resurgence of interest into Africa by Japan; a policy shift motivated by the rush by Western and Asian economic giants to secure mineral resources for their Green Transition.

## Map of Japan



Figure ii: Map of Japan, courtesy of nationsonline.org.

## Map of Rhodesia

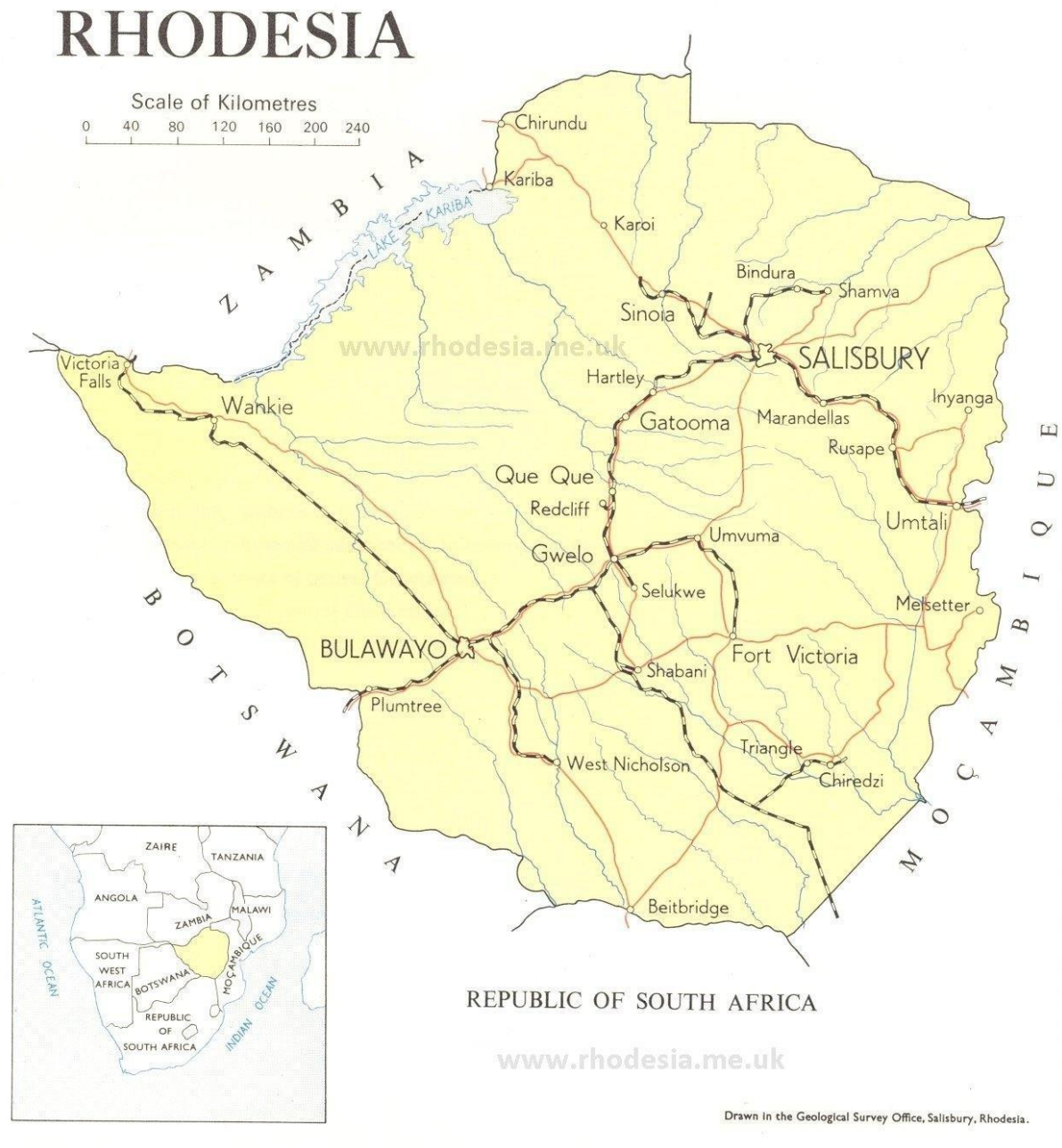


Figure iii: Map of Rhodesia, courtesy of rhodesia.me.uk

## Introduction

### A Fork in the Road

When you get to a fork in the road, take it! No better words describe my research proposal phase and the ensuing fieldwork experience that led to the final body of work, that will be presented in the ensuing chapters. Initially, I intended to undertake a mining history of the London headquartered Anglo American Corporation (AAC). The firm colloquially referred to as Anglo has played an important role in the development of the modern South African state, since its founding in 1917 in Johannesburg by Sir Ernest Oppenheimer. In his book, 'Anglo American and the Rise of Modern south Africa', Duncan Innes touched on the genesis of Anglo and the expansion of the firm within South African and leap into the global mining industry at large.<sup>1</sup> Within South Africa, the book's focus ranged from: state-business relations between Anglo and the iterations of the South African state; labour development within the mining sector; Anglo's role in the development of South Africa's industrial sector and how the company developed into the largest corporate in the country with its companies dominating 45% of the Johannesburg Stock Exchange (JSE) in 1990.<sup>2</sup>

The social impact of mining companies like Anglo in South Africa includes: the worker compound system, the reserve system and pass laws that they developed in conjunction with the state to serve the industries insatiable desire for black labour to develop their enterprises.<sup>3</sup> Additionally, these efforts from the mining industry served as a template for the apartheid political system that would dominate the state in the 20<sup>th</sup> century and retain some of its characteristics in democratic South Africa. As a multinational entity, culpable in the

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<sup>1</sup> D. Innes, *Anglo American and the rise of modern South Africa* (London [etc.]: Heinemann Educational, 1984)

<sup>2</sup> M. A. Hiltzik, 'The Politics of Profit in S. Africa: Anglo American Corp. Built an Economic Empire with Diamonds, Gold and Progressive Policies toward Blacks. Now its Future Hinges on the Dismantling of Apartheid,' *Los Angeles Times*, July 9, 1990.

<sup>3</sup> Innes, *Anglo American*, 145, 169.

development of the apartheid system, Anglo's role in the development of South Africa has been subject to scrutiny by researchers who continuously explore the firm's ties to the state.

In 1930, Anglo set its sights North of the Limpopo and commenced business operations in Southern Rhodesia through a partnership with the British South Africa Company (B.S.A.C).<sup>4</sup> This partnership saw the establishment of business interests ranging from mining, agriculture and commercial enterprises in Southern Rhodesia and Northern Rhodesia.<sup>5</sup> Overtime, Anglo developed an intricate spider web of various commercial interest and would eventually subsume the B.S.A.C which had been the dominant corporate entity in Southern Rhodesia. Through its acquisition of all B.S.A.C assets, Anglo American corporation effectively became heir apparent to Cecil John Rhodes.

My initial research proposal sought to deal with the historical role of Anglo American Corporation's role in Zimbabwe's industrialization and political development. During the early days of fieldwork, it dawned on me that my unchecked ambitions had seen me bite off more than I could chew due to the size of the topic and difficulty in accessing Anglo's archival records. In the words of as one of my fieldwork contacts, a prolific Copper Belt researcher "I only know of one person who has seen the archives but even then, getting in was a difficult task for him".<sup>6</sup> To rectify my exuberance, I settled on narrowing my focus and researching on a significant Zimbabwean mining operation that Anglo American has been involved in. My focus turned to the Rhodesian Iron and Steel Company (RISCO), which was based in Redcliff and grew to be Rhodesia's industrial 'Ruhr' during its hey days. Amongst the stakeholders responsible for building up the integrated iron and steel works, which were once the biggest in Sub-Saharan Africa after the South African steel works, Anglo American was a natural participant as its coal mines at Wankie (Hwange) provided coking coal for the steelworks.

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<sup>4</sup> Anglo American. "About us", June 20, 2023. <https://www.angloamerican.com/about-us/history#/EN/category-complete-history/detail-farming-the-future>

<sup>5</sup> Ibid.

<sup>6</sup> Duncan Money: Historian and Zambia Copperbelt researcher. Interview conducted September 8, 2023.

However, it was the mention of a 1960s Japanese investment in the No. 3 Blast Furnace at RISCO that caught my attention. The mention of Japan investing in Rhodesia before and during the sanctions period was surprising and in contrast to the “Rhodesia Goes It Alone” attitude that the country had taken when it was declared an international pariah state.<sup>7</sup> As such, I had come to a fork in the road and had to decide on analysing the role of South African capital in Zimbabwe or investigate the lesser scrutinized role of Japanese capital in the development of Zimbabwe’s industrial heartland. After a period of reflection, I took the fork in the road and set my sights on investigating Japanese capital in building up RISCO, an endeavour which saw me further interrogate the full extent of Japan-Zimbabwe trade and diplomatic relations. Unsurprisingly, this fork led me back to South Africa due to its political and economic entanglement with Rhodesia during the latter’s existence.

### **Researching the road less travelled.**

#### *Methodology*

Delving into Japan-Rhodesia relations, I took a road less travelled as there are limited written sources that have given attention to these two states, let alone relations between Japan and the African continent. As my fieldwork period was limited to six months from September 2023 to February 2024, I adopted conventional and informal research methodologies to bridge the gap in knowledge that existed between the states. Faced with a dearth of available open sources, my first challenge was to seek out individuals in the field that could direct me towards sites with suitable information for my study. My first stop was at the Comic Con Africa festival in Johannesburg, South Africa on the 25<sup>th</sup> of September 2023; the event is Africa’s largest pop

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<sup>7</sup> The Rhodesia Herald of November 11, 1965 proclaiming the Unilateral Declaration of Independence by Prime Minister Ian Douglas Smith

culture and gaming festival drawing many local and international visitors.<sup>8</sup> Over the years, Japan has become a huge exporter of pop culture with their manga (comic books), anime (animated video productions) and video games gaining global acclaim.<sup>9</sup> My best friend and I dressed up in costumes before heading off to the festival where I had the opportunity to interact with staff from the embassy of Japan in South Africa and the Japan External Trade Organisation (JETRO). During this meeting, I shared my research focus with the Japanese staff and earned an invite to a trade conference hosted by JETRO in Sandton, with the focus of drawing South Africa based Japanese entities to expand their operations northwards to Zimbabwe.

The JETRO investment symposium was hosted on the 27<sup>th</sup> of September and in attendance was the Japanese ambassador to Zimbabwe, the Deputy Governor of the Reserve Bank of Zimbabwe and representatives of Japanese multinationals in South Africa. The seminar was conducted in English and Japanese and afterwards, I networked with the participants and the numerous presentations left the impression that Japan had indeed had a strong commercial presence in Zimbabwe which had now deteriorated. During the symposium, I interacted with Mr Trust Mvutungayi, a Zimbabwean researcher employed by JETRO who gave me multiple leads for my research on Japan's commercial footprint in Southern Africa.

With the conclusion of the symposium, I began my search for English language literature on Japan's commercial relationship with Africa and the University of the Witwatersrand proved invaluable as I could purchase a copy of Professor Jun Morikawa's 'Japan and Africa: Big Business and Diplomacy'.<sup>10</sup> This academic text published by the Japanese professor in 1997 undertook an in-depth study of Japan's commercial history in Africa, relying on interviews and archival research undertaken in Japan, South Africa and Zimbabwe amongst a host of nations visited by the scholar. This work by a leading Japanese

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<sup>8</sup> Comic Con Africa, "2023", September 25, 2023 <https://expocentre.co.za/event/comic-con-africa-2023/>

<sup>9</sup> Government of Japan, 'Exporting the Attractions of 'Cool Japan'', June 2020,

<sup>10</sup> J. Morikawa, *Japan and Africa: Big Business and Diplomacy* (Witwatersrand University Press: Johannesburg, 1997)

scholar was crucial as it gave me insights into the motives of Japanese policymakers, a difficult task for me to undertake individually due to language and financial barriers. Additionally, Jun Morikawa highlighted the difficulties that even Japanese natives face in doing research in their country where “no national freedom of information law exists, libraries and research centres are not known to be ‘user-friendly’, and the public’s ‘right to know’ is not highly regarded by a bureaucracy that often treats even the most mundane research materials as secret”.<sup>11</sup> Therefore, Jun Morikawa’s became invaluable in understanding the workings of Japan’s bureaucracy and their *Black Africa* and *White Africa policies*. However, where English language texts by Japanese scholars were unavailable, I relied on the use of an online translation service – Google Translate and Bing Translate – to translate a biography on Yataro Nishiyama, an important Japanese entrepreneur who revolutionised steelmaking in Japan after World War II.

Once in Zimbabwe I spent weeks at the National Archives of Zimbabwe (NAZ), spending weeks combing through newspaper articles, ministerial briefings and company documents to glean information on Rhodesia’s steel industry and the country’s relations with Japan. NAZ proved to be an invaluable source of information as information has remained well preserved, with the archives hosting the original copy of the very first correspondence between Japan and Rhodesia in 1924 where the former asked for permission to tour the country and a profile of minerals and raw materials that could be traded between the two states.<sup>12</sup> As I was working on a recently improvised research topic, I made the decision to attend a conference hosted by the Zimbabwe History Association (ZHA), so as to interface with the largest gathering of historians in Zimbabwe. I prepared a brief presentation based on my initial findings and presented it before the attendants to test the plausibility of my findings on Japan-

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<sup>11</sup> Morikawa, *Japan and Africa*, v.

<sup>12</sup> NAZ, S 483/21/3, Japan – Consular appointments in Southern Rhodesia: 1918-1941, letter by Mr. Tadano Itamai, Consul of Japan to South Africa directed to the Governor of Southern Rhodesia, dated 25 April 1924.

Rhodesia relations. This decision proved helpful as I was connected to other scholars whose research was adjacent to my work.

A surprising source of information was the St George's College alumni network (Old Georgian's Association) where a visit to my former high school connected me with past pupils who had worked for RISCO in the 1960s. This opened the opportunity for snowball sampling as I was able to hold interviews with former RISCO employees who then referred me to former colleagues who I interviewed. The end of my fieldwork in February 2024 saw me return to the Netherlands before departing to the United Kingdom for a visit at The National Archives (TNA) in Kew. As Zimbabwe's former colonizer, the British archives host important documents on Zimbabwe. The archives which have been digitized allowed me to search beforehand documents that would be relate to my topic and, request such files beforehand. My overall experience of using British archives was positive where unlike Japan, the United Kingdom has a Freedom of Information Act which allows individuals regardless of nationality access to government files.<sup>13</sup> Furthermore, I used the archives at no cost except the funds I used to apply for a VISA to travel to the United Kingdom and my living costs incurred during my visit. Overall, my fieldwork was punctuated by the use of conventional research methodologies (archival visits, conference presentations and interviews) and informal research methods such as cosplaying 'anime' characters at Comic Con Africa to network and immerse myself in the Japanese culture that I was researching.

### ***A Short introduction to iron and, steelmaking***

As the iron and steel industries in Japan and Rhodesia are central to this thesis, it is imperative that I give the reader an elementary introduction to the production of iron. There are four main

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<sup>13</sup> Metropolitan Police, "What is the Freedom of Information Act", April 21, 2024, <https://www.met.police.uk/foi-ai/af/accessing-information/what-is-the-freedom-of-information-act/>

iron ore deposits from which iron ore can be extracted from: massive haematite, magnetite, titanomagnetite and pisolitic iron stone.<sup>14</sup> After ore is extracted from the ground, it is crushed, screened and then sent to a blast furnace where it is further processed into the first intermediate product for steelmaking – pig iron. The following section will show the chemical reactions and temperatures that are required in the blast furnace to convert iron ore into molten pig iron and slag (waste products).

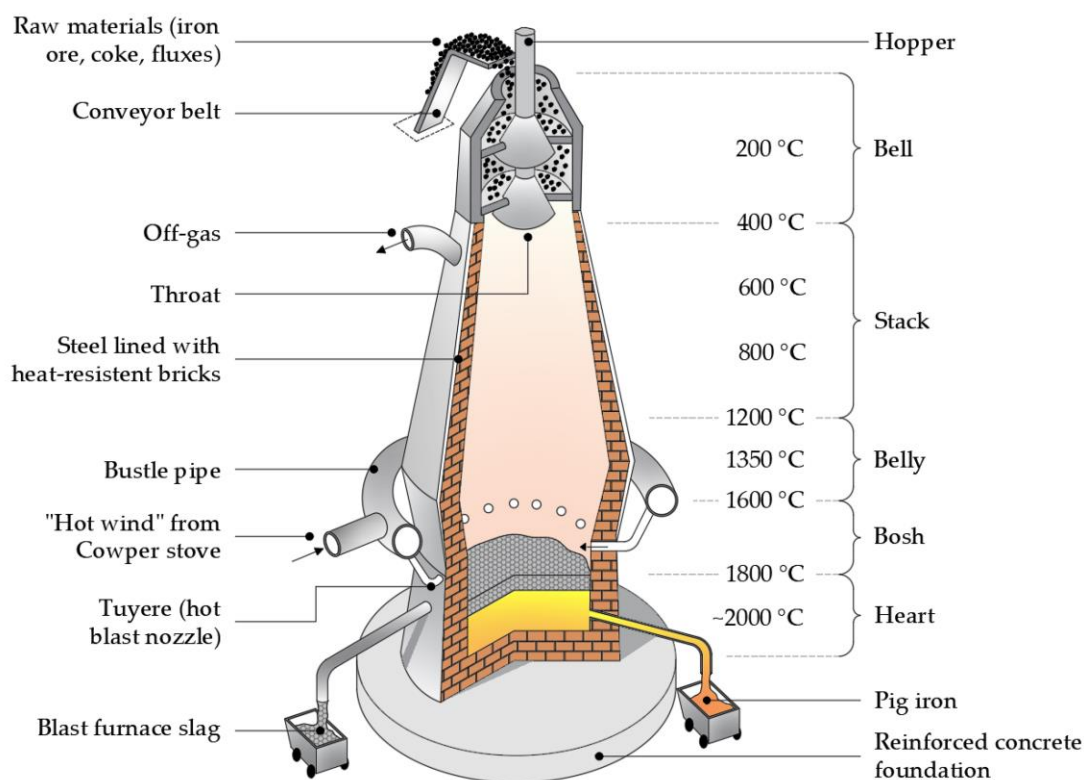
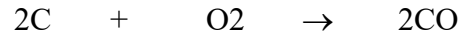


Figure 1.1: Simplified model of a blast furnace showing raw materials and temperatures required to produce molten iron or pig iron

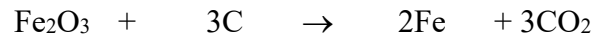
## Chemical Reactions in the Blast Furnace

<sup>14</sup> BHP, "Iron Ore", April 23, 2004, <https://www.bhp.com/what-we-do/products/iron-ore>

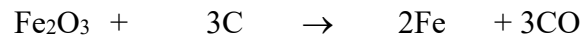
In the top part of the furnace, iron ore mixed with coke and limestone is subject to reduction whereby carbon monoxide is formed from the mixing of oxygen pumped into the blast furnace and carbon from the coke.



Between 500°C - 900°C above the *bosh* the ferric oxide is reduced to spongy iron: -



At high temperatures, at the centre of the charge, complete reduction of the iron oxide to iron takes place: -



The lowest part of the furnace contains a white heat where spongy iron which is continuously ‘tapped off’ to form pig iron. Producing a ton of pig iron requires two tons of iron ore, half a ton of limestone, a ton of coke and four tons of blast air, which apart from the molten iron, produce five-and-a-half tons of waste gases and half a ton of slag.<sup>15</sup> This pig iron is an intermediate product which is then later processed and moulded into various steel products.

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<sup>15</sup> Chamber of Mines Journal, ‘Operation of the Blast Furnace’, 3:12 (1961), 42.



Figure 1.2: Photo of Blast Furnace Pig Iron. Dinson Iron and Steel Company Zimbabwe

### **What's in a name?**

*Japan – Rhodesia or Japan – Zimbabwe?*

“What’s in a name?” I have pondered over this question ever since my high school days, in literature class with Mrs Odwee, studying Shakespeare’s *Romeo and Juliet*. I was recently confronted by this question in choosing my thesis title as I had to choose between ‘Japan-Zimbabwe’ or ‘Japan-Rhodesia’; same territory but two different regimes. As the reader now knows, I opted for the latter and the name “Rhodesia” has been used ad nauseum in this introduction. This may seem insensitive as the state of Rhodesia was superseded by Zimbabwe in 1980. These misgivings are justified by the actions of some commentators who still refer to the country as Rhodesia; expressing their desires for a Zimbabwe to have remained under the

control of an oppressive white minority regime. As a Zimbabwean born in 2000, twenty years after the country attained independence, I do not share these sentiments.

Nevertheless, I opted for the use of Rhodesia as my thesis concern's relations between Japan and governing officials who administered the country at a time it bore the name Rhodesia. Additionally, my work concerns the Rhodesian Iron and Steel Company, an entity that did not serve the industrial needs of Zimbabwe but, was an important corporation in sustaining the longevity of the racist white minority regime. Lastly, although my research timeline is 1924-1980, it does not imply that post-independence relations between Japan and Zimbabwe are insignificant. Rather, comparison between pre-and post-independence relations would be invaluable, using this thesis as a reference. This would call for a doctoral thesis (PhD) that would explore these relations and, then, the title 'Forged in Steel: The Origins of Japan-Zimbabwe Trade and Diplomatic Relations' would be appropriate.

## **Chapter II**

### **Japan-Africa First Contact (1868-1939)**

#### **Introduction**

This chapter will trace Japan's first contact with the African continent after the 1868 Meiji Restoration which marked the reinstatement of the Japanese monarchy and the genesis of Japan's modernization and Westernisation era. The chapter will trace how Japan evolved from an insular inward-looking state to an outward looking state. Secondly, the chapter will trace the development of consular relations between Japan and Africa in the early 20<sup>th</sup> century and highlight the challenges that Japan encountered as it sought to secure a foothold in Southern Africa. The chapter will conclude with the initiation of Japan's diplomatic relations with Southern Rhodesia, which were preceded by the establishment of consular relations with South Africa and, the challenges that Japan faced in its diplomatic and commercial expansion across Africa in the early 20<sup>th</sup> century.

## Sakoku 'Closed Country' Policy: Tokugawa Shogunate Era 1603-1868

Nigerian scholar S. Olu Agbi, described Japan's 16<sup>th</sup> century knowledge on Africa as "poor, vague, uncoordinated, and at times unreliable" and the sources of the knowledge as "not only secondary but circumstantial."<sup>16</sup> During the Tokugawa Shogunate or Edo era (1603-1868) Portuguese and Spanish missionaries served as the primary sources for Japan's knowledge on Africa. St Francis Xavier a Catholic missionary under the Jesuit order, organized the Church's first mission to the country in the mid-sixteenth century. There, the Catholics presented their African slaves to the Japanese Court, leaving an impression of Africa as a 'dark continent' by portraying the slaves as "uncivilized Negroes who were only fit to be labourers and 'househelps' in European plantation and homes".<sup>17</sup>

The presentations of these subjugated persons by the Jesuits left the Japanese uneasy of their European guests; a justifiable concern as the Philippines had been colonized by the Spanish following missionary incursions by the Catholic church.<sup>18</sup> In 1587, Jesuit missionaries were expelled from Japan on suspicion of arming Christian clans in Kyushu who were fighting against the emperor. Further expulsions came in 1624 where all Spaniards regardless of trade role were asked to leave the country. In 1639, the policy of *sakoku* 'closed country' was adopted by the Emperor where Japan's contact with the outside world was severely restricted including: trade, intellectual exchange and migration.<sup>19</sup> Thus, for the proceeding two centuries, the Tokugawa managed to insulate Japan from Western influences.

However, in 1853, the arrival of a squadron of American warships under the command of Commodore Matthew C. Perry marked the first forcible opening of Japanese society to Western

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<sup>16</sup> S. O. Agbi, *Japanese Relations with Africa 1868-1978*, (Ibadan University Press: Ibadan, 1992),1.

<sup>17</sup> Ibid., 2.

<sup>18</sup> Ibid.

<sup>19</sup> K. Numao, "Philosophical reflections on Japan's Sakoku policy: seventeenth-century English perspectives," *The Seventeenth Century*, 39(2), 311–324.

Civilisation.<sup>20</sup> In 1858, the Japanese grudgingly conceded to sign the Harris Treaty which served as the first commercial treaty between Japan and the United States; an event which marked Japan's first opening to the Western world after 200 years of political isolation.<sup>21</sup> The forcible opening of Japan to the outside world precipitated debates on the country's domestic and foreign policy as the country was forced to enter unfavourable trade agreements by European powers in the wake of the Harris Treaty.<sup>22</sup> Increasing hostility against the Tokugawa regime culminated in the triumph of the Imperial Court in 1868 which brought about the 'Imperial Restoration or Meiji Restoration'. The goals of Emperor Meiji were “*Fukoku kyohei* (wealthy country, strong military) and *bunmei kaika* (civilization and enlightenment)”; all developed to modernise Japan on par with Western states.<sup>23</sup>

### Meiji Era (1868-1912): A Japanese Renaissance



Figure 2.1: Emperor Meiji

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<sup>20</sup> United States Department of State, “The United States and the Opening to Japan, 1853,” April 14, 2024 <https://history.state.gov/milestones/1830-1860/opening-to-japan>

<sup>21</sup> Ibid.

<sup>22</sup> Agbi, *Japanese Relations*, 2; State Department, “Opening to Japan, 1838.”

<sup>23</sup> Agbi, *Japanese Relations*, 4.

Meiji's goal of *Fukoku kyohei* (wealthy country, strong military) was achieved in 1895 when Japan triumphed over China in the First Sino-Japanese war; a victory which made Japan a colonial power through China's transfer of Taiwan to the former.<sup>24</sup> With its newly gained status as a colonial power, Japan set out to investigate best practices on colonial governance and dispatched missions to Africa, charged with investigating how the various colonial powers governed affairs in their respective colonies. Thus, between 1898 and 1899, the Japanese government sponsored the translation of the following book titles: J.M.A. Lanesan, *Colonial Development in French Indo-China and Madagascar* (*Fustsuryo shinaindo takushouku shu Madagascar Shokuminron*); *the Administration of French Algeria* (*Fuktsukoku shinryoch iAlgeria in Okeru gyosei*) and C.D. Lucas, *A Historical Geography of the British Colonies*.<sup>25</sup> Preceding this colonial conquest was a call by Japanese intellectuals to participate in the 1884 Scramble for Africa and secure colonies for Japan.<sup>26</sup> In 1897, Dr Tomizu Hirondo, a Law Professor at the University of Tokyo published his pamphlet, *Afrika no zento* (*Future of Africa*) argued passionately for Japan to take up the Imperial cause in Africa by giving an account of his heroes who included Cecil John Rhodes and Harry Johnston. Tomizu described Rhodes as "the Napoleon of Africa", a "visionary who conceived the idea of a Cape-to-Cairo rail route".<sup>27</sup>

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<sup>24</sup> *First Sino-Japanese War*, Encyclopedia Britannica. <https://www.britannica.com/event/First-Sino-Japanese-War-1894-1895> [Accessed July 1, 2024]

<sup>25</sup> Agbi, *Japanese Relations*, 7.

<sup>26</sup> *Ibid.*, 8.

<sup>27</sup> *Ibid.*, 9.

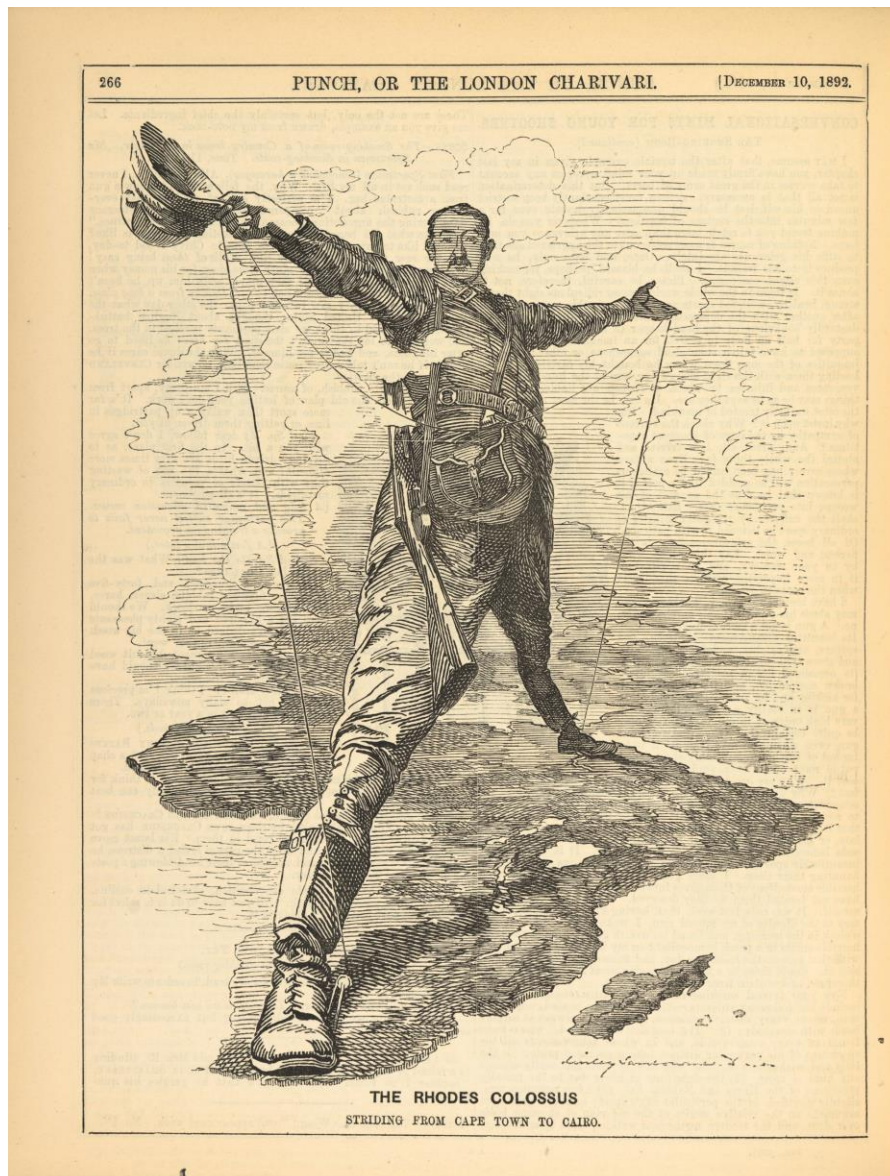


Figure 2.2: The Rhodes Colossus - Striding from Cape Town to Cairo: Caricature of Cecil John Rhodes, after he announced plans for a telegraph line and railroad from Cape Town to Cairo. Published in Punch, or the London Charivari, December 10, 1892, pp. 266-267

### **Development of Japan's Consular and Trade Relations in Southern Africa**

In the early 20<sup>th</sup> century, the labour of Japan's intellectual community bore fruit as the country moved to establish diplomatic connections with countries on the continent. Diplomatic relations between Japan and South Africa were established in 1910 by the appointment of Mr. Julius Jeppe – a South African national – as Honorary Consul of Japan to South Africa. This proclamation did not start any immediate trade between the two states as Japanese custom data

showed that trade links only began in 1912.<sup>28</sup> The outbreak of the First World War in 1914 proved to be a catalyst for trade as South Africa became an important source for raw materials and market destination for finished Japanese products.<sup>29</sup>

### **Japan – Rhodesia: First contact 1924**

Having gained a foothold in the Union of South Africa which was seen by many as the gateway to Africa, Japan turned its sights Northwards of South Africa and made first contact with the country named after Cecil John Rhodes himself. On the 25<sup>th</sup> of April 1924, Mr. Tadano Imai, Consul of Japan to South Africa wrote a letter to the Governor of Southern Rhodesia, requesting permission to visit Southern Rhodesia on his way back from his tour of East Africa.<sup>30</sup> In his letter, Mr. Imai asked for permission to pay his respects personally to the Governor. This letter marked the first official diplomatic contact between Japan and Southern Rhodesia, and further correspondence rising from this request give clues to Japanese motivations for establishing diplomatic rapport with the fledgling colony.

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<sup>28</sup> Morikawa, *Japan and Africa*, 33

<sup>29</sup> Katsuhiko Kitagawa, "Japan's Economic Relations with Africa Between the Wars: A Study of Japanese Consular Reports, *African Study Monographs*, 11 no. 3, (1990): 133

<sup>30</sup> NAZ, S 483/21/3, Japan – Consular appointments in Southern Rhodesia: 1918-1941, letter by Mr. Tadano Itamai, Consul of Japan to South Africa directed to the Governor of Southern Rhodesia, dated 25 April 1924.

