The Political Economy of Japan’s Relationship with East Africa: A Case Study of Kenya

Brendon J. Cannon & Hirotaka Fujibayashi

Abstract

Japan’s relationship with East Africa and Kenya, in particular, is under-researched. The actions and motivations of East African states that drive nascent and established partnerships with Japan are also an important, but understudied field. Accordingly, this article attempts to fill gaps in the existing literature by exploring the push-pull, two-way street of Kenya-Japan relations. In doing so, we provide an overview of the current relationship against the backdrop of renewed Japanese and Kenyan interest in the relationship, the rise of China in Africa, and the results for Japanese and Kenyan foreign policy and domestic politics. As a case study, it focuses on Kenya and Japan in order to define and analyze variables that influence, support or constrain their relationship and answer three interrelated questions: What explains the relationship between Kenya and Japan? What is the scope of their relationship? What can both states do to strengthen the relationship or undermine it? This article concludes that a combination of domestic variables and international factors form the foundation of Japanese-Kenyan relations that are predicated on mutual benefits. Yet this relationship is under siege, largely because of two interrelated factors: the rise of China and political and economic insecurity in Kenya. As such, Tokyo’s overt support via TICAD and JICA, for example, may no longer be enough to maintain its strategic vision for Kenya and East Africa.

Keywords: international relations, political economy, Japan, Kenya, East Africa, emerging powers, alternative partnerships

1 Brendon J. Cannon is an assistant professor in the Department of Humanities and Social Science at Khalifa University of Science and Technology in Abu Dhabi, UAE (brendon.cannon@kustar.ac.ae)

2 Hirotaka Fujibayashi is a graduate student at the Department of International Studies of the Graduate School of Frontier Sciences, at the University of Tokyo, Japan (h.fujibayashi13@gmail.com)
Introduction

The origin of Japan's involvement in East Africa is traced back to the beginning of Official Development Assistance (ODA) program to sub-Saharan Africa when Japan began to give Yen loans to Uganda, Tanzania, Kenya and Nigeria in 1966 (MOFA, 2004). However, beyond financial relationships characterized by Japanese loans, the relations between East Africa and Japan were very low-key until the late 1980s (Ampiah, 2005; Endo, 2013). This was because only a very small share of aid disbursements had flowed into the region in the early phases of Japan’s ODA to sub-Saharan Africa. Japanese foreign policy gradually shifted throughout the 1970s, mainly due to the oil crises, and the Japanese government sought to develop stronger links with a wider range of states, particularly with oil-producing states (Endo, 2013 pp. 3-4; Cornelissen, 2016). However, Japanese foreign policy toward Africa tended to be neo-mercantilist in scope (Ampiah, and Rose, 2012), and Japan’s relation with Kenya correspondingly did not occupy a significant position – particularly given Kenya’s relatively small reserves of oil and gas, reserves that would remain largely undiscovered for the next 10-25 years.

Since the late 1980s, around the same time as the end of the Cold War, Japan-East Africa cooperation began to shift. This was as much a result of increased opportunity spaces found in the demise of a bipolar world as Japan’s increased interest in locating strategic economic partners and markets (Inoguchi, 2013; pp 35-36). It also continued to use foreign aid and loans as a driver of foreign policy vis-à-vis Africa. From 1991 to 1997, Japan had ranked the top amongst the OECD-DAC peers and become a leading donor for several states in Africa, to include Kenya (Cornelissen, 2016). The 1990s also witnessed one of the most important shifts in Japan’s foreign policies to Africa, the initiation of the Tokyo International Conference on African Development (TICAD). TICAD was initiated by the government of Japan, and now co-organized by the World Bank, United Nations Development Programme (UNDP), the African Union Commission and the United Nations. TICAD forms a flexible tool in Japan’s diplomatic toolbox for Africa and appears to inform many of Japan’s multilateral objectives, which reflect - to some extent - on a series of TICAD processes and conferences (Anshan, 2008). Successive TICAD conferences have defined and placed emphasis on various aspects of African development (Cornelissen, 2012b) and these, in turn, have contributed to the extending and deepening of Japan-East Africa relations both quantitatively and qualitatively (Raposo, 2014). Yet even with the TICAD platform firmly in place, Japan’s efforts in Africa have been inconsistent and halting. Indeed, Japan’s recent involvement “reflects a curious mix of aloofness, paternalism, pragmatism, and – most recently shaped by Japanese foreign policy ambitions – rapprochement and partnership” (Cornelissen, 2012a pp 462). For example, in concert with other Structural Adjustment Programs in the early 1990s that required states such as Kenya to liberalize their economies and demonstrate efforts at democratization (Nzomo, 1992), TICAD’s former emphasis on directly-provided aid was questioned. In doing so, TICAD began to place greater emphasis on its commitment to the private sector.

Around the time as TICAD IV (2008), the Japanese government began to push a new concept of public private partnership (PPP), thereby placing even more importance on private sector participation in ODA (Hirano, 2012). Though certain sectors (education, healthcare, agriculture) in Kenya lost heavily in regards to Structural Adjustment Programs as formerly directly-provided aid was funneled through intermediaries, mainly NGOs (Rono, 2002), other sectors have flourished. Indeed, Kenya has profited significantly from TICAD’s newer emphasis, particularly in regards to foreign direct investment (FDI) from Japanese companies. For example, in 2013, Toyota Kenya invested US$5.5 million in a truck and bus assembly plant (Marete, 2013, February 19), and Honda established a new motorcycle production plant worth US$4.9 million (Embassy of the RoK, 2013, September 14). In the following year, Nissan also announced it would build an assembly plant in Kenya pending Kenyan government action on tariffs and power supply (Reuters, 2014, November 12). I doing so, Nissan would join Isuzu, Toyota, and Mitsubishi
in assembling cars in the country. Beyond the auto industry, Japan has been a major financier, contributor and constructor of infrastructure projects such as Mombasa Port, Olkaria Geothermal Plant, Sondu/Miriu Hydropower Plant and the Nairobi Western Ring Road.

