

A. Federation of Malaya Imports from Japan

The Federation has for a long time relied heavily on Japan for her imports. Federation imports from Japan have been significant in the last decade. The increase in imports from Japan has been the result not of a shorter distance between the two countries, but that Japan was in a position to offer goods that had been the monopoly of the west for a long time, at competitive prices. Japan was in a position to do this at following a heavy industrialization programme.

Japan's success in doing so is due to the Federation of Malaya, more sharply from 6.2% in 1953 to 11.9% in 1963. It is interesting to note that sales of industrial goods such as machinery and transport vehicles, equipment, and chemical raw to the expansion of Japan's exports to other Asian countries. The Federation being in a developing stage requires such goods to implement her development plans and Japan appears to offer an excellent source for her imports.

The value of imports from Japan has been generally increasing over the period under study. In relation to total Federation imports, imports from Japan show a significant increase. Federation imports from Japan as their proportion to total Federation imports are set out in Table 13 for the period 1954 - 1963.

In 1954, value of imports from Japan amounted to about 577/- million or 4.1% of total Federation imports. A substantial increase was recorded by 1963 when total value amounted to 101.9 million or 11.9% of total imports. In 1963 a further increase to 107.1 million or 12.2% of total imports was recorded.

Imports from Japan by commodity categories are shown in Table 14, for the years 1959, 1960 and 1963.

*'Japan's Foreign Trade' in 'Economic Statistics of Japan' 1960, p. 591

** The years 1959, 1961 and 1963 have been selected, because data for the first three years were published by the Ministry of Commerce and Industry.

TABLE 13

POSITION OF IMPORTS FROM JAPAN

(In \$ Million)

Years	Total Federation Imports	Imports from Japan	Percentage of Federation Imports
1954	1319	26.9	2.1
1955	1543	43.9	2.8
1956	1751	46.4	2.7
1957	1814	43.8	2.5
1958	1657	38.9	2.3
1959	1739	54.6	3.2
1960	2151	88.9	4.2
1961	2228	91.7	4.2
1962	2417	117.0	4.9
1963	2575	252.3	9.7

Source: Department of Statistics.

TABLE 14

FEDERATION IMPORTS FROM JAPAN

(In \$ Million)			
Commodity Sections	1959	1960	1963
0 Food and live animals	9.3	11.4	19.7
1 Beverages and Tobacco	-	-	0.02
2 Crude material indelible	0.8	1.2	2.8
3 Mineral fuels	0.1	0.3	0.8
4 Animal and Vegetable oil	0.5	0.2	0.06
5 Chemicals	9.3	8.2	15.5
6 Manufactured goods	76.5	104.2	135.4
7 Machinery and transport equipment	15.8	32.3	62.1
8 Miscellaneous manufactured articles	11.4	13.7	13.4
9 Miscellaneous transactions	0.6	0.8	0.8
Total	124.3	172.3	252.57

Source: Publication by Ministry of Commerce & Industry.

It will be noticed that the total imports have been increasing substantially. By far the largest section of imports from Japan is manufactured goods.

B. Trends in manufactured goods

Manufactured goods (commodity section 6) includes the following items:-

- | | |
|-------------|---|
| Division 61 | Leather, leather manufactures n.e.s., dressed furs and parts of footwear and saddlery of any materials. |
| " 62 | Rubber manufactures n.e.s. |
| " 63 | Wood or cork manufactures n.e.s. |

- Division 64 Paper, paper board and manufactures thereof.
- " 65 Textile yarn, fabrics, made up articles and related products except clothing.
- " 66 Non-metallic mineral manufactures n.e.c. or included.
- " 67 Iron and steel alloys of iron except cerium iron.
- " 68 Non-ferrous metals.
- " 69 Manufactures of metal.

In 1961 total value of manufactured goods imported amounted to \$408.5 million or 16% of total imports, in 1962 the figures increased to \$471.9 million and 19.3% and in 1963 there was a slight drop to \$469.3 million and 18.5% respectively. Of this total Federation imports from the outside world, imports from Japan accounted for 25.5% in 1960 and 28.1% in 1963. Table 15 sets out the position of manufactured goods imported from Japan for 1959, 1960 and 1963.