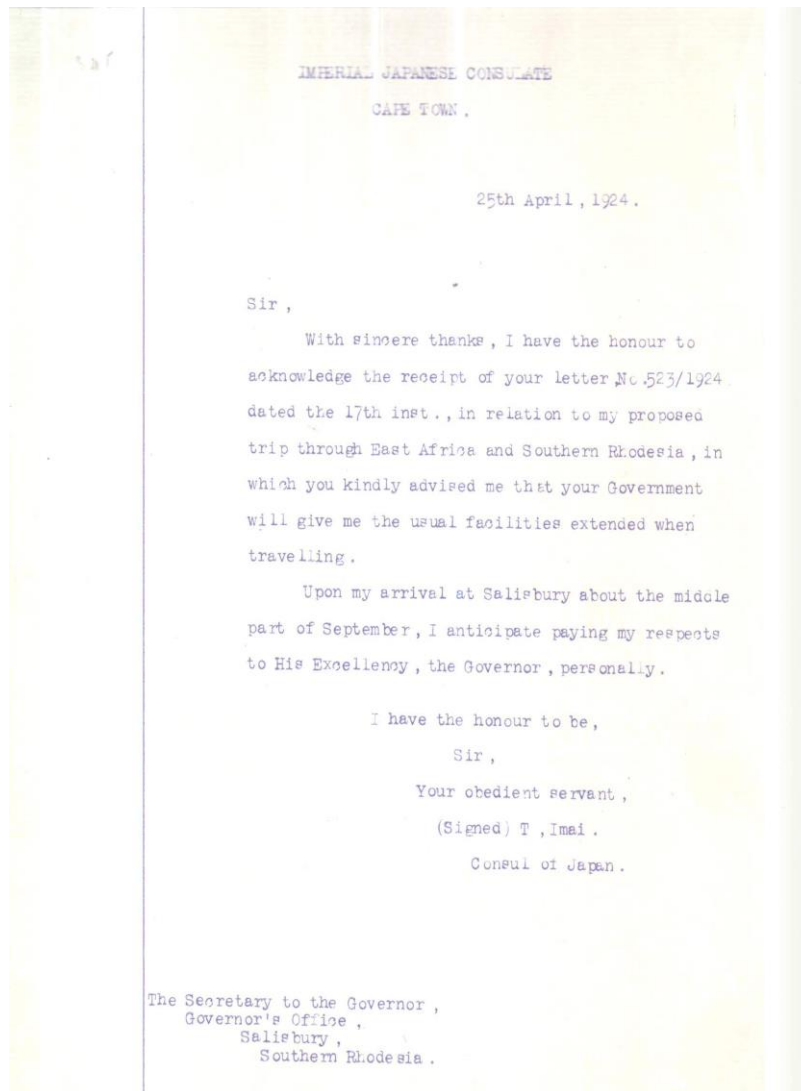


Figure 2.3: Letter from Mr. Tadano Imai (Consul of Japan to South Africa) to the Governor of Southern Rhodesia, asking permission for the former to tour Southern Rhodesia; NAZ

### **Southern Rhodesia visit request**

Subsequent letters from the Department of the Colonial Secretary to the following ministries: Agriculture and Lands; Mines and Works and Association of Chamber of Commerce, reviewed Japanese motivations for reaching out to Rhodesian authorities. In a letter directed to the Minister of Agriculture and Lands, the Colonial Secretary requested for, **“information to be made available as to agricultural raw materials in which an export trade might be opened up or developed.”**<sup>31</sup> In a letter to the Ministry of Mines and Works, a request was made for

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<sup>31</sup> Ibid.

**“information to be made available as to minerals in which an export trade might be opened up or developed”, all at the behest of Mr. Imai.<sup>32</sup> Lastly, the Colonial Secretary asked that the Chamber of Commerce meet with Mr. Imai and “discuss with him commercial relations with Japan.”<sup>33</sup>**

VISIT OF THE JAPANESE CONSUL, CAPE TOWN.

The Under Secretary for Mines and Works.

I am directed to inform you that Mr. Tadanao Imai, the Japanese Consul at Capetown has been instructed by his Government to tour in various African territories, including Southern Rhodesia to study the local conditions of the districts.

We are advised that Mr. Imai seeks information as to minerals available, and that he will be in Salisbury about September next.

The Minister for Mines and Works may desire to cause information to be made available as to minerals in which an export trade might be opened up <sup>or</sup> ~~and~~ developed.

  
Ag. Secretary,  
Department of the Colonial Secretary.

29th April 1924.

Figure 2.4: Letter from Colonial Secretary to Ministry of Mines and Works requesting for information on Rhodesian minerals that could possibly be traded with Japan. National Archives of Zimbabwe

<sup>32</sup> NAZ, S 483/21/3, Japan – Consular appointments in Southern Rhodesia: 1918-1941,5582/ 192, letter by the Department of the Colonial Secretary to the Under Secretary of Mines and Works on the impending visit of the Japanese Consul in Cape Town, dated April 29, 1924.

<sup>33</sup> NAZ, S 483/21/3, Japan – Consular appointments in Southern Rhodesia: 1918-1941,5582/ 212, letter from the Department of the Colonial Secretary to the Associated Chamber of Commerce on the impending visit of the Japanese Consul in Cape Town, dated April 30, 1924.

A common theme that ran through the letters between the Colonial Secretary and Ministries tasked with meeting Mr. Imai was the desire by the visiting Japanese consul to ascertain the extent and value of Rhodesia's mineral and agricultural base with an eye on enlisting Rhodesia as a raw materials source for Japan's fledgling manufacturing industry. In the communication between Japanese and Rhodesia authorities, there is no indication by the former of any interest in the affairs of the Black Africans in the country, a recurring theme that would mark Japan's relationship in Africa as the thesis will show in later chapters.

### **A Cold Reception for an Enthusiastic Newcomer: Western Reactions to Japan's Pre-WW-II Consular and Commercial Expansion into Africa**

Japan's foray into Africa as part of the Meiji's *Fukoku kyohei* (wealthy country, strong military) policy gained steam as the country sought to establish trade relations and contribute to national prosperity. To increase its trade footprint a dual strategy consisting; consular and commercial delegations was deployed with great intensity throughout the continent. On the consular front, two types of consuls were established in Africa. Regular consuls were chosen amongst career Japanese diplomats and deployed to states where Japanese economic interest was great.<sup>34</sup> The second category consisted of honorary consuls that were non-Japanese individuals resident in countries where Japanese economic interests were mild.<sup>35</sup> When diplomatic relations were established with South Africa in 1910, Japanese economic interests were mild, leading to a white South African man – Julius Jeppe – being appointed honorary consul at Cape Town.<sup>36</sup> The advent of the first World War in 1914 led to a leap in trade between

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<sup>34</sup> Agbi, *Japanese Relations*, 35.

<sup>35</sup> Ibid.

<sup>36</sup> Morikawa, *Japan and Africa*, 242.

the two states, leading to the deployment of a Japanese business delegation to South Africa in 1916.<sup>37</sup> This increase in trade culminated in the establishment of a Japanese consulate in Cape Town, in 1918, headed by Mr. Tadano Imai, who replaced the honorary consul Mr. Jeppe.<sup>38</sup>

Additional requirements for honorary consuls were that individuals were to work on a *pro-bono* basis and their appointment had to be cleared by the respective colonial power that could veto an appointee it did not like.<sup>39</sup> The 1915 appointment of Reinhart Alfred, a Swiss national, as Honorary Consul to Egypt was vetoed by British officials who felt that he had strong sympathies for Germany that was an aggressor against the British.<sup>40</sup> To appease the British, Japan appointed a British national, Jackson Lowe as Honorary Consul.<sup>41</sup> Through its consular services Japan protected its nationals present in these states and, collected trade intelligence reports that would inform its economic expansion throughout the continent.

### **Japan's Honorary White Status in South Africa**

The general increase in trade was threatened with anti-Asian sentiment in South Africa that began to develop in the 1920s. The anti-Asian sentiment was not directed towards the Japanese themselves but rather the growing Indian population in South Africa that had the right to vote and was now threatening to overtake the European population.<sup>42</sup> By 1921, H. Duncan Hall, the Interior Minister noted that “the Indian Coolie labour had jumped from two thousand to between ten and fifteen thousand.”<sup>43</sup> These statistics prompted the government to enact immigration laws aimed at reducing Indian immigration into South Africa and, in doing so, the government subjected all Asians to the new regulations thus, affecting the growing number of Japanese

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<sup>37</sup> Ibid., 242.

<sup>38</sup> NAZ, S 483/21/3, Japan – Consular appointments in Southern Rhodesia: 1918-1941, letter informing Mr Jeppe of his termination as honorary consul, dated August 14, 1918.

<sup>39</sup> Agbi, *Japanese Relations*, 36

<sup>40</sup> Ibid.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid., 21.

<sup>43</sup> Ibid.

business people in the country. In a January 1921 editorial, the *Cape Argus* posited that, “though the number of Japanese in South Africa in small and hitherto, there has been small cause for alarm, it is the possibilities of the future which give rise to anxiety. Japan in a small country and it is only natural that she should seek an outlet somewhere for her surplus population.”<sup>44</sup> At the time, Japanese was a poor country without natural resources and a population increasing at the rate of about 650,000 to 700,000 people per year, making immigration attractive for some Japanese citizens.<sup>45</sup>

These public concerns were to make business dealings difficult for Japanese entrepreneurs in South Africa as evidenced by the actions of South African banks towards Japanese traders. National Bank, a South African concern handed out Japanese goods to buyers without taking any payment and declining to recover goods or enforce payment terms, simply stating that, “all Japanese shippers were dishonest and the National Bank would protect their Johannesburg clients”, thus prejudicing Japanese investors of their rightful earnings.<sup>46</sup> The Standard Bank of South Africa, one of the big financiers in the country was also guilty of anti-Japanese policies.<sup>47</sup> Not only were Japanese goods subject to discrimination but, the Japanese themselves were subject to racial abuse according to J.B. Kerr, a British citizen living in South Africa who observed how the Japanese suffered, “open and outrageous discrimination. Let any Japanese enter a tram, train, barber’s shop, swimming bath, etc., it is almost certain that he would be ordered out like a dog or not allowed in at all.”<sup>48</sup>

As anti-Asian discrimination festered, Japanese consular officials protested to South African authorities and remarked that “the Japanese were different from the other Asians not only because they did not, and would not, come to South Africa as labourers, but because of

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<sup>44</sup> Agbi, *Japanese Relations*, 21.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid., 23.

<sup>47</sup> Ibid. 23.

<sup>48</sup> Ibid. 23.

their technological and economic advancement.”<sup>49</sup> These protestations fell on deaf ears as discriminatory legislation such as the 1924 Group Areas Act and the Mines and Works Amendment Act of 1925, enacted segregated housing policies and barred non-white individuals from specialized roles in the mining industry.<sup>50</sup> These laws did not include exceptions for Japanese immigrants despite the numerous efforts of Japanese diplomatic staff.<sup>51</sup> In November 1930, Japan’s campaign to be excluded from anti-Asian legislation finally bore fruit when the status of ‘honorary White’ was granted. According to a Japanese researcher, Ujiro Oyama:

“an understanding has been reached by South Africa’s Acting Vice-Minister of External Affairs and in Cape Town by our acting Consul, Mr Yamakazi, concerning the long-pending issue of Japanese nationals entry into the Union. As a result, the application of the Immigration Law as in the case of Japanese had been rescinded and our merchants, clerks and others such as travellers can enter the country freely. With regards to residence, Japanese will also be treated the same as Europeans and Americans.”<sup>52</sup>

The about turn in South African attitudes towards the Japanese was not motivated by progressive racial attitudes rather, it were economic considerations during the 1930s Great Depression induced slump that forced South Africa to smoothen the entry of Japanese investment into South Africa. On the 2<sup>nd</sup> of September 1930, South Africa allowed Japanese wool buyers to enter South Africa and trade their produce as a means of aiding the recovery of white agriculture.<sup>53</sup> A 1936 trade dispute between Japan and Australia would see Japan boycott Australian wool in favour of sourcing supplies from South Africa, an action which helped

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<sup>49</sup> Agbi, *Japanese Relations*, 24.

<sup>50</sup> Ibid., 27, 28.

<sup>51</sup> Ibid., 31.

<sup>52</sup> Morikawa, *Japan and Africa*, 36.

<sup>53</sup> Ibid., 38.

increase the trade between Japan and South Africa; laying the ground for intensified diplomatic relations through the establishment of a Japanese Imperial Legation in Pretoria.<sup>54</sup> This year would also mark the peak in trade between the two parties, before the outbreak of the Second World War in 1939. After the war, Japanese sought to make a re-entry into South Africa at a time when Apartheid was being institutionalized in the country. Nevertheless, Japan's diplomatic offensive saw the Minister of the Interior confirm in an April 1961 parliamentary session that the Japanese would continue to be treated as 'Honorary Whites', continuing with the precedent developed under the Hertzog government of (1929-1933).<sup>55</sup>

### **Things Fall Apart**

Elsewhere, across the entire British empire, Japan found itself punished for its economic practices which threatened to bankrupt European firms operating across Africa.<sup>56</sup> The First World War had been a boon for Japanese firms as they "supplied combatants with war goods and took over markets her competitors were unable to supply."<sup>57</sup> One commodity that the Japanese excelled in trading was cotton, as by the 1920s, the firms of *Nihon Menka, Toyo Menka and Gosho* became the main purchasers of Indian and Ugandan cotton; going a step further to establish offices and ginneries in East Africa.<sup>58</sup> Japanese market penetration was due to the following factors: capital availability, technological advancements, competent management personnel, large domestic market for cotton products, large and cheap labour supply as well as weather suitable for cotton production.<sup>59</sup> Furthermore, the willingness for Japanese firms to undercut competition and settle for small profit margins proved to be a threat for European producers. So, severe was Japanese trade that by 1926, British officials passed

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<sup>54</sup> Ibid., 40.

<sup>55</sup> Ibid., 37

<sup>56</sup> Agbi, *Japanese Relations*, 39.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

the Cotton Ordinance to limit the number of licenses to gin cotton in East Africa, to protect their firms.<sup>60</sup>

It was the Great Depression that ran from 1929 to 1939 that provided the death knell to Japan's economic expansion throughout Africa, as Japan fell victim to its own successful strategies it adopted to navigate the deteriorating economic conditions. The 1929 crash of the New York Exchange saw Japan exit the international Gold Standard and devalue its currency, the Yen.<sup>61</sup> This move made Japan's exports competitive internationally, leading to a rise in exports from 1,435 million Yen to 2,641 million Yen, between 1930 and 1936. Further policy initiatives included the Export Compensation Law of 1 August 1930 which reimbursed firms for any losses incurred through the purchases of export bills.<sup>62</sup> Coupled with a protectionist trade policy that sought to minimize imports, Japanese authorities ensured a favourable balance of payments throughout the Great Depression as exports soared and imports waned. As a result, Japan's East African exports were 40,160,000 Yen against imports of 8,042,000 Yen from the region in 1935.<sup>63</sup> In Sudan, the trade balance stood in favour of Japan with Japan exporting goods worth 7.2 million Yen to the country in 1935 and only importing goods worth 1,718,546 Yen.<sup>64</sup> These trade statistics soon drew ire amongst Western states that began to raise trade tariffs against goods in the belief that Japan was 'dumping' cheap products on Africa.<sup>65</sup> Previously, Japan had enjoyed Most Favoured Nation status in trading with France's North African colonies based on the Japan-France Treaty of Commerce and Navigation of 1889; this privilege disappeared as France took up protectionist policies in its colonies in response to Japanese trade success.<sup>66</sup>

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<sup>60</sup> Ibid.

<sup>61</sup> Mariko Hatase, "Devaluation and Exports in Interwar Japan: The Effects of Sharp Depreciation of the Yen in the Early 1930s," *Institute for Monetary and Economic Studies, Bank of Japan*, Discussion Paper no. 2002-E-8

<sup>62</sup> Agbi, *Japanese Relations*, 42.

<sup>63</sup> Ibid., 43.

<sup>64</sup> Ibid., 42.

<sup>65</sup> Ibid., 43.

<sup>66</sup> Ibid.

To mitigate against the ravages of the Great Depression, the British promulgated the Imperial Preference at Ottawa, Canada, in 1932.<sup>67</sup> The Imperial Preference had the effect of establishing Duty Free imports and exports amongst countries in the British empire and instituting tariffs for non-British empire goods.<sup>68</sup> In this manner, Britain moved from a free trade nation to a protectionist nation with the aim of shielding itself and its colonies from the global effects of the Great Depression. Consequently, Anglo-Japanese trade across Africa drastically reduced precipitating Anglo-Japanese trade negotiations which started on the 14<sup>th</sup> of February 1934 with the aim of minimizing Imperial Preference rules on Japan's trade with the British Empire.<sup>69</sup> However, on the 7<sup>th</sup> of May 1934, negotiations between the two broke down and the British government imposed quotas and tariffs against Japanese goods, a move followed by its colonies in East and Southern Africa.<sup>70</sup> These moves had a detrimental effect on Japanese exports as British colonies in Africa constituted a considerable market for Japan. Cotton fabric exports from Japan to British colonies in Africa fell from 140 million yards to 100 million yards in 1934, with further decline in the late 1930s.<sup>71</sup>

The decline of free trade policies amongst Western states and enactment of protectionist policies which allowed imperialistic states to carve out trade blocs were contributing factors to Japan's own imperialistic policies in Asia. In a bid to secure its own trade bloc, the Amai Declaration of April 1934, was made by Eiji Amai, chief of the Intelligence Division of the Japanese Foreign Office. In his press address, he stipulated that Japan was to assume "exclusive responsibility for peace in Eastern Asia, except as she might elect to share the burden with

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<sup>67</sup> David L. Glickman, "The British Imperial Preference System," *The Quarterly Journal of Economics*, 61 no.3 (1947), <https://doi.org/10.2307/1879563>

<sup>68</sup> Ibid.

<sup>69</sup> Agbi, *Japanese Relations*, 44.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

China”.<sup>72</sup> This declaration was in line with the notion of ‘Asia for the Asiatics’, which sought to reinstate Asian sovereignty over Asian affairs, albeit with Japan replacing the Western hegemons, according to Eiji Amau.<sup>73</sup> This political declaration was complemented by the 1934 Law for the Control and Protection of Trade which gave Japan the powers to stipulate trade tariffs and imports “in response to the measures which have been taken, or are to be taken”<sup>74</sup> Thus, Japan’s entente with the Axis powers in World War II and aggression in Asia, can partly be seen as a reaction towards the curtailment of her economic activities in Africa.<sup>75</sup> Furthermore, unlike the First World War, where Japan had increased trade volumes in Africa on the back of Allied withdrawal from the continent, Japan was unable to use the Second World War to further its African investments. In fact, the Japanese External Trade Organisation (JETRO) noted that “World War II destroyed Japanese trading relations with Africa Completely.”<sup>76</sup>

### Conclusion

As a society, Japan transformed from an insular state to an open state at the start of the Meiji era in 1868. As the country turned its sights to the African continent, it was solely interested in European interaction on the continent rather than the indigenous Africans themselves. Like the Europeans, they too saw the continent as a potential source of raw materials for its industry and market for its goods. The disinterest in the affairs of the indigenous African population by Japan would be a recurring theme throughout future Japan-Africa relations especially during the 1960s-decolonisation era, where Japan would be forced to take a stand with the colonised or, the colonisers. Japan began its foray in Africa by establishing diplomatic relations with South Africa before expanding its diplomatic and commercial reach north of the Limpopo. In

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<sup>72</sup> T. Dennett., Japan Takes Her Stand. *Current History* (1916-1940), 40(3), 380–384.  
<http://www.jstor.org/stable/45337394> (1934).

<sup>73</sup> Agbi, *Japanese Relations*, 44.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid., 45.

1924, the first contact between Japan and Southern Rhodesia was motivated by Japan's desire to secure a trade in minerals with Southern Rhodesia. This would be a common thread through Japan's future relations with Rhodesia and other African states, as they sought to feed their growing manufacturing industries

## **Chapter III**

### **Japan and Southern Rhodesia During World War II**

**1939-1945**

#### **Introduction**

Years of hostility in Europe and the Great Depression led to a build-up in political tensions which culminated in the Second World War in 1939. This European conflict turned into a global war drawing participants from every continent including Asia and Africa. Although separated by large distances, Japan and Southern Rhodesia found themselves fighting each other in the jungles of Burma (Myanmar). This chapter will analyse how WW II shaped the Southern Rhodesia's industrial policy and contributed to the expansion of the country's iron and steel industry.

## **Building A Modern Steel Industry: The Rhodesian Iron and Steel Corporation 1937-1942**

On the 16<sup>th</sup> of April 1937, the Rhodesian Iron and Steel Corporation Limited (RISCORP) was established in Bulawayo – the second largest city and the country’s industrial heart - with a nominal share capital of £30 000 divided amongst seven shareholders comprising: Roland Paget (chargé d'affaires in South Africa, director of companies, 10 000 shares), Henry Gordon Issels (engineer, 2 901), James Arnot Alexander (chartered accountant, 1), Donald MacGillivray (architect, 1 531), Una May Etheridge (architect’s assistant, 1), Arnold Schierhout (hotel manager, 301), and Cecil Isadan Jacobs (solicitor, 1). In November 1941, shareholding in the fledgling enterprise would increase to £100 000 drawn from 132 subscribers, drawn from Southern Rhodesia and South Africa; with the South African Iron and Steel Industrial Corporation Limited (Iscor) commanding 23 000 shares.<sup>77</sup> In 1938, RISCORP fired up its 3.5-ton electric arc furnace which relied on scrap metal as a feedstock to produce iron for its two mills (10-inch and 12-inch), with an annual capacity of 12 000 tons of long steel sections.<sup>78</sup> Barely a year after RISCORP began production, the country girded itself for war as its colonial master – Britain, declared war on Germany.

## **Rhodesia in the Sky: The Rhodesian Air Training Group (R.A.T.G)**

As a member of the British Empire, Southern Rhodesia contributed to Allied war efforts during World War II. Arguably, Southern Rhodesia’s most important contribution was the establishment of the Rhodesian Air Training Group (R.A.T.G).<sup>79</sup> Before Britain’s September 3, 1939 entry into the war, the British Air Ministry discussed the need for aviation training facilities outside Britain to ensure training of allied airmen, further away from the fighting in

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<sup>77</sup> C. G. A. Castelin, “Iron and Steel,” in: M. Prendergast and J. Holloway (eds), *Mining in Zimbabwe from the 6<sup>th</sup> to the 21<sup>st</sup> Centuries*, (The Chamber of Mines Zimbabwe, 2021), 381.

<sup>78</sup> Ibid.

<sup>79</sup> Charles Meredith, “The Rhodesian Air Training Group 1940-1945,” *Rhodesiana*, no. 28 (1973): 16.

Europe.<sup>80</sup> Canada and Southern Rhodesia were considered due to their distance from the fighting and overall fair weather which was crucial for aviation pilots. Although the Canadian Empire Air Training Scheme had been planned well before Rhodesia's training scheme, the first Rhodesian Air Training Group (R.A.T.G) station at Belvedere in Salisbury went into operation on the 24<sup>th</sup> of May 1940, weeks before the Canadian station. The R.A.T.G would play an important part in the Allied resistance, training pilots from: Southern Rhodesia, Greece, Yugoslavia, France, Australia and South Africa amongst others.



Figure 3.1: Southern Rhodesian pilot Douglas Leggo with Spitfire Eva IV. Eva was Douglas's wife. The pilot inscribes a rude message in Shona for Adolf Hitler. Photo: Gavin Cooper

### **The Rhodesian African Rifles (RAR)**

The Rhodesian African Rifles (RAR), was a black military regiment headed by white officers that had its roots in the 1916 formation of the Rhodesia Native Regiment (RNR); a unit formed

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<sup>80</sup> Ibid., 17.

to fight for the British military in East Africa during World War I.<sup>81</sup> With the cessation of World War I, the RNR was dissolved and personnel transferred to the British South Africa Police (BSAP), responsible for civilian policing duties throughout Southern Rhodesia. With the outbreak of World War II, Lieutenant Colonel Francis John Wane established the Rhodesian African Rifles to augment Southern Rhodesia's military force which till then had been made up of white personnel.<sup>82</sup> RAR soldiers underwent training in Northern Rhodesia, Kenya and Tanganyika (Tanzania) before being deployed to Burma (Myanmar) in 1944, where they fought against Japanese forces at: Arakan, Taungup and Tannlwe Chaung.<sup>83</sup> RAR's deployment was intended to halt Japanese advancement in Burma where they were constructing railway infrastructure to secure raw materials needed for their fight against the Allies.

Commendation for the RAR came from Major Walter Walker (later General Sir Walter Walker KCB, CBE, DSO & bar), who said of the RAR:

“The conduct of the askari, most of whom had never experienced enemy fire before, deserves a lasting tribute. Their energy and endurance on the march and on patrol through some of the worst country in the Arakan, their constancy and discipline under the stress of persistent mortar and artillery fire, and their cheerfulness throughout the appalling weather conditions, which developed in the latter stages of the operation, were beyond praise.”<sup>84</sup>

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<sup>81</sup> M. P. Stewart. ‘The Rhodesian African Rifles: The Growth and Adaptation of a Multicultural Regiment Through the Rhodesian Bush War, 1965-1980’, <https://apps.dtic.mil/sti/pdfs/ADA556553.pdf> [master's thesis] (2011), 3.

<sup>82</sup> Ibid., 4.

<sup>83</sup> Ibid.;

<sup>84</sup> Stewart, ‘The Rhodesian African Rifles’, 4.

Further commendation for the RAR would come from the diary of a captured Japanese officer where he noted that,

“[t]he enemy soldiers are not from Britain, but are from Africa. Because of their beliefs, they are not afraid to die, so, even if their comrades have fallen, they keep on advancing as if nothing had happened. They have excellent physique and are very brave, so fighting against these soldiers is somewhat troublesome.”<sup>85</sup>



Figure3.2: Plaque listing campaigns of the Rhodesian Native Regiment and the Rhodesian African Rifles. Source Jenny Turner (WMR-76459) Imperial War Museums. Rhodesia Native Regiment & Rhodesian African Rifles.

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<sup>85</sup> Ibid.

## **The Nationalisation of Southern Rhodesia's Iron and Steel Industry in 1942**

The establishment of the R.A.T.G resulted in a construction boom that cancelled the effects of the Great Depression in Southern Rhodesia.<sup>86</sup> The country was in a flurry of activity as architects, quantity surveyors and builders went about constructing: barracks, hangars, airfields, electricity services, sewer systems and other vital infrastructure.<sup>87</sup> So great was the demand for labour that “at one stage, virtually, all builders in the Salisbury, Bulawayo and Gwelo areas were employed on R.A.T.G work”.<sup>88</sup> The total annual funds spent on the project greatly exceeded Southern Rhodesia's annual budget and led to a boom in white migration during and after the war.<sup>89</sup> Positive ripple effects were recorded amongst farmers and industrialists through the expanding markets driven by R.A.T.G. driven demand.<sup>90</sup> Project expenditure was so great such that “Imperial expenditure alone almost equalled the indirect benefits which the country derived from its entire gold mining industry.”<sup>91</sup>

During this infrastructural boom, the fledgling Rhodesian Iron and Steel Corporation found itself unable to cope with rising demand due to its operational constraints. With the Southern Rhodesian government, desperate to maintain its wartime contribution, parliament promulgated the Iron and Steel Industry Act, No. 18 of 1942, which nationalised RISCORP giving rise to the Rhodesian Iron and Steel Industry Commission (RISCOM) – a parastatal under the Southern Rhodesian government.<sup>92</sup> The nationalisation of RISCORP allowed Rhodesian officials to utilise their wartime imperial expenditure for the country's industrialisation efforts as it contributed to the expansion of the Rhodesian iron and steel industry. These funds were used to begin the construction of a modern blast furnace that would rely on iron ore mined in Rhodesia unlike the

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<sup>86</sup> Meredith, ‘Rhodesian Air Training Group,’ 17.

<sup>87</sup> Ibid., 21.

<sup>88</sup> Ibid.

<sup>89</sup> Ibid., 17.

<sup>90</sup> L. H. Gann, ‘The Development of Southern Rhodesia's Military System, 1890- 1953,’ <http://www.rhodesia.nl/gann1.htm> [01-07-2024]

<sup>91</sup> Ibid.

<sup>92</sup> Iron and Steel Industry Act, No. 18 of 1942

RISCORP electric arc furnace that relied on scrap. As such, between 1939 and 1949, 80% of the steel produced in Southern Rhodesia was consumed within the country and the rest exported throughout the region except for South Africa where the South African Iron and Industrial Corporation (ISCOR) maintained a dominant market position.<sup>93</sup> This import substitution orientation allowed the country to contribute to Allied war efforts during World War II and provided a bedrock for the growth of secondary industries during and after the war.

As a result of wartime expansion efforts, on the 11<sup>th</sup> of April 1948, RISCOR's No. 1 blast furnace (dubbed/christened Jezebel) was installed and the first batch of steel from the furnace was produced in May 1948.<sup>94</sup> The technical dimensions of the blast furnace comprised: "a nine-foot (2,74m) hearth, a height of 95 feet (29m) and a working volume of 116m<sup>3</sup>."<sup>95</sup> The furnace had an annual production capacity of 50 000 tonnes of pig iron (around 140 tonnes per day) and, between 1948 and May 5 1954, the blast furnace produced 200 000 tonnes of iron. Additional plant for the No. 1 blast furnace included a 25-tonne open-hearth steel-making furnace, a 21-inch (53cm) mill, a 12-inch (30cm) mill and a 10-inch (25cm) rod mill.<sup>96</sup>

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<sup>93</sup> J. G. W. Kaliyati, "The Iron and Steel Industry in Zimbabwe And Regional Co-operation in the SADCC Context," *Zimbabwe Institute of Development Studies (ZIDS)* no. 22 (1991), 14.

<sup>94</sup> C. G. A. Castelin, "Iron and Steel", 383.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid.

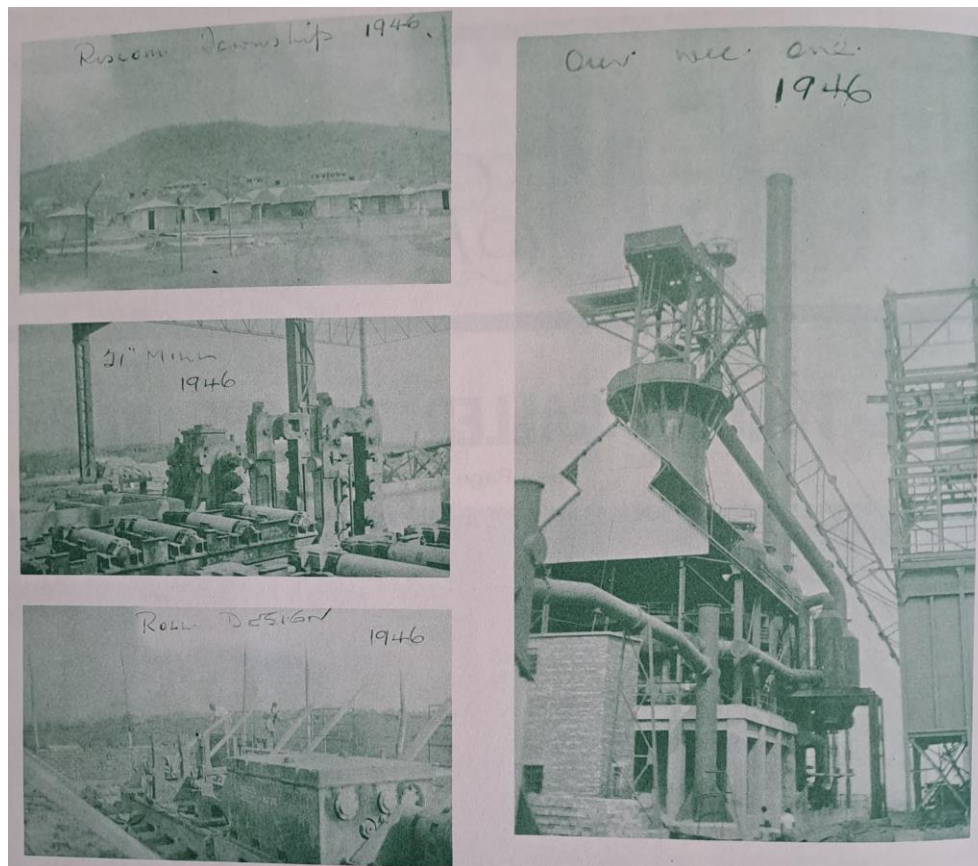


Figure 3.3: RISCOR's No. 1 Blast Furnace whose construction started during World War II. Source (C.G.A. Castelin)

## Conclusion

The outbreak of the Second World War drew Africa into a global conflict as the Allies called upon by their colonies to support them in the fight against the Axis powers. In Southern Africa, Rhodesia answered the call of duty and deployed its troops – Black and White – to aid the British war effort, with the Rhodesian African Rifles deployed in the Far East against the Imperial Japanese Army. Most important was the establishment of the Rhodesia Air Training Group (RATG), in the colony which trained Allied pilots far from the battlefield in Europe. Rhodesian officials took advantage of the wartime Imperial Expenditure used to establish the RATG by nationalising the Rhodesian Iron and Steel Corporation, to form the Rhodesian Iron and Steel Commission that would commission a modern blast furnace capable of supplying the colony's steel needs. Thus, as the Second World War drew to a close, relations between the Japanese and Rhodesians were hostile as the two belligerents had faced against each other in the jungles of Burma.