Japan is attracted to Kenya for a variety of reasons. There is no doubt that Kenya sits in an enviable position when it comes to prospects for industrialization and business as well FDI attraction. It is the fifth-largest economy in sub-Saharan Africa and a well-educated labor force. Kenya is the most industrialized country in East and Central Africa. Kenya’s financial services, banks and mobile money services are robust and developed. Its information technology capabilities are regularly touted, to include technological leapfrogging creations such as the mobile money platform M-pesa and crowdsourcing app Ushahidi. Kenya’s infrastructure is also the most advanced in the region. Lastly, Kenya is rich in agricultural resources and is called home by some of the most innovative entrepreneurs globally. By mapping out the vision and classifying specific sectors, Kenya’s government hopes to capitalize on Kenya’s natural advantages and build capacity in key areas, sectors and regions of the country.

Kenyan leaders, regardless of political affiliation, seem keen to leverage Kenya’s reputation as an East African hub for positive effect. Globally, Kenya is known as the regional hub for trade and finance in East Africa and the natural entry point to the region. The country has a market-based economy with a liberalized foreign trade policy and a good track record when it comes to property rights and attracting FDI. Kenya should also use its competitive cost structure (70 per cent cost advantage over the United Kingdom and 50 per cent over South Africa), strong English speaking population, advanced IT and communications infrastructure and proximity to outsourcing markets to gain a vital edge over its competitors (Cannon, 2016a).

Indeed, Japan pledged at TICAD V in 2013 that it would spend US$32 billion on investments and loans for Africa within five years (Richards, 2014, March 20). Yet the balance of trade between Kenya and Japan is deeply unbalanced, reflecting antiquated notions of and reliance on Africa as a market for primary, non-manufactured commodities (Taylor, 2016 pp 9-10) as much as the fact that Kenya’s manufacturing sector – while robust for East Africa – is relatively weak and characterized by inconsistent growth (Bigsten et al, 2016 pp 355). For example, as of 2013, Kenya imported Japanese goods mainly consisting of cars, trucks, steel and machinery worth US$911 million while Japan imported goods consisting mainly of cut flowers, tea, coffee, fish fillets and nuts worth US$46 million from Kenya (MOFA, 2015, April 27).

The Scope of the Japan-East Africa cooperation

East Africa, and Kenya in particular, have occupied a very special position in Japan’s diplomacy for over five decades. Nairobi is the regional headquarters for Japan’s government-related agencies (Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC) and Japan External Trade Organization (JETRO)) as well as Japanese companies in East Africa. Yet Japan’s relationship with East Africa, particularly with Kenya, is under-researched with only a few, dated studies exploring the relationship (Morikawa, 1997; Ampiah, 2005). This is particularly stark when studies on China’s relationship with Africa, in general, and East Africa in particular are taken into consideration where every aspect from media depictions and relations (Wekesa, 2013a; Wekesa, 2013b), to the effects of terrorism (Lim, 2015), to general diplomacy have been covered (Adem, 2013). What dominates the literature regarding Japan and eastern Africa are studies of particular policies or practices using comparative methods as a yardstick to measure development or other economic, political or social issues. For example, De Vanssay & Spindler (1994: p. 365) compared the cases of Japan and Ethiopia’s constitutional right to education in order to demonstrate a correlation between the entrenchment of various rights and economic freedom. Others scholars compare Japan’s relative development to East Africa’s and ask questions such as “Quality Management—If Japan can, why can’t Africa?” (Isaksson, Douglas & Douglas,
Other studies look at Japan’s interest in Africa from through the lens of Japan-China rivalry and eschew further analysis of what drives the African side of the relationship (Endo, 2013).

Africa’s as well as Kenya’s relationship with Japan has been relatively neglected beyond Japan’s one-way delivery of goods, services and aid. As such, analyses of Japan’s actions in Kenya (and Africa in general) have been unidirectional (Japan to Kenya, for example), lacked nuance and generally ignored Kenyan actions to reciprocate, grow or stymie the relationship in relation to the actions of other states (Cornelissen, 2012a). As such, this study attempts to answer the following three questions in relation to Kenya and Japan:

1. What explains their relationship?
2. What is the scope of their relationship?
3. What can both states do to strengthen the relationship, or what variables such as the presence of China can undermine it?

The relationship between Japan and East Africa, in particular Kenya, is best explained through an analysis of foreign policies and, particularly, a combination of international factors and domestic constraints rather than systemic variables as dominant realist orthodoxy claims (Walitz, 2010). Yet there is no doubt that the rise of China corresponding with the decades-long economic downturn in Japan has recently influenced Tokyo’s increased interest in Kenya and Africa (Kagwanja, 2014; Ward, 2014). But an understanding of Japan’s interests in relation to China only provides a partial view of the relationship. Rather, we submit that Kenya plays a key role in driving the relationship with Japan by pushing its own political and economic agendas against the backdrop (and full knowledge of) the Japan-China rivalry in Africa. As such, Kenya’s relationship with Japan must lie somewhere at the intersection of international relations and comparative politics—and this study draws upon that literature in elucidating that partnership.