TABLE 15

POSITION OF MANUFACTURED GOODS IMPORTED FROM JAPAN

Years	Total imports from Japan (\$ Million) (1)	Total imports of manufactured goods from Japan (2)	(2) as percentage of (1)
1959	124.3	76.5	61.1
1960	172.3	104.2	60.5
1963	259.6	135.4	54.6

In percentage terms manufactured goods forms a significant portion of imports from Japan, amounting to 54.6% in 1963. The two main categories of commodities under this section are iron and steel which increased by 87% between 1959 and 1960; and cotton woven fabrics which showed an increase from \$16.9 million in 1959 to \$23.2 million or 35%.

Textile fabrics u.e.s. declined in value from \$3.7 million in 1959 to \$6.1 million in 1960. This was an increase of 65%. Metal manufactures also showed an increase from \$4.1 million in 1959 to \$6.1 million in 1960. This meant an increase of 49%.

There has been an overall increase in the imports of manufactured goods from Japan since 1954. The upward trend is likely to continue in view of the trade pact signed in 1960.

C. The future for manufactured goods

Imports of various items from Japan have increased steadily over the past decade. The increase has been facilitated by the fact that imports from Japan can come freely into the Federation except those few items which are licenced or prohibited on grounds of security and health.

'Japanese products shunned, sneered at and branded by people throughout the world before the last war as cheap and inferior have become top sellers in Malaya and elsewhere, capturing as they did many important footholds despite stiff opposition from more developed industrial countries'.⁵ The impact of Japanese luxury goods has been significant in the Federation market. Until a few years ago all these were the monopoly of the west.

Manufactured goods as we have earlier remarked form the most important item of imports from Japan. Iron and steel have been the most important among manufactured goods. The steady increase that has prevailed in the imports of iron and steel is likely to continue in view of the urgent need for such items for the Federation's industrialisation programme.

Another important item that is of significance is cotton woven fabrics which together with other textile materials amounted to \$123.8 million in 1963. Japanese textiles have already established a name in the local market and it is expected that imports of this item will continue to increase.

D. Trends in the imports of machinery and transport equipment

Next in importance are the imports of machinery and transport equipments which amounted to \$15.8 million in 1959, \$32.3 million in 1960 and \$62.10 million in 1963. As percentages of total imports from Japan they have been 12.9% in 1959, 18.1% in 1960 and 24.2% in 1963.

* Anthony Oei - Singapore Trade Enquires Bulletin May 1963 pg. 6

Imports of general machinery which includes items like textile machinery, internal combustion engines, sewing machines, electrical apparatus and appliances, have taken an upward trend since 1955. Table 16 shows the imports of general machinery for the period 1955-1962.

TABLE 16

IMPORTS OF GENERAL MACHINERY

Years	Imports of general machinery (\$ M)
1955	2.8
1956	5.6
1957	6.5
1958	4.2
1959	11.0
1960	23.2
1961	36.5
1962	48.1

Source: Foreign Trade of Japan 1958 - 1963.

While the imports of general machinery has increased, that of electrical equipment has also taken an upward trend. In 1955 \$426,000 worth of electrical equipments were imported from Japan. In 1962 this figure increased to \$7.5 million. Imports of this item are likely to continue because of the heavy requirements in the Federation from there especially for her industrial projects.

Imports of machinery and transport equipment are vital to Malaya for her economic development. Under such circumstances the imports of machinery and transport equipment are likely to increase significantly. Included in this category of imports are electric apparatus and appliances which apparently have an assured market in the Federation, as has been indicated by a large increase in imports of this item in 1962 amounting to \$7.5 million. Various other kinds of machinery will be imported from Japan in increasing numbers in the years to come. This is necessarily so because of the absence of domestic production of such items.

The future for transport equipment is bright. Items such as motor-cycles, cars and bicycles have already made a quality mark. Among motor-cycles, the Honda brand from Japan has established a stable market in a relatively short period. It has been extremely popular among the younger generation. This is an encouraging indication in a population, 50% of which is under 21 years of age. Import of motor-cycles from Japan in 1962 formed almost 50% of total Malayan imports of the item. Relying on quality and lower prices, all indications are that Japanese motor-cycles will become more popular in the coming years.