## **Chapter IV**

### **Turbocharging Economic Growth: The Central African Federation**

**1953-1963**

#### **Introduction**

Despite the heavy casualties Southern Rhodesia endured during the war, the country emerged from the war on a good footing as it experienced positive net migration which brought in specialized personnel key to expanding its industrial base that had been developed during the war drawing on British wartime Imperial Expenditure. Motivated by its buoyant economic position, Southern Rhodesia's white minority sought to amalgamate the three territories of Southern Rhodesia, Northern Rhodesia (Zambia) and Nyasaland (Malawi) to form the Federation of Rhodesia and Nyasaland or Central African Federation (CAF). This chapter will trace how the Federation years (1953 – 1963) impacted the development of Southern Rhodesia's iron and steel industry.

## Amalgamating the Colonies: The Central African Federation 1953 - 1963

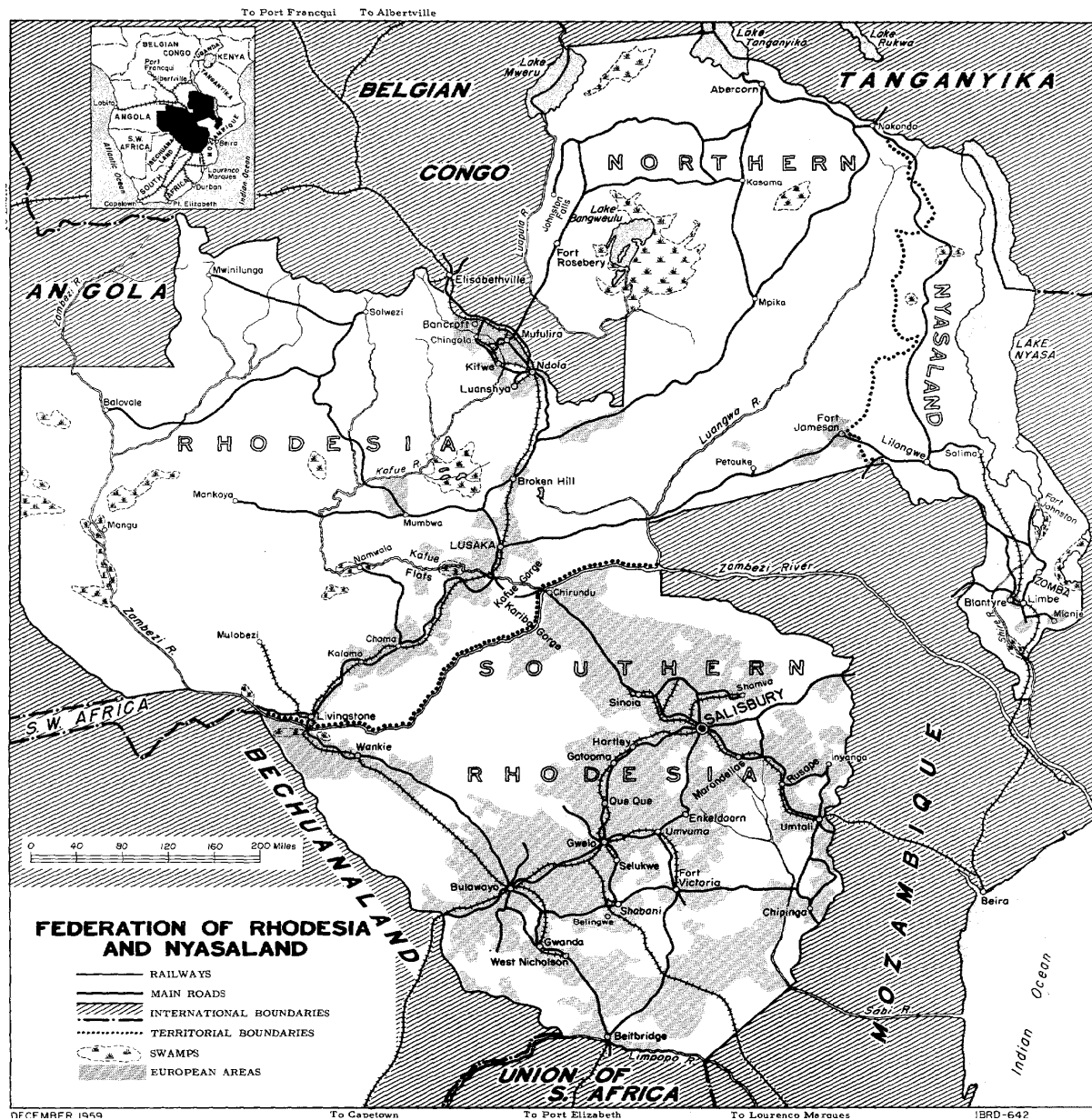


Figure 4.1: Map of the Federation of Rhodesia and Nyasaland also referred to as the Central African Federation (C.A.F)

Source, World Bank Group, Rhodesia and Nyasaland – Economic Report

Godfrey Martin Huggins, 1<sup>st</sup> Viscount Malvern of Rhodesian and of Bexley, was a long running Prime Minister of Southern Rhodesia (serving from 1933-1953) and key architect of the Federation of Rhodesia and Nyasaland (Central African Federation), serving as its first Prime Minister (1953-1956). The Central African Federation (C.A.F) championed by Huggins saw the amalgamation of Northern Rhodesia (Zambia), Southern Rhodesia (Zimbabwe) and Nyasaland

(Malawi) into a single economic and political entity with its capital located in Salisbury (Harare).<sup>97</sup> The Federation was half a million square miles in size, equalling the sum of Italy, Germany and France.<sup>98</sup> Huggins saw the federation as a model of interracial partnership between the white settlers and Black Africans akin to that of “the rider and the horse”, with the white settlers holding the political and economic reins whilst the Black Africans were relegated to the Federation’s labour force.<sup>99</sup>

Initially, British Colonial Office had been cool towards the creation of a Federation due to cries from Black Africans who feared increased oppression by the white settlers. These misgivings were presented to the Colonial Secretary in a 1952 letter by the Nyasaland African Congress whose representatives bemoaned:

“The oppressive racialistic of Southern Rhodesia, where a white settler minority has arrogated to itself all political power, and seeks, through federation, to extend this obnoxious policy to Nyasaland and Northern Rhodesia.”<sup>100</sup>

In addition, they noted the divergence between African and European political goals where, they as Africans were working towards:

“AFRICAN SELF-GOVERNMENT (that is to say, government by ourselves) and the establishment of a sovereign State when we have passed through our tutelage.”<sup>101</sup>

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<sup>97</sup> Bill Schwarz, “Defeated by friends: The Central African Federation,” *Memories of Empire, Volume I: The White Man’s World*, (Oxford, Oxford Academic, 2011)

<sup>98</sup> World Bank Group, Rhodesia and Nyasaland – Economic Report, (1955), 4.

<sup>99</sup> EAP121/1/3/16, Papers relating to Central African Federation [1952-1958], British Library, <https://eap.bl.uk/archive-file/EAP121-1-3-16>

<sup>100</sup> Papers relating to Central African Federation [1952-1958], British Library, EAP121/1/3/16, 2.

<sup>101</sup> Ibid.

On the contrary, they saw the Europeans as bent on establishing:

“a Central African Dominion, like South Africa, Australia, New Zealand and Canada, in which they will have an imperium over the African people, doing with them as they please, and denying them equal political and economic rights to which they, as fellows – citizens, are entitled.”<sup>102</sup>

With this letter, the Malawian nationalists sought to ring the alarm over the creation of an additional apartheid state, which would mimic South Africa that had unleashed the bogeyman of apartheid with the election of the National Party in 1948. Like the Malawians, British officials were also concerned with the prospect of apartheid but diverged on how to confront the issue. British officials felt that the Federation could be a counter to apartheid by creating a model of a functional “multiracial society based on partnership” that would be a bulwark against the racist South African state.<sup>103</sup> Despite African protestations, the Federation came to being on the first of September 1953, with its legislative seat based in Salisbury (Harare), the capital to Southern Rhodesia. The Legislature was composed of 26 elected members with two African members drawn from each of the three territories, making a total of six elected Africans.<sup>104</sup> The African Affairs Board was a special committee comprised of the six African members and specially appointed white members, one from each of the three territories.<sup>105</sup> The board was mandated to look out for African interests in the Federal territories and had, “the power to characterize a bill as being a measure differentiating against African interests and to reserve it for approval or disapproval by the British Government.”<sup>106</sup> With this provision, the British

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<sup>102</sup> Ibid.

<sup>103</sup> *Federation of Rhodesia and Nyasaland*, Encyclopedia Britannica.

<https://www.britannica.com/place/Federation-of-Rhodesia-and-Nyasaland> [Accessed July 1, 2024]

<sup>104</sup> World Bank Group, Rhodesia and Nyasaland – Economic Report, (1955), 11.

<sup>105</sup> Ibid.

<sup>106</sup> Ibid., 11.; A. Cohen. ‘The Central African Federation,’ *Oxford Research Encyclopedia of African History*.

<https://oxfordre.com/africanhistory/view/10.1093/acrefore/9780190277734.001.0001/acrefore-9780190277734-e-421> (2021).

Colonial Office hoped to assuage the concerns of Africans across the territories by acting as an adjudicator in contentious issues.

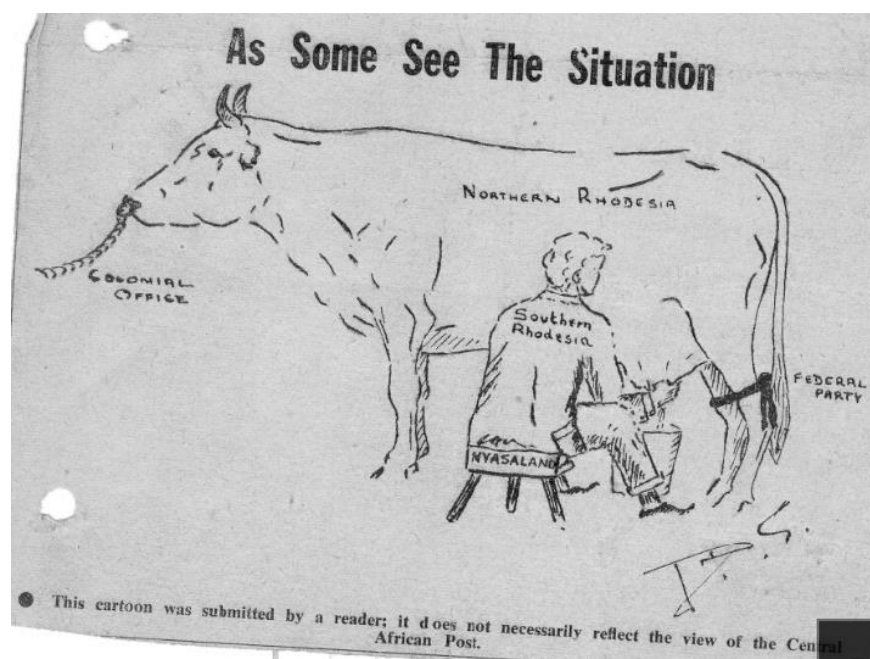


Figure 4.2: Satirical Cartoon highlighting the Imbalanced Economic Structure of the Central African Federation which tilted in favour of the white Southern Rhodesians, EAP121/1/3/16, 27.

### **An Industrial Powerhouse: The Economic Performance of the CAF**

With the marriage of convenience between the three territories completed, governmental officials turned their focus to expanding the industrial base of the Federation drawing on domestic and international sources of capital. Of the Federation's total economic output, Southern Rhodesia was responsible for 55%, Northern Rhodesia, 36% and Nyasaland 9%.<sup>107</sup> On the domestic front, Northern Rhodesia's Copper belt proved to be the engine of growth for the Federation with the mineral constituting 60% of the Federation's exports in 1954.<sup>108</sup> Furthermore, high copper prices and increasing mining output as indicated by figures 4.3 and

<sup>107</sup> World Bank Group, Rhodesia and Nyasaland – Economic Report (English). Europe series no. EA 52 Washington D.C. <http://documents.worldbank.org/curated/en/646461468334200947/Rhodesia-and-Nyasaland-Economic-report> (1955): 5.

<sup>108</sup> World Bank Group, Rhodesia and Nyasaland – Economic Report, 6.

4.4 [ inserted below] were to be instrumental in financing the large scale infrastructural developments that the Federation would undertake.

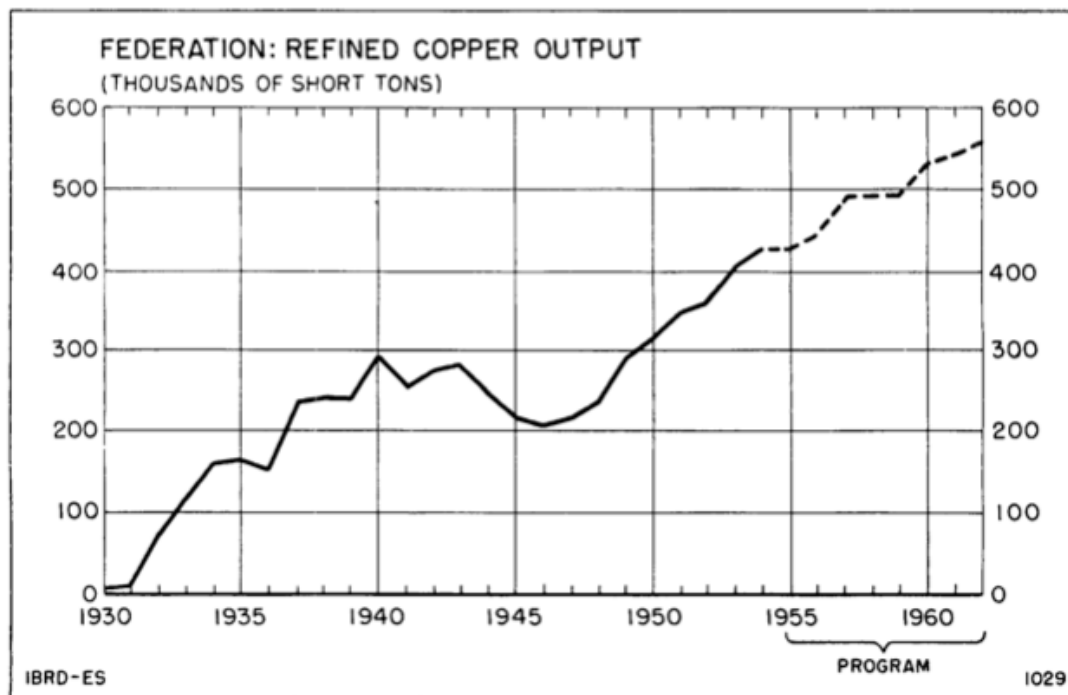


Figure 4.3: World Bank Group, Rhodesia and Nyasaland – Economic Report, 7.

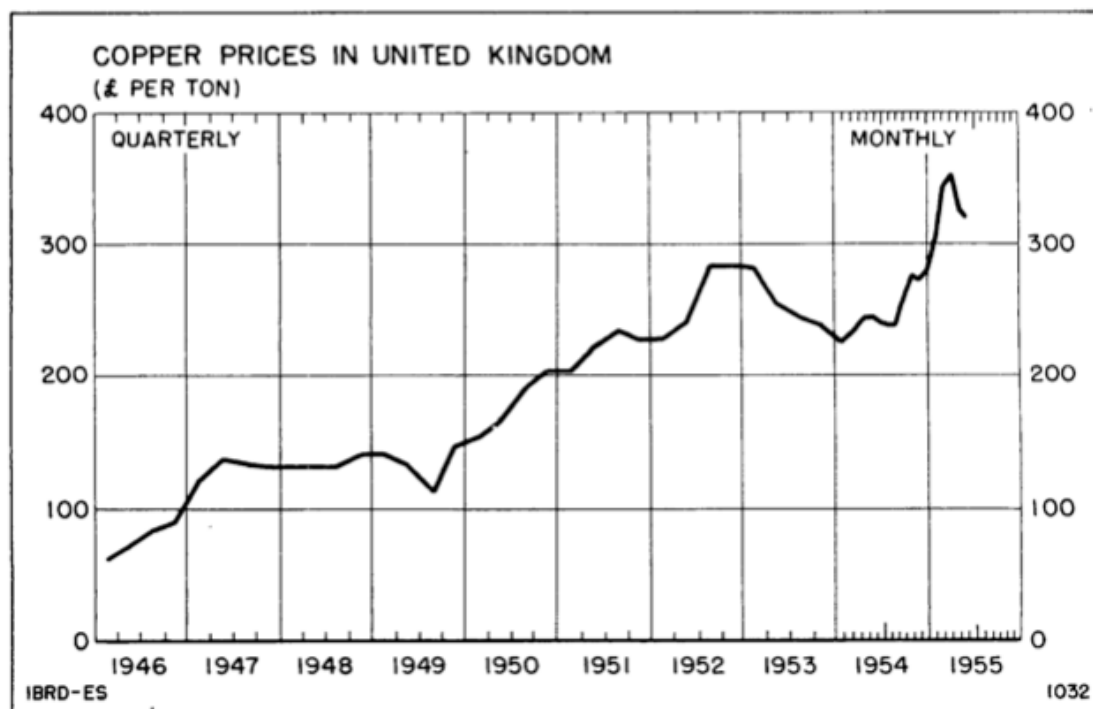


Figure 4.4: World Bank Group, Rhodesia and Nyasaland – Economic Report, 22.

The second most important commodity for the Federation was tobacco whose export component was 17% of the CAF's total export values, with Southern Rhodesia providing the bulk of the federation's crop as shown by Figure 4.5. Geographically, the Federation's trade partners were concentrated amongst three partners: The United Kingdom, The Union of South Africa and the United States. Over half of the Federation's exports went to the U.K, the U.S 10% and South Africa accounted for 10% of all exports.<sup>109</sup>

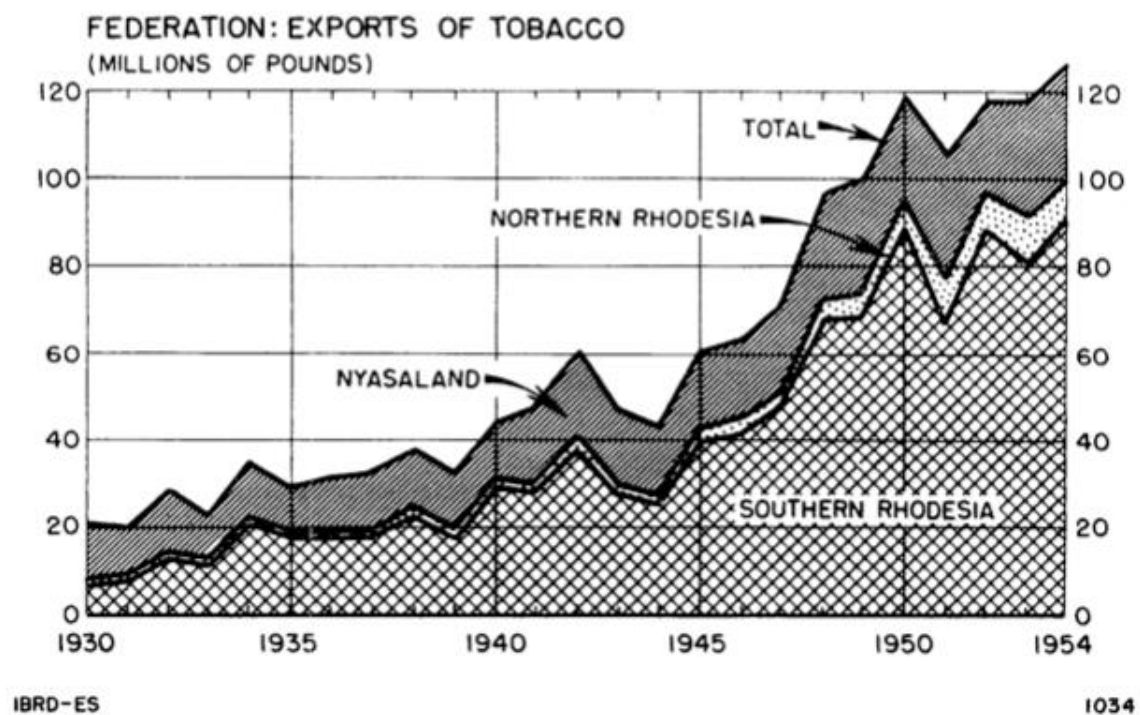


Figure 4.5: CAF Tobacco Exports. Source World Bank Group, Rhodesia and Nyasaland – Economic Report, 6.

### Expanding Steel Output: RISCOM's First Expansion 1954

One year after the formation of the CAF in 1953, the No. 2 blast furnace christened (Salome) was lit on the 23<sup>rd</sup> of April 1954. The blast furnace had a height of 110 feet (33,5m), working volume of 167m<sup>3</sup> and a hearth diameter of 10 feet (3,1m). Salome had an annual pig-iron capacity of 90 000 tonnes (~ 245 tonnes per day).<sup>110</sup> Thus, by 1956, the annual output from

<sup>109</sup> World Bank Group, Rhodesia and Nyasaland – Economic Report, 6.

<sup>110</sup> C. G. A. Castelin, "Iron and Steel", 384.

RISCOM's two blast furnaces was 82 000 tonnes of hot metal and 63 000 tonnes of ingot steel.<sup>111</sup> With its expanded capacity, "The steelworks' role in the development after the Second World War was to enhance the viability of the Federation as a successful political, socio-economic and cultural entity within the British Empire."<sup>112</sup> British officials and the federal government sought to support RISCOM as they believed that the entity could meet the steel requirements of CAF's mining, agricultural, manufacturing and general engineering industries.<sup>113</sup> Infrastructural projects such as Kariba Dam (hydroelectric dam between Zambia and Zimbabwe whose wall impounds the largest artificial lake in the world), University College of Rhodesia and Nyasaland (University of Zimbabwe), central hospitals and several high schools throughout the federation were built with RISCOM's steel.<sup>114</sup>

It is worthwhile to note that by 1954 a total of 1,7 million pounds sterling had been written off as irrecoverable.<sup>115</sup> With the advent of the CAF, the government set about to turn RISCOM into a profit-making entity through expanding the steelmaking capacity of the manufacturer, an endeavour which required privatisation of the concern due to the estimated capital demand. In 1956, Southern Rhodesia's Minister of Industry and Commerce wrote to a consortium of local and international investors seeking capital injections for an envisioned private steelmaking concern that would be born out of RISCOM (See Figure 4.6).

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<sup>111</sup> Ibid.

<sup>112</sup> Ibid., 385.

<sup>113</sup> Ibid.

<sup>114</sup> Ibid.

<sup>115</sup> J. W. G. Kaliyati, 'The Iron and Steel Industry', 4.

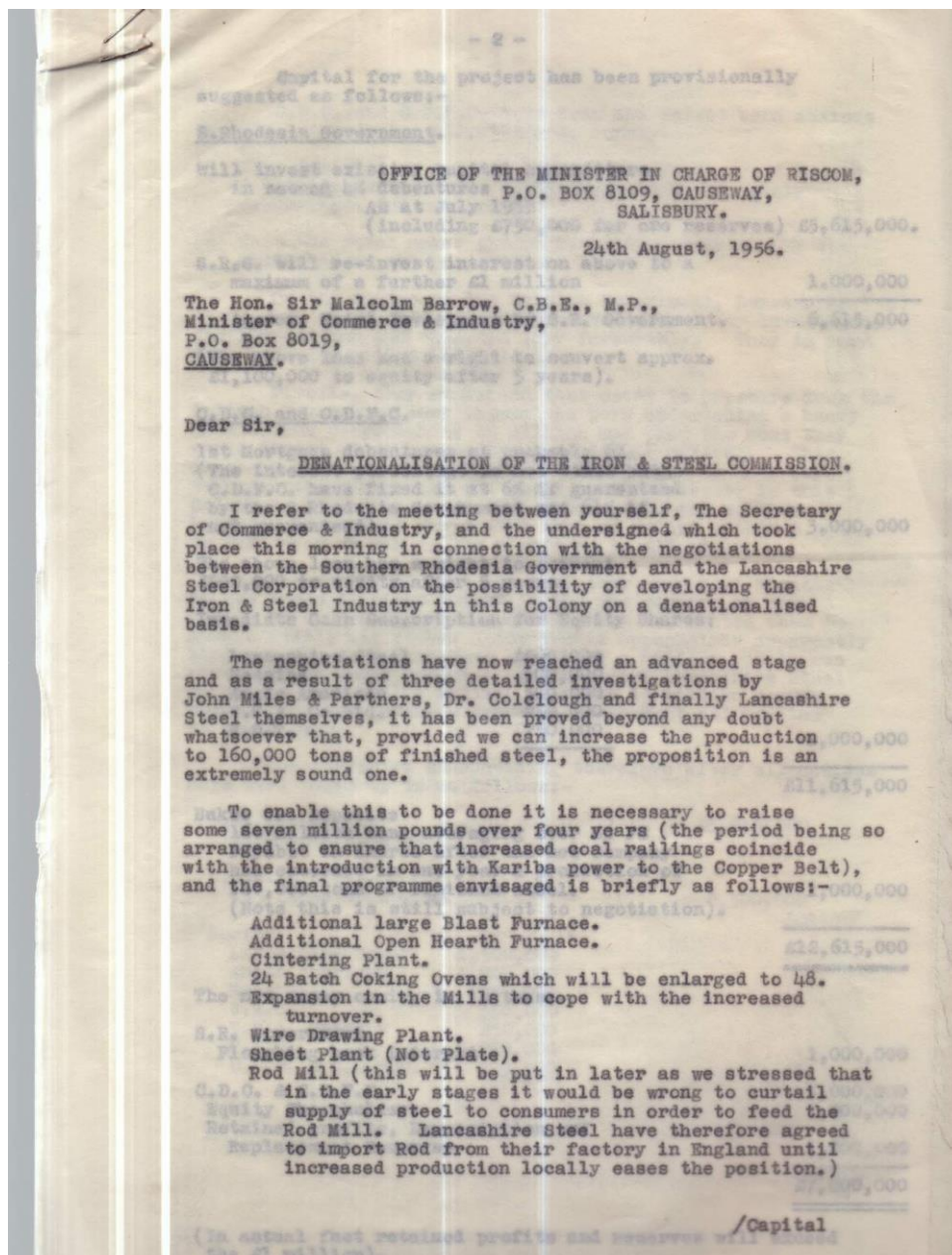


Figure 4.6: 1956 Government Report on the Proposed Denationalisation of the Rhodesian Iron and Steel Commission.

(Document Scan provided by the National Archives of Zimbabwe)<sup>116</sup>

The proposed seven-million-pound investment would see RISCUM upgrade its plant and equipment to include the following:

“Additional large Blast Furnace.

<sup>116</sup> NAZ: S 3309/29/2: Rhodesia Iron and Steel Commission (RISCUM). Lay – Out Plan – Stage II Expansion: 1950-1961, Denationalisation of the Iron and Commission, 1.

Additional Open Hearth Furnace.

Cintring Plant.

24 Batch Coking Ovens which will be enlarged to 48.

Expansion in the Mills to cope with the increased turnover.

Wire Drawing Plant.

Sheet Plant (Not plate)

Rod Mill (this will be put in later as we stressed that in the early stages it would be wrong to curtail supply of steel to consumers in order to feed the Rod Mill.

Lancashire Steel have therefore agreed to import Rod from their factory in England until increased production locally eases the position.)”<sup>117</sup>

With its new plant and equipment, RISCOCOM sought to increase finished steel production to 120,000 tons of finished steel in 1960 with a possibility of increasing production to 500,000 tons per year, as per demand.<sup>118</sup>

### **Proposed Capital Partners**

To actualise its vision, the government sought to enlist British and South African capital. The government sought a £3,000,000 loan from the Colonial Development Corporation (CDC) and Commonwealth Development Finance Company (CDFC).<sup>119</sup> These were financial entities established by the British government to finance development in emerging countries. The CDC established by the Overseas Resources Development Act of 1948, financed the establishment of Zambia’s first cement manufacturer – Chilanga Cement – which went on to provide cement

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<sup>117</sup> Ibid.

<sup>118</sup> Ibid., Section B, 1.

<sup>119</sup> NAZ: S 3309/29/2, 2.

for the construction of the Kariba Dam in 1949.<sup>120</sup> Lancashire Steel was a British steel manufacturing concern that was already trading in Southern Rhodesia at the time of the proposed denationalisation. The largest share of private sector financing came from the South African mining giant – Anglo American Corporation (Anglo). The Anglo-American Corporation was founded in 1917 by Sir Ernest Oppenheimer and grew into a significant corporation with global interests across mining, manufacturing, agriculture and finance amongst a host of industries.<sup>121</sup> In 1930, Anglo commenced business operations in Southern Rhodesia through a partnership with the B.S.A.C.<sup>122</sup> This partnership saw the establishment of business interests ranging from mining, agriculture and commercial enterprises in Southern Rhodesia and Northern Rhodesia.<sup>123</sup>

Overtime, Anglo developed an intricate spider web of various commercial interests that traversed Southern Africa. As such, the Rhodesian government approached Anglo and Anglo related entities as shown by figure 4.7 below. Anglo and its related business concerns invested £1,500,000 in the privatisation efforts. Furthermore, in an interview with Charles Castelin a former manager at RISCO, Anglo’s participation in the privatisation was crucial as the firm oversaw the Wankie (Hwange) coalfields which were the country’s largest coalfields, providing coal for industrial needs and a thermal power station which generated electricity for residential and commercial use. Coking coal from Wankie was a necessary ingredient in steel making, necessitating Anglo’s participation in the new venture. When the newly privatised entity was established, Anglo would go on to dominate the post of chairman, to ensure that they retained a monopoly on delivering coking coal to the steelmaker.<sup>124</sup>

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<sup>120</sup> The Colonial Development Corporation was later renamed as the ‘Commonwealth Development Corporation’ and now exists as the ‘British International Investment’ since 2022. British International Investment, “Our History: 1949,” June 21, 2024, <https://www.bii.co.uk/en/about/our-history/>

<sup>121</sup> Innes, *Anglo: Anglo American and the rise of Modern South Africa*.

<sup>122</sup> Anglo American. “About us.”

<sup>123</sup> Ibid.

<sup>124</sup> Charles Castelin: Former Managing Director RISCO then ZISCO and member of the History Society of Zimbabwe (HSZ), interview conducted December 14, 2023; Professor Ray Roberts: Zimbabwean historian and member of the History Society of Zimbabwe (HSZ), interview conducted December 19, 2023.

### United Kingdom



| British Government                                                                            |                   |
|-----------------------------------------------------------------------------------------------|-------------------|
| Colonial Development Corporation (C.D.C) & Commonwealth Development Finance Company (C.D.F.C) | £3,000,000        |
| Private Sector                                                                                |                   |
| Lancashire Steel                                                                              | £500,000          |
| <b>Total</b>                                                                                  | <b>£3,500,000</b> |

### Union of South Africa



| Private Sector                         |                   |
|----------------------------------------|-------------------|
| Anglo American Corporation*            | £500,000          |
| Messina Transvaal Development Company* | £500,000          |
| Roan Selection Trust (RST)*            | £250,000          |
| <b>Total</b>                           | <b>£1,250,000</b> |

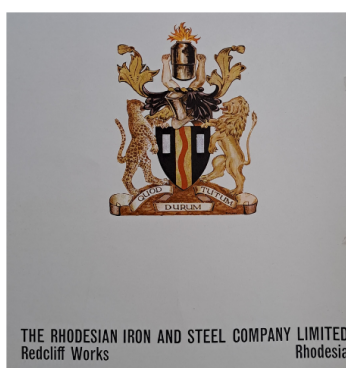
### Southern Rhodesia



| S. Rhodesian Government                 |                   |
|-----------------------------------------|-------------------|
| Ploughing back interest                 | £1,000,000        |
| Bukwe Ore Deposits                      | £1,000,000        |
| Private Sector                          |                   |
| British South Africa Company (B.S.A.C)* | £250,000          |
| <b>Total</b>                            | <b>£2,250,000</b> |

£7,000,000

### -----RISCOM DENATIONALISATION-----



### Rhodesian Iron and Steel Company Est. 1957

Figure 4.7: Proposed Financing Structure for RISCOM Denationalisation. The asterisk shows Anglo American affiliated entities.