We hypothesize that Japan’s current relationship trajectory is driven as much by the rise of China as by Kenya’s ability to exploit the rivalry of states. Relatedly, we hypothesize that Japan’s relationship with Kenya is driven as much by its technological, manufacturing and aid acumen as by Kenya’s inherent strengths of geography, human capital and, at times, adept diplomacy intent on procuring the best deal.

The study uses qualitative and quantitative data from variety of English and Japanese sources to demonstrate that Kenya’s and Japan’s relationship is borne of conscious and deliberate efforts on the part of both partners. These actions and reactions provide the rationale and calculations of both parties in this engagement including, perceptions of each other and the shaping of their goals and long-term prospects. As such, this study does not fall into the trap whereby African states are deemed as lacking agency and merely being acted upon by powers or regional blocs outside the continent (Cannon, 2016b pp 57).

**Explaining the Japan-East Africa relationship**

Why is East Africa, especially Kenya, important for Japan, or vice versa? Why did Japan choose Kenya as the first country hosting TICAD in Africa? Japan’s relations with sub-Saharan Africa are often said to be dictated by economic interests, but the relations can be understood only if viewed broadly as a function of the interplay between economic power and asymmetric interdependence on the one hand, and culture and diplomacy on the other (Adem, 2001). Moreover, it is reasonable to see these relations have been motivated by external and internal factors in both Kenya and Japan.

**Domestic factors**
Although Kenya is the most industrialized country in East Africa, agriculture contributes to 25 percent of the GDP in the country, and about 80% of Kenya’s population of roughly 42 million work at least part-time in the agricultural sector, including livestock and pastoral activities. Given the primacy of agriculture, Kenya is understandably keen to find markets for its products. Additionally, Kenya faces problems the bedevil much of sub-Saharan Africa such as an expansion in the poorest segment of the population due, in part, to rapid urbanization, worsening unemployment particularly among the youth, and frequent natural disasters in a country where 80 percent of the land is arid or semi-arid. Engagement with more powerful economic and political partners may be understood, in part, as an attempt to alleviate these ills through increased FDI, manufacturing and business development, education opportunities and trade. Kenya has engaged Japan on precisely these issues since independence in 1963 (Waningilo, 1995). As part of Kenya’s interest in locating new alliances and alternative partners, its leaders has responded positively to Japan’s track record of assistance and FDI. For example, under the leadership of President Uhuru Kenyatta, attempts to establish or rejuvenate business ties with non-traditional partners and to attract investment to Kenya from countries like Japan have been stressed (Ochami, 2008, Dahir, 2014).

Kenya’s interest in Japan correspondingly dovetailed with Japan’s search for new and renewed markets for its products. In doing so, Japan has developed a strategy of engaging key countries in Africa such as Kenya. This search became acute after close to two decades of long-term stagnation, rapidly aging population, pressure from an expansionist China, and the devastating effects of the 2011 earthquake and tsunami (Hirano, 2012). In the face of these difficulties, Japan’s need for foreign markets for Japanese goods and services or investments as well as cheaper, reliable labor has become a cornerstone of domestic politics. Japan’s primary focus has naturally been on its near-abroad in East and Southeast Asia, but as the economic growth in these countries has slowed, interest in Africa has correspondingly and exponentially increased.

Kenya’s domestic needs have prompted a number of visits to Japan, from trade delegations to an official state visit by President Uhuru Kenyatta in 2015. That visit resulted in helping Kenya win Japanese grants, project finance, foreign direct investments and technical assistance that had already been earmarked for Africa but not necessarily Kenya (Juma, 2015). Kenyatta’s visit was reciprocated by Prime Minister Shinzo Abe’s 2016 visit to Kenya, the first by a Japanese prime minister in 15 years (MOFA Japan, 2016). Discussion were reportedly held regarding the promotion of trade and investment between the two countries and Japan’s cooperation with Kenya in infrastructure, health, and capacity building in industry and the business sector (Sigei, 2016). Additionally, the leaders recognized the need for future operation of direct flights between the two countries. President Kenyatta also appealed for a revision of Japan’s Kenya travel advisory, citing improved security in Kenya and corresponding attempts to bring more Japanese tourists to Kenya (MOFA Kenya, 2016).

**Political Culture**

On the one hand, Adem (2001) stated that active international diplomacy has never promised to take a backseat in Japanese society, and thus politicians usually seem mindful that diplomatic success would not translate into electoral success. On the other hand, as for public opinion in Japan, it has been generally supportive of the country’s contribution to the international cooperation and developmental aid (Hirano, 2012). In addition, Japan has enjoyed and cherished the reputed status of the leading ODA donor globally, and particularly thorough the TICAD process, Japan has a number of diplomatic gains (Cornelissen, 2012b).

Japanese standpoint to ODA should be also featured. Japan is a traditional donor for African states with a unique, non-Western standpoint. In particular, because of the deep regrets toward the disastrous experiences of the Second World War, Japanese government and people have strongly seeking for world’s
peace. This seems to exist behind that Japan has cherished its cultural sensitivity for peace, commitment for self-help efforts and quality of education (Kuroda, and Hayashi, 2015). This has also led Japan to utilize international organizations such as the Group of 8 (G8) and, at times, a multilateral approach to engagement (Cornelissen, 2012a pp. 465-66).

