ROLE OF JAPAN IN THE ECONOMIC
COMMISSION FOR ASIA AND FAR EAST

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PREFACE

When the Economic Commission for Asia and the Far East was born in 1949 there were not many people who believed that it was going to live long specially in view of the nonco-operation of the biggest Asian country, viz. the People's Republic of China. It was into such an organization that Japan was admitted in 1952 as an Associate Member (full membership came two years later). This gave rise to a mood of optimism among the remaining members of the Commission in so far as Japan was the only industrialized Asian country among the participants in the activities of the Commission. After her defeat in the Second World War Japan was in a chastened mood and was anxious to join the specialized agencies of the United Nations and thus contribute to the long-range peaceful construction of the world. Such a mood also went well with her own economic needs: the search for raw materials > xxx and markets. Naturally, she first turned her attention to the Asian region. In the initial stages Japan was chary of making her intention public due to a lurking fear that the countries which had been overrun by her armies might see her motives in a different light. Specially. in view of the rising tide of anti-imperialism and opposition to neo-colonialism Japan's fears were justified. Hence her preference for multilateral arrangements under the auspices of the United Nations.

This work is an attempt to highlight Japan's participation in the Commission since its inception, and to judge whether Japan's association with the organization is an asset or a

liability to it. While doing so I have been very brief in presenting facts and figures. The work has been divided into five chapters. Chapter one introduces the subject. Chapter two deals with Japan's participation in the Commission's activities in different spheres during 1950's — the first decade of her participation. Chapter three is an extension of the previous chapter and deals specially with the United Nations First Development Decade, viz. 1970's. Chapter four evaluates Japan's contribution to major ECAFE development projects. And, the last chapter contains summary and conclusions.

In preparing this study I have widely consulted the United Nations Documents and Japanese Government publications. However, the paucity of private works on the subject has been a serious handicap in preparing this work. I have, therefore, relied largely on newspapers and journals. Time was yet another limiting factor. There are obvious gaps in the work and it is by no means a final work on the subject.

I express my sincere thanks to Dr. P.A. Narasimha Murthy, Chairman, Centre for East Asian Studies, School of International Studies who, as supervisor, has helped me in preparing this work. But for his constant guidance it would have been very difficult for me for submission for M. Phil. degree in such a short time. However, I alone am responsible for all errors and omissions that might be found in this work. I also take this opportunity to thank my friends Mr. T.P. Bhat for going through the draft and giving me valuable suggestions, to Mr. P.S. Ghosh who gave me some lessons on methodology. I don't know how to thank Bina who has shown tremendous patience to me. Lastly, I would also

like to place on record my gratitude to the staff of Japan Information Centre, and the officials of the United Nations Information Centre who placed at my disposal valuable data and information on the ECAFE. The staff of the Sapru House Library and particularly Mr. P.N. Jha have been extremely kind and co-operative in providing precious library assistance.

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GEOGRAPHICAL SCOPE OF ECONOMIC COMISSION FOF ASIA AND THE



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Chapter One

INTRODUCTION

The Economic Commission for Asia and the Far East is one of the regional arms of the United Nations which was established by the Economic and Social Council on 28 March 1947. The establishment of the Commission may be summed up as an institutional expression of the recognition of the Asian aspirations for better living standards, and for meeting the complicated economic problems of the Asian countries which had cropped up after the Second World War and which could not have been tackled in a proper way without a regional economic machinery.

The terms of reference of the Commission as formulated by the ECOSOC fully reveal its aims and objectives. Accordingly, the Commission has to "initiate and participate in measures for facilitating concerted action; to make or sponsor investigations and studies of economic and technological problems and development; to undertake or sponsor the collection, evaluation and dissemination of economic, technological and statistical information; to perform such advisory services as countries of the region may desire, provided that these do not overlap with the United Nations technical assistance programmes; to assist the Economic and Social Council, at its request, in discharging its functions within the region in connection with any economic problems, including problems in the field of technical

^{1.} Economic and Social Council Official Records, Second Year: Fourth Session (New York, 1947), UN Doc. E/405 (vide Resolution 37 IV).

- assistance. In consonance with the above guidelines the Commission carries out its tasks in the following ways:
- (a) provision of expert advice to assist in development planning, specially that undertaken with the United Nations

 Special Assistance;
- (b) rationalization of United Nations programmes with a view to achieving greater effectiveness in their operation, partly by ensuring that the activities of the United Nations and the Specialized Agencies are adequately related to the countries' actual plans of economic and social development and by helping the United Nations Bureau of Technical Assistance operations to formulate country programmes;
- (c) intensification of research and demonstration projects in science and technology in areas of special promise, such as the development of power resources, improved water control, industries and transport;
- (d) increasing the opportunities for training, including the establishment of Regional Training Centres and Institutes where these are most required for furnishing effective personnel to less developed countries in the transitional period;
- (e) mobilization of public and government support in developed and less developed countries for the measures essential

^{2.} ECAFE: Twenty Years of Progress (United Nations, 1967), UN Doc. E/CN.11/766 Rev. 1, p. 1.