## **The Birth of RISCO**

In 1957, the RISCOM denationalisation efforts culminated in the formation of the Rhodesian Iron and Steel Company (RISCO) which took over iron and steel production from RISCOM. The Government's shareholding in RISCO was 10,7%. The other shareholders in RISCO were Messina Transvaal (SA) with 24,2%, Anglo American Corporation with 22,6%, Stewarts and Lloyds (SA) with 14,5%, Lancashire Steel (UK) also with 14,5%, Roan Select Trust (UK) with 7%, and Tanganyika Concession holding the rest. The Government retained the distribution side of the undertaking through the Rhodesian Steel Sales Corporation (Rhosales) in which the South African Iron and Steel Corporation (IsCOR) had shares.<sup>125</sup>

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<sup>125</sup> J. W. G. Kaliyati, 'The Iron and Steel Industry,' 4.



Figure 4.8: 1957 RISCO Shareholder structure. (Document Scan by the National Archives of Zimbabwe)

## Conclusion

Although World War II had exerted a heavy cost on Southern Rhodesia with the country deploying its men to fight against the Axis powers in Europe and the Japanese in Burma, the country entered the post-war period with an industrial base that had been developed by wartime British Imperial Expenditure. Rhodesian officials took advantage of their manufacturing base to create the Central African Federation to expand the market for their finished goods. With the wider market established, Southern Rhodesia took advantage of

Northern Rhodesia's copper windfall to expand its iron and steel industry, leading to the denationalisation of the industry through the infusion of British and South African capital, leading to the birth of the Rhodesian Iron and Steel Company (RISCO).

## **Chapter V**

### **From Ashes to Prosperity: Resuscitating Japan's Post-war Iron and Steel Industry (1945-1960)**

#### **Introduction**

World War II proved to be especially disastrous for Japan with the United States unleashing nuclear attacks on Hiroshima and Nagasaki. These actions, combined with previous Allied bombing campaigns meant that Japan was in a desolate state by the end of the war. However, with the conclusion of a surrender agreement, Western powers and Japanese officials got down to the business of rebuilding the Japanese state apparatus and the country's industries which had been decimated. This chapter will highlight key organisations, officials and entrepreneurs that were especially important in resuscitating Japan's decimated iron and steel industry. The chapter will draw on World Bank data and a biography of a Japanese entrepreneur, Yataro Nishiyama – an important figure in the country's 20<sup>th</sup> century steel industry – written by Itami Hiroyuki in 2015. The biography titled 高度成長を引きずり出した男 サラリーマン社長・西山彌太郎の夢と決断 (The Man Who Dragged Out High Growth: The Dreams and Decisions of Salaryman President Yataro Nishiyama), was only released in Japanese therefore, I relied on Google Translate and Bing Translate to make the text accessible as it focuses on a key individual who was directly instrumental in Japan's industrial resuscitation and indirectly, the evolution of RISCO into an integrated iron and steel manufacturer.

## Showa 20 – “the first defeat”: 1945-1955

On the 15<sup>th</sup> of August 1945, in a pre-recorded message to the Japanese people, Emperor Hirohito announced the surrender of the Imperial Japanese Army and their capitulation to the Allied forces, marking the formal cessation of Japanese participation in the second World War. Two weeks later aboard the American naval ship *USS Missouri*, representatives from the Japanese government led by Japanese foreign affairs minister Mamoru Shigemitsu; signed the Japanese Instrument of Surrender, formally marking the end of Japanese hostilities in the war although some Japanese units would only surrender in the 1970s.



Figure 5.1: Japanese Foreign Minister Mamoru Shigemitsu signs the Instrument of Surrender on behalf of the Japanese Government, on board USS Missouri (BB-63), 2 September 1945. Lieutenant General Richard K. Sutherland, U.S. Army, watches from the opposite side of the table. (Photo by Army Signal Corps photographer LT. Stephen E. Korpanty).

With Japan, out of the fight and the commencement of the American occupation by General Douglas MacArthur, the Allies and Japanese took up the task of rebuilding the state that had been decimated by the war and particularly by the nuclear bombings of Hiroshima and Nagasaki. This decade spanning from 1945-1955, was known as the Showa 20 or “first defeat”.

During ‘the first defeat’; Japan was ravaged by high unemployment and ravaging inflation.<sup>126</sup> Furthermore, the country was under Allied occupation from 1945-1952, as the United States and her allies sought to enact “widespread military, political, economic, and social reforms.”<sup>127</sup> Under General Douglas MacArthur of the United States military, the occupation consisted of three distinct phases: punishment for Japanese wartime aggression (1945-1947); economic revival (1948-1950) and signing of a formal war treaty as well as alliance with Western powers (1950-1952).<sup>128</sup> During the first phase, the Allies instituted tribunals to punish Japanese actors for war crimes and barred select individuals from holding political office in Japan’s post-war era. The second phase sought to tackle the poor economic conditions in Japan to contain any communist sentiments in the country, a grave concern at a time when Communist forces were gaining an upper hand during the Chinese civil war. The last phase saw American officials lay the road map for a formal treaty of surrender in San Francisco between the newly appointed Japanese state officials and the Allies, signed in 1951.<sup>129</sup>

This chapter will focus on the economic rehabilitation of Japan’s economy – with a focus on the country’s iron and steel industry - which preoccupied American officials during the secondary phase of their occupation. Main actors in this chapter are: The occupying U.S forces, the Development Bank of Japan, the International Bank of Reconstruction and Development (World Bank) and Yataro Nishiyama, a leading Japanese entrepreneur who was the CEO of the Kawasaki Steel Corporation of Japan/ Kawatetsu.

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<sup>126</sup> T. Kikkawa , ‘Case 14 Yataro Nishiyama: Leader of Capital Investment Drives High Economic Growth,’ in *History of Innovative Entrepreneurs in Japan*, (Springer, Singapore), 161.

<sup>127</sup> United States Department of State, ‘Occupation and Reconstruction of Japan, 1945-1952,’ June 21, 2024, <https://history.state.gov/milestones/1945-1952/japan-reconstruction>

<sup>128</sup> Ibid.

<sup>129</sup> Ministry of Foreign Affairs of Japan, ‘San Francisco Peace Treaty,’ March 1, 2001, <https://www.mofa.go.jp/region/europe/russia/territory/edition92/period4.html>

## Feeding the War machine: Japan's World War II Iron and Steel Industry (1937-194

In the build-up to Japan's participation in the Second World War, wartime economic controls were introduced in the coal and steel industry. The 1937 Iron and Steel Industry Law promulgated at the outbreak of the Sino-Japanese war required "all iron manufacturing concerns to ask governmental permission to make any changes in their expansion and operation program".<sup>130</sup> A year later, rationing of steel and scrap iron was introduced in the country and, a Steel Control Board would be established in 1941.<sup>131</sup> Eventually, major steel mills would come under the direct control of the Ministry of Commerce and Industry as Japan sought to feed its war machine.<sup>132</sup> This directive transitioned the industry into an oligopoly as a small select group of companies dominated market share. In 1944, the top three firms commanded 88.5% of the country's pig iron production and 64.9% of the country's steel market.<sup>133</sup>

In the post-war period, American attention turned to breaking down the monopolies that dominated Japan's industry, including players in the steel industry. These monopolies were known as the *Zaibatsu* "wealthy cliques" and were capitalist entities controlled by single families with diverse business interests across multiple economic sectors.<sup>134</sup> These entities were developed after the 1868 Meiji Restoration when the emperor encouraged economic growth of cartel like interests which owned banks that were used to mobilize capital and drive further expansion. Prominent *zaibatsu* included Mistui, Mistubishi, Sumitomo and Yashuda.<sup>135</sup> Mistui was engaged in several industries spanning banking, mining, insurance, textiles, heavy industries and mining.<sup>136</sup>

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<sup>130</sup> E. Muzzafer, 'Iron and Steel Industry in Japan,' *Economic Geography*, 23 no. 2. (1947), 107.

<sup>131</sup> Kikkawa, "Yataro Nishiyama," 164.

<sup>132</sup> Ibid.

<sup>133</sup> Ibid.

<sup>134</sup> *Zaibatsu*, Encyclopedia Britannica. <https://www.britannica.com/topic/zaibatsu> [Accessed July 1, 2024]

<sup>135</sup> Ibid.

<sup>136</sup> Ibid.

Under McArthur, the Law for the Elimination of Excessive Concentration of Economic power was promulgated in 1947, to break up the *zaibatsu* and introduce a free market capitalist system.<sup>137</sup> His directive saw individual entities separated from the main holding firms, leaving them free to pursue independent corporate strategies. This did not eliminate the *zaibatsu* as they evolved into the *kigyō shūdan* “enterprise groups”, which consisted of former *zaibatsu* entities that were “loosely organized around leading companies or major banks”.<sup>138</sup> The cooperative nature of the groups which were not centrally controlled by a single entity would be important for Japanese post-war economic growth as these entities were able to gain competitive advantage on the global stage.

On the 25<sup>th</sup> of June 1950, the Korean broke out and saw conflict between the North Korean People’s Army and South Korea in an attempt by the former to reunify the country. At the outbreak of the war, some members of the Occupying American force retorted that “Korea came along and saved us”, as America’s efforts to defend South Korea, led to positive economic effects for Japan.<sup>139</sup> Instead of focusing on Punishing Japan, McArthur developed a “Reverse Course” and focused on turning Japan into a key Western ally.<sup>140</sup> Japan became a key supply depot for U.N forces allowing for increased imports of raw materials to fuel Japan’s recovering manufacturing industries. Allied powers went on to further support Japan’s economic recovery through the financing activities of the World Bank.

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<sup>137</sup> Michiko Ariga and Luvern V. Rieke, ‘The Antimonopoly Law of Japan and Its Enforcement,’ *Washington Law Review* 39, no. 3 (1964).

<sup>138</sup> *Zaibatsu*, Encyclopedia Britannica. <https://www.britannica.com/topic/zaibatsu> [Accessed July 1, 2024]

<sup>139</sup> United States Department of State, “Occupation and Reconstruction.”

<sup>140</sup> United States Department of State, “Korean War and Japan’s Recovery,” June 21, 2024, <https://history.state.gov/milestones/1945-1952/japan-reconstruction>

## Financing Economic Recovery: The World Bank in Japan 1953-1960

Under General McArthur's occupation, Japan made an official application to join the International Bank of Reconstruction and Development (IBRD)/ World Bank and International Monetary Fund (IMF) in August 1951. The following year, in 1952, Japan's membership was granted, leading to a flow of capital in the country.<sup>141</sup> Between 1953 and 1966, Japan was to take out 31 loans with the World Bank, amounting to a total of US\$863 million.<sup>142</sup> To channel these funds, the Japan Development Bank created in 1951 – to rebuild industry – acted as a guarantor for contracts entered between the World Bank and respective Japanese companies.<sup>143</sup> Amongst the industrial lending, the steel industry was a major beneficiary of World Bank finances as about 97% of the total industrial sector borrowings was channelled towards steel companies.<sup>144</sup>

Amongst the six beneficiaries of World Bank loans to the steel industry, this chapter will focus on the Kawasaki Steel Corporation of Japan/ Kawatetsu and its president Yataro Nishiyama, a leading figure in Japan's 20<sup>th</sup> century iron and steel industry. This section will explore the role Nishiyama played in resuscitating the iron and steel industry by courting the World Bank group and convincing them to invest in Kawasaki's expansion program; a decision which would later have positive effects for the rest of Japan's iron and steel industry. This section will rely on a 2015 biography on Yataro Nishiyama – written by Hiroyuki Itami – entitled 高度成長を引きずり出した男 サラリーマン社長・西山彌太郎の夢と決断 (The Man Who Dragged Out High Growth: The Dreams and Decisions of Salaryman President

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<sup>141</sup> Y. Abe, "Japan and the World Bank, 1951–1966: Japan as a Borrower," *Journal of Asia-Pacific Studies*, no. 17 (2011)

<sup>142</sup> Ibid., 218.

<sup>143</sup> Kikkawa. 'Yataro Nishiyama,' 165.

<sup>144</sup> Abe, 'Japan and the World Bank,' 219.

Yataro Nishiyama).<sup>145</sup> As no official English language translation of this work exists, I relied on using an online translation platform (Google Translate and Bing translate which was embedded in the Kindle electronic reader).

### **A Salaried-Manager: Yataro Nishiyama of Kawasaki Steel**



西山彌太郎

Figure 5.2: Yataro Nishiyama, President of Kawasaki Steel Corporation (1950-1966) (the forerunner of present JFE Group)

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<sup>145</sup> H. Itami., *高度成長を引きずり出した男 サラリーマン社長・西山彌太郎の夢と決断* (*The Man Who Dragged Out High Growth: The Dreams and Decisions of Salaryman President Yataro Nishiyama*). [translated using Bing Translate] PHP, 2015.

During Japan's post-war industrialisation period, three main categories of businesspersons emerged:<sup>146</sup>

1. Salaried-managers: These were business individuals who had been promoted to high management positions thanks to their specialised knowledge acquired on the job or from academic institutions of higher learning.<sup>147</sup>
2. Owner-managers: These individuals ascended to top posts by virtue of their ownership of the company's assets.<sup>148</sup>
3. Investor managers: The investor-manager differed from the owner-manager as the latter considered the business to be their own whilst the former considered themselves to be a custodian for several shareholders. Secondly, a distinction between an investor-manager and a salaried manager was that the latter became a manager thanks to their technical knowhow whilst the former became a manager thanks to their capital investment in the business.<sup>149</sup> Thus, the investor-manager became a hybrid role, combining qualities of both salaried-managers and owner-managers.

Amongst this cohort of businessmen was Yataro Nishiyama, an employee of a prominent *zaibatsu* - Kawasaki Heavy Industries Ltd. – who rose to be a prominent entrepreneur in the postwar recovery of Japan's iron and steel industry, by courting World Bank funds to the struggling industry. In April 1878, Shozo Kawasaki established Kawasaki Tsukiji Shipyard in Tsukiji, Tokyo.<sup>150</sup> This marked the beginning of an industrial enterprise that would grow to be a prominent *zaibatsu* with interests in shipbuilding and manufacturing of heavy industrial goods through its subsidiary – Kawasaki Heavy

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<sup>146</sup> T. Kikkawa, 'Overview 2: From Port Opening to Post Russo-Japanese War Period,' in *History of Innovative Entrepreneurs in Japan*, (Springer, Singapore), 40.

<sup>147</sup> Ibid., 43.

<sup>148</sup> Ibid.

<sup>149</sup> T. Kikkawa, 'Case 7 Eiichi Shibusawa: Mobilization of Managerial Resources by [ ] an Investor-Manager,' in *History of Innovative Entrepreneurs in Japan*, (Springer, Singapore), 76.

<sup>150</sup> JFE Holdings, "JFE Group Prehistory," June 21, 2024, <https://www.jfe-holdings.co.jp/en/company/history/prehistory.html>

Industries Ltd. Yataro Nishiyama was born on August 5, 1893 in Yamanishi, Azuma village in the Kanagawa Prefecture.<sup>151</sup> At age 14 whilst working as an apprentice in a hardware store, he grew an affinity to the metal and set on a path that would eventually see him enrol at the Department of Metallurgy, in the Faculty of Engineering of Tokyo Imperial University.<sup>152</sup> Upon completing his university studies, he became an employee at the roofing factory of Kawasaki Shipyard, in August 1919.<sup>153</sup> When he joined, the firm had a crude steel capacity of 60,000 tonnes a year which went towards ship construction and later on increased to 290,000 tonnes in 1930, most of it directed towards building ships.<sup>154</sup> This increase coincided with the decline of the shipbuilding industry in Japan and a labour dispute in the following year that led to the retrenchment of 3 000 employees, convinced Yataro that Kawasaki would be best served by separating the steelmaking business from the declining shipbuilding enterprise.<sup>155</sup>

In 1931, Japan invaded Manchuria, setting off a war with China which precipitated industrial shortages as demand for steel outstripped supply. These shortages proved difficult for Kawasaki and Japan's steel industry to fulfil as foreign supplies of pig iron decreased, forcing firms to rely on scrap metal.<sup>156</sup> This frustration motivated Yataro to establish an integrated iron and steel works with its own blast furnace that could guarantee supplies of pig iron.<sup>157</sup> In 1934, the government merged Yawata Steel Works, Mitsubishi Steel, Fuji Steel and Kamaishi Mine to create an integrated iron and steel works entity that produced 90% of Japan's pig iron at the time.<sup>158</sup> In January 1935, Yataro went on a fact finding mission to Europe and America, to investigate steel making best practices amongst these states.<sup>159</sup> On his trip he noticed a marked difference between American and European steel mills. The

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<sup>151</sup> Itami, *The Man Who Dragged Out High Growth*, location 446 of 3564 [Note: 'location' number is substitute for page number as Kindle uses location number due to different font sizes that affect page numbers]

<sup>152</sup> Ibid., location 491 of 3564.

<sup>153</sup> Ibid., location 587.

<sup>154</sup> Ibid.

<sup>155</sup> Ibid., location 738.

<sup>156</sup> Itami, *The Man Who Dragged Out High Growth*, location 768.

<sup>157</sup> Ibid.

<sup>158</sup> Ibid.

<sup>159</sup> Ibid., 791.

Americans had developed mechanised continuous strip mills, which constantly rolled red hot steel till it developed into thinner plates.<sup>160</sup> On the other hand, European manufacturers relied on hand mills which were manually operated and could only process small batches of steel.<sup>161</sup> Observing these differences, Yataro decided to switch to the American mass production model and abandon the European model which was also in use in Japan. In 1939, Yataro was nominated as a director of Kawasaki Heavy Industries Ltd. (in the same year, Kawasaki Shipyards had changed its name to Kawasaki Heavy Industries Ltd.).<sup>162</sup> Yataro began planning to establish an integrated iron and steel works at Chita, a plan which he was forced to shelve due to the outbreak of the Second World and subsequent surrender of Japanese forces in 1945.<sup>163</sup>

Before the end of the war, Yataro received permission to split Kawasaki Industries' steel-related business and form an independent firm, Kawasaki Heavy Industries Steel Works, which had six factories under its management.<sup>164</sup> This demerger proved to be advantageous for Yataro in the post-war period under American occupation as General MacArthur moved to break up the *zaibatsu* for collaborating with wartime Japan. In 1946, 13 directors from Kawasaki Heavy Industries were forced to resign from the company and Yataro was spared thanks to his action of distancing himself from the conglomerate.<sup>165</sup> In 1950, a new entity Kawasaki Steel Ltd. was formed with a capital of 500 million and headed by Yataro Nishiyama. The formation coincided with the outbreak of the Korean War on June 25, 1950, an event which proved fruitful for Kawasaki as demand for steel from occupying authorities allowed the firm to generate a profit from its inception.<sup>166</sup> Spurred by the instant success, Yataro announced plans to build an integrated iron and steel works in November 1950 and immediately set about to court the support of government and financial institutions. His plans to construct the Chiba

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<sup>160</sup> Ibid., 813.

<sup>161</sup> Ibid.

<sup>162</sup> Kawasaki, "History of Kawasaki," June 21, 2024, <https://global.kawasaki.com/en/corp/history/02.html>

<sup>163</sup> Itami, *The Man Who Dragged Out High Growth*, location 927.

<sup>164</sup> Ibid., 949.

<sup>165</sup> Ibid., 972.

<sup>166</sup> Ibid., 1123.

Steel Works submitted to the Ministry of International Trade and Industry (MITI) as American occupying officials received a response.<sup>167</sup> His plans envisioned the erection of two 500-ton blast furnaces and strip rolling machinery capable of handling the estimated 500,000 tonnes of crude steel that would be produced by the blast furnaces.<sup>168</sup> Kynonosuke Sakai, the then president of the Daiichi Bank denounced Yataro's plan as creating double investment in a country that already had 37 blast furnaces with only a third of these functioning.<sup>169</sup> Another managing director from the Daiichi Bank was sharply dismissed Yataro telling him that "Banks can't lend money to dreams".<sup>170</sup> Nevertheless, Yataro persevered and using Kawasaki's own capital, construction of No. 1 Chiba blast furnace began in 1951.

As construction went on, Yataro continued to lobby the government for financial support and eventually, the government relented extending financial and favourable policies towards Japan's entire steel industry. The government implemented the "equal opportunity principle for honour students" which mandated the government to provide equal assistance to firms that would meet certain criteria for efficiency.<sup>171</sup> From 1952 onwards, through the Japan Development Bank, funds were distributed to six steel makers: Fuji Iron & Steel, Yawata Iron & Steel, NKK, Kawasaki Steel, Sumitomo Metals, and Kobe Steel.<sup>172</sup> Although this "equal opportunity" principle had roots in the wartime Iron Manufacturing Industry Law of 1937, it was Yataro's relentless postwar lobbying to expand the Japanese steel industry with his Chiba Steel Works that compelled the Japanese government to implement the policy, benefitting not only Kawasaki but other Japanese steel manufacturers as well. Finally, two years after conceptualisation, the No.1 Chiba blast furnace was fired

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<sup>167</sup> Ibid., 243.

<sup>168</sup> Itami, *The Man Who Dragged Out High Growth*, location 243.

<sup>169</sup> Ibid., 265.

<sup>170</sup> Ibid.

<sup>171</sup> T. Kikkawa., 'Case 14 Yataro Nishiyama: Leader of Capital Investment Drives High Economic Growth,' in *History of Innovative Entrepreneurs in Japan*, (Springer, Singapore): 165.

<sup>172</sup> Yamagiwa, K. (1979). Sengo Nihon keizai no gorika katei to kaigin no yakuwari (The rationalization process of the postwar Japanese economy and the role of Japan Development Bank). In Chuo daigaku daigakuin nenpo daihachigo (Bulletin of Graduate Studies, Chuo University, No.8), pp. 204–205.

up on June 17, 1953 (see figure 5.3).

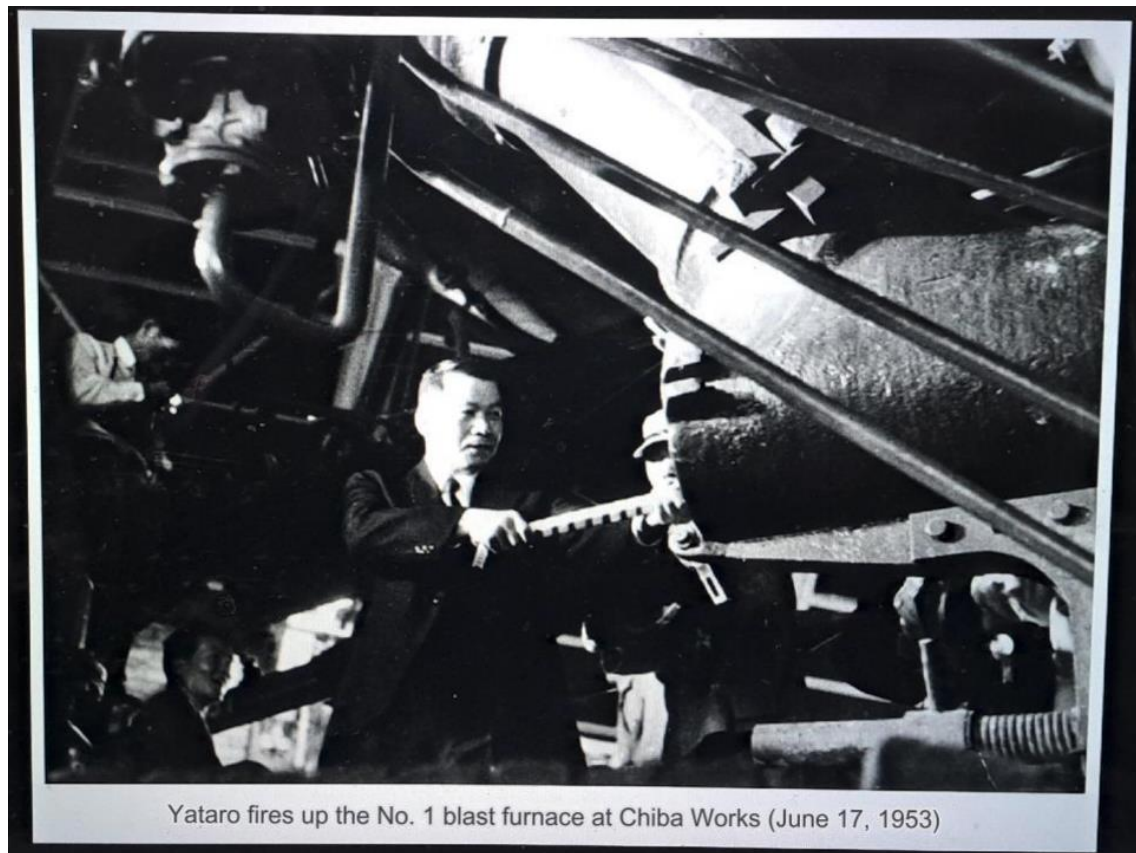


Figure 5.3: Yataro fires up the No.1 Blast furnace at Chiba Works. Source, Itami, *The Man Who Dragged Out High Growth*.

### **Yataro Courts the World Bank**

With the 1953 firing of Chiba 1 completed, Yataro did not rest on his laurels rather, he set his sights on constructing additional blast furnaces and continuous rolling mills to turn Chiba into a fully-fledged integrated iron and steel works. In 1953, a World Bank survey team visited Japan to study the possibility of extending loans to Japan's three thermal power generation facilities: Kansai, Chubu and Kyushu.<sup>173</sup> During this trip Russel Doll, the leader of the World Bank trip and his colleagues visited the Chiba Steel Works where Yataro impressed upon the visitors, his vision of adding additional plant and equipment to service the projected demand in steel as Japan continued its post-war reconstruction efforts.<sup>174</sup> The World Bank team was

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<sup>173</sup> Itami, *The Man Who Dragged Out High Growth*, 1698.

<sup>174</sup> Ibid.

impressed by Yataro's vision as he told them of his desire to construct a second blast furnace, three open hearth furnaces and, hot and cold strip mills.<sup>175</sup> At this time, the Development Bank of Japan informed Yataro that they would not be able to finance his vision and the bank's president advised him to seek financial support from the World Bank.

Yataro's projected 22-billion-yen plan came at a challenging time as Japan faced an economic recession in 1954 which saw Amagasaki Steel go bankrupt that year in June.<sup>176</sup> As a result, government officials began concerned with excess capacity in the steel industry, which went against Yataro's expansion plans. Nevertheless, Kawasaki began talks with World Bank for funding to expand its operations and multiple World Bank teams came to Japan to scrutinise Kawasaki's operations and requested that the firm improve its accounting practices and increase its equity through lowering dividends, before the bank disburses any funds to them.<sup>177</sup> In 1955, the World Bank warmed up to Kawasaki as the United States reoriented its Far East policy in the wake of the Korean War and intended to develop Japan as a bulwark against the spread of Communism in the region.<sup>178</sup> Furthermore, from December 1954 to 1957, Japan was in the middle of the Jimmu Boom which heralded the beginning of Japan's rapid economic growth.<sup>179</sup> On 19 December 1956, in Washington D.C, a loan agreement was finally signed between the World Bank and Kawasaki for US\$20 million.<sup>180</sup> The loan attracted a 5% interest rate with a 15 year repayment period. As part of the funding model the Japan Development Bank acted as a sovereign guarantor for the loan as shown by figure 5.4.

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<sup>175</sup> Ibid.

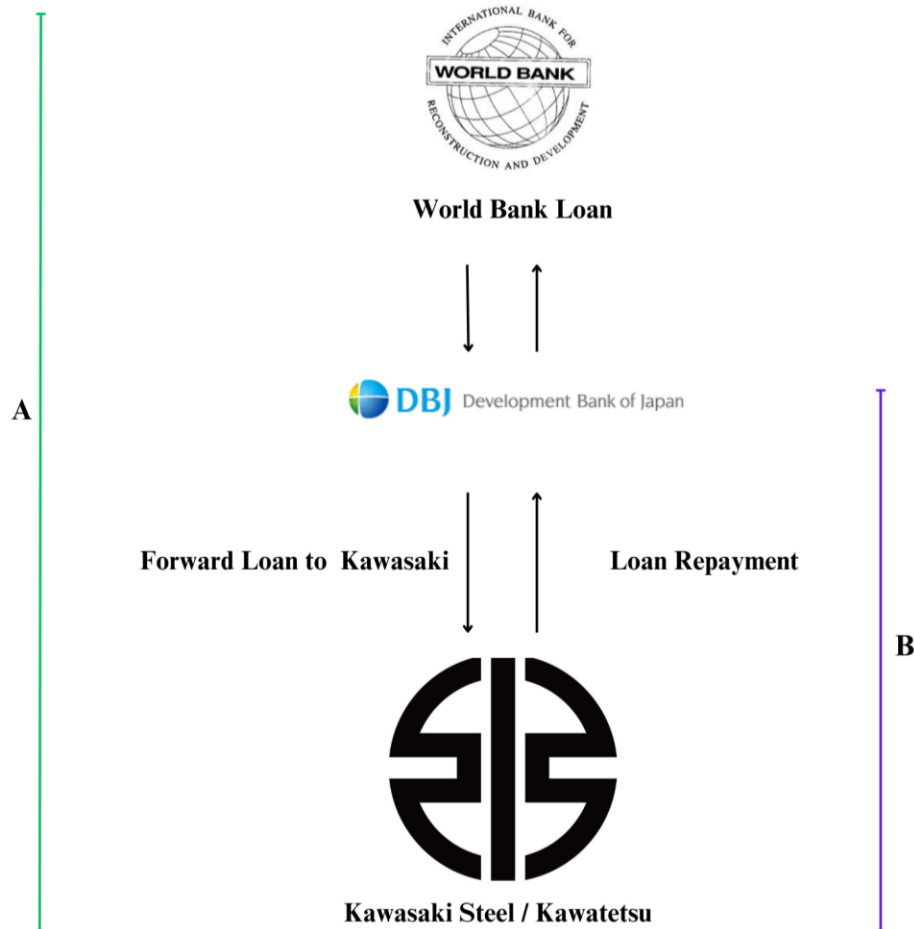
<sup>176</sup> Ibid., 1721.

<sup>177</sup> Ibid., 1743.

<sup>178</sup> Ibid., 1788.

<sup>179</sup> Ministry of Foreign Affairs of Japan., *Diplomatic Bluebook 1985 Edition: Review of Recent Developments in Japan's Foreign Relations*, chapter 3, Section 1B.

<sup>180</sup> Itami, *The Man Who Dragged Out High Growth*, 1834.



**KEY**

→ Capital Flow

Figure 5.4: World Bank - Kawasaki Funding Model

- A. Conclusion of Loan agreement between Kawasaki Steel and the World Bank for US\$20 million.
- B. Conclusion of loan Agreement between Kawasaki Steel and the Japan Development Bank for US\$20 million in yen equivalent.