Kenyan domestic politics maintain an anti-colonial flavor that dates back to independence in 1963. As importantly, Kenya views itself as the lynchpin power for East Africa, the region’s undisputed leader. This view is often reciprocated by outside powers, who consider Kenya to be the political and economic gateway to eastern Africa. Kenya is also keen to burnish its image as a country known for the ease of doing business. It has consistently improved its global ranking (Harrison, 2017) and maintains many comparative advantages with its neighbors (Ethiopia, Uganda and Tanzania). Indeed, Kenya ranks better in higher education and training, goods market efficiency, labor market efficiency, financial market development, business sophistication and innovation (Mungai, 2015). In fact, though Kenyan politicians are blamed for being amongst the most corrupt and highest paid in the world, they are not immune to the benefits accrued to both themselves and Kenya by consistently demonstrating and perpetrating Kenya’s successes, to include the building and funding of major infrastructure as well as attracting FDI from Japan, China and others. While Kenya suffers from severe systemic problems, to include the need for major investments in institutions, integration, and infrastructure, it also is better placed and has a better track record of improvements in these areas than its neighbors. Indeed, Kenya recently developed an industrialization blueprint which outlines a five-point strategy that aims to make the country a manufacturing and industrial export center (Cannon, 2016a). The blueprint is laudable because it actually plots a path to industrialization for Kenya to take in order to achieve key developmental goals. As importantly, blueprint demonstrates Kenya’s commitment to “time horizons.” Using international political economy theories, scholars have argued that regimes, democratic or autocratic, are often interested in attracting FDI. FDI is particularly important to industrializing countries such as Kenya since it provides foreign capital, high technologies, advanced managing skills and new jobs. Because of the importance of FDI, political scientists have put considerable effort into studying the political circumstances that favor foreign investment and correspondingly, how countries like Kenya can attract more FDI. “Foreign investors decide when and where to invest. Even if host governments have a strong motivation to attract foreign assets, they need to reassure foreign capital owners their assets will be protected. Hence, providing institutions that promote credibility is necessary to attract FDI” (Moon, 2015 pp 3). By providing evidence of its commitment to development and stability – regardless of who is in office – Kenya is better able to attract FDI from a variety of sources, to include Japan.

International factors

There is increasing evidence that Kenyans in a variety of sectors attempt to actively foster stronger business, educational and diplomatic ties with Japan (English, 2016). Japan represents a non-traditional partner – despite the length of the relationship – when compared with larger political and economic partners such as the US, the EU and China. Indeed, there is evidence that Kenyan bids for business and FDI as well as the roll out of tenders for infrastructure projects are at times designed to gain maximum leverage over and fees from the projects (Were, 2012; Kagwanja, 2014). This is possible given the rivalry for influence in Africa not only between traditional East-West partners but also between the East Asian superpowers of China, Japan and South Korea (ROK) (Ward, 2014).

Geographical Advantage of Kenya

Kenya has historically occupied a key geographical location as a marine and air transportation gateway to East Africa. In 2001, Mr. Yoshiro Mori selected South Africa, Kenya, and Nigeria for his first visit to Africa, when the incumbent Japanese Prime Minister visited Africa for the first time. Adem (2001) stated that
these countries would be Japan’s major trading partners in the continent because these countries actually represented the top three trading partners of Japan in Africa in 1999. In East Africa, Kenya is politically and economically important as a hub and the most important country in this region for Japan. As Kagwanja (2014) noted, “Nairobi, which holds the largest Japanese community in Africa and is the regional headquarters for all the major Japanese agencies and Japan’s largest trading house, is the destination of a new inflow of development support and Japanese firms seeking to invest in energy, oil exploration, infrastructure and agribusiness.”

Kenya occupies an enviable position when it comes to prospects for business as well as continuing to attract large amounts of FDI. It is the fifth-largest economy in sub-Saharan Africa and a well-educated labor force. Kenya is the most industrialized country in East and Central Africa. Kenya’s financial services, banks and mobile money services are robust and developed. Its information technology capabilities are the envy of not only East Africa but the world. Kenya’s infrastructure is also the most advanced in the region. Lastly, Kenya is rich in agricultural resources and is called home by some of the most innovative entrepreneurs globally. By mapping out the vision and classifying specific sectors, Kenya’s government hopes to capitalize on Kenya’s natural advantages and build capacity in key areas, sectors and regions of the country.

A crucial recommendation of the blueprint is for Kenya to leverage its reputation for positive effects. Globally, Kenya is known as the regional hub for trade and finance in East Africa and the natural entry point to the region. The country has a market-based economy with a liberalized foreign trade policy and a good track record when it comes to property rights and attracting FDI. Kenya should also use its competitive cost structure (70 per cent cost advantage over the United Kingdom and 50 per cent over South Africa), strong English speaking population, advanced IT and communications infrastructure and proximity to outsourcing markets to gain a vital edge over its competitors. These steps are projected to earn Kenya US$ 200 million in GDP and create an additional 45,000 jobs.

Japan’s Reputation

In a diplomatic sense, TICAD has arguably been a major success for Japan (Shimada, Homma, & Murakami, 2013). Thanks to a series of TICAD processes, Japan was successfully able to secure the position as a key coordinator within a network of international organizations (Cornelissen, 2016). Although Africa has traditionally captured a smaller proportion of Japan’s total bilateral ODA disbursements, Japan has maintained a constant presence as aid donor to the region over the past five decades, and its supports have encompassed project financing, infrastructure development, humanitarian and relief assistance, technical and scientific training, assistance to regional financial institutions, and support for post-conflict initiatives and peacebuilding (Cornelissen, 2016).

UN Security Council

In the UN General Assembly, African states have potentially significant votes for Japan’s permanent membership in a reformed Security Council, and this would probably be a reason why the Prime Minister had made a decision to visit Africa, if the words of one senior Japanese Ministry of Foreign Affairs Official were to be relied upon (Adem, 2001). Hirano (2012) notes that Japan’s policymakers, in some way, have intentions to make strategically use of TICAD in order to acquire a permanent seat at the UN Security Council because it would seems unlikely to be achieved without African support (Hirano, 2012).

