COMPANIES

Yamaha Motor, Kubota, others aim to shake Chinese rivals' Africa footholds

Undercut on price, Japanese brands emphasize after-sales service and longevity

Yamaha Motor's booth at this year's TICAD in Yokohama: The company has been in the African market since the 1960s, when it started exporting motorcycles and outboard motors for small boats. (Photo by Kenji Kawase)

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YOKOHAMA, Japan -- As the governments of Japan and China vie for influence in Africa, so too are their companies, with Japanese brands honing strategies to counter their Chinese rivals' rapid inroads across the continent.

"It's predominantly Chinese," Hiroshi Otsuka, president and CEO of vehicle component maker Musashi Seimitsu Industry, told reporters on the sidelines of the recent Tokyo International Conference on African Development (TICAD) in Yokohama. He had been asked about the competitive landscape of the electric motorbike business in Kenya, after his company entered the market a few years ago.

Musashi, a longtime Honda Motor supplier known for two-wheeler transmissions and powertrains, partnered with local player ARC Ride to sell e-bikes and create an ecosystem for them in the Kenyan capital, Nairobi. So far, they have set up about 200 battery stations, where riders can switch out batteries as needed and pay for the electricity they use. The companies say these stations are powering around 3,000 bikes in the city, a figure they aim to raise to 100,000 by 2029.

Otsuka acknowledged that it is unrealistic to compete with Chinese e-bike manufacturers on price, as they typically sell their models for 30% to 40% less. The key, he suggested, is to focus on "quality and services." Otsuka said their rivals usually "only sell, and care less about after-sales maintenance, which is a source of dissatisfaction among the long-term users" they hope to win over.

The batteries they use are all Chinese, he acknowledged. "In terms of batteries, there's no one that can beat the Chinese, at this point."

China's exports to Africa soared by nearly 25% on the year in the first half, hitting about $122 billion, according to Beijing's customs data. With the U.S. imposing new tariffs and Chinese companies often facing cutthroat price competition at home, the urgency for them to find new markets is only growing. This presents a challenge for companies from other countries, like Japan, that hope to maintain their presence in Africa or enter its promising markets.

Musashi Seimitsu Industry is selling these electric motorbikes in Kenya with local partner ARC Ride, while establishing a network of battery stations. (Photo by Kenji Kawase)

Yamaha Motor has been in Africa for much longer than some of its peers, having operated there since the 1960s, when it started exporting motorcycles and outboard motors for small boats. While competitors from China and India have gobbled up market share in the motorbike business, Yamaha's outboards remain a leading brand on the continent.

At last week's TICAD -- held once every three years to strengthen Japan's economic and political ties across Africa -- Yamaha's Motoki Watanabe echoed the importance of after-sales services to fend off cheaper Chinese models.

Watanabe, strategy lead for the company's international cooperation group, told Nikkei Asia that Yamaha has, over time, established a network of service centers in more than 50 African countries, with spare parts and locally trained mechanics. He stressed that quality and maintenance are even more critical for boat engines than for motorbikes because trouble at sea can be fatal.

Still, he lamented that the company is spotting counterfeit products in the market "that look alike to ours," similar to what happened with motorbikes in the past. He also said that mainly Chinese rivals have been peeling away Yamaha's market share in motors for use in freshwater boats -- where the safety stakes are not quite as high and there are no concerns about saltwater corrosion. These Chinese motors are usually 20% to 30% cheaper.

Kubota, a leading agricultural machinery manufacturer, is wrestling with similar Chinese competition in Africa, especially in combine harvesters. As made-in-China brands -- such as World Group by Jiangsu Wode and Weichai Lovol under state-owned Shandong Heavy Industry Group -- cost about two-thirds as much as a Kubota machine, price-sensitive buyers are difficult to attract.

Like their Japanese peers in other industries, Hiroshi Kaneko, managing director of Kubota Kenya, said quality and after-sales support are essential. "We have clients who originally chased low prices but came to us for their next purchase," he said. However, he added, Kubota's competitors are learning and improving their products.

SK-Kawanishi, a privately held manufacturer of water pipe joints based in Kagawa prefecture, in western Japan, is helping to tackle leaks in Kenyan infrastructure that waste precious resources, lower water pressure and lead to inaccurate meter readings. While better joints are not the sole solution, President Akihiro Kawanishi said that since his products were installed by Kericho Water and Sanitation in the East African country, the leakage rate has dropped to 14% from over 50%.

For government contracts, SK-Kawanishi competes mainly with Chinese and Indian rivals that offer much lower prices. But he said, "We emphasize the life-cycle cost," arguing that his products last longer and that as a result, "The overall cost for our products gets cheaper."

Akihiro Kawanishi, president of SK-Kawanishi, displays the company's waterpipe joints at TICAD. The company promotes a lower "life-cycle cost" of its products to counter rivals that offer cheaper initial prices. (Photo by Kenji Kawase)

Japanese companies, of course, are not only contending with their Chinese counterparts directly but with Beijing's decadeslong courtship of the continent. While wooing diplomatic allies to support its "one China" principle on Taiwan and other strategic ambitions, China has pumped aid and investment into the region, fueling business development.

Chinese companies have averaged more than $3 billion a year in foreign direct investment (FDI) in Africa over the past five years, Shen Xiao, director-general of the West Asian and African affairs department of the country's Commerce Ministry, revealed to reporters in May. In separate data released by the department, the total stock of Chinese FDI across the continent was $42.11 billion as of the end of 2023.

These numbers far exceed Japan's.

Japanese FDI into Africa in 2024 came to 170.9 billion yen ($1.16 billion), according to Bank of Japan statistics. The total stock at the end of last year was 1.42 trillion yen, or about $9.7 billion, up 25% from the end of 2023 but still well behind the Chinese figure.

The Japan International Cooperation Agency (JICA), Tokyo's foreign aid arm, hosted a discussion with Japanese companies that have African experience at TICAD. One attendee observed that the market is "tightly packed with Chinese companies," and said, "What was originally thought to be a blue ocean is already a red ocean," directing a question to Daikin Industries about competition in the Nigerian air conditioner market.

Kana Iwazawa, a representative from Daikin who was one of three speakers at the session, said her company's market share was around ninth, behind Chinese and South Korean manufacturers. Describing the situation as "tough," she said the company is taking a long-term approach and is working with local authorities to "change the market" by encouraging adoption of energy-saving regulations. This worldwide approach applied in Africa would help Daikin to promote its inverter technology and address social issues at the same time.

Daikin declined Nikkei Asia's request for an interview to discuss the details of such regulatory efforts.

Some, meanwhile, believe part of the answer may be embracing Chinese peers in the vast African market.

Yo-ren, a Shanghai-based Japanese digital marketing company, aims to combine the strengths of Japan and China. Osamu Kaneda, Yo-ren's chairman and CEO, suggests Japanese companies should seek to tap their Chinese counterparts' expertise in supply chain efficiency.

Kaneda is a member of the Japan-Africa Co-Creation for Industry initiative, or JACCI, which helps Japanese companies match with African startups, and hopes to create bridges between Japan and China as well.

JICA President Akihiko Tanaka expressed a similar thought when he spoke with Nikkei Asia at TICAD. "There are no conflicts or issues with our Chinese counterparts in Africa," he said. Tanaka, an international politics scholar by profession, stressed that for African countries, it is "beneficial" if Japan provides some kinds of support while Chinese "take the others."