Although Kawasaki was the first Japanese steel producer to court the World Bank, the first Japanese recipient of World Bank funds was the state owned Yawata Iron and Steel Co. Ltd

followed by Nippon Steel Tube Co. for seamless tube production facilities (see figure 5.5 below). During the time that Kawasaki initiated talks with the World Bank in 1953, other Japanese players sought to raise funds from the institutions to resuscitate their production facilities and since the funds required by Yawata and Nippon were considerably smaller compared to Kawasaki's loan demands, they concluded their negotiations with the World Bank sooner than Kawasaki.<sup>181</sup>

| Year | Date Signed | Beneficiary                              | Project                                                                   | Value         |
|------|-------------|------------------------------------------|---------------------------------------------------------------------------|---------------|
| 1955 | 25-Oct      | Yawata Iron & Steel Co. Ltd.             | Steel-plate production facilities                                         | \$5.3 million |
| 1956 | 21-Feb      | Nippon Steel Tube Co. Ltd.               | Seamless tube production facilities                                       | \$8.1 million |
| 1956 | 19-Dec      | Kawasaki Steel Corporation               | Chiba plant hot and cold strip mills                                      | \$20 million  |
| 1958 | 29-Jan      | Kawasaki Steel Corporation<br>(2nd loan) | Chiba Works 1,000-ton blast<br>furnace, coke oven                         | \$8 million   |
| 1958 | 11-Jul      | Sumitomo Metal Industries<br>Ltd.        | Wakayama Works 1,000 ton blast<br>furnace and blooming mill               | \$33 million  |
| 1958 | 18-Aug      | Kobe Steel Ltd.                          | Nadahama 800 ton blast furnace<br>and<br>Wakihama steel mill              | \$10 million  |
| 1958 | 10-Sept     | Nippon Steel Tube Co. Ltd.<br>(2nd loan) | Mizue Works 60 ton steel<br>converter                                     | \$20 million  |
| 1959 | 12-Nov      | Fuji Iron & Steel Co. Ltd.               | Hirohata Works 1,500 ton blast<br>furnace,<br>converter and blooming mill | \$24 million  |

<sup>181</sup> Ibid., 1788.

|              |        |                                                  |                                                     |                        |
|--------------|--------|--------------------------------------------------|-----------------------------------------------------|------------------------|
| 1959         | 12-Nov | Yawata Iron & Steel Co. Ltd.<br>(2nd loan)       | Tobata Works 1,500 ton blast<br>furnaces (two)      | \$20 million           |
| 1960         | 20-Dec | Kawasaki Steel Corporation<br>(3rd loan)         | Chiba works slab casting facilities<br>construction | \$6 million            |
| 1960         | 20-Dec | Sumitomo Metal Industries,<br>Ltd.<br>(2nd loan) | Wakayama Works combined mill                        | \$7 million            |
| <b>Total</b> |        | <b>6</b>                                         | <b>11</b>                                           | <b>\$161.4 million</b> |

Figure 5.5: List of World Bank Loans to Japanese Iron and Steel Companies. Loans forwarded to Kawasaki are highlighted in blue and these amount to a total of \$34 million throughout a four-year period. World Bank Group, World Bank's Loans to Japan.

With the conclusion of the World Bank – Kawasaki deal, Yataro set off a wave of blast furnace construction in Japan as multiple steel makers approached the World Bank to build blast furnaces and additional plant and equipment as seen by figure 5.5 above. Consequently, between 1955 and 1960, the World Bank extended a total of US\$ 161.4 million in loans towards Japanese steel making entities, helping Japan resuscitate its manufacturing industry. Japan had solved its capital problem however one issue threatened to curtail Japan's boom – raw material shortages. Iron and coal were crucial for firing the blast furnaces and, with poor domestic sources, Kawasaki together with other Japanese manufacturers had to find external sources to feed their recently installed steelmaking behemoths. The need for raw materials would see the Japanese government and business class turn their focus towards Africa and map a re-entry to the continent which was a rich source for raw materials, crucial for Japan's industrialisation.

## **Conclusion**

At the end of the Second World War, Japan was in ruins and the Japanese were left with the daunting task of rebuilding their country. Their occupation by the United States drew Japan closer into the orbit of the West and proved crucial in drawing capital to Japanese battered industries. Japan's admission into the World Bank under General MacArthur enabled Western capital to flow into Japan's industries and the ensuing Korean War saw Japan become an important Western ally as the Americans decided to support the country as a bulwark against Communism. Once entrenched in the Western orbit, funding poured into Japan's industries creating an opportunity for enterprising Japanese business people to expand their activities. Yataro Nishiyama of Kawasaki Steel took advantage of the inflows of Western capital and growing demand for steel in Japan to court World Bank funds into expanding Kawasaki Steel Ltd. Although the Japanese steel industry had resolved its capital constraints, one issue remained unresolved – raw materials. The next chapter will outline the development of Japan's post-war African diplomacy framework which was developed at a time Japan sought to secure raw mineral supplies for Japan's industries.

## **Chapter VI**

### **Japan's Post War African Diplomacy**

#### **Introduction**

The nuclear attacks on Hiroshima and Nagasaki proved to be especially disastrous for Japan. These actions, combined with previous Allied bombing campaigns meant that Japan was in a desolate state by the end of the war. However, with the conclusion of a surrender agreement, Western powers and Japanese officials got down to the business of rebuilding the Japanese state apparatus and the country's industries which had been decimated. Attention turned to Africa as Japan sought to restore prewar relations and trade routes for its imports and export markets. This chapter will look at the development of the country's post-war Africa policy.

## Japan's Principal Diplomacy Framework

Japan's overall post-war diplomacy framework was anchored on four building blocks. The first block was progressing cordial and cooperative relations with the United States of America.<sup>182</sup> The second building block extended Japan's close cooperation with the USA to include maintaining close ties with countries in the industrialised Western world including amongst others: Western Europe, Australia, Canada and New Zealand.<sup>183</sup> Surprisingly, Apartheid South Africa was included in this cohort; despite being a black majority country with a racist segregationist policy, the Japan viewed South Africa's industrialised economy as being on par with peers in the advanced free world like Australia and Canada.<sup>184</sup> Thirdly, Japan sought to establish and maintain cordial relations with countries in the Third World that were anti-Communist and non-Aligned, particularly in Asia.<sup>185</sup> Lastly, Japanese officials resolved to "maintain a policy of both confrontation and dialogue with the countries regarded as members of the Eastern camp, especially in the Soviet Union."<sup>186</sup>

## Dual Diplomacy: Japan's Africa Policy

The Asia Africa Conference otherwise known as the Bandung Conference marked the first time that Asian and African heads of state met without Western participation to discuss mutual matters affecting both continents including racial discrimination and colonialism amongst others. The conference was attended by a total of 29 Asian and African countries including

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<sup>182</sup> Morikawa, *Japan and Africa*, 8. The alignment of Japanese policy objectives with the USA was primarily motivated by the Treaty of Mutual Cooperation and Security Between Japan and the United States and America, a formal agreement concluded between the two states on the 28<sup>th</sup> of February 1951, in San Francisco. According to the preamble, Japan and the USA would not only strive to maintain peaceful relations between themselves but, they resolved to "encourage closer economic cooperation between them and to promote conditions of economic stability and well-being in their countries". This policy was further enshrined in Japan's *Diplomatic Blue Book* where officials resolved that Japan's self-interest would be secured by closer cooperation with the United States.

<sup>183</sup> Ibid., 9.

<sup>184</sup> Ibid.

<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

Japan.<sup>187</sup> Although Japanese participation in the Bandung Conference served as a commitment to Global South - South cooperation and solidarity; the country's diplomacy framework for Africa deviated from its surface commitment to Asia-African solidarity as shown by the Dual Diplomacy which will be explored through Jun Morikawa's 'Japan and Africa: Big Business and Diplomacy'.

To achieve its goals of furthering its economic interests and entrench Africa in the Western bloc, Japan adopted a Dual Diplomacy strategy aimed at the independent and non-independent states in Africa. Japan's African Dual Diplomacy consisted of a *White Africa policy* aimed towards the white minority regimes of Africa and a *Black Africa policy* aimed towards majority black ruled African states.<sup>188</sup>

According to Ishii Ryuichi, a former Deputy Director of the Foreign Ministry's Second Africa Division, when Japan aids Africa:

"The basic policy when deciding which countries to help is to respond to specific requests ... we try to help the poorest countries first. Also, we look at the country's political relationship with Japan and we are a member of the Western bloc so the West's interests are important."<sup>189</sup>

Thus, African expectations that Japan being a non-white country and a participant at the Bandung Conference, would come to their aid in their anticolonial fight for self-determination from Western states proved to be misguided as proven by its Pro-Pretoria stance and staunch

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<sup>187</sup> Ministry of Foreign Affairs of the People's Republic of China, 'The Asian-African Conference,' June 21, 2024,

[https://www.fmprc.gov.cn/eng/ziliao\\_665539/3602\\_665543/3604\\_665547/200011/t20001117\\_697895.html](https://www.fmprc.gov.cn/eng/ziliao_665539/3602_665543/3604_665547/200011/t20001117_697895.html)

<sup>188</sup> Morikawa, *Japan and Africa*, 11.

<sup>189</sup> Ibid., 10.

anti-communism and economic expansionism policies.<sup>190</sup> Furthermore, in a June 1984 meeting with outgoing Japanese ambassadors to Africa, Japanese Foreign Minister Abe Shintaro told the emissaries that their mission was to use their “economic influence to help entrench African countries in the Western Camp”.<sup>191</sup>

### ***White Africa Policy***

Japan’s White Africa policy consisted of three pillars. Firstly, Japan committed itself to supporting white settler regimes in Africa such as apartheid South Africa and Southern Rhodesia. As a result, Japan opposed states and political parties with a pro-Eastern leaning including, Angola, Mozambique, the South West Africa People’s Party (SWAPO) and the African National Congress (ANC).<sup>192</sup> Secondly, Japan sought to “secure a stable supply of rare metals, such as chrome, manganese, platinum and vanadium.”<sup>193</sup> These minerals would be essential in driving development in Japan’s heavy industries and transition to a globally competitive high tech computer and robotic industrial powerhouse. Additionally, Cold War tensions motivated Japan’s close ties with the Apartheid regime as South Africa and the Union of Soviet Socialist Republics (USSR) were the two major sources for Japan’s rare metals purchases. With Japan’s pro-Western orientation, the USSR was seen as an enemy state, leading Japan to create stronger bonds with South Africa for its strategic minerals.<sup>194</sup> The Final goal had echoes of Japan’s early 1920’s policy in Africa, where Japan sought to expand its market for its exports by expanding into Africa.

### ***Black Africa Policy***

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<sup>190</sup> Ibid.

<sup>191</sup> Ibid.

<sup>192</sup> Ibid., 11.

<sup>193</sup> Morikawa, *Japan and Africa*, 11.

<sup>194</sup> Ibid., 12.

On the other hand, the Black Africa Policy was a *janus faced* policy with seemingly contradictory goals. The first goal was maintaining cordial relations with pro-Western states and countries in the non-aligned camp.<sup>195</sup> The second goal was contradictory as it consisted of a “policy of confrontation and dialogue with countries generally regarded as pro-Eastern”.<sup>196</sup> The third goal had echoes of Japan’s 1920’s African policy as it entailed securing natural resources such as copper, iron ore and uranium.<sup>197</sup> The fourth goal targeted Africa as an export market for Japan’s growing industrial output for domestic and industrial goods. The 1970s crises facing Africa such as the oil shock, numerous droughts and civil wars diminished Africa’s buying power decreasing Africa’s attractiveness as an export market.<sup>198</sup> Goal number five was to garner votes for Japan at the United Nations (UN), as the country developed ambitions of becoming a large player on the world stage in the 1970s.<sup>199</sup>

The sixth goal was of paramount importance as it involved making diplomatic overtures towards the Black African states in a bid to lessen criticism amongst the Africa states towards Japan’s pro-White Africa policy which saw it maintain close ties with the Apartheid regime and Rhodesia.<sup>200</sup> Neutralising criticism of Japan’s pro-White policy was essential to keeping their dual diplomacy strategy alive as diplomatic censure from African states could threaten Japan’s access to raw minerals and alienate Japan’s attempts to draw these parties into the Western camp during the heat of the Cold War.<sup>201</sup>

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<sup>195</sup> Ibid., 13.

<sup>196</sup> Ibid.

<sup>197</sup> Ibid.

<sup>198</sup> Ibid.

<sup>199</sup> Ibid., 15.

<sup>200</sup> Ibid.

<sup>201</sup> Ibid.

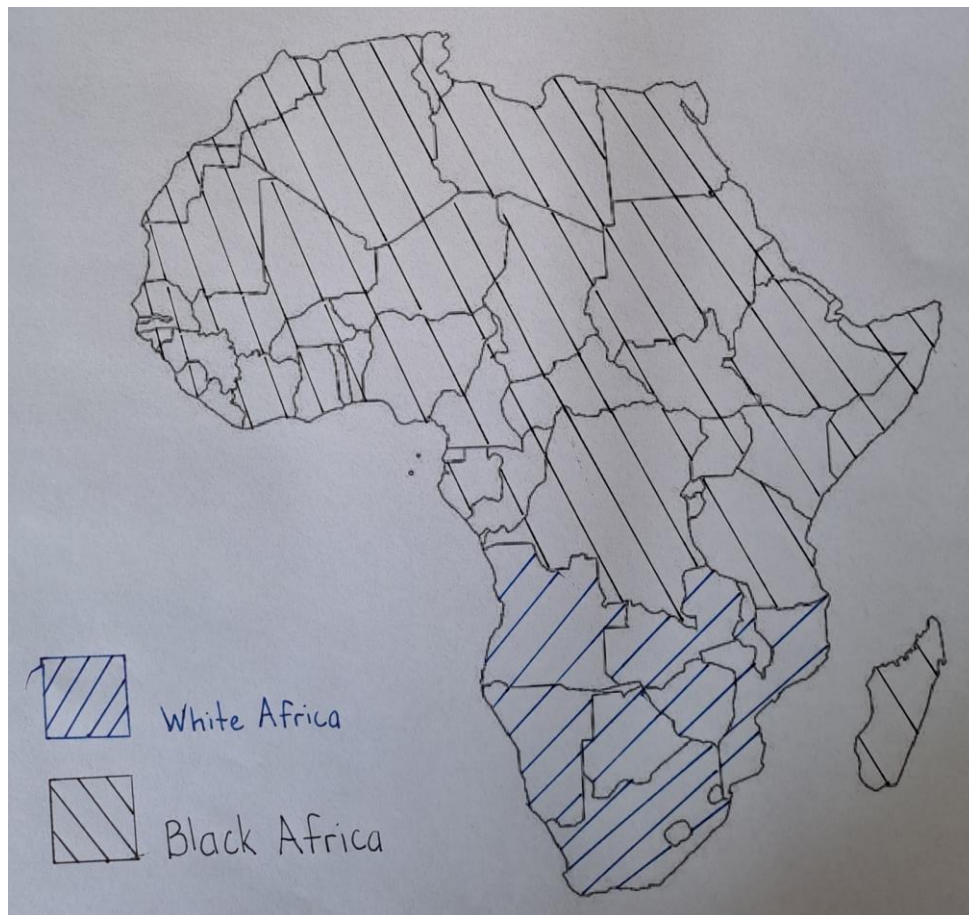


Figure 6.1: Map drawn by author depicting Black Africa and White Africa. ‘White Africa’ consisted of white settler colonies located in southern Africa whilst ‘Black Africa’ was dominated by the newly independent African states located in the North, East and West of the continent.

### **Attaining Dual Diplomacy Objectives**

Achieving Japan’s ambitious dual policy of serving both Black Africa and White Africa depended on four main strategies: co-operation with the United States and Western Europe; the ‘key countries approach’; *kanzaishugi ittai* (government and big business working in unison) and ‘*senden gaiko*’ (PR diplomacy).<sup>202</sup> This section will summarise each of these strategies.

#### ***Co-operation with the United States and Western Europe***

Japan’s post-World War II Africa policy was developed within the context of the US-Japan Mutual Security Treaty and the Pacifist constitution imposed on Japan by the victorious allied

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<sup>202</sup> Ibid., 15.

powers. As such, political and strategic cooperation with the United States and West European powers in global security and trade affairs became a mark of Japanese foreign policy.<sup>203</sup> Cognisant of the enduring imperial influence that West European powers held in their former colonies, Japan's African policy was that of penetrating former colonies without disrupting the trade positions of the respective former colonial powers. In doing so, Japan sought to play a subordinate role to the incumbent Western powers as shown by a report from a 1972 government economic mission to Africa.<sup>204</sup>

“Japanese companies that want to advance into Black African nations must take into consideration the presence of the former colonial powers, especially in Francophone Africa. It became very clear during this visit that Japan must make efforts not to directly compete now or in the future with the interests of the former colonial powers. The best policy is to co-operate and co-exist with them for our mutual self-interests.”<sup>205</sup>

Japan's “co-operation and co-existence” with the United States and West European states in Africa also meant that the country had to contribute to the anti-Communism fight waged by the United States and her allies across the continent. Japan fulfilled this mandate by extending Official Development Assistance (ODA) to pro-Western states such as Egypt, Sudan, Somalia, Kenya, Zaire (Democratic Republic of the Congo) and Malawi; while sanctions were imposed on Eastern oriented states like Angola and Mozambique.<sup>206</sup> This economic aid was intended to create conditions for a stable economic climate that would fuel prosperity in these countries and dissuade them from joining the Eastern bloc.

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<sup>203</sup> Ibid., 18.

<sup>204</sup> Ibid.

<sup>205</sup> Ibid.

<sup>206</sup> Ibid., 20.

### *the ‘key countries approach’*

The key countries approach entailed giving priority status to select countries within the respective Black Africa and White Africa groupings. The policy was best explained by the Liberal Democratic Party – a leading political party in Japan which was in power from 1955 to 1993.<sup>207</sup>

“There are forty-four developing countries in Africa. As aid to African countries has increased, it has grown more difficult to give aid equally to all these nations. Thus, it is necessary to give aid to those nations which meet certain criteria: for instance, nations with which we share a degree of interdependence; nations which are important because we obtain resources from them, such as Zaire, Zimbabwe, Zambia and Niger, or influential Black African nations such as Kenya, Nigeria and Tanzania, that can play an important role in helping maintain amicable relations in Africa. Also included are those nations which are important for the maintenance of stability in mineral-rich Southern Africa, such as Zimbabwe and Zambia.”<sup>208</sup>

### ***Kanzai ittaishugi* (government and big business working in unison)**

The Japanese government uses the term ‘kanmin ittai’ to describe collaborative efforts between the *kan* (government) and *min* (people) in developing the country’s foreign affairs agenda. In practice however, the people’s input in the decision-making process is limited as they serve as

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<sup>207</sup> Ibid., 28.

<sup>208</sup> Ibid., 22.

a mere rubber stamping body, expected to support the government's decisions without questioning the decision-making process.<sup>209</sup> A more apt description of the civilian – government relationship is *kanzai ittaishugi*.<sup>210</sup> 'kan' is derived from 'kanryo' (the bureaucracy/ government) and 'zai' is adapted from *minkan keiai kai* (the world of private big business, known as the *zaikai*). The expression 'ittaishugi' means to act in unison.<sup>211</sup>

Within this arrangement, the *zaikai* (business world), is accorded access to information, freedom of expression in sharing its opinions on government policy and an 'open door' policy in participating in the decision-making process. Their participation in developing and implementing government policy is done through public and private channels.<sup>212</sup> Public channels include providing ministerial officials with opinion papers and official requests.<sup>213</sup> The latter – Private channels – involve 'informal' actions such as donations to political party funds and the provision of 'amakudari' (lucrative post-retirement positions for bureaucrats), allowing the *zaikai* to develop an extensive network of influence inside the government.<sup>214</sup>

Furthermore, there are four additional reasons for the private sector's heavy influence on Japan's Africa policy. Firstly, there was a general lack of interest in African affairs by the politicians apart from interest in South Africa by the ruling LDP party. Secondly, reliance on economic means (trade and aid) to implement its Cold War strategy coupled with a shortage of manpower and finances in the foreign affairs division threatened to hinder Japan's Dual Diplomacy strategy. Thus, involving private business in the decision-making process reduced the ministry's cost of fulfilling its policy goals.<sup>215</sup> Thirdly, due to the profit motive and previous forays into Africa, the business community had a genuine interest in African affairs including

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<sup>209</sup> Morikawa, *Japan and Africa*, 25.

<sup>210</sup> Ibid.

<sup>211</sup> Ibid.

<sup>212</sup> Ibid.

<sup>213</sup> Ibid.

<sup>214</sup> Ibid.

<sup>215</sup> Ibid.

the requisite skills and capital to implement policy directives developed by the ministry.<sup>216</sup> Lastly, with the Japanese government receiving intense criticism for its Dual Diplomacy, having big business lead the way in Africa reduced the scorn towards the government whilst allowing the country to retain its strategic interests.<sup>217</sup>

The following excerpt from a 1967 Ministry of Foreign Affairs document entitled ‘Preparation for the African Economic Attaches Conference’ exemplifies the government – big business alliance.

“the Foreign Ministry will hold its eighth annual African economic attaches conference this 28-30 June 1967 in Nairobi. In attendance will be eleven Japanese diplomats stationed in Africa (nine ambassadors and two consul-generals and three Japanese economic attachés serving in the United Kingdom, France and Belgium, countries with close connections to Africa, [...]

Topics for discussion will include economic relations between our country and African nations, the effect of the confrontation between Black and White Africa, trade balance, problems associated with the purchase of primary products, the expansion of trade... Representatives of private Japanese companies in Africa are invited to attend this sixth joint trade meeting in order to exchange opinions with Foreign Ministry officials.”<sup>218</sup>

### **‘Senden gaiko’ (PR diplomacy)**

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<sup>216</sup> Ibid., 26.

<sup>217</sup> Ibid.

<sup>218</sup> Morikawa, *Japan and Africa*, 27.

Japan was not alone in supporting the racist Apartheid regime whilst making friendly overtures to Black African states as Western countries were also guilty of this act. Unlike its Western peers, Japan received scorn for its policy as Black Africa had expected Japan, a coloured and advanced industrialised economy to sympathise with the anti-racist and anti-colonial fight of Black and people of colour in South Africa.<sup>219</sup> To deflect criticism levelled at its Dual Diplomacy, Japan emphasized that it had never been a colonial power in Africa and had even attempted to have an anti-racist clause inserted in the League of Nations charter at the Versailles Peace Conference in 1919.<sup>220</sup> Secondly, the Japanese pointed out their public anti-apartheid stance and sanctions regime on South Africa, which on further inspection turned out to be false. Answers to Japan's association with a racist state lie in the development of the country's trade relations with South Africa which ultimately saw the Japanese granted honorary White Status in South Africa.

### **Japan's Dual Diplomacy in Action: Re-entry into Southern Africa**

November 1952 marked Japan's formal re-entry into Southern Africa through the opening of a consulate-general in Pretoria and a consulate in Salisbury, Rhodesia. Additionally, Japan opened an embassy in Lisbon, Portugal in 1959, an important milestone as Portugal was Mozambique's colonial master; allowing Japan to cement relations with the countries that controlled the 'White Triangle area of Africa well before 1960.'<sup>221</sup> In the same year, Japan began trade negotiations with officials from the Federation of Rhodesia and Nyasaland. On the 15<sup>th</sup> of February 1960, the agreement was formally concluded, a milestone described in Japan's Diplomatic Blue Book as the country's first international agreement with a Sub Saharan African

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<sup>219</sup> Ibid.

<sup>220</sup> Agbi, *Japanese Relations*, 88.

<sup>221</sup> Morikawa, *Japan and Africa*, 53.

country.<sup>222</sup> With this agreement, trade between the mineral rich Central Africa Federation (CAF) and Japan increased. In 1959, exports from Japan to the Federation registered an 82 percent increase and imports from the Federation to Japan marked an eightfold increase in comparison to the previous year.<sup>223</sup> In the following year, the upward trend continued with Japanese exports to the Federation increasing by 13 percent whilst imports doubled from the previous year.<sup>224</sup>

## Conclusion

Japan's post World War II economic resuscitation which was fuelled by the country's manufacturing sector, depended on access to Africa's minerals which were critical elements for its manufacturing base. In preparing for its re-entry into the continent, Japan chose a deliberate strategy of segmenting the continent between 'Black Africa' and 'White Africa', in a bid to 'have its cake and eat it'. Through this Dual Policy, Japan avoided a critical rethink of its relationship with the African continent at a crucial time for the latter that was undergoing its decolonisation period. For Japan, Dual Diplomacy allowed it to obtain the *Meiji era* objectives of a wealthy nation.

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<sup>222</sup> Ibid.

<sup>223</sup> Ibid.

<sup>224</sup> Ibid.

## **Chapter VII**

### **Japan – Rhodesia: Unlikely Trade Partners**

**(1960-1980)**

#### **Introduction**

Japan's post World War II iron and steel industry was built on a high-quality manufacturing base which imports raw materials and exports high quality finished goods globally. The provision of multiple loans by the World Bank to several Japanese firms, after the lobbying efforts of Yataro Nishiyama, enabled the iron and steel industry to recapitalize and expand output. Now adequately capitalized, the remaining challenge for Japanese manufacturers was securing sources for their raw materials due to the limited natural resource base in Japan. As shown by the last chapter, Japan's government developed a Dual Diplomacy framework to help their businesses gain access to Africa's raw materials whilst attaining their own foreign affairs objectives at the United Nations. Having paved the re-entry for Japanese capital into Africa, this chapter will show how Japanese iron and steel manufacturers took advantage of their World Bank windfall to secure sources of iron ore in Southern Rhodesia thus, creating a linkage between the Japanese and Rhodesian iron and steel industries. The chapter will rely on archival documents from the Chamber of Mines of Zimbabwe, a business member organization that represents the interests of mining entities in Zimbabwe.<sup>225</sup>

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<sup>225</sup> Chamber of Mines of Zimbabwe, "About Us," June 21, 2024, <https://www.chamines.co.zw/#:~:text=About%20Chamber%20of%20Mines%20of%20Zimbabwe&text=The%20members%20include%20mining%20companies,related%20professional%20bodies%20and%20individuals.>

## **An Iron Ore Rush in Rhodesia: Japanese Investment in Rhodesia's Iron and Steel Industry (1960-1980)**

In a 1960 letter to British Far East officials, Rio Tinto Mining executive Cavendish-Bentinck requested government assistance in evaluating an investment proposal put forward to the company by government-backed Japanese companies.<sup>226</sup> Several Japanese concerns approached Rio Tinto with the intention of financing the exploitation of nickel and iron ore assets held by Rio Tinto in Rhodesia.<sup>227</sup> This direct approach by Japanese entities was surprising as the global market for nickel and iron ore was flush with cheap and readily available stocks that were located closer to Japan than Rhodesia which was further afield. Exploiting Rhodesian iron ore resources would require significant financial resources and prospective Japanese investors had proposed £80 million to initiate mining and construction of logistics networks from Rhodesia to the coast, for export.<sup>228</sup> Investigations by British officials uncovered that Japanese businesses were having difficulties establishing long-term supply contracts with Indian iron ore suppliers and that Chinese suppliers were inconsistent, prompting Japan to seek Rhodesian ore supplies. Despite Rhodesian enthusiasm for the deal, correspondence between Rio Tinto and British officials shows that the proposed deal was not to come to fruition.

Although Rio Tinto's courtship with Japanese firms failed, three companies established a trade in iron ore between Japan and Rhodesia from the 1960s. These three producers were: The Buchwa Iron Mining Co. (BIMCO), Belingwe Iron Mining Investments (Pvt) Ltd. and the Iron and Mineral Development Co.<sup>229</sup> This trade burgeoning trade was only threatened by the shortfall in rail trucks from Rhodesia Railways that was tasked with transporting iron ore to the ports of Laurencio Marques (Maputo) and Beira in Mozambique before further shipment to

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<sup>226</sup> TNA, FO 371/150634 : Proposals for exploitation of mineral ores in Rhodesia, J1542/1, Gives background information concerning the Japanese proposals for the exploitation of mineral ores owned in Rhodesia by Rio, Tinto Ltd, Confidential (11216/60), January 14, 1960.

<sup>227</sup> Ibid.

<sup>228</sup> Ibid.

<sup>229</sup> Chamber of Mines Journal, 'Three Mining Companies', 36.

Japan.<sup>230</sup> Negotiations between miners and Rhodesia Railways culminated in an agreement for the latter to guarantee increased capacity onwards from 1966 capable of guaranteeing exports at a “rate of at least 2,000,000 tons a year.”<sup>231</sup> This chapter will explore how the transcontinental trade in iron between Rhodesia and Japan developed.

### **Belingwe Mining Investments (Pvt.) Ltd.**

Belingwe Mining Investments (Pvt.) Ltd. (BMI) was a wholly owned Rhodesian entity established in the Buchwa area of Rhodesia, an area located in the country’s Midlands province. In 1961, the firm acquired the Norie claims in the area and sent a trial shipment of 500 tons of iron ore to Japan, making it the first Rhodesian market to trial the Japanese market.<sup>232</sup> With an iron content of over 63%, the company in association with its buyers Messrs. Derby & Co. solidified its position in the export market.<sup>233</sup> The firm entered long-term supply contracts with three Japanese companies valid 1970. In the following year of 1965, the firm had export orders of 200,000 long tons which were projected to increase to 400,000 long tons of iron ore per year to Japan.<sup>234</sup>

### **Buchwa Iron Mining Co. (BIMCO)**

The Buchwa Iron Mining Co. (BIMCO) named after the Midlands based area it was established in – Buchwa – began its iron ore production in 1962 using rudimentary tools consisting of ‘pick and shovel methods: hand sorting and breaking to minus 8in.’<sup>235</sup> This labour-intensive method employed 1 000 Africans and produced approximately 20,000 long tons of iron ore per

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<sup>230</sup> Ibid.

<sup>231</sup> Ibid.

<sup>232</sup> Ibid., 38.

<sup>233</sup> Ibid.

<sup>234</sup> Ibid.

<sup>235</sup> Ibid., 37.

month.<sup>236</sup> With a high iron content of 65% and an estimated ore base of 15,000,000 tons; considerable financial and mechanical investments were poured into the claims to develop them as an export producer.<sup>237</sup> The investments bore fruit as the company entered into a supply contract with Japanese buyers for 350,000 long tons of iron ore to be delivered by the end of May 1965.<sup>238</sup> The order was to be fulfilled through monthly consignments of 22,000 tons through the port of Laurencio Marques (Maputo) in Mozambique. Furthermore, the firm entered negotiations for a contract of 650,000 long tons of iron-ore with Japanese and European buyers to be delivered by 1966 at the latest.<sup>239</sup> The only impediment to the company's fortunes was the unavailability of railway trucks from the state-owned Rhodesian Railways whose operational capacity was insufficient to move the large volumes of cargo BIMCO and other iron miners produced.<sup>240</sup>

### **Kobe Steel Works, Ltd.**

The third entity engaged in iron ore exports was Kobe Steel Works, Ltd., an integrated iron and steel manufacturer headquartered in Kobe, Japan. In 1958, Kobe was the sixth largest steel maker in Japan, producing products ranging from: wire rods, bars, welding electrodes, machinery, steel products and non-ferrous metal products. Following in Kawasaki's footsteps, Kobe secured World Bank financing to expand its manufacturing facilities in Japan.<sup>241</sup> With its World Bank windfall, Kobe embarked in a journey to Southern Rhodesia to establish its own mine that would export iron ore for its operations in Japan.

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<sup>236</sup> Ibid.

<sup>237</sup> Ibid.

<sup>238</sup> Ibid.

<sup>239</sup> Ibid.

<sup>240</sup> Ibid., 38.

<sup>241</sup> On the 18<sup>th</sup> of August 1958, the World Bank signed a loan agreement with Kobe for US\$10 million that was to be deployed towards the construction of the Nadahama Blast furnace and Wakihamma steel mill. World Bank Group, Japan – Kobe Blast Furnace Project (English). Technical Operations Projects series; no. TO 181 Washington D.C. <http://documents.worldbank.org/curated/en/840021468752350427/Japan-Kobe-Blast-Furnace-Project> (1958).

## **Kobe's Road to Southern Rhodesia**

Mines de Chrome et de Fer S.A. was a shell company established in Lausanne, Switzerland by Kobe Steel, which retained 80% ownership stake in the firm.<sup>242</sup> The Swiss based holding company went on to form a subsidiary, Iron and Minerals Development Company (Pvt.) Ltd.; a Southern Rhodesia based firm with a share capital of £20,000 and the mandate to develop iron ore deposits in the country.<sup>243</sup> In April 1960, Kobe sent a Japanese national, Mr Y. Miyako who was to be the managing director resident in Salisbury, Southern Rhodesia.<sup>244</sup> From April 1960, the firm commenced exploration works at Beacon Tor Mine 5 located South of the town of Que Que (Kwekwe), based in the Midlands region.<sup>245</sup> £100,000 was budgeted for the works and financed “about 8,000ft of diamond drilling, 1,000ft of development tunnelling and 200ft of pilot shaft sinking.”<sup>246</sup> These works were carried out by a Rhodesian contractor E. L. de Meillon & Co.<sup>247</sup>

The exploration drilling program results yielded, “5,000,000 tons proven reserves of iron ore with a minimum of 3,000,000 tons classified as high-grade export quality ore. High grade-ore classified as containing a minimum 63.5% iron content.”<sup>248</sup> With these results, Kobe authorised the acquisition of the Beacon Tor mine in March 1961.<sup>249</sup> To extract ore, the company opted for open cast mining and a local firm Keir & Cawder (Rhod.) Ltd. carried out the mining, crushing and screening of the ore.<sup>250</sup> Continental Ore (Africa) (Pvt) Ltd. was contracted to manage the sales and administration of iron ore from Beacon Tor.<sup>251</sup> On the 23<sup>rd</sup> of May 1962, the first shipment of high-grade haematite ore was exported to Japan through

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<sup>242</sup> Chamber of Mines Journal., ‘Exports of Iron Ore from three Deposits in Southern Rhodesia’, 3:12 (1961), 35.