Towards a mutually-beneficial and sustainable relationship

Although China’s growing interest in sub-Saharan Africa is well featured in the public discourse, Japan’s long-standing engagements with East Africa and Kenya, in particular, must not be overlooked. On African
issues, Japan has increasingly played a leading role over the past decade (Adem, 2001). What can both states do to strengthen the relationship? Or what variables can undermine it? In order to sustain and further strengthen mutually-beneficial relationships from now on, both states need to gain a greater understanding of one another, and relieve constraints or risks amongst them.

**Current risks and opportunities for Japan-East Africa cooperation**

**China’s Presence**

China may have a long and storied relationship with Africa (Baseda and O’Bright, 2016), but China’s growing involvement in the continent is certainly remarkable. For a power that was largely a non-entity in the realm of trade and development prior to 1990, China has quickly become an indispensable power and omniscient presence in Africa. It has done so, in part, by mimicking the successes of other states. For example, similar to Japan’s TICAD process, China has hosted the Forum of China–Africa Cooperation (FOCAC), held every three years since 2006 (Hirano, 2012). The inaugural session held in Beijing demonstrated the sheer skill of Beijing’s commitment to Africa and brought into being the Beijing Summit Declaration and Beijing Action Plan (2007-2009). Together, these “demonstrated China’s resolve to be deeply involved in Africa, with commitments to implement debt relief and assistance projects spanning a broad array of fields, from agriculture and resources to energy, finance, and infrastructure as well as create a fund (totaling US$5 billion) aimed at fostering Chinese corporate investment in Africa” (Endo, 2013 pp 10).

Chinese engagement in Africa has been driven mainly by economic interests, such as securing resources or markets necessary for sustaining its rapid economic growth and containing or helping to eliminate competition from adversaries operating in Africa (Mason, 2016). Relatedly, Mlambo, Kushamba and Simawu (2016) identified four key objectives of China’s involvement in Africa: resource seeking, diplomatic support, market seeking, and investment. In this, China differs little from Japan, many European states or alternative partners such as Turkey (Cannon, 2016b). Where it does differ is in the scope and scale of China’s involvement (e.g. Garissa Power Plant or Nairobi-Naivasha Standard Gauge Railway (SGR) Project). Chinese businesspeople, diplomats, and laborers currently blanket the continent, building legacy projects such as Kenya’s Standard Gauge Railway (Phase I) funded at US$3.6 billion of loans, the Addis-Djibouti Railway, funded at US$2.5 billion, Addis Ababa’s international airport or drilling for oil in South Sudan and Uganda (Eom, 2016).

Relatedly, African states and their leaders have shown an eagerness for Chinese loans, assistance and investment and Africa has embarked on infrastructure projects that have been neglected since colonial times, to include airports, ports, roads and railways. Yet it is unclear whether this eagerness is a product of genuine desire to engage China or simply because China has made offers for assistance and loan agreements on a scale never before seen. Additionally, China has reportedly been blind on issues related to human rights, political instability, transparency, and good governance in Africa (Mlambo, Kushamba and Simawu, 2016). Although western donors including Japan have been concerned for the domestic affairs in African states such as political corruption and human rights abuse, China has secured its own position and appealed to African elites’ mind by its aid policies on non-interference in domestic affairs and promoting a cultural relativist notion of human rights (Cornelissen, and Taylor, 2000). While China’s reputation as a development partner in Africa has taken a downturn on account of trade and labor issues

---
3 While China’s current engagement can largely be seen through a political lens, we differentiate between the rationale of China’s current engagement with Africa versus a more politically-motivated trade and development prior to 1990, such as China’s building and financing of the TAZARA Railway, 1970-75.
that include environmentally destructive practices and hazardous production methods (Zeleza, 2008 pp 183), other partners, to include alternatives such as Turkey or traditional partners such as Japan are unable to reproduce the scale of China’s economic and political power. As such, they continue to occupy a secondary or alternative position.

Despite presentiments to the contrary in Japan, China’s growing involvement in Africa is not a zero sum game regardless of the jarring figures showing overall trade between Japan and Africa amounting to US$24 billion in 2015, as compared to China’s $179 billion (Connars, 2016). Additionally, Africa’s imports from China went from 2 percent in 1995 to 13 percent in 2012. This contrasts with Africa’s imports from Japan, which dropped from around 7 percent in 1995 to 3 percent by 2012. By 2014, 13.5 percent of Africa’s trade was with China while Japan’s was only 1 percent (Adem, 2016). Indeed, China’s involvement necessarily means fewer contracts for Japan overall (Sim, 2016). But China’s economic power meant that its diplomatic power eclipsed Japan’s over a decade ago, too. However, a more nuanced and longer-term analysis seems to demonstrate that Japan’s projects and involvement simply differ in scale, with Japan arguing that the quality of its work and products is a more sustainable and desirable development model than China’s emphasis on speed and cost (Aglionby, 2016). In other words, Japan can and still does play a significant role in African infrastructure and development, albeit in an increasingly crowded field (Rose, 2012). For example, its role and the relative ease with which it may have previously engaged with Kenyans for government contracts may have become more complicated (and the returns slightly less impressive) because of Chinese bids for the same projects. However, in order to understand Japan’s perceived diminished engagement in East Africa, one must understand that it is now jockeying for influence, projects and resources not only with China, but also a host of non-traditional and increasingly influential powers such as India, Turkey, Brazil and the United Arab Emirates (UAE).