The Federation of Malaya is also considering purchasing locomotive engines from Japan worth about \$10/- million. Negotiations are almost in the final stages and the first imports are expected by the end of 1964. It is therefore an inescapable conclusion that imports of machinery and transport equipment from Japan have a very bright future.

Other items of imports from Japan include clothing, food and beverages, medicine and chemicals. Table 17 shows the value of these imports since 1955.

TABLE 17

IMPORTS OF FOOD & BEVERAGES, CLOTHING, MEDICINE & CHEMICALS

Years	Food & Beverages	Clothing except fur	Medicines & Chemicals
1955	3.5	8.0	n.a.
1956	4.6	1.4	0.7
1957	3.5	1.1	1.2
1958	3.7	0.9	1.4
1959	5.5	1.3	3.6
1960	7.0	1.8	4.1
1961	10.7	1.4	4.6
1962	10.2	1.2	7.5

Sources: Foreign Trade of Japan (JETRO) 1958 - 1963.

It is apparent from the above table that there have been increases in the various import items since 1955. The increases have been

significant particularly after 1960. This has probably been the result of the trade pact signed between the Federation and Japan in 1960.

E. Trends in imports from Japan since 1957

On the whole, 1957 imports revealed decreases in textiles, cement, iron and steel and fish and increases in chemicals and miscellaneous goods (e.g. papers, matches, rubber tires and tubes). Imports from Japan declined in 1958 because the Federation economy received a heavy blow due to a serious slump in rubber and tin exports resulting from the world-wide recession in 1958. Recovery was noticeable in 1959. Imports from Japan increased by \$15.7 million over the previous year. 'The increase of Japanese products on the market was due to the fact that Japanese merchandise especially durable consumer goods, had gained much popularity among the Malayan people.'⁴ There was a general increase in imports of merchandise and chemicals. Among machinery imports, those of durable consumer goods such as electric fans, radios, automobiles and bicycles increased markedly. Chemical fertilizers and synthetic plastics heavily increased among the exports of chemicals products. Imports showed a continued expansion in 1960. Textiles, an important item, registered an increase of 40% in 1960. The increase was mainly in cotton fabrics. This was due to the import prohibition of communist Chinese cotton cloth. As regards machinery items, the two items that showed increases were automobiles and bicycles. Other commodities, including foodstuffs, non-ferrous mineral products and medicines and chemicals showed a general increase.

After a drop in the preceding year, imports from Japan increased in 1962. Increases were registered in almost all commodities except textiles. A substantial increase was observed in metal products and machinery and instruments. Imports of general machinery, electrical and transport equipments also increased. Especially conspicuous was the increase of motor-cycles imports.

Finally, in 1963 there was a further increase when total imports amounted to \$250.57 million. Imports from Japan have been increasing steadily over the past decade and it is likely to continue in view of the closer trading ties that are being brought about.

Imports of various other items from Japan are also likely to follow the increasing trend. Such items include transistor radio sets, radiograms, cameras, television sets, domestic appliances etc. Japanese television sets, for instance, have caught the market by surprise. Japanese sets were already on the Malayan market even before television was officially started in December 1963. The reason for Japan's success in television sets as well as in other products is two-fold: 'their

⁴ Japan's Foreign Trade (JETRO) 1960 pg. 156.

ability to execute fast delivery by virtue of their being closer to the market and their thorough knowledge of the market requirements by selling sets that are most popular locally.* It is interesting to note that local demand for Japanese products is very quickly answered.

The efficient and fast production of Japanese products geared to export markets have gained for her a reputation. Federation consumers very often look forward to Japanese products and innovations which usually appear faster on the Malayan market than western products. This efficiency on the part of Japanese producers has lead to a maxim among trade circles viz 'The British are still talking about it; the Germans are producing it, but the Japanese are already selling it at half-price.' Perhaps this sums up why Japanese have been successful in increasing their trade with the Federation especially in her exports. All indications therefore point to a bright future for Japanese exports to the Federation of Malaya.

* Anthony Jee - Singapore Trade Enquires Bulletin May 1963 pg. 8.