<sup>243</sup> Ibid.

<sup>244</sup> Ibid.

<sup>245</sup> Ibid.

<sup>246</sup> Ibid.

<sup>247</sup> Chamber of Mines Journal., ‘Three Mining Companies Prove Rhodesian Iron Ore has Great Export Potential – but Shortage of Railway Trucks Will Hold Up Fuller Development Until 1966’, 6:11 (1964), 39.

<sup>248</sup> Ibid.

<sup>249</sup> Ibid.

<sup>250</sup> Ibid.

<sup>251</sup> Ibid.

the port of Beira although proceedings exports were channelled through Laurencio Marques.<sup>252</sup>

In 1962, Beacon Tor exported 54,690 long tons of ore to Japan, a figure which would jump to 106,892 long tons in 1963. Mr Miyako declared Kobe's ideal export target to be 300,000 long tons of iron ore a year, a figure that would only be constrained by the availability of rail trucks from Rhodesia Railways.<sup>253</sup>

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<sup>252</sup> Ibid.

<sup>253</sup> Ibid.

## Analytical Framework of Kobe Steel Investment in Rhodesia

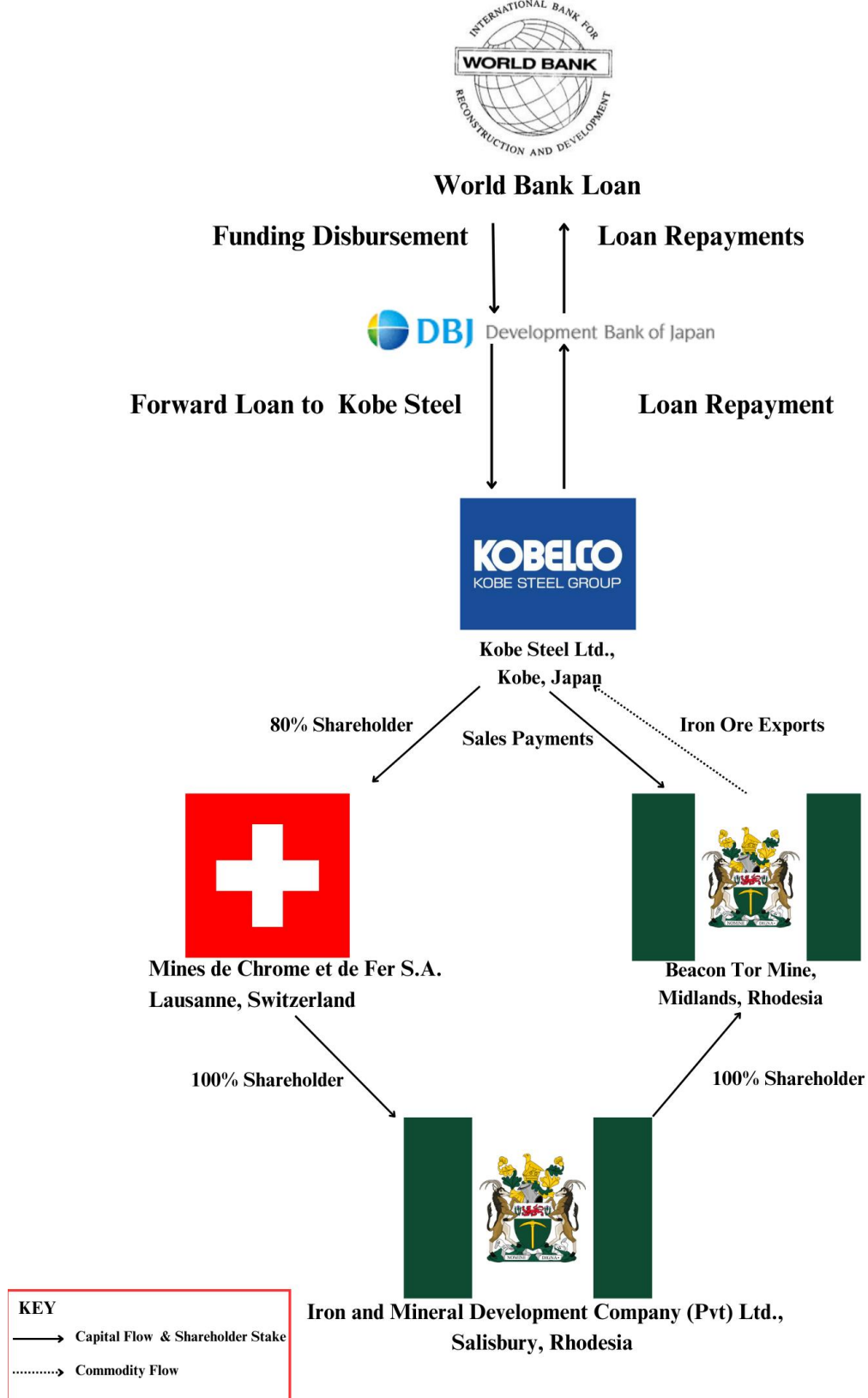


Figure 7.1: Overview of Kobe's investment in Southern Rhodesia including details of Kobe's World Bank loan

By tracing the transactions between Kobe and the World Bank as well as Kobe and Southern Rhodesia, one can see that Kobe acted as a conduit for Western capital to flow to Rhodesia albeit with Japan acting as a financial guarantor (see figure 7.1 above). Secondly, one can observe a deliberate effort by Kobe to mask its Japanese identity by using a Swiss shell company to mask its Rhodesian presence, this could be motivated by fear of arousing negative anti-Japanese sentiments amongst the Rhodesians who had fought against the Japanese in Burma.

### **Kawasaki - RISCO Deal**

Following in the footsteps of its Japanese counterpart, Kawasaki sought to develop iron ore sources in Rhodesia by using its World Bank financial windfall to invest in RISCO. By 1960, Kawasaki had constructed four blast furnaces with the most recent No. 3 Chiba blast furnace having a 1 689m<sup>3</sup> capacity. This aggressive expansion coincided with the construction phase of RISCO's 1955 privatisation campaign which sought to develop a steelmaker with an annual capacity of one million tonnes of steel; a project which was proving to be financially challenging for the government and their chosen financial partners. With Southern Rhodesia's traditional capital partners (the United Kingdom and the Union of South Africa) unable to fund RISCO's No.3 blast furnace, Kawasaki Steel came to the rescue with a resource-backed loan. Resource or commodity backed loans are "prepayment or advance payment deals, where governments or state-owned enterprises (SOEs) receive funds in exchange for future resource production or delivery."<sup>254</sup> These arrangements are mostly undertaken by cash strapped countries to raise finances for building infrastructure by leveraging their natural resource endowment.<sup>255</sup> According to the deal, No. 3 blast furnace was to be funded by the

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<sup>254</sup> Extractive Industries Transparency Initiative, "Resource-backed loans," August 2023,

<https://eiti.org/guidance-notes/resource-backed-loans>

<sup>255</sup> Ibid.

Kawasaki Steel Corporation of Japan and installed by Head Wrightson South Africa, using a design prepared by its British parent company.<sup>256</sup> As payment, 360 000 tons of pig iron and 600 000 tons of iron ore were to be shipped to Japan per annum as from 1963 until a total of 50 million tonnes had been shipped. Another major investment was the installation of a second-hand sheet and plate mill, which was imported from Scotland, in 1961.<sup>257</sup>

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<sup>256</sup> C. G. A. Castelin, "Iron and Steel," 414.

<sup>257</sup> J. W. G. Kaliyati, "The Iron and Steel Industry", 5.



Figure 7.2: No. 3 blast furnace christened 'Elizabeth' was lit on February 10, 1961. Photo: Charles Castelin

## Technical Specifications of No.3 Blast Furnace

| Blast Furnace              | No. 3                                                    |
|----------------------------|----------------------------------------------------------|
| Year Commissioned          | 1961                                                     |
| Hearth Diameter            | 5,5 m                                                    |
| Height                     | 58,5 m                                                   |
| Working Volume             | 563 M <sup>3</sup>                                       |
| Annual Production Capacity | 300 000 tonnes                                           |
| Tuyeres (Singles Chamber)  | 12                                                       |
| Tap Holes                  | 1                                                        |
| Slag Notches               | 1                                                        |
| Stack Cooling              | Copper Flat Coolers<br>and external sprays               |
| Charging                   | Scalecar Skips with<br>McKee Distributor                 |
| Gas Cleaning               | Dustcatcher, cyclone<br>Electrostatic Pre-<br>cipitators |
| Stoves                     | 3 Cowper                                                 |

Figure 7.3: Technical Specifications of RISCO's No. 3 blast furnace funded by Kawasaki Steel

The magnitude of the RISCO-Kawasaki deal was best encapsulated by British reactions to the deal during a 1962 exchange in the House of Commons.

Member for Mid-Bedfordshire (Mr. Stephen Hastings)

“I was much encouraged to read of the latest negotiations for a new **£4½ million steel plant at Bukwe between the Rhodesian Iron and Steel Corporation and Kawasaki, a Japanese consortium**. Incidentally, the House may be interested to know that trade between Japan and Southern Rhodesia has increased from something like **£153,000 in**

**1954 to £7 million today.** Therefore, it is plain the Japanese do not take the gloomy view which, unhappily, some of our own industrialists seem to of the prospects there.”<sup>258</sup>

Furthermore, Mr Hastings quipped that:

“It is, perhaps, an unfortunate commentary that the Japanese should be showing us the way in a country which we created. **I wonder what Cecil Rhodes would say if he were alive today and could reflect on the rather timorous attitude of some of our own industrialists?**”<sup>259</sup>

Although the ‘timorous’ British industrialists did not fund the blast furnace, it was Head Wrightson, a UK engineering firm that constructed the Japanese funded blast furnace in Rhodesia (see figure 7.4 below). This decision could have been motivated by Japan’s African policy of subordinating itself to Western powers on the continent as indicated by a report from a government economic mission to Africa.

“Japanese companies that want to advance into Black African nations must take into consideration the presence of the former colonial powers, especially in Francophone Africa. It became very clear during this visit that Japan must make efforts not to directly compete now or in the future with the interests of the former colonial powers. The best policy is to co-operate and co-exist with them for our mutual self-interests.”<sup>260</sup>

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<sup>258</sup> House of Commons. HC Deb 30 July 1962, vol 664 cols, 67-68.

<sup>259</sup> Ibid.

<sup>260</sup> Morikawa, *Japan and Africa*, 18.

Allowing a British company to build a Japanese financed blast furnace ensured that Kawasaki's investment would go through despite the objections voiced by British lawmakers. Thus, with the financing of No. 3 blast furnace, Japan had usurped Rhodesia's traditional investment partner and opened a new chapter of relations between Southern Rhodesia and Japan that would be dominated by capital.

### Overall Financial Structure of Kawasaki - RISCO Deal

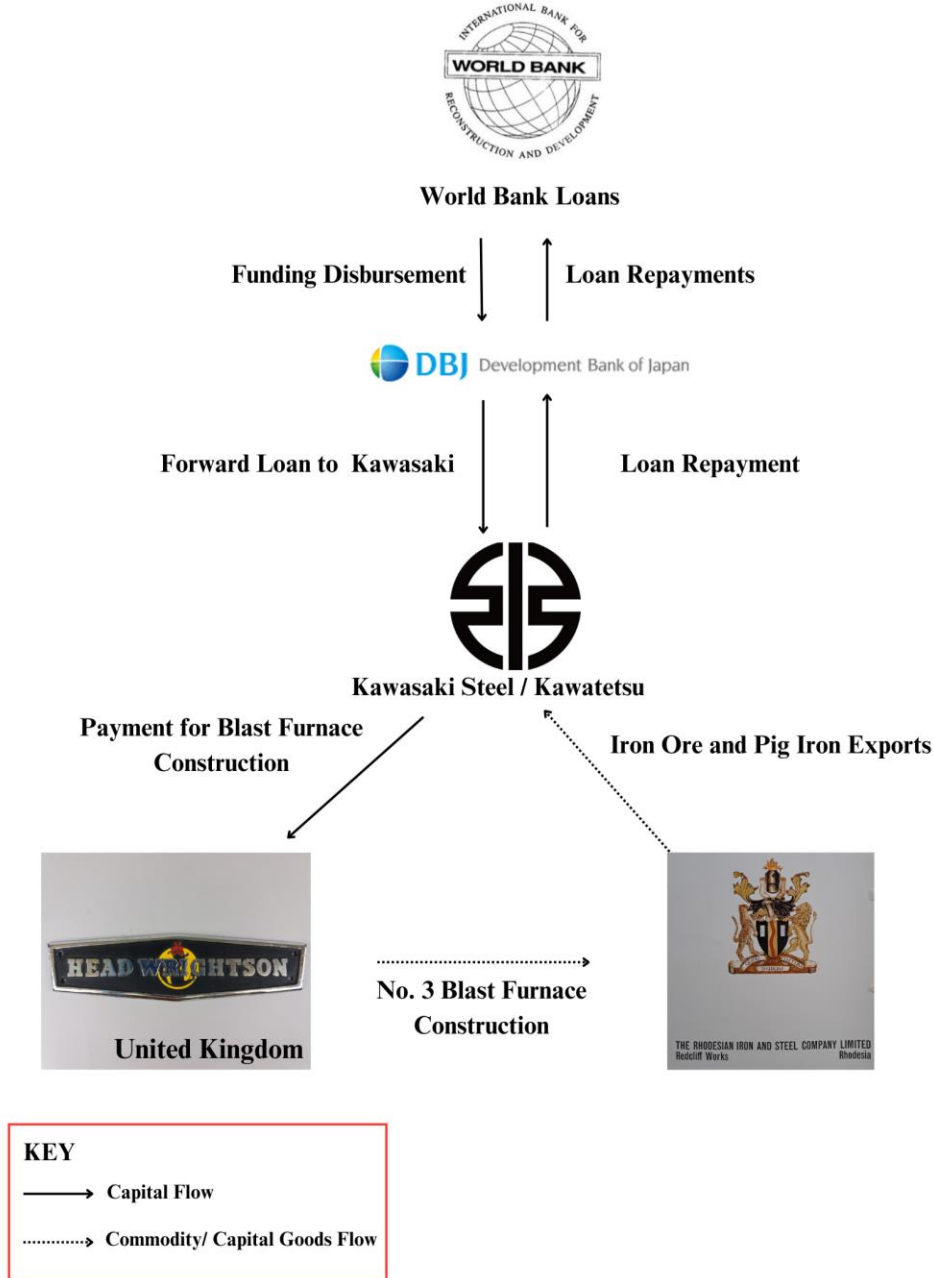


Figure 7.4: Map of Parties involved in the RISCO- Kawasaki deal. Map compiled by Panashe Madamombe

### RISCO as an Integrated Steelworks

Since the inception of Southern Rhodesia's modern steel working industry in 1937, the industry had undergone two major expansion programs and, by 1964, RISCO had become the largest integrated steelworks in Africa north of the Limpopo and south of the Sahara. This section will

give a detailed description of RISCO's impressive distinction by outlining the scale of RISCO's activities and its linkages with Rhodesia's wider economy. This section will also discuss reasons for the failure of regional peers outside of South Africa in developing an integrated steel works despite the availability of raw material for an iron industry across the region.

### **RISCO as a new "Ruhr"**

With the installation of the No. 3 blast furnace in 1961 – through the investment of Kawasaki Steel - RISCO now had 3 blast furnaces with an annual production of about 440 000 tonnes an annum. Investments in additional plant and equipment at RISCO meant that by 1961, the company had become an integrated iron and steelwork. In 1972, the Rhodesia Herald described the steelworks as the "Ruhr of Rhodesia", a testament to the industrial base that now carried the title of Africa's only integrate iron and steel works North of the Limpopo and South of the Sahara.<sup>261</sup> The company produced a range of iron products for use by domestic industry and export market.

### **Auxiliary Services**

To service the needs of this industrial base, several auxiliary services were established to provide both industrial and manpower needs of RISCO.

### **Power**

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<sup>261</sup> *Tower is Symbolic of RISCO's Growth*, The Rhodesia Herald, March 5, 1972.

To power its plant and equipment, RISCO drew power from the Kariba power plant which was Rhodesia's largest hydropower plant, built during the Federation years and financed by the World Bank and multinational companies such as the Anglo-American Corporation. To augment its power supplies, RISCO had its own power plant which consisted of three Metropolitan Vickers steam turbo alternators with a 5-megawatt capacity, providing 15% of RISCO's energy requirements. About 4.5 million cubic metres of water a year were drawn by RISCO to run the steam engines and other sections of the steel plant.<sup>262</sup>

## **Workshops**

RISCO's Workshop division was responsible for maintenance and repairs across the sprawling industrial plant. Personnel at the works included: blacksmiths, welders, boilermakers, riggers, carpenters, roll-turners, transport and electrical instrument technicians.<sup>263</sup> This crew worked around the clock to ensure that the steel plant operated 24/7 as a blast furnace cannot be switched on and off, except for relining the blast furnace with refractory bricks and major repairs. Supporting the Works division was a Stores division which was responsible for acquiring spares and inputs necessary to keep RISCO's plant running. In later years when RISCO was operating under sanctions, the division became engaged in sanctions busting as they had to illegally import critical equipment.<sup>264</sup>

## **Housing and Administration**

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<sup>262</sup> The Rhodesian Iron and Steel Company, 'Auxiliary Services', Ltd. [Corporate Brochure, undated]

<sup>263</sup> Ibid.

<sup>264</sup> Ibid.

At its height, RISCO employed 3 300 personnel consisting 900 Europeans and 2 400 Africans, making it the largest single employer in Rhodesia.<sup>265</sup> To maintain a highly skilled workforce, the company provided scholarships and training programs for existing staff members whilst also importing skilled metal workers from overseas countries such as the United Kingdom and Austria.<sup>266</sup> To cater for the social and housing needs of its large staff contingent, RISCO established a Housing and Administration department responsible for administering the town of Redcliff which was effectively a company town. Amenities at Redcliff included: staff housing for European and African personnel, several supermarkets, banks, a post office, fuel station, a hotel which was the largest hotel in the Midlands province where RISCO was based in and, a plethora of sporting facilities.

Torwood was a township established for the African personnel housing about 6 000 Africans in bachelor units and units for married couples. The company established a clinic and hospital at Torwood to cater for the populace. Recreational facilities included the Torwood Stadium which was Rhodesia's first Olympic standard stadium. Thanks to this facility, RISCO produced footballers, athletes and cyclists who competed in national tournaments.

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<sup>265</sup> Ibid.

<sup>266</sup> Ibid.

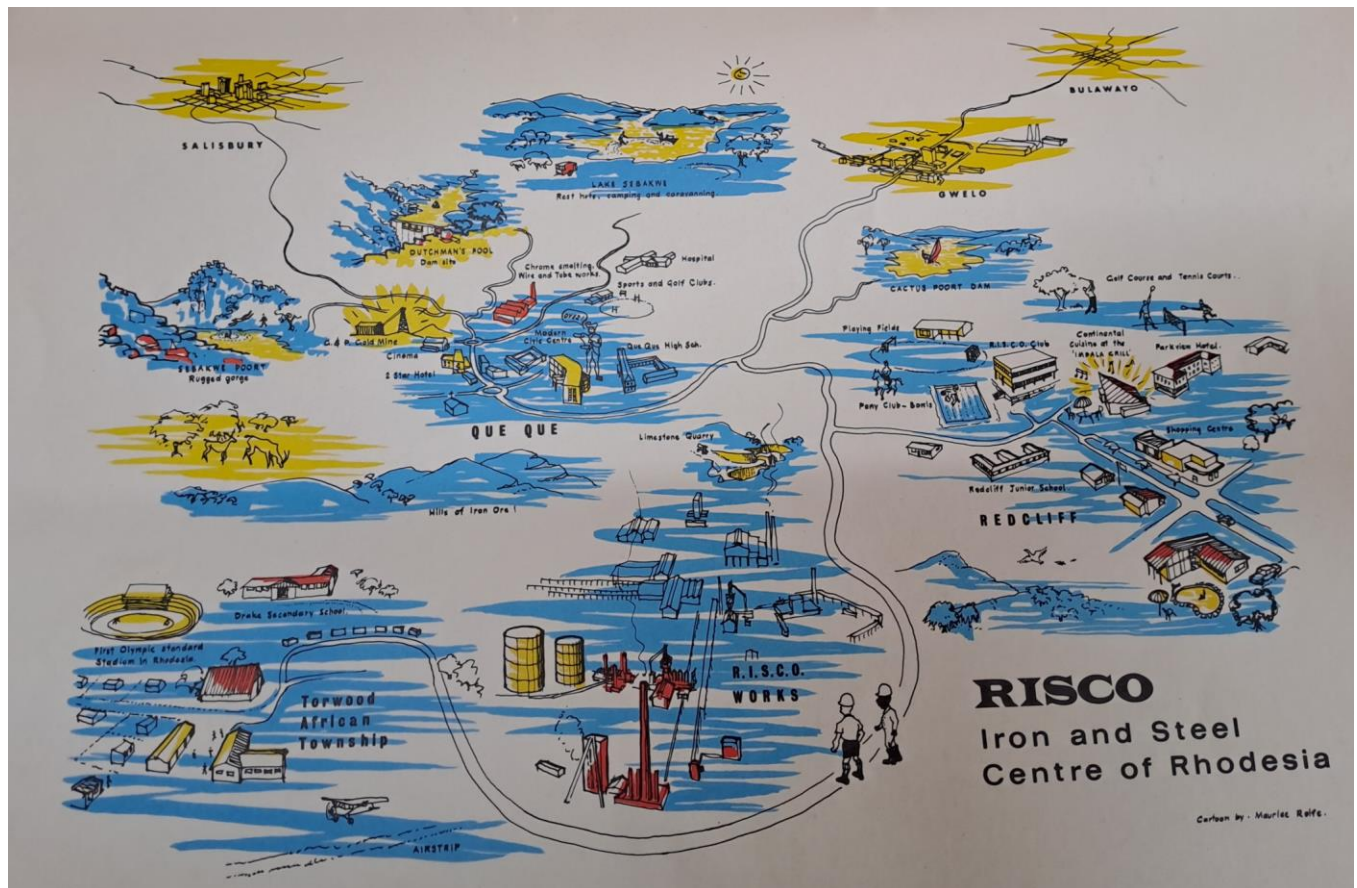


Figure 7.4: Illustration of RISCO site and township

## The Iron and Steel Industry in Regional Perspective

RISCO's evolution into integrated steelworks was by no means an insignificant feat, especially considering that its regional counterparts bar the South Africans were equally and some better placed than RISCO to have a vibrant iron and steel industry. Countries throughout the Southern African region were well endowed with the raw materials necessary for iron and steel namely: iron, limestone, coal and refractory materials.<sup>267</sup> Proved and potential iron ore reserves in Southern Africa were estimated at 8 000 billion tonnes compared to 20 000 billion tonnes across the entire continent, making the entire region account for 40% of the continents iron ore. As shown by figure 7.5 Rhodesia (Zimbabwe) had about 378 million tonnes of measured iron ore reserves a figure far smaller than Angola's 3 192 million tonnes of measured iron ore

<sup>267</sup> J. W. G. Kaliyati, "The Iron and Steel Industry", 21.

reserves.

| IRON ORE DEPOSITS IN THE SADCC REGION |                              |                               |                |                                              |                         |                                      |                                |
|---------------------------------------|------------------------------|-------------------------------|----------------|----------------------------------------------|-------------------------|--------------------------------------|--------------------------------|
| Country                               | Measured Reserves (M tonnes) | Potential Reserves (M tonnes) | Iron Content % | Impurities Production                        | Estimated Annual Common | Type of Mostly Found & Ores          | Region Mostly                  |
| Angola                                | 3 192                        | N/A                           | 40-60          | SiO <sub>2</sub> , S, P and TiO <sub>2</sub> | 5m Tonnes (1975)        | Lake Superior Haematite              | Villa Salazar, Mossamedes)     |
| Botswana                              | N/A                          | N/A                           | N/A            | N/A                                          | N/A                     | N/A                                  | N/A                            |
| Malawi                                | 40                           | N/A                           | N/A            | N/A                                          | N/A                     | N/A                                  | N/A                            |
| Mozambique                            | 48                           | 261                           | 45-67          | SiO <sub>2</sub> , S, P and TiO <sub>2</sub> | None                    | Taberg (Haematite)                   | Tete Region                    |
| Swaziland                             | 186                          | 100                           | About 35       | Mn                                           | About 1m Tonnes         | Lake Superior (Haematite, Magnetite) | Gege, Malona and Ngwenya       |
| Tanzania                              | 49                           | 76                            | About 50       | SiO <sub>2</sub> , TiO <sub>2</sub> , Mn, V  | None                    | Taberg (Magnetite)                   | Hanyoro and Libanga            |
| Zambia                                | 26                           | 230                           | 40-69          | S, Mn                                        | None                    | Lake Superior (Haematite Magnetite)  | North-West Region              |
| Zimbabwe                              | 378                          | 3 300                         | 40-63          | SiO <sub>2</sub> , Mn, S                     | 1.2m Tonnes (1983)      | Lake Superior (Haematite)            | Kwekwe, Buchwa, & Ripple Creek |
| <b>TOTAL</b>                          | <b>3 919</b>                 | <b>3 967</b>                  |                |                                              |                         |                                      |                                |

Figure 7.6: Iron ore deposits in SADCC. Source J.G. Kaliyati.

The second most important ingredient in steelmaking is coking coal which is used to fire up the blast furnace and of this critical ingredient, Southern African states had about 270 billion tons of known reserves in 1980.<sup>268</sup> Mozambique is the leading coal source with known reserves of 200 000 million tonnes followed by Botswana with reserves of 41 500 tonnes and Rhodesia in third place with 22 500 million tonnes (see figure 7.7).<sup>269</sup>

<sup>268</sup> Ibid., 22.

<sup>269</sup> Ibid.

| COAL DEPOSITS WITHIN THE SADCC REGION |                                    |                 |                         |
|---------------------------------------|------------------------------------|-----------------|-------------------------|
| Country                               | Known Reserves<br>(million tonnes) | Ash Content (%) | Coking or<br>Not Coking |
| Angola                                | 8                                  | Not Available   | Not Available           |
| Botswana                              | 41 500                             | 19-25           | Not Coking              |
| Malawi                                | 500                                | Not Available   | Not Available           |
| Mozambique                            | 200 000                            | Not Available   | Coking                  |
| Swaziland                             | 5 022                              | 9-23            | Coking                  |
| Tanzania                              | 1 511                              | 25              | Coking                  |
| Zambia                                | 38                                 | 16.8            | Not Available           |
| Zimbabwe                              | 22 500                             | 98-36           | Coking                  |

Figure 7.7: Coal reserves in SADC. Source J.G. Kaliyati.

Overall, from a quantitative perspective, a country such as Angola with the highest measured iron ore reserves in the region and significant coal deposits was better placed to develop integrated iron and steel works in comparison to Rhodesia. The failure of developing nations such as Angola to take advantage of their natural resource endowments and grow their domestic iron and steel industries was largely down to three reasons:

- Small domestic markets which led to limited quantities and small production ranges.
- High production costs made domestically produced products uncompetitive on the international market, leading to poor export performance.
- The narrow production output forced producers to rely on steel imports for their domestic needs, leading to double allocation of foreign currency as producers had to import inputs for their steel manufacturers whilst also importing finished steel products that their factories could not produce.<sup>270</sup>

<sup>270</sup> Ibid., 20.

These growing pains were exemplified by Zambia's failed attempt to establish their own integrated iron and steel industry, which drew the following remarks from E.W. Newson, RISCO's chairman.

"Nowadays, many emergent states expect an integrated iron and steel works to be presented to them as a status symbol, after the presidential palace, university and international airport. Rhodesia developed its iron and steel industry the hard way, from its own resources and initiative."<sup>271</sup>



Figure 7.8: The Sunday Mail (Rhodesia) Article on the failure of Zambian Officials to establish an integrated Iron and Steel works in 1965

<sup>271</sup> E.S. Newson, 'RISCO '68', *RISCO Review*, vol 1, no. 1 (1968), 3.

## Conclusion

Rhodesia's establishment of an integrated iron and steel works by 1961 was an exception rather than a norm as shown by the failures of its regional peers to develop their respective integrated iron and steel industries. Key to this development was the capitalisation of Japan's steel industry by the World Bank, which created a demand that Rhodesian entrepreneurs rushed to fill with iron ore exports. Second, with capital excess to its requirements, Kawasaki entered a 'quid-pro-quo' arrangement with RISCO and concluded a resource-backed loan with RISCO; financing a blast furnace for the latter, in exchange for long-term exports of pig iron and iron ore from Rhodesia to Japan. The commercial transaction between these World War II foes was thanks to Japan's *White Africa* policy which prioritised securing economic links with white minority regimes at a time where the 'Winds of Change' were blowing through Africa; giving British capitalists second thoughts to committing finances in their own colony. The intensifying calls for decolonisation would threaten the newly formed bond between Japan and Rhodesia however, as the next chapter will show, relations between the two would intensify at a time when Rhodesia gained global pariah status.

## **Chapter VIII**

### **An Iron Resolve: Rhodesia's Unilateral Declaration of Independence**

**(1965-1980)**

#### **Introduction**

From its inception in 1953, the Federation was built on an unstable foundation with the European and African population forced into cooperation for the sake of industrialists and politicians. As the 'winds of change' blew throughout Africa in the 1960s, casting aside former colonial masters and leaving in its wake new African republics, it was thus inevitable that the marriage of convenience that was the CAF would fall victim to the agitations of African liberation fighters. In 1965, Rhodesian Prime Minister proclaimed the Unilateral Declaration of Independence (UDI), in defiance to British calls for Black majority rule in Rhodesia. Britain and the United Nations moved to impose economic sanctions on Rhodesia, which had become a pariah state throughout the 15 years of UDI (1965-1980). This period was marked by international isolationism as an embargo was placed on Rhodesia; cutting trade to force talks with Black Liberation fighters. This chapter will argue that the continued illegal trade between Rhodesia and Japan proved to be invaluable for Rhodesia's state survival as Japanese purchases provided the Smith regime with invaluable foreign currency to stabilise the Rhodesian economy and fight the ensuing Rhodesian Bush war/ War of Liberation. To explain Japan's continuous support of Rhodesia's white regime at a significant political cost, the chapter will rely on the *Black Africa* and *White Africa* policy previously introduced in the sixth chapter.

## **No Longer at Ease: ‘The Wind of Change’ and Dissolution of the Federation**

On the 3<sup>rd</sup> of February 1960, British Prime Minister Harold MacMillan delivered his “Winds of Change” speech in the Parliament of the Union of South Africa, where announced a change in British colonial policy.<sup>272</sup> In his speech, he acknowledged the growing cries from African nationalism to attain majority rule, a reality his cabinet had accepted. Up north in the Central African Federation, the marriage of convenience between the three states was under threat as cries of discontent by Black Africans in Northern Rhodesia (Zambia) and Nyasaland (Malawi) grew louder. In both these states, the Black majority protested their economic and political domination by the white minority regime in Southern Rhodesia; whilst calling for British officials to honour their promises of allowing Black Africans to attain self-governance.

On the 29<sup>th</sup> of March 1963, Mr. Butler, the Minister in Charge of Central African Affairs, rang the death knell for the Federation of Rhodesian and Nyasaland.<sup>273</sup> The Minister informed Roy Welensky – the Prime Minister of the CAF – that Britain would not force member states of the CAF to remain in the Federation against their will.<sup>274</sup> With this declaration, a door had been opened for states to secede from the Federation and on the 31<sup>st</sup> of December 1963, the Federation was formally dissolved. The attainment of independence by Malawi (July 6, 1964) and Zambia (October 24, 1964) were a victory for Black nationalists. In Southern Rhodesia, a long walk to freedom lay ahead for the Black majority, as the white minority government proclaimed the Unilateral Declaration of Independence (UDI) in 1965, delaying freedom for the Black majority.

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<sup>272</sup> S. Dubow, ‘MacMillan, Verwoed and the 1960 ‘Wind of Change’ Speech,’ *The Historical Journal*, 54(4), 1087–1114. doi:10.1017/S0018246X11000409 (2011).