These assessments necessarily lead to three important points. One, the popular perception in Japan and the West of China as an unrivaled hegemon and winner-takes-all in Africa is premature and unsupported by evidence (Alozie and Thomas, 2016; Pilling, 2017). For example, a study that explored data from both the World Bank and the African Development Bank (ADB) demonstrated that the success of Chinese firms is largely confined to the area of civil works in Africa, where Chinese firms accounted for 31 percent of total contract value. In contrast, the study found that Chinese firms were “almost non-existent in the area of consulting services, and minimal in the area of equipment supply where they capture a mere 3 percent of the market” (IDE-JETRO, 2006). Two, a study conducted by China-Africa Research Initiative (CARI) found reports of Chinese loan financing to Africa to be inflated (Hwang, Brautigam & Eom, 2016). Indeed, once rumored projects that were later canceled or never materialized due to obstacles (including infrastructural ones) were dismissed, the study showed that only 47 percent of 233 total projects (worth $49.8 billion) in the transport sector ever materialized. Similarly, 61 percent of 221 total projects (worth $30 billion) in the energy sector materialized (Hwang, Brautigam & Eom, 2016). Three, China’s initiatives and development have always been matters of top priority for Japanese public, and China’s expanding interests in Africa as well as influences on peace and governance in Africa have attracted much media coverage.

The three, previously-listed points inform our assessment that China’s presence in Africa, while complicating matters such as contract bids and diplomatic engagement on certain levels, also define sectors and areas of engagement in which Japan should excel. That is, Japan could possibly shift its focus from civil works and infrastructure to consulting and equipment supply. This would favor Japanese firms such as Toyota Tsuho, Mitsubishi and Komatsu, for example. Additionally, while China’s omnipresence in Africa has been exaggerated, it has had the effect of galvanizing Japan into playing what it views as a serious game of catch-up. In this, Japan could potentially learn from China and Deng Xiaoping’s “crossing the river by feeling the stones”. That is, avoid initially massive projects or loans in favor of incremental
loans contributing towards various implementation phases and a step-by-step approach (Eom, 2016).

Benefitting from Rivalry

Japan and China’s political and economic turf battle in Africa and Kenya, despite being depicted as a David vs. Goliath encounter (there are 1 million Chinese in Africa compared to 5,000 Japanese), has brought development and, as importantly, has multiplied options for development to the continent (Jingbo, 2016). Indeed, the turf fight between China and Japan contradicts that Swahili saying wapiganapo fahali wawili, ziumiazo ni nyasi (when two bulls fight, the grass is the one that suffers). Kenyan Foreign Affairs Cabinet Secretary Amina Mohamed noted just prior to the 2016 TICAD summit in Nairobi that “there is competition between everybody. It is a small market place” in reference to the rivalry between China and Japan (Mutambo, 2016). It remains for savvy Kenyan businesspeople and politicians to exploit the rivalry of Japan’s and China’s Cold War on the continent, a confrontation that has seen the export of East Asian geostrategic politics to Africa. Indeed, in Japan’s quest to reform of the United Nations Security Council (UNSC) and enhance a rule-based maritime order – both dependent on the support of African countries and leaders - and China hoping to maintain the status quo, Africans have seen pledges from TICAD, FOCAC and other organizations numbering the billions of dollars (Yu-Wen Chen & Hodzi, 2016). Various infrastructure projects and bids for contracts demonstrate not only the East Asian rivalry, but also the starkly different methods used by the two countries as well as the promise and potential pitfalls for African states as well as Kenyan attempts to leverage the rivalry for their benefit. For example, in 2008 in Kenya, China began building a 50 km highway that extended the original two-way, four-lane road into a two-way, eight-lane highway at the cost of approximately US$360 million from Nairobi to Thika. The road was built in four years. That same year, Japan spent US$24 million to fund construction of the 15 km-long Kileleshwa Road running through the center of Nairobi. The original plan called for four lanes in each direction, but the Japanese only built two lanes in six years. Thika Superhighway, however, has been plagued by allegations of poor planning, construction, lack of pedestrian access and shoddy or no drainage (Muchara, 2014; Thang’wa, 2013). Kenyans are reportedly paying upwards of US$10 million per year for maintenance with additional funding being set aside for improvements after major flooding on account of poor drainage infrastructure and/or clogging (Irangu & Malii, 2013; 20-21). Kileleshwa Road, on the other hand, was built with fewer lanes to incorporate sidewalks for pedestrians and cyclists as well as drainage systems (Jingbo, 2016). Japan’s road may have taken longer to build and been less lengthy, but its quality is rarely questioned. Indeed, precisely because China’s financial investments in Africa far exceed Japan’s in quantitative terms, the Japanese prefer to highlight the “quality” of their work and products rather than quantity. This is a subtle attempt to attack Chinese projects in Africa which some deem to be not only less expensive, but inferior in quality. As such, at TICAD in Nairobi, Japan sought to emphasize the quality and longevity of its products and work, which necessarily come with a higher price tag (Yu-Wen Chen & Hodzi, 2016).

