

Diplomacy On to Secure Rare Metals Japan Seeking to Ensure High-Tech Lifeline

By OKABE Hiroshi

Photo: Kyodo News

Japan is stepping up diplomatic efforts to secure the supply of rare metals indispensable for high-tech products such as consumer electronics and automotive parts. While rare metal resources concentrate in China, Russia and Africa, a global race has begun to enclose natural resources against the backdrop of China's rapid economic growth. The future of a Japan aiming to be a manufacturing-oriented country rests with secured procurement of rare metals that are the lifeline of high-tech products.

In November 2007, Japanese Economy, Trade and Industry Minister Amari Akira visited South Africa and Botswana and signed agreements on the exploration of rare metal resources in these countries. South Africa, rich in mineral resources, accounts for 80% of global platinum production for automotive parts and 40% of world chrome and vanadium output. Under the recent agreement, Japan Oil, Gas and Metals National Corp. will cooperate with South Africa in the exploration and development of rare metal resources. The Japanese government is also launching negotiations with South Africa on an investment agreement to pave the way for Japanese firms' participation in the operations. In Botswana, Amari offered to set up a geological analysis institute for the 14-nation Southern African Development Community (SADC). Japan also agreed with Botswana to transfer nuclear power generation and energy-saving technologies to SADC countries to enhance bilateral relations in resources and energy.

China launched its African resource diplomacy ahead of Japan. In pursuit of resources, Chinese President Hu Jintao has visited Nigeria, Sudan and South Africa. In 2005, China hosted a conference of African countries in Beijing to deepen relations.

In response, the Japanese industry sector has called for strategic diplomacy from Japan. "Business negotiation partners in resources-rich countries are limited to governments or state-run corporations," says a gas industry executive. "Japan should

develop a strategic diplomacy involving official development assistance." Amari has emphasized the need for the government and private sectors to be united for resource diplomacy. On the strength of his earlier achievement of an agreement with Kazakhstan on uranium purchases for nuclear power generation, the minister embarked on African resource diplomacy, accompanied by representatives from trading houses and other firms.

Among major Japanese trading houses, Sojitz Corp. has acquired Primary Metals Inc., a Canadian tungsten mine operator. Sumitomo Corp. says it is considering developing a nickel mine in Madagascar. This will be one of the company's largest resource investment deals. Encouraged by the government's resource diplomacy, Japanese businesses have thus been expanding investment fast for rare metal procurement. Meanwhile, Mazda Motor Corp. has developed a catalyst to substantially save on consumption of platinum and palladium. Japanese firms are racing to develop technologies to reduce rare-metal consumption.

Japan's resource diplomacy is different from "resource nationalism," a senior government official says. "The Japanese diplomacy features the objective of coexistence and co-prosperity with resource-rich countries through the provision of excellent energy-saving and environmental conservation technologies."

At a Japan-China forum on energy-saving and environmental conservation held at the People's Great Hall in Beijing in September 2006, Amari and other participants discussed problems associated with Japanese firms' transfer of technologies and experience to Chinese companies. At the time, Mitarai Fujio, chairman of the Japan Business Federation, the largest business lobby known as Nippon



Mitarai Fujio (left), chairman of the Japan Business Federation (Nippon Keidanren), talks with Chinese Premier Wen Jiabao in Beijing.

Keidanren, was visiting China. Chinese Premier Wen Jiabao told the Japanese business leader that bilateral economic cooperation should center on energy-saving and environmental conservation. Technology-diplomacy has contributed to improving Japan-China relations that had deteriorated. The time might have come for Japan to pursue technology-diplomacy aggressively to secure rare metal supplies.

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