<sup>273</sup> B. J.J. Somerville, ‘The Central African Federation,’ *International Affairs (Royal Institute of International Affairs 1944-)*, 39(3), (1963), 386–402.

<sup>274</sup> *Ibid.*

## An Iron Resolve: Rhodesia's Unilateral Declaration of Independence (1965-1980)



Figure 8.1: The Rhodesia Herald of November 11, 1965 proclaiming the Unilateral Declaration of Independence by Prime Minister Ian Douglas Smith<sup>275</sup>

On the 11<sup>th</sup> of November 1965, in a public broadcast, Southern Rhodesia's Prime Minister Ian Smith declared the country independent from Britain.<sup>276</sup> This move had been foreshadowed by the 1963 dissolution of the CAF and granting of independence to Malawi and Zambia in 1964. Rhodesia had remained stubborn in the face of the blowing 'Wind of Change' because of its white minority that numbered 224,000 in 1965 and, the "support of the 'Rhodesia lobby' on the Conservative backbenches back in Britain."<sup>277</sup> At the dissolution of the CAF, Rhodesian officials sought independence from British and intended to put their proposals to a vote amongst the Southern Rhodesian population. Rhodesian officials proposed two voting rolls demarcated by property, income and education level. As a result, the 'A' roll would be dominated by white voters whilst the 'B' roll, with reduced political influence would be

<sup>275</sup> M. Plaut, 'Rhodesian UDI:50 Years On,' <https://martinplaut.com/2015/11/12/rhodesian-udi-50-years-on/> (2015)

<sup>276</sup> A. Holt, "Southern Rhodesia's Unilateral Declaration of Independence (UDI)," The National Archives, November 11, 2015, <https://blog.nationalarchives.gov.uk/southern-rhodesias-unilateral-declaration-independence-udi/>

<sup>277</sup> Ibid.

dominated by the Black majority.<sup>278</sup> As such, allowing this provision to be enacted would lead to the subjugation of the Black Africans by the minority white population, an outcome Britain wanted to avoid due to international pressure from the Commonwealth and United Nations.<sup>279</sup>

Ian Smith's refusal to concede to majority rule would see Britain impose economic sanctions on Rhodesia in November 1965 and the UN follow suit in December of 1965.<sup>280</sup> Closer to home, African nationalists would abandon their pacifist stance and undertake an armed struggle to fight the Rhodesian security forces. This would pit Robert Mugabe's Zimbabwe African National Union (ZANU) party and, Joshua Nkomo's Zimbabwe African People's Union (ZAPU) against the Rhodesian security forces that were supported by the Apartheid South African forces. During this period, Rhodesia became a country that was under siege as it had to fight a war and stave off an attack on its economy from the sanctions regime imposed on the state. The next sections in this chapter will focus on the efforts of the government and private in keeping Rhodesia's economy afloat during these testing times. I will show how the illegal trade between RISCO and Japan contributed immensely to the survival of the rogue regime and outline the political costs that Japan suffered from cooperating with a pariah state.

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<sup>278</sup> Ibid.

<sup>279</sup> Ibid.

<sup>280</sup> D. L. Losman, 'Rhodesia: A Decade Under Sanctions,' in *Il Politico*, 43(2), 321–340. <http://www.jstor.org/stable/43208371> (1978).

## Quod Durum Tutum – What is Hard Will Endure: RISCO Under Sanctions



Figure 8.2: RISCO Coat of Arms and Motto 'QUOD DURUM TUTUM' - What is Hard Will

Endure. Charles Castelin, 416

On August 19, 1971 RISCO steel received its coats of arms and motto 'Quod Durum Tutum' – What is hard will Endure. At the commencement of UDI, Britain estimated that Rhodesia's economy including its industrial powerhouses such as RISCO would be annihilated. However, management and staff at RISCO stayed true to their motto and steered RISCO from its projected demise. The withdrawal of Southern Rhodesia from the Central African Federation was the first blow to RISCO as it led to the loss of markets that had provided the rationale for the company's 1955 expansion plan, that had seen the construction of the No. 3 blast furnace. Secondly, UDI saw an international embargo barring states from trading in Rhodesian goods, hitting the country's exports of agricultural crops and minerals. Due to the "necessity to maintain the company's financial stability", Nos 1 and 2 blast furnaces and an open-hearth furnace were shut down, reducing steel output by 50% and pig iron output by 30%.<sup>281</sup> By then, RISCO had an annual steelmaking capacity of 410 000 tonnes produced by a staff complement

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<sup>281</sup> J. W. G. Kaliyati, "The Iron and Steel Industry", 5.

of 2 900 employees, some who were laid off as part of the cost-cutting measures.<sup>282</sup> To turn the tide, RISCO adopted cost-cutting measures and aggressively expanded its exports.

### **Cutting Costs, at All Costs**

The RISCO Review was an in-house corporate magazine published by RISCO staff. The magazine was published monthly and reported on activities at RISCO and the town of Redcliff where RISCO was based. Topics included: steelmaking, global news on the iron and steel industry, company policies, government industrial policies, sports news and local town gossip amongst a host of topics. With the onset of UDI, the company used the RISCO Review to conscientise staff on cost-cutting measures intended to help the company weather sanctions as well as publicise in-house efforts developed by staff to ensure savings. The cover of the 1969 RISCO Review magazine designated the year as a “Cost Conscious Year” to communicate the cost saving desire by management.<sup>283</sup>

Furthermore, RISCO’s General Manager Kurt Kuhn instituted a cost reduction programme that consisted of a Cost Reduction Council and Departmental Cost Reduction committees. These two were mandated to investigate ways in which every department at RISCO could decrease its operation costs and weather the difficulties brought about by UDI.<sup>284</sup> The company introduced suggestion boxes and annual awards to honour staff members that could produce innovative solutions to reducing operating costs at the steelworks. (See Figure 8.3 for cost reduction notice in RISCO Review Magazine)

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<sup>282</sup> Ibid.

<sup>283</sup> *1969 is Cost Conscious Year, Are You with It?* RISCO Review, vol. 2 no.1, (1969).

<sup>284</sup> K. K. E. Kuhn, ‘Cost Reduction Programme,’ *RISCO Review*, vol. 1 no. 9 (1968): 10.

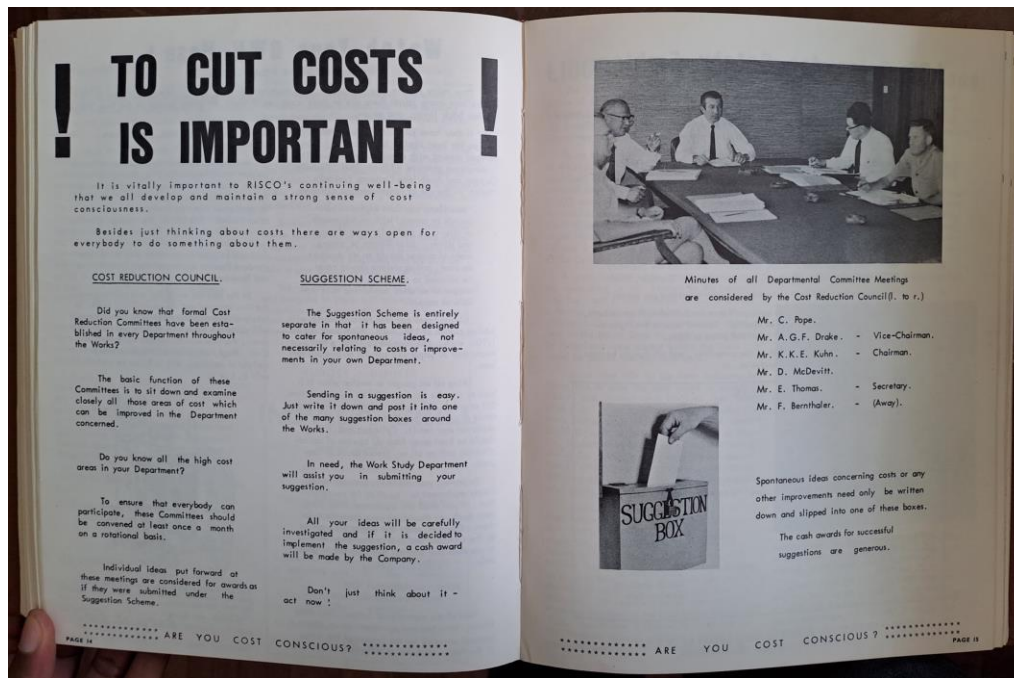


Figure 8.3: RISCO Review Vol. 2 No. 8 October 1969. Cost Cutting Notice

Although successful, the cost-cutting drive was insufficient to turn an industrial plant the size of RISCO into a profit-making entity and its management and the government sought ways to improve sales and increase revenues by adopting an aggressive export policy.

### From Import-Substitution to an Export Enclave

During World War II, Rhodesia's iron and steel industry had an inward-looking policy which focused on import-substitution. This meant that production was tailored towards producing goods to aid the war effort and replace shortages arising from the war.<sup>285</sup> The advent of the Central African Federation provided impetus for the expansion of production at RISCO with government intent on servicing the expanded domestic market within the CAF. With the onset of UDI in 1965, a deliberate decision was made to reorient RISCO into an export enclave and export excess iron and steel products onto the global market; thereby earning Rhodesia foreign currency which was essential to prop up the economy and finance the war against Black nationalists.<sup>286</sup> RISCO was prioritised as an

<sup>285</sup> J. W. G. Kaliyati, "The Iron and Steel Industry", 14.

<sup>286</sup> Ibid.

exporter as its products were easily marketable on the international market without requiring heavy processing and refining. This contrasted with tobacco which was traditionally Southern Rhodesia's largest foreign currency earner; as a perishable commodity, the government had to limit tobacco production and destroy excess tobacco that they were unable to export, unlike iron and steel.<sup>287</sup> Thus, from 1965 onwards, RISCO evolved from being an import-substitution orientated entity, to an export-enclave geared towards financing Rhodesia's war and supporting the sanctions hit economy.

Secondly, a 'Smart partnership' agreement developed between RISCO and the Rhodesian government as the former was forced by the latter to forgo a profit motive in serving its domestic customers instead, prioritising access to affordable iron and steel products for downstream industries.<sup>288</sup> To support these efforts, "a standing committee comprising, the Ministers of Industry and Commerce, Finance, Transport, Power, and Local Government and Housing, as well as officials of the Reserve Bank, RISCO and the agricultural industry, routinely met in Salisbury (Harare) and at the Redcliff works to assess and monitor the state of RISCO's viability and to take timely remedial action when necessary."<sup>289</sup> This close collaboration shows the importance given to RISCO in ensuring the survival of the Rhodesian economy.

### **Rhodesia Under sanctions: The Third Country Problem**

The willingness of Portuguese controlled Mozambique and South Africa to aid Rhodesia in its sanctions busting efforts led to a dilemma known as the "Third Country Problem".<sup>290</sup> The Third Country problem arose from the fact that whilst a state abiding with UN sanction on a

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<sup>287</sup> TNA, FO 371/188012: Sanctions against Rhodesia: Japan, JR 113123/71, Notice that Japanese Ambassador is coming to see Lord Watson for a discussion about Rhodesia and Zambia, 2-3.

<sup>288</sup> C. G. A. Castelin, "Iron and Steel", 416.

<sup>289</sup> Ibid.

<sup>290</sup> TNA, FCO 35/222: Japan: (11232/ 234/67). Confidential: Rhodesia, 17 August 1967, 2.

sanctioned state could ensure that no direct imports/exports were recorded between itself and the sanctioned state; it could not ensure that goods it traded with other non-sanctioned states did not end up in the sanctioned country. In this manner, Portuguese controlled Mozambique and South Africa created a Third Country Problem as their ports and customs officials remained open to Rhodesian imports and exports.<sup>291</sup> Both countries were unconditional in supporting Rhodesia as they were under control of white minority regimes and their support towards Rhodesia was seen as crucial for their own state survival as the fall of one 'White African' country to Black nationalists could create a domino effect that would eventually sweep away Apartheid South Africa and the Portuguese out of Mozambique. Furthermore, as Black nationalists turned from pacifism to armed struggles, fears were high that Rhodesia would then be a training ground for Marxist revolutionaries bent on toppling the white regimes.

For Rhodesia, the Mozambican ports of Beira and Laurencio Marques (Maputo) became the lifeblood of landlocked Rhodesia as they allowed the country to move its import/exports. Figure 8.4 attached below depicts the ports and railway routes in South Africa and Mozambique that were used to import oil into Rhodesia. In the map, multinationals delivered oil products to ports in Mozambique and South Africa, which then created fraudulent customs documents to conceal the identity of the end customer – Rhodesia. The port of Beira's proximity to Rhodesia made it the most cost effective route for channelling the country's imports and exports, allowing for increased traffic between Rhodesia and Mozambique.

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<sup>291</sup> Ibid.

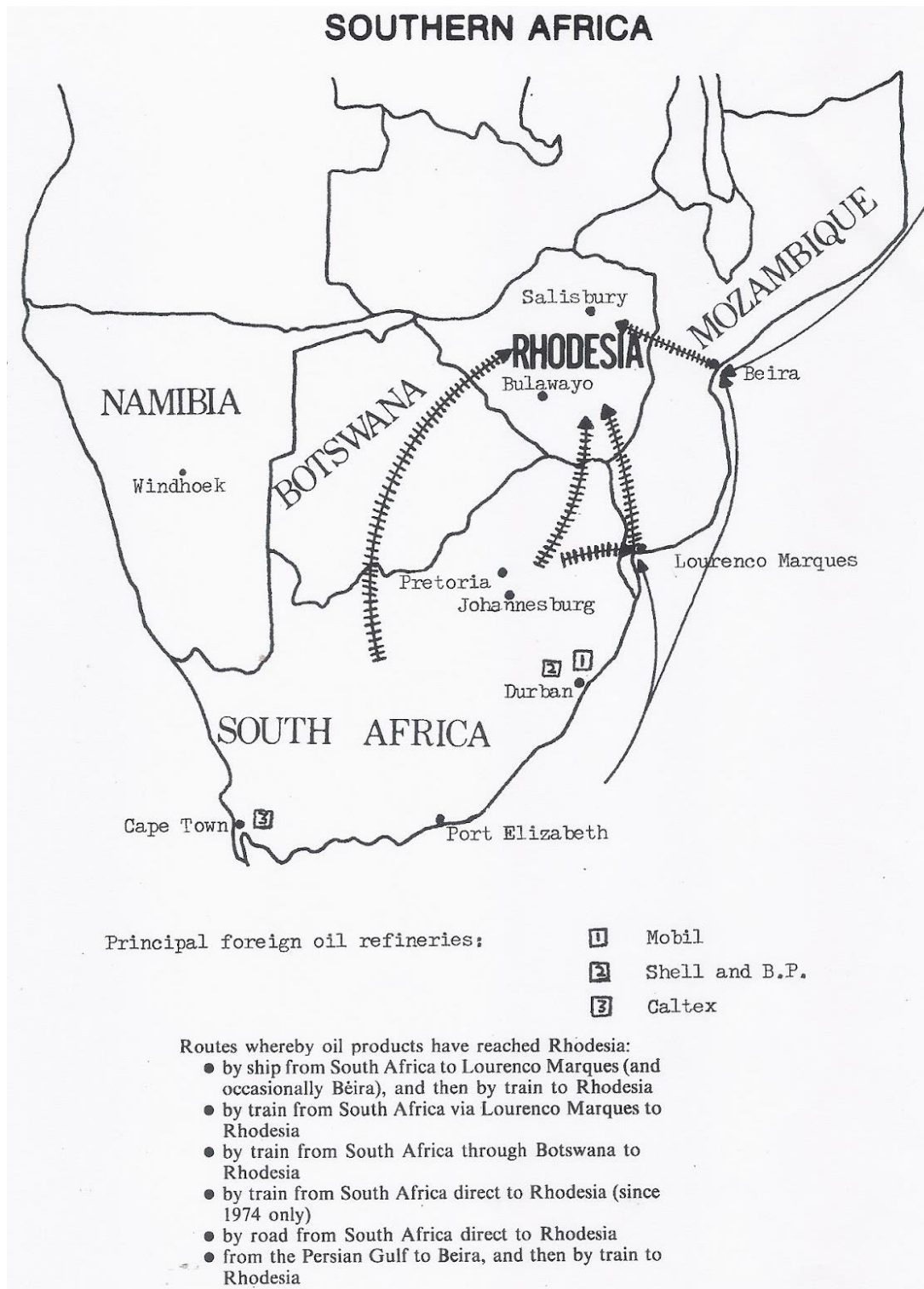


Figure 8.4: Map visualising the role of South Africa and Mozambique in helping Rhodesia evade sanctions through the importation of oil products through the ports of both states.

By 1965, RISCO's daily production of pig iron stood at 1 000 tonnes a day with 70% of the

production exported to Britain, Egypt, Italy, Japan and the Philippines.<sup>292</sup> At the inception of UDI, these states eliminated their trade with Rhodesia except for Japan which not only continued its trade with Rhodesia but, increased trade immensely. Figure 8.5 contains data drawn from British diplomatic records pertaining to the investigation of sanctions busting efforts by Mozambican and South African authorities.<sup>293</sup> The table shows a steep decrease in Japanese imports from Rhodesia and marginal increase in exports from Rhodesia to Japan. Surprisingly, the table shows imports and exports from Japan to Rhodesia's neighbours increasing significantly between 1966 and 1967, raising suspicions of the two countries allowing embargoed goods to pass through their territories into and out of Rhodesia.

|                     | Japan            |                  |                  |                  |
|---------------------|------------------|------------------|------------------|------------------|
|                     | Imports          |                  | Exports          |                  |
|                     | Jan-June<br>1966 | Jan-June<br>1967 | Jan-June<br>1966 | Jan-June<br>1967 |
| <b>Rhodesia</b>     | £3,823,559       | £302,671         | £1,473,379       | £2,883,478       |
| <b>Mozambique</b>   | £813,621         | £2,829,514       | £1,605,970       | £2,558,482       |
| <b>South Africa</b> | £21,596,327      | £38,664,578      | £19,272,739      | £26,887,918      |

Figure 8.5: Table depicting imports and exports between Japan and 'Third Countries' that aided Rhodesia in its sanctions busting efforts

These trade statistics raised eyebrows amongst British officials who took to diplomatic back

<sup>292</sup> J. W. G. Kaliyati, "The Iron and Steel Industry", 5.

<sup>293</sup> TNA, FCO 35/222: Japan, RE15/2/29, Confidential: Brind's letter to Ellingworth JR/ 6/67 of 8 September: Rhodesia Sanctions. Trade figures for the period January - June 1967.

channels to question their Japanese counterparts, so as not to publicly embarrass Japan. A defence used to justify the increase in trade with third countries was the need to diversify suppliers of commodities such as iron, chrome and tobacco which South Africa also produced, thereby resulting in an increase in trade between Japan and South Africa to fill the void created by their enforcement of sanctions.<sup>294</sup> This defence was rebutted by the public announcements of both Rhodesian and Japanese officials.

### **UDI Discount**

The strengthening of trade ties between Japan and Rhodesia came at a surprising time as the former faced harsh criticism for maintaining trade and diplomatic relations with the latter. Answers to the increasing trade ties between Japan and Rhodesia lay in the ‘UDI Discount’ that the former gained in trading with the latter. The UDI Discount refers to the low prices that Rhodesian exports fetched due to trade partners negotiating below market prices to compensate for the scrutiny they faced for trading with a sanctioned state. On the import side, Rhodesia paid a UDI premium as trade partners demanded above market prices for their goods as compensation for the risk they incurred selling goods to a pariah state. Documents unearthed from the British archives provide an indication for this UDI Discount as RISCO and other Rhodesian iron exporters were forced to accept prices below world market prices for iron and steel. In 1966, Rhodesia was selling its pig iron at £12 per ton compared to a world price of £24 per ton.<sup>295</sup> This price presented a 50 percent discount for Japanese importers of Rhodesian iron and steel products.

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<sup>294</sup> TNA, FCO 35/222: Japan, RE15/2/29, Parliamentary Question for oral answer on Thursday 15 June, Notes for Supplementaries, “It is only reasonable that in view of sanctions on Rhodesian commodities, importing countries should look to alternative sources such as South Africa for goods previously imported from Rhodesia”.

<sup>295</sup> TNA, FO 262/2144: Japan/Rhodesia economic relations: sanction evasion by Japanese firms, (W), 11232/657/66, Rhodesia Sanctions. “7. Pig Iron: The Rhodesian Iron and Steel Corporation are reported to have re-opened the two blast furnaces closed in December. Nevertheless, they have been offering pig iron at £12 per ton (against a world price of £24 per ton).”

Drawn by the savings from purchasing UDI discounted goods, Japanese steel companies not only maintained but, intensified their trade with sanctioned Rhodesia. Correspondence between British officials coordinating sanction in London and their agents monitoring the embargo in South Africa, Mozambique and Japan named Kawasaki Steel, Kobe Steel and Sumitomo Metals as some of the Japanese firms importing pig iron and iron ore from Rhodesia. Japanese demand for Rhodesian iron remained high as shown by a 1967 Japan Metal Bulletin (see figure 8.6) where “A certain foreign company (has) import-booked 150,000 tons for shipments within this year and the same foreign company has monopolised imports from RISCO covering shipments in next year, as RISCO says it has sold out”.<sup>296</sup> As a result of the UDI discount, Rhodesia grew its export markets to Japan and by 1974, RISCO was the largest company in Rhodesia making “the cheapest steel in the world”.<sup>297</sup> Thus despite British protestations that there was a worldwide surplus of iron ore, Japan continued its illegal trade with Rhodesia. Key to achieving this feat was the Japanese government’s role in sanctions busting, a role which will be explored in the next section.

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<sup>296</sup> TNA, FCO 35/222: Economic Warfare: Sanctions: Sanctions: Evasions of: Japan. Japan Metal Bulletin, ‘Hindustan and RISCO Pig Iron Being Offered at Inevitably Low Price Level.’

<sup>297</sup> Patrick Bond, *The Rise and Fall of the Rhodesian Economy* (Johannesburg: University of the Witwatersrand, 1993), 13.

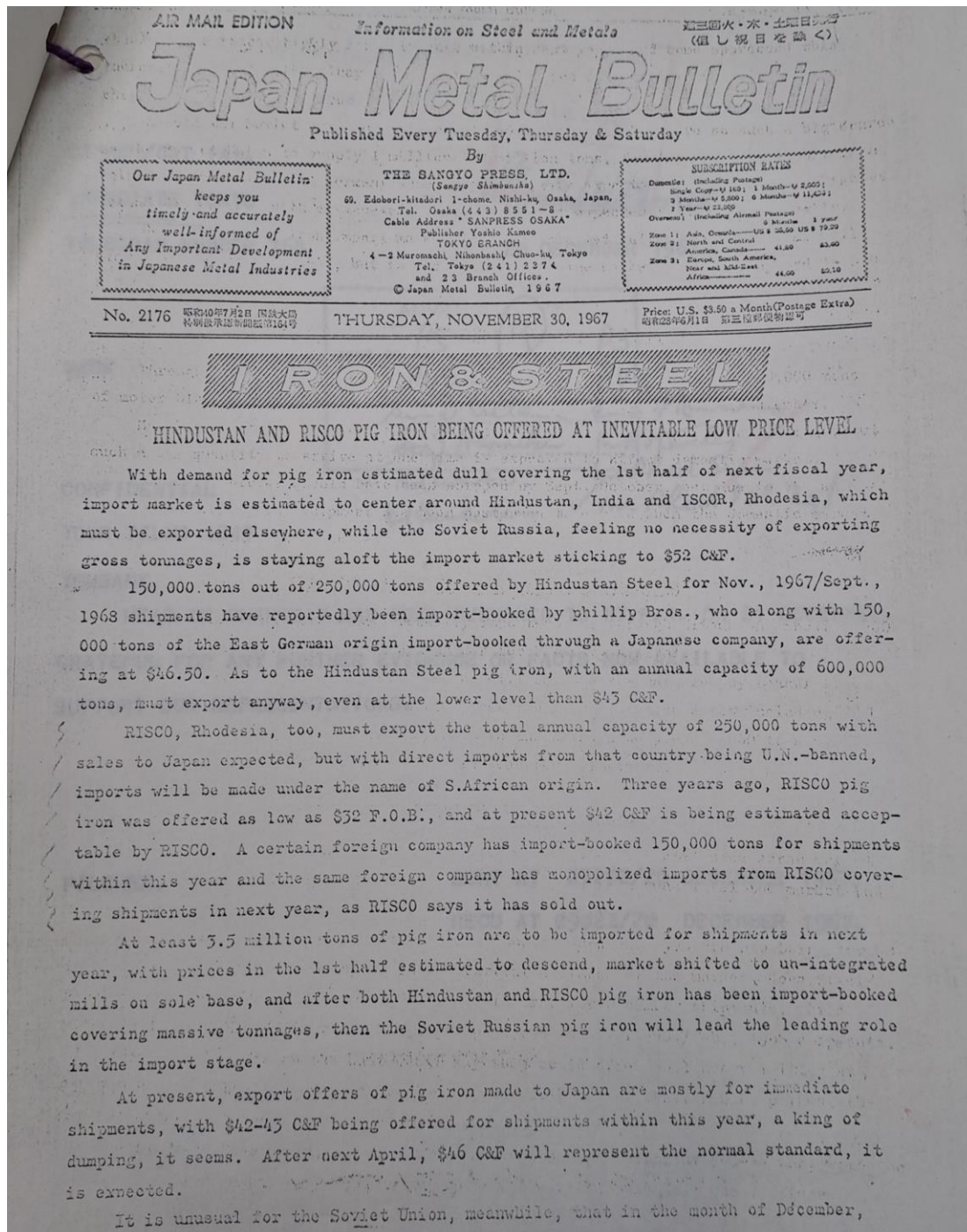


Figure 8.6: Japan Metal Bulletin explicitly mentioning the sale of Rhodesian iron and steel through South Africa to avoid UN sanctions

## An All-Weather Friend: The Japanese Government's Role in Sanctions Busting *Kanzai ittaishugi* (government and big business working in unison)

At the onset of start of UDI in 1965, Japan's *kanyaro* (bureaucracy) made the strategic decision to transfer the Japanese Consul to Southern Rhodesia from his post in Salisbury to South Africa

where he assumed the role of Japanese Consul-General.<sup>298</sup> In 1967, through secret sources, British officials became aware of a visit to Salisbury by Mr Imai. During his trip, Mr Imai met with government officials and members of Rhodesia's business community, conveying a message of solidarity with the former and promising to maintain trade relations with the latter. Additionally, the Japan External Trade Organisation (JETRO), a business member organisation established to assist Japanese firms expand overseas, was also complicit in sanctions busting. Through its Johannesburg head office in South Africa, JETRO provided the necessary documentation and information to Japanese companies keen on maintaining trade with Rhodesia.<sup>299</sup> This cooperation between the *kanyiro*, JETRO and private businesses was an illustration of *kanzai ittashugi* (*government and big business working in unison*) as the three stakeholders (Government diplomats, business member organization and big businesses) worked hand in glove to frustrate international efforts to isolate Rhodesia economically.

On May 29, 1968, the United Nations Security Council passed Resolution 253 (1968) of 29 May 1968 which instituted political and economic sanctions against Southern Rhodesia. Section 3 (a) of the resolution called for states to stop the importation of Rhodesian products into their territories.<sup>300</sup> Before the promulgation of the UN resolution, the *zaikai* (business world) made sure to sign long-term supply contracts with Rhodesian entities for commodities

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<sup>298</sup> TNA, FCO 35/222: Economic Warfare: Sanctions: Sanctions: Evasions of: Japan. Confidential, Record of Conversation Between the Minister of State and the Japanese Ambassador Held at the Foreign Office on Thursday, 5 October 1967, at 4 p.m., 2.

<sup>299</sup> TNA, FCO 21/1292: Japan and Rhodesia Sanctions. Confidential, Japan and Rhodesia Sanctions, 4 April 1974. "Mitsui and Co., Ltd. and Toyota Motor Co., Ltd were hinted by the Times as having engaged in smuggling trades. Further, the Japanese External Trade Organisation (JETRO) was reported to have obtained necessary data and information through its Johannesburg office to be distributed to Japanese corporations wishing to continue trade with Rhodesia."

<sup>300</sup> United Nations Security Council, Security Council resolution 253 (1968) [Southern Rhodesia], S/RES/253 (1968), 29 May 1968, <https://www.refworld.org/legal/resolution/unsc/1968/en/113078> [accessed 26 June 2024] Section 3 (a) of Resolution 253(1968) called for member states to prevent "The import into their territories of all commodities and products originating in Southern Rhodesia and exported therefrom after the date of this resolution (whether or not the commodities or products are for consumption or processing in their territories, whether or not they are imported in bond and whether or not any special legal status with respect to the import of goods is enjoyed by the port or other place where they are imported or stored)".

ranging from sugar, maize to iron ore.<sup>301</sup> Japan soon followed with its own laws prohibiting its companies from trading with Rhodesia. Before UN and Japanese government legislation had been passed, *zaikai* (business world) made sure to sign long-term supply contracts with Rhodesian entities for commodities ranging from sugar, maize to iron ore.<sup>302</sup> Despite UN and Japanese laws prohibiting trade with Rhodesia, trade between Rhodesian and Japan continued as the latter argued that its companies were importing goods that had been purchased legally as the contracts preceded UN sanctions.<sup>303</sup> Furthermore, The Ministry of International Trade and Industry M.I.T.I. argued that halting these contracts would enable Japanese companies to declare *force majeure* and seek compensation for their losses from the Japanese government, an outcome the Japanese bureaucracy sought to prevent.<sup>304</sup>

### **Deny! Deny! Deflect! Japanese Reactions to Sanctions**

In 1965, Britain was the first country to impose sanctions on Rhodesia and established a dedicated watchdog to oversee the enforcement of sanctions over the country. With the promulgation of a UN Security Council resolution in 1968, all states were mandated to adhere to an embargo against Rhodesia, leading to the establishment of watchdog mechanisms by states, with the mandate of eliminating trade with Rhodesia and punishing offending economic actors. During the UDI period, Japan paid lip service to cutting ties with Rhodesia as Japanese companies aided and abetted sanctions busting by its companies. In a 1967 meeting with British embassy staff based in Tokyo, Japanese officials expressed little sympathy for African nationalism and reiterated that their national interests would be best served by the “preservation

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<sup>301</sup> TNA, FCO 35/222: Economic warfare: Sanctions: Evasions of: Japan, RE 15/2/29, Financial Mail June 14 1968, ‘Japan back-pedals’.

<sup>302</sup> Ibid.

<sup>303</sup> Ibid.

<sup>304</sup> TNA, FO 371/188012: Sanctions against Rhodesia: Japan, JR 113123/38, Confidential Addressed to Foreign Office Telegram No. 205 of 10 May. (1966).

of a solid ‘white’ bloc in Southern Africa”.<sup>305</sup> In the same manner, Japanese officials were “very depressed by Black extremism” and felt that Black nationalists fighting for their independence ought to moderate their views and consider adopting a settlement agreement with Rhodesian authorities.<sup>306</sup> This attitude was in stark difference to fellow Global South States like China which supported Black Nationalism – particularly the Peoples Republic of China and the U.S.S.R – and established relations with Black nationalist parties fighting against the Rhodesian regime.<sup>307</sup>

### **‘Senden gaiko’ (PR diplomacy)**

Britain also took to indirectly apprehending Japan for sanctions violations through lobbying African states to apply pressure on Japan. In April 1966, Japan was scheduled to host a conference of its African ambassadors in Nairobi Kenya. British High Commission officials approached Kenyan Minister of Foreign Affairs Joseph Murumbi to confront the Japanese for their trade relations with Rhodesia at the upcoming conference. Subsequently, Murumbi delivered a *norte vebale* to Japanese Ambassador Toshio Urabe who deflected Japanese actions by pointing out that “other countries, including Germany, Italy, Greece and even Britain herself, were still trading with Rhodesia.”<sup>308</sup> Unfortunately, the Kenyan ambassador was not tactful in his approach as the Japanese ambassador deciphered that the Kenyan *démarche* had been initiated by the British, thanks to the “ham-handed” approach by the Kenyans.<sup>309</sup> To

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<sup>305</sup> TNA, FO 371/188012: Sanctions against Rhodesia: Japan, JR 113123/56, Comments on visit to Rhodesia from Hasegawa who recently returned from there, 1 Pol 113/1, 2. “he said he had been struck by the calm of Mozambique, and added that Japanese interests would be best served by the preservation of a solid “white bloc” in Southern Africa!”