Insecurity and Terrorism

Recently, Japan Self-Defense Forces have been involved in the UN peace keeping mission in South Sudan (UNMISS) as well as escorting ships in an effort to combat piracy in the western Indian Ocean and Gulf of Aden. Japanese policy towards East Africa has tended to promote efforts at peace, security and stability because these ingredients are viewed as the baseline for Japanese and African economic growth and development in the region. In East Africa, Japan has actively supported institutions to train personnel for peace keeping operations such as the International Peace Support Training Centre in Kenya (Terada, 2014, January 11). In this manner, Japan can play a positive role in lowering the cost of doing business and providing people with better security. These actions necessarily support Kenya’s Vision 2030 which aims to eradicate four primary sources of insecurity in Kenya: the availability of small arms and light
weapons; political violence; resource conflicts; and cattle rustling (Kibaki, 2007). When compared to its neighbors Ethiopia, Uganda and Tanzania, Kenya has suffered an inordinate share of terrorist attacks by the Somali-led al-Shabaab terrorists group (START 2016). Though there are reasons for this (Cannon & Paklya, 2017), the devastating effects to security, employment and tourism have shaken Kenya deeply and Kenya has asked for assistance from multiple countries, to include Israel and the US in combating terrorism (Oluoch, 2016; Ringa, 2015). Most of this assistance has been geared towards intelligence sharing and military hardware such as armored personnel carriers and aircraft. Japan may not have much intelligence to share, but it certainly offers an array of military equipment and technical expertise that Kenya and other East African states could potentially use to good effect. However, in order to sell Kenyan officials Japanese kit, Japan needs to reportedly work less on the quality of its equipment and more on the delivery of its sales pitch, whether in Nairobi or Canberra (Gady, 2016; Johnson & Yoshida, 2016). Additionally, Kenya has been criticized for being hostage to a Cold War mentality that values hardware and kit over speed and intelligence (Kailema, 2015). Indeed, timely responses to major terrorist attacks like the one at Garissa University College in 2015 were hampered as much by inadequate infrastructure as chain of command issues and planning. It is in the realm of critical infrastructure planning, building and maintenance that Japan could potentially offer more to Kenya through a combination of aid, contract bids and loans. Additionally, while Chinese security cooperation with African states such as Kenya is viewed by some in the West as a threat, Japanese security assistance, whether it continues to rolled out under the umbrella of aid to the African Union (AU) (Kodjo, 2014) or the Intergovernmental Authority on Development (IGAD) (IGAD, 2016) or directly to the Kenyan government, would likely be welcome.

**Trade and Investment**

Japanese government has stressed the importance of the private sector’s involvement. It is dispensable to enlarge investments and business in Kenya to keep the future friendship between Japan and Kenya. Japan wants Africa’s raw materials, on the one hand, and Africa needs Japanese market, economic aid and investment, on the other hand, while it does not mean that Japan and Africa rely on each other to the same extent (Adem, 2001). Kenyan government has called on Japanese business community to invest more in infrastructure development and energy sectors (Xinhua, 2013, July 4) while, nowadays, more and more Japanese companies attempt to extend their business to Africa (GoK, 2016, August 29).

**Oil and Gas**

Japan and East Africa could assist one another and mutually benefit from the discovery of oil and gas. Since the oil was discovered in Kenya in 2012, National Oil Corporation of Kenya (NOCK) and Japan Oil Corporation, Gas and Metals National Corporation (JOGMEC) have jointly conducted geophysical surveys and evaluation studies in oil and gas fields (Business Daily, 2012 May 9; Gilblom, and Obulutsa, 2012, May 9). Needless to say, Japan could benefit from the exploitation of oil and gas in Kenya because Japan is a resource-poor country and aims the diversification of import counterparts to ensure its energy security. Kenya is also in need of assistance in extracting its potential oil and gas wealth given uncertainty over the US$24.7bn Lamu Port South Sudan Ethiopia Transport (LAPSSET) Corridor. This series of mammoth infrastructure projects will potentially link the land-locked South Sudan and Ethiopia to the Kenyan coastal town of Lamu where a new port is currently under construction with Chinese assistance and based on feasibility studies performed by Japan Port Consultants of Tokyo (Mwangi, 2014). Along with the new port at Lamu, the proposed infrastructure projects include a standard gauge railway, fiber optic link, a highway, an airport, and resort cities as well as the Uganda–Kenya Crude Oil Pipeline (UKCOP). The UKCOP was to link Uganda’s significant oil reserves to Kenya’s with an additional spur linking South Sudan and terminating in Lamu. The pipeline was benefit each country and the region through cost-sharing of infrastructure, revenues from oil exports and related development. However, Uganda pulled
out of the project in late 2016 and opted for a pipeline route through Tanzania, bypassing Kenya completely. The demise of the UKCOP may call into question the entire LAPSSSET project as well as Kenya’s ability to successfully export its oil. As such, Japanese assistance with logistics, loans, consulting and even construction may be welcome in Kenya. This is particularly the case given that China has invested heavily in Uganda’s oil sector rather than Kenya’s and may have played a role in the demise of the UKCOP (Cannon, 2017).

Vision 2030

Kenya Vision 2030 is new long-term development blueprint for the country, aiming to transform Kenya into a newly industrializing “middle-income country providing a high quality life to all its citizens by the year 2030” (GoK, 2007; Kibaki, 2007). In Vision 2030, Kenyan government focuses on reforms and development across a variety of sectors.

In order to attain the Vision 2030, it is indispensable for Kenya to acquire the assistance from donor countries. Yet, it is also important for Japan to maintain and strengthen the relation with East Africa.

Roads

Endless traffic jams not only impact negatively on people’s health, but also put a heavy toll on the economy. In 2006, Japanese government, through JICA, assisted in the formulation of the ‘Master Plan for Urban Transport in the Nairobi Metropolitan Area,’ which identified some priority development projects including the construction of Nairobi Western Ring Roads (JICA, 2014, January 22). Both Kenyan and Japanese governments have strongly pushed infrastructure development forward under the Vision 2030, as JICA has placed the economic infrastructure on one of its key activities in Kenya (JICA, 2015; 2016).