<sup>306</sup> TNA, FCO 35/163: Economic Warfare: Sanctions: Mandatory: Japan: Implementation By, JR6/27/28, Confidential, 10 March 1967, paragraph 6.

<sup>307</sup> P. Chigodora and D. Goredema, ‘Zimbabwe-Russia Relations in the 21st Century’, *Turkish Journal of International Relations*, 9:4, (2010):187-204.

<sup>308</sup> TNA, FO 371/188012: Sanctions against Rhodesia: Japan Pol. 78/8/1

<sup>309</sup> TNA, FO 371/188012: Sanctions against Rhodesia: Japan 113123/46

rectify their misstep, the Kenyans raised the matter of Japan's sanction abuse at the Organisation of African Unity (O.A.U), the forerunner of the African Union that went on to label Japan as the "most notorious sanctions buster" for its continued trade with Rhodesia.<sup>310</sup> In these instances, Japanese diplomats accused British officials of trying to sabotage their relationship with African countries as they were, "afraid that Japanese companies, being more competitive, are likely to corner markets which British companies traditionally regard as theirs."<sup>311</sup>

Correspondence shared by British Commonwealth diplomatic staff reviews that there were stark divisions within the Japanese bureaucracy on the Rhodesian question. On the 20<sup>th</sup> of April 1966, Japan organised a conference for Japanese ambassadors in Africa where the Rhodesian question was part of the agenda, giving British officials the opportunity to interact with their Japanese counterparts. The British officials noticed a sharp divide between Japanese Ministry of Foreign Affairs (MFA) officials and their Ministry of Industry and International Trade (MITI) counterparts. MFA officials were amenable to banning Japanese imports from Rhodesia conversely, MITI officials were "fighting a rearguard action against any extension of the ban on trade with Rhodesia." As they were tasked with defending Japan's global standing which was under constant attack at the UN, OAU and constant criticism from African states, MFA officials became sensitive to African pressures. Tasked with securing inputs for Japan's industries, it is unsurprising that MITI officials contradicted their foreign affairs counterparts and advocated for trade with a country that allowed Japan to enjoy a 50 percent discount on iron ore imports.<sup>312</sup> Although I could not access Japanese archives, it is conceivable that there

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<sup>310</sup> TNA, FCO 21/1292: Japan and Rhodesia Sanctions. Confidential, Rhodesia Sanctions: Japan, 19 June 1974.

<sup>311</sup> TNA, FCO 21/1292: Japan and Rhodesia Sanctions. Confidential: Rhodesia Sanctions, 12 December 1974, 5.

<sup>312</sup> TNA, FO 371/188012: Sanctions against Rhodesia, CONFIDENTIAL: Addressed to Nairobi telegram No.79 Saving of 5 April, repeated for information saving to: Tokyo.; By 1967, Rhodesia was selling the cheapest steel in the world and Japanese buyers were openly advertising their purchases of iron ore from sanctioned Rhodesia, TNA, FCO 35/222: Economic Warfare: Sanctions: Sanctions: Evasions of: Japan. Japan Metal Bulletin, 'Hindustan and RISCO Pig Iron Being Offered at Inevitably Low Price Level.'

would have been constant disagreements amongst MFA and MITI staff throughout the UDI period on the Rhodesian question. The MFA – MITI division shows that Japanese support for Rhodesia within the bureaucracy was not uniform as divisions within the bureaucracy sought to bolster their individual self-interests defined by their ministerial mandates.

### **A Fair-Weather Friend: Wane in Japan-Rhodesia Trade 1974 -1980**

By 1974, Japan had transitioned from being an ‘all weather friend’ prepared to maintain trade with Rhodesia through whatever illegal means possible to a fair-weather friend that began to distance itself from the pariah state. From taking all RISCO’s 600 000 tonnes export quota of pig iron in 1965 to importing negligible quantities of pig iron in 1974, there had been a marked turn in Japan-Rhodesia trade. Japan’s about-turn to standing by Rhodesia was not an abandonment of its ‘White Africa’ policy rather, a refocusing of its attention from Rhodesia to South Africa. This redirection was largely motivated by events in neighbouring Mozambique which attained its political and economic independence from Portugal on the eighth of September 1974, after a protracted war of independence which had started in 1964. Mozambique’s newly installed President Samora Machel, extended diplomatic and military support to Black Nationalists fighting for Zimbabwe’s freedom, especially the Zimbabwe African National Union (ZANU). Under Machel, liberation fighters could establish training camps in Mozambique and set up bases from which they waged an armed struggle against the Rhodesian Security Forces. Two years later, March 3, 1976, Samora Machel announced the closure of his country’s border with Rhodesia and severing of diplomatic ties with the neighbouring state.<sup>313</sup> This order directed for Mozambican officials to seize Rhodesian property within Mozambique which consisted largely of railway and port servicing facilities.<sup>314</sup>

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<sup>313</sup> H. Kamm, “Mozambique Shuts Rhodesia Border, Cutting all Lines,” *New York Times*, March 4, 1976.

<sup>314</sup> Ibid.

This proved to be a logistical nightmare for Rhodesia as until 1974, 80 percent of Rhodesia imports and exports transited through the Mozambican ports of Beira and Laurencio Marques (Maputo). In addition, it was only in 1974 when Mozambique became independent that Rhodesia established a direct rail link with South Africa as the previous route connected Rhodesia to South Africa via Botswana. Thus, Mozambique's blockade of Rhodesia became the greatest existential threat to the Smith regime and forced Japan to reconsider Rhodesia as a reliable source of iron ore and other commodities.

### **Japan Moves South: Japanese investment in ISCOR**

Just as relations between Rhodesia and Mozambique broke off, the former's relations with South Africa began to sour as Pretoria pushed for Ian Smith to abandon a military campaign against the Black nationalists and agree to a negotiated settlement.<sup>315</sup> With Rhodesian goods now flowing through South Africa, Pretoria had an upper hand in dictating how Rhodesian officials approach the growing tide of Black nationalism. For the Japanese, they decided to concentrate new iron ore investments in South Africa as the country's ports and availability of natural resources could easily offset the declining volumes flowing from Rhodesia. The Iron and Steel Corporation of South Africa (ISCOR) was a South African state owned iron and steel manufacturing entity established by law in 1928.<sup>316</sup> The company grew to be an integrated iron and steel manufacturer producing steel products for the local and export market.

The onset of sanctions against Rhodesia saw Japanese companies intensify their direct support to South Africa's iron and steel industry, particularly ISCOR, from 1969. In 1970, South African authorities sought to develop the Silshen-Saldanha Bay Development Project

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<sup>315</sup> E. P. Chartrand., 'Political Change in Rhodesia: The South Africa Factor,' *Issue: A Journal of Opinion*, 5(4), (1975) 13–20. <https://doi.org/10.2307/1166520>

<sup>316</sup> B. Freund., 'The Parastatals ISCOR and SASOL', in *Twentieth-Century South Africa: A Developmental History* (Cambridge: Cambridge University Press, 2018), pp. 103–21

(SSDB) and ISCOR expansion plan.<sup>317</sup> The SSDB project intended to develop the Sishen mine which held an estimated 4 billion tonnes of iron ore and, construct a 860km long railway line linking the mine to the port of Saldanha Bay.<sup>318</sup> To achieve their ambitious program touted “one of the biggest development schemes to be undertaken in South Africa for decades”, South Africa authorities had to find capital and technology to extract the iron ore as well as a guaranteed market for the export of the iron ore produced by the mine.<sup>319</sup> In July 1970, ISCOR’s chairman, Dr. T. F. Muller went on a mission to meet with Japanese iron and steel companies as well as members of the *zaikai* who would be interested in the venture.<sup>320</sup> Japanese officials expressed interest in the program and the country signed long term contracts for the importation of SSBD iron ore products and agreed to supply large-scale industrial plant and equipment on a long term basis. Japan’s participation in the SSBD and ISCOR expansion project was another example of *kanzai ittaishugi* (Government and business working in unison) as the Export-Import Bank of Japan extended long-term loans to corporates exporting plant and equipment for the ISCOR expansion project. The intensifying Japanese investment in South Africa’s iron and steel industry can be shown in figure 8.7 which shows the export of industrial plant and equipment to South Africa.

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<sup>317</sup> Morikawa, *Japan and Africa*, 120.

<sup>318</sup> Ibid.

<sup>319</sup> Ibid., 120-121.

<sup>320</sup> Ibid., 121.

Fig. 5.1. INDUSTRIAL PLANT EXPORTS TO SOUTH AFRICA

|      | User                          | Type of plant                                | Delivery date | Value (¥ 100m.) | Condition of sale | Contractor (manufacturer, trading co.)  |
|------|-------------------------------|----------------------------------------------|---------------|-----------------|-------------------|-----------------------------------------|
| 1969 | ESCOM                         | 200,000 KVA power generating equipment       |               | 5               | Cash              | Toshiba, Mitusi                         |
| 1969 | ISCOR                         | Oxygen equipment                             |               | 7               | DP                | Hitachi, Marubeni                       |
| 1971 | ISCOR                         | Hot strip mill                               | 1974          | 126             | DP                | Mitsubishi Heavy Ind., Mitsubishi Corp. |
| 1971 | ISCOR                         | Billet mill                                  | 1974          | 36              | DP                | Hitachi, Marubeni                       |
| 1971 | ISCOR                         | Coke furnace                                 | 1974          | 61              | DP                | Nihon Otto, Tomen                       |
| 1971 | ISCOR                         | Bar mill related equipment                   |               | 15              | DP                | Hitachi, Nissho Iwai                    |
| 1971 | ISCOR                         | Roll grinder                                 |               | 5               | DP                | Toshiba, Nissho Iwai                    |
| 1972 | Mobil Oil                     | Durban oil refinery expansion                | 1974          | 110             | Cash              | Chiyoda Chem. Eng.                      |
| 1972 | ISCOR                         | Converter                                    | 1974          | 90              | DP                | Kawasaki Heavy Ind., Nissho Iwai        |
| 1972 | ISCOR                         | Converter                                    | 1974          | 90              | DP                | Nippon Steel, Mitusi                    |
| 1972 | ISCOR                         | Tandem cold mill                             | 1974          | 43              | DP                | IHI, Nissho Iwai                        |
| 1972 | ISCOR                         | Converter                                    | 1974          | 36              | DP                | Kawasaki Heavy Ind., Nissho Iwai        |
| 1972 | ISCOR                         | Electrical parts for large-size steel mills  |               | 61              | DP                | Toshiba, Nissho Iwai                    |
| 1972 | ISCOR                         | Grinder                                      |               | 7               | DP                | Toshiba, Nissho Iwai                    |
| 1972 | ISCOR                         | Electrical parts                             |               | 18              | DP                | Hitachi, Marubeni                       |
| 1972 | ISCOR                         | Oxygen equipemnt                             |               |                 | DP                | Kobe Steel, Nissho Iwai                 |
| 1973 | ISCOR                         | Temper mill                                  | 1974          | 32              | DP                | Hitachi, Marubeni                       |
| 1973 | ISCOR                         | Billet mill                                  |               | 85              | DP                | Hitachi, Marubeni                       |
| 1973 | ISCOR                         | Electrical parts for medium-size steel mills |               | 40              | DP                | Mitsubishi Electric, Mitsubishi Corp.   |
| 1973 | ESCOM                         | Hydroelectric power generating equipment     |               | 18              | DP                | Toshiba, Mitsui                         |
| 1974 | Postal Min.                   | Satellite ground station                     | 1975          | 6               | Cash              | NEC, Marubeni                           |
| 1974 | SAPO                          | Cable for city use                           | 1975          | 3.3             | Cash              | NEC, Marubeni                           |
| 1975 | ISCOR                         | Electric furnace for Fe,Cr                   |               | 17              | DP                | Toshiba, Mitsui                         |
| 1975 | ISCOR                         | Power generating equipment                   |               | 1.5             |                   | Toshiba, Mitsui                         |
| 1975 | ISCOR                         | Electric furnace equipment                   |               | 46.5            |                   | Kawasaki Heavy Ind., Mitsui             |
| 1975 | JCI                           | Ferrochrome pelletising plant                | 1976          | 40              | DP                | Kobe Steel, Mitsui                      |
| 1975 | JCI                           | Electric furnace for ferrochrome             | 1976          |                 | DP                | Tanabe Kakoki, Mitsui                   |
| 1976 | Richard Bay Iron and Titanium | Electric parts for industrial plant use      |               | 8               | Cash              | Kita Shiba Electric, Mitsui             |

Figure 8.7: List of Industrial Plant and Equipment Exports from Japan to South Africa. The companies underlined also had investments in Rhodesia's iron and steel industry (Kawasaki Heavy Industries and Kobe Steel).

Japan's Rhodesian slowdown and expansion into South Africa's iron and steel industry was conformant to the country's anti-communism policy which sought to stop the spread of communism by Black nationalists, in favour of supporting a 'white African' bloc that would provide the country with access to natural resources. As such, the decision to reduce investment in Rhodesia was not motivated by political considerations rather, it was driven by profit considerations as Mozambique's blockade of Rhodesia made trade with Rhodesia increasingly difficult.

On the political front, Japan also began to distance itself from Rhodesia as shown by the country's about turn at the UN. In 1967, The Japanese solely viewed Rhodesia as a British problem rather than a matter of international importance within the decolonisation era which had been motivated by the UN's charter which recognised the right to self-determination of peoples around the world. Through Japanese diplomatic officials, the *zaikai* asked "why can't the British use force to settle it?" with regards to bringing swift political change to Rhodesia.<sup>321</sup> In this manner, the Japanese sought to absolve themselves of any wrong doing and place the ball in Britain's court. It is noteworthy that the British themselves as the responsible colonial authority over Rhodesia had vetoed use of force by itself and the UN.<sup>322</sup> Thus, the shirking of responsibility by British officials, allowed Japanese businesses to justify their illicit trade.

However, In 1974, Japan was elected as a non-permanent member of the UN Security Council and reversed its previous General Assembly votes against using force against Rhodesia and, trade with Rhodesia began to decrease significantly. This about turn marked a triumph of the MFA officials over their MITI officials who had been at odds with their trade counterparts about trading with Rhodesia. 1974 coincided with RISCO's UDI expansion plan and during this expansion program which was done under UN sanctions; Austrian, French and Swiss entities took part in this program and Japan remained absent despite its previous heavy investment in Rhodesia's iron and steel industry. Thus, the trade and diplomatic bonds that had been forged in steel in the 1960s, had been weakened.

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<sup>321</sup> TNA, FCO 35/163: Economic Warfare: Sanctions: Mandatory: Japan: Implementation By, Confidential, JR6/27, W.C.A.D, paragraph 5.

<sup>322</sup> Ibid., 6. British officials that using force against Rhodesia would lead to a confrontation with the apartheid regime in South Africa, a possibility British officials sought to prevent.

## **Conclusion**

### **The Road Less Travelled**

My earlier decision to take a fork in the road led me down a road less travelled – exploring Japan - Rhodesia relations. I initially set out to investigate the role of South African capital in the development of Zimbabwe, through undertaking a historiography of the Anglo American Corporation. Anglo has had an enduring footprint on the Southern African region and Zimbabwe, where it began operations through the purchase of Cecil Rhodes's British South Africa Company. The company intertwined itself in Zimbabwe's economic, political and social development, providing reasons for its restrictive archival policy. This policy forced me to turn my focus to the development of Zimbabwe's iron and steel industry, a topic which seemed more feasible. Stumbling upon the mention of Japanese involvement in Rhodesia's iron and steel industry led me a road less travelled as there has been limited research into Japan's relations with Rhodesia. I had been unaware that there existed a link between Japan and Rhodesia as the former only claimed to have established diplomatic relations with Zimbabwe in 1980, deliberately neglecting to mention the existence of diplomatic relations with Zimbabwe's former colonial administrators.

Embarking on the road less travelled was akin to marching towards a dead-end due to the siloed nature of research pertaining to relations between Japan and Africa. A hard language barrier exists between the Japanese and African research communities making it a challenge to access sources and information on the relationship of the two continents. My challenge was to breakdown these siloes to investigate Japan-Rhodesia relations through the lens of policymakers from both countries. Focusing on archival material from the United Kingdom and Zimbabwe allowed me to glean on how Rhodesian policymakers viewed their relationship with their Japanese counterparts, whilst English and translated Japanese language texts gave me an insight into Japanese motivations for initiating trade with Rhodesia. My archival

research coupled with interviews uncovered a rich history between the two states that went beyond the 1961 RISCO investment I initially set out to investigate.

### **An Unlikely Marriage**

The Japan-Rhodesia relations can best be described as an unlikely marriage between two seemingly different states with shared characteristics; one in Southern Africa and the other in the Far East. Prime Minister Ian Smith's declaration of Rhodesia 'going it alone' with sanctions was in stark contrast to the 'quid pro quo' relationship that the country developed with Japan during a period when international pressure weighed heavy on the beleaguered white minority regime. Shared characteristics between these two include strong anti-communist sentiments and an orientation by both states towards being entrepreneurial wartime states.

#### **1. Strong Anti-Communist Sentiments**

Rhodesia sought to be a bastion of capitalism and British colonialism in Southern Africa, drawing on South African and European capital to finance its domestic industries. The settler colony managed to develop a sophisticated economy that at one time drew it into Federation with Zambia and Malawi, to enlarge its domestic market. This capitalist state provided well for the needs of a 200,000-white minority in a country of about 5 million Black people who were excluded from enjoying the benefits of the country's rich natural endowment. The exclusion drove black nationalists to adopt Socialist and Communist principles in a bid to undo the injustices of the Rhodesian state and when dialogue failed; Black nationalists took up arms, precipitating a protracted war with the internationally isolated white minority regime.

Japan's post-World War II re-entry into Africa coincided with the start of the continent's decolonisation period and the end of its American Occupation. At the end of its American conservatorship, Japan committed to being a Western ally at a time that the Cold War split the World between the Capitalist West and Communist East; with most Global South

countries leaning towards the Eastern bloc in a bid to fight against imperialism and colonialism. Japan's commitment to join the anti-Communism camp meant that she was not a significant ally for Black liberation parties during the decolonisation period instead, opting to adopt a Dual Diplomacy strategy that guaranteed its access to Africa's raw minerals. The surprising outcome of this decision led to a Global South state – Japan – developing strong relations with a racist white minority state.

## **2. Entrepreneurial Wartime States**

The two countries proved to be entrepreneurial especially in the face of conflict. During World War II, Rhodesia took advantage of the British Imperial Expenditure to invest in its infrastructure and expand its domestic iron and steel industry. The governing officials nationalised RISCORP and immediately began constructing a blast furnace to increase iron output. Furthermore, the creation of the Central African Federation is the best example of Rhodesia's entrepreneurial spirit as amalgamating the three countries expanded Rhodesia's market, allowing industrialists to take full advantage of the manufacturing base that had been developed during the Second World War.

Japan's early 20<sup>th</sup> century entry into Southern Africa showed the tenacious nature of the Japanese government that endeavoured to expand a consular network throughout the continent in support of its entrepreneurs. In their pursuit of profit, the Japanese disregarded racism in South Africa, endeavouring to attain honourable White Status in South Africa. It is the post-World War II recovery period that saw ambitious industrialists like Yataro Nishiyama of the Kawasaki Steel Corporation, recapitalise their industries using Western capital from the World Bank and channel some of these funds to Rhodesia and other African states, effectively securing Japan's access to Africa's critical minerals. This decision coupled with Japan's Dual Diplomacy strategy aided Japan's post World War II recovery and strengthened its links with Rhodesia.

When the wave of decolonisation swept Rhodesia, it was the mutually shared profit motive amongst Japan and Rhodesia that saw the two forge a solid relationship, the former motivated by steep UDI discounts and the latter desperate for foreign currency to ensure state survival. These bonds forged in steel through investments in RISCO and Rhodesia's iron ore producers proved invaluable and it was only the prospect of high returns with less political risk down south, that saw Japan weaken its relations in favour of strengthening trade ties with South Africa.

### **Postscript: Japan – Zimbabwe**

Zimbabwe started out as a corporate venture for Cecil John Rhodes and his British South Africa Company which promised mineral wealth to the early pioneers. Since then, suitors in the form of states have sought out to establish ties with Zimbabwe and, their eyes remain focused on Zimbabwe's mineral wealth as shown by the Japanese whose 1924 contact with Rhodesia specifically sought out minerals that she could trade with the fledgling colony. Therefore, as the country forges ties with new and old partners, it remains imperative for policymakers to develop sustainable and equitable mineral policies that ensure that it does not lose out to its suitors. Presently, Zimbabwe enjoys increased attention from suitors who seek access to its minerals which are critical for the Green Energy Transition, demanding increased vigilance from its leadership.

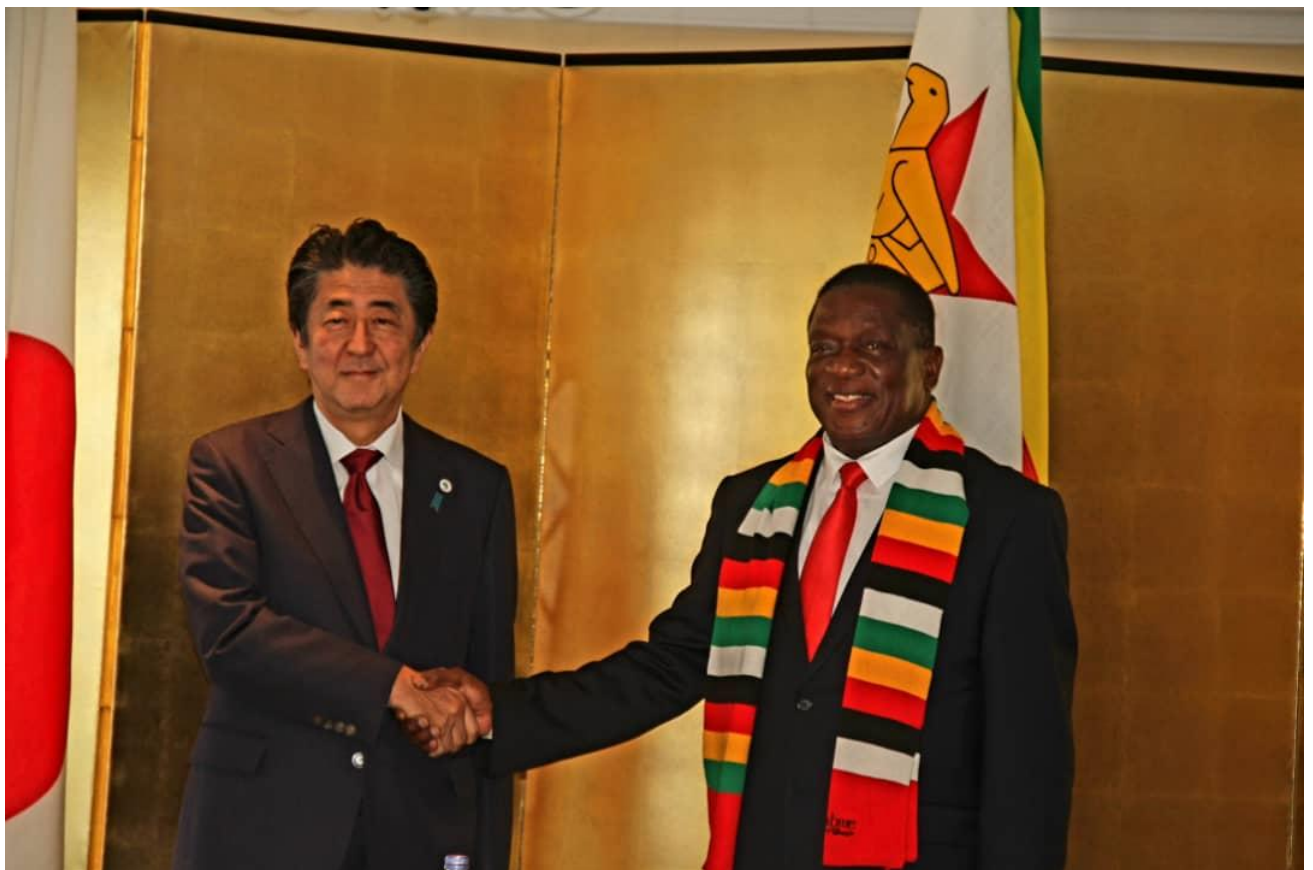


Figure 9.1: Then Japanese Prime Minister Shinzo Abe greets Zimbabwean President, Emmerson Mnangagwa at the sidelines of the 2019 Tokyo International Conference on African Development (TICAD), in August 2019 in Yokohama, Japan. (Photo: Zimlive.com)

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## Appendix

**(i) Full list of World Bank Loans to Japan**

| <b>Year</b> | <b>Date<br/>Signed</b> | <b>Beneficiary</b>                                | <b>Project</b>                                           |
|-------------|------------------------|---------------------------------------------------|----------------------------------------------------------|
| 1953        | 15-Oct                 | Kansai Electric Power Co. Ltd.                    | Tanagawa thermal power station<br>(two turbines; 75 MW)  |
| 1953        | 15-Oct                 | Kyushu Electric Power Co. Ltd.                    | Karita thermal power station (75 MW)                     |
| 1953        | 15-Oct                 | Chubu Electric Power Co. Ltd.                     | Yokkaichi thermal power station (66<br>MW)               |
| 1955        | 25-Oct                 | Yawata Iron & Steel Co. Ltd.                      | Steel-plate production facilities                        |
| 1956        | 21-Feb                 | Nippon Steel Tube Co. Ltd.                        | Seamless tube production facilities                      |
| 1956        | 21-Feb                 | Toyota Motor Co. Ltd.                             | Koromo Plant truck and bus machine<br>tools              |
| 1956        | 21-Feb                 | Ishikawajima Heavy Industries<br>Co. Ltd.         | Tokyo marine engine turbine<br>production<br>facilities  |
| 1956        | 21-Feb                 | Mitsubishi Shipbuilding &<br>Engineering Co. Ltd. | Nagasaki Shipyard diesel engine<br>production facilities |
| 1956        | 19-Dec                 | Kawasaki Steel Corporation                        | Chiba plant hot and cold strip mills                     |

|      |         |                                                            |                                                                     |
|------|---------|------------------------------------------------------------|---------------------------------------------------------------------|
| 1956 | 19-Dec  | Agricultural Land Development Machinery Public Corporation | Several agricultural development projects                           |
| 1957 | 9-Aug   | Aichi Waterworks Corporation                               | Public water project in Aichi Prefecture                            |
| 1958 | 29-Jan  | Kawasaki Steel Corporation<br>(2nd loan)                   | Chiba Works 1,000 ton blast furnace, coke oven                      |
| 1958 | 13-Jun  | Kansai Electric Power Co. Ltd.<br>(2nd loan)               | Kurobe No. 4 hydroelectric power station (three turbines; 86 MW)    |
| 1958 | 27-Jun  | Hokuriku Electric Power Co. Ltd.                           | Arimine hydroelectric power station (261 MW)                        |
| 1958 | 11-Jul  | Sumitomo Metal Industries Ltd.                             | Wakayama Works 1,000 ton blast furnace and blooming mill            |
| 1958 | 18-Aug  | Kobe Steel Ltd.                                            | Nadahama 800 ton blast furnace and Wakihamma steel mill             |
| 1958 | 10-Sept | Chubu Electric Power Co. Ltd.<br>(2nd loan)                | Hatanagi No. 1 and No. 2 hydroelectric power stations (85 MW)       |
| 1958 | 10-Sept | Nippon Steel Tube Co. Ltd.<br>(2nd loan)                   | Mizue Works 60 ton steel converter                                  |
| 1959 | 17-Feb  | Electric Power Development Co. Ltd.                        | Miboro hydroelectric power station (215 MW)                         |
| 1959 | 12-Nov  | Fuji Iron & Steel Co. Ltd.                                 | Hirohata Works 1,500 ton blast furnace, converter and blooming mill |
| 1959 | 12-Nov  | Yawata Iron & Steel Co. Ltd.<br>(2nd loan)                 | Tobata Works 1,500 ton blast furnaces (two)                         |

|      |         |                                                   |                                                                                  |
|------|---------|---------------------------------------------------|----------------------------------------------------------------------------------|
| 1960 | 17-Mar  | Japan Highway Public Corporation                  | Amagasaki Ritto section of the Meishin Expressway                                |
| 1960 | 20-Dec  | Kawasaki Steel Corporation<br>(3rd loan)          | Chiba works slab casting facilities construction                                 |
| 1960 | 20-Dec  | Sumitomo Metal Industries, Ltd.<br>(2nd loan)     | Wakayama Works combined mill                                                     |
| 1961 | 16-Mar  | Kyushu Electric Power Co. Ltd.<br>(2nd loan)      | Shin-Kokura thermal power station<br>(156 MW)                                    |
| 1961 | 2-May   | Japan National Railways                           | Tokaido Shinkansen (bullet train) Line                                           |
| 1961 | 29-Nov  | Japan Highway Public Corporation<br>(2nd loan)    | Ichinomiya Ritto and Amagasaki<br>Nishinomiya sections of the Meishin Expressway |
| 1963 | 27-Sept | Japan Highway Public Corporation<br>(3rd loan)    | Tokyo Shizuoka section of the Tomei Expressway                                   |
| 1964 | 22-Apr  | Japan Highway Public Corporation<br>(4th loan)    | Toyokawa Komaki section of the Tomei Expressway                                  |
| 1964 | 23-Dec  | Metropolitan Expressway Public Corporation        | Haneda Yokohama section of the Metropolitan Expressway                           |
| 1965 | 13-Jan  | Electric Power Development Co. Ltd.<br>(2nd loan) | Kuzuryugawa hydroelectric power stations (Nagano and Yugami)                     |
| 1965 | 26-May  | Japan Highway Public Corporation<br>(5th loan)    | Shizuoka Toyokawa section of the Tomei Expressway                                |

|      |         |                                             |                                                |
|------|---------|---------------------------------------------|------------------------------------------------|
| 1965 | 10-Sept | Hanshin Expressway Public Corporation       | Kobe line No. 1                                |
| 1966 | 29-Jul  | Japan Highway Public Corporation (6th loan) | Tokyo Shizuoka section of the Tomei Expressway |

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**Total Amount Loaned (1953-1966): \$863 million (31 loans) Final repayment made: July 1990**

World Bank's Loans to Japan. October 4, 205

<https://www.worldbank.org/en/country/japan/brief/world-banks-loans-to-japan>

[Retrieved May 1, 2024]

Capital for the project has been provisionally suggested as follows:-

C.D.C. and C.D.F.C. have from the outset been anxious S.Rhodesia Government.

Will invest existing capital expenditure in second 4% debentures As at July 1956 (including £750,000 for ore reserves) £5,615,000.

S.R.G. will re-invest interest on above to a maximum of a further £1 million 1,000,000

Approx. Total Investment by S.R. Government. 6,615,000

(The above loan has a right to convert approx. £1,100,000 to equity after 5 years).

C.D.C. and C.D.F.C. 1st Mortgage debentures at probably 6%. (The interest percentage is not fixed but C.D.F.C. have fixed it at 6% if guaranteed by the S.Rhodesia Government and 6½% if not guaranteed). £3,000,000

The above loan has a right to convert £500,000 to equity after 5 years.

Immediate Cash Subscription for Equity Shares:  
Lancashire Steel £500,000  
Messina £500,000  
Anglo American £500,000  
B.S.A. Co.Ltd. £250,000  
R.S.T. £250,000  
2,000,000

The suggested shareholding therefore after all have been taken up is as follows:- £11,615,000

Bukwe Ore Deposits 160 million tons averaging over 60 FE Payable in shares after the new Company has exceeded in one year a production of 160,000 tons of finished steel. (Note this is still subject to negotiation). £5,615,000

Equity. Lancashire Steel 1,500,000  
Anglo American 1,500,000  
£12,615,000

The new money coming in is thus:-

S.R.G. 150,000  
S.R. Government 250,000  
Ploughing back interest 50,000  
C.D.C. & C.D.F.C. 4,600,000

C.D.C. & C.D.F.C. 3,000,000  
Equity Shareholders 2,000,000  
Retained profits, Depreciation and Replacement Reserves 1,000,000

£7,000,000

(In actual fact retained profits and reserves will exceed the £1 million).

Figure 1: Capital Structure for RISCOP Stage II Expansion. (Document Scan Provided by the National Archives of Zimbabwe: NAZ: S 3309/29/2, pg. 2)

## Photographs:

At the start of fieldwork undertook a visit to Comic Con Africa in Johannesburg with my best friend to network with staffers at the Japan External Trade Office (JETRO). Photographs taken by author.



Entrance to the Comic Con Africa venue



JETRO booth



Author (on right hand side) and his best friend