Renewable energy (Green Energy)

Kenya has been facing the difficulties of power shortage, and thus Kenyan government has been working on the development of power plants and transmission grids, the policy and institutional reform, including organizational reform and reconsideration of the electricity tariff system. On the contrary, Kenya is originally strong in the area of renewable or green energy. Therefore, Kenya has made several efforts to supply economical and stable power to improve living standards and foster industries, as Sondu-Miriu Hydropower Plant funded by JBIC was evaluated to be satisfactory because the sustainability of the project is high without major problems in the structure, finance, technique, or current status of operation and maintenance (Daimon, 2011). According to the Ministry of Energy and Petroleum (MOEP), hydropower is the biggest power generation source (MOEP, n.d.).

As well as the prospects for hydropower, Kenya has a potential for another renewable energy; geothermal energy. With extensive geothermal resources beneath the Great Rift Valley, Kenya has been carrying out geothermal development since the 1970s (JICA, n.d.), and now Kenya is among the world’s most active countries for geothermal development (PEI, 2015). In fact, several geothermal prospect areas have been identified in Kenya (Ouma, 2009).

In the TICAD IV in 2008, Japanese government announced to promote the use of clean energy and improvement of energy access in Africa. Since Japan started to support the geothermal power development in Kenya, JICA and Japanese technologies have been greatly contributing to reduction of air pollution and carbon dioxide (JICA, 2010, March 31; PEI, 2015). Japan is also a country that has a great potential for geothermal power. It is estimated that Japan has the world’s third largest geothermal reserves (JFS, 2014, September 11). However, Japanese geothermal power has not made a remarkable progress yet. If Japan and Kenya are able to strengthen the relation in this field, both countries would be
able to benefit for each other.

Environmental degradations & Climate Change

In Kenya, about 80% of national land is arid or semi-arid, and forest coverage reaches less than 2%. Environmental degradation such as deforestation, forest degradation and waste disposal is accelerated due to industrialization, urbanization, population growth and climate change effects in recent years (JICA, n.d.). Therefore, Kenya aims to become a nation that has a clean, secure and sustainable environment under the Vision 2030 (GoK, 2007).

At the end of 2015, the 21st Session of the Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) was held in Paris, France. In this conference, signatories including both developed and developing countries reached agreement on a new international framework for climate change measures. While environmental degradation and climate change has been receiving large attention from all over the world since the Paris Agreement, one of the current Japan’s major foreign policy initiatives is to transform into an environmental superpower related to climate change (Rose, 2012). Japanese government and JICA have assisted Kenya to address environmental degradation for over 20 years (JICA, 2015, October 26) and, especially since TICAD IV, both have placed more emphases on environmental protection. As such, Kenya could benefit more and more from Japan’s evolving strategy in the area of environmental issues.

Human capital

Between Japan and East Africa, there has been a remarkable human network. Nowadays, many Japanese nationals vis-à-vis Kenyan nationals frequently move backward and forward, and both nationals interact with each other in various fields. As of October 2013, 676 Japanese nationals are in Kenya (MOFA, 2015, April 27). In order to strengthen the relation with East Africa, Japan has been aware of the importance of rich human resources, and thus Japan has placed importance on education and fostering human capital, particularly for Japanese investors, in East Africa. For example, JET program enables Kenyan young foreign languages teachers to come to Japan for the purpose of improving their foreign language education as well as promoting international exchange at the local level. More than 1,500 Japanese have worked side by side with Kenyans under the Japan Overseas Cooperation Volunteers (JOCV) program and around 30 Japanese NGOs are active in Kenya (Terada, 2014, May 29). Kenya has the largest number of foreign athletes living in Japan because Japanese high schools and universities have sponsored and accepted a lot of student athletes from Kenya for a long time. Since 2014, Toyota Kenya Academy, operated by Toyota Tsusho Group in partnership with JICA, Kenyan universities and government agencies, has offered educational courses about African trainees business management and agricultural mechanization and entrepreneurship as well as technical automotive training and managerial staff development to Kenyan young generations (GoJ, 2016, August 19).

Conclusion

Japan and Kenya have maintained a good relationship for over five decades, and Kenya continues to occupy a very important position in Japan’s strategic diplomacy and aims on the African continent. Japan not only considers Kenya as a role model for Japan’s cooperation towards Africa (Terada, 2014, January 11), but views it as a Japanese strategic foothold in East Africa. Kenya, in turn, increasingly sees Japan as a viable and alternative partner to more traditional partners in both the West and East. Indeed, Kenyans may increasingly be able to leverage the ongoing Cold War between China and Japan in Africa by shopping for what works best for Kenya in regards to a particular project. For example, Kenya could utilize Japanese consulting and technical expertise in planning and designing projects and Chinese construction for building such projects. This is precisely what has happened with Lamu Port. Kenya can also benefit from
loans made by both countries, taking care to ensure better interest rates by playing one state against the other. Yet surprisingly Japan also stands to benefit to a degree from this competition. As we have noted, Japan should change its focus from traditional, big-picture infrastructure projects and concentrate more on its unique strengths – consulting and complex machinery and technical expertise. While generally more expensive, Japan has the better reputation and needs to continue to focus on its “quality over quantity” sales pitch in Kenya. In the process, and while taking time to attempt to address the glaring trade imbalance, Japan and Kenya could build a mutually beneficial and sustainable relationship.
References


Cornelissen, Scarlett. (2016). 10: Japan's Official Development Assistance to Sub-Saharan Africa: Patterns,


Inoguchi, T. (2013). Japan’s Foreign Policy Line after the Cold War. In The troubled triangle (pp. 35-62). Palgrave Macmillan US.


JICA. (n.d.). Activities in Kenya. Retrieved from


Ministry of Foreign Affairs of Japan (MOFA). (2016, August 20). Prime Minister Abe’s State Visit to Kenya


attacks-claims-7-japanese-lives-tokyo-steps-up-counterterrorism/