^{3. &}lt;u>Ibid.</u>

^{4.} Ibid.

^{5.} Ibid.

^{6.} Ib1d.

to sound and rapid economic and social growth;

- (f) promotion of regional co-operation among ECAFE 8 countries in all fields of economic and social activity;
- (g) exchange of knowledge and ideas by means of conferences, meetings and consultations between leaders from developed and less developed countries;
- (h) improvement of statistical and reporting information so that standard and uniform measurements of progress towards goals and objectives are made available.

In pursuance of the above aims and objectives the Commission has held regular annual sessions in different member ll countries; established various committees, sub-committees, expert study groups; organized various seminars and symposia. These ECAFE forums have provided a common platform for the countries of the region to focus their economic problems, and have brought the developed and developing member countries to a common table of discussions. In fact the conferences and meetings of the Commission serve more the purpose of high-lighting the common economic problems and their solutions than the purpose of concluding specific agreements between the member governments, or deciding upon the allocation of funds.

^{7. &}lt;u>Ibid.</u>, p. 2.

^{8.} Ibid.

^{9. &}lt;u>Ibid</u>.

^{10.} Ibid.

^{11.} In March 1972 ECAFE held its 28th annual session - the latest one.

^{12.} Okita Saburo, "ECAFE's Tokyo Conference", Japan Quarterly (Tokyo), vol. 2, no. 3, July-September 1955, pp. 294-301.

It is widely accepted that the Commission has been very successful in helping member countries, specially those who have been struggling to build up their economy. In other words, developing countries have always been at the receiving end. But in the case of Japan which is the leading developed country of the region, it would require a cautious observation to determine her position in terms of beneficiary and benefactor. For this observation Japanese participation in the Commission may be studied in different stages. The first stage marks Japan's anxiety as well as enthusiasm to get into the world community after the Second World War. And, probably this was too limited an objective of Japan in the Commission when she was admitted into it. The second stage ends with the end of the decade - the 50's. During this period Japan was herself busy with reconstructing her own economy which was totally disrupted during the war. Hence she could not play any important economic role in the Commission. For this two more imminent causes may be cited here; one, that she was reluctant to involve herself too much in the affairs of the Asian countries in view of the widespread suspicion about the Japanese among the victim Asian countries after the Second World War. These countries had not yet forgotten the Japanese imperialistic thesis of "Asian Co-prosperity Sphere" propagated before the The other cause is that the Commission's own spheres of activities were not much wide by that time, and it had still to open doors for various economic reconstruction plans. But, the third stage which starts with the descent of the 'United Nations First Development Decade" - the 60's, saw Japan's much more

expanded activities in the Commission. By the time of the descent of the new decade, Japan had recovered her economic strength, and the Commission had also started harping on various new economic development projects in response to the United Nations call for "First Development Decade". The expanded spheres of activities of the Commission gave Japan ample opportunities to contribute that much, particularly in the field of development projects, which she still could not contribute in some traditional economic fields like trade, industry, aid, 13 etc.

Japan's early years of participation in the Commission would give the impression that her objective was limited, and that too was, probably, more political than economic. And, as said earlier it was nothing but an attempt to get a place in the world community, particularly among her Asian partners - a place she had lost after the Second World War. As a prelude to enter the United Nations, she became the member of the UN specialized Agencies like Food and Agriculture Organization, International Labour Organization, World Health Organization, United Nations Educational, Scientific and Cultural Organization, before she became the member of the Commission. And, to enter

^{13.} Japan in the United Nations (Japan Ministry of Foreign Affairs, Tokyo, 1969), Japan Reference Series No. 1-69, p. 22. "As the activities of ECAFE cover many fields of economic development, so does the scope of Japan's co-operative efforts for promoting economic development in the ECAFE region".

^{14.} Economic Commission for Asia and the Far East,
Annual Report (8 March 1951 - 8 February 1952),
ECOSOC Official Records, Fourteenth Session (New York,
1952), UN Doc. E/CN.11/342, p. 16.

the Asian community the Commission provided the best opportunity and a channel for her. On the economic side, it seems, she relied more on her own efforts - 'Self help', than on external help. But, her entry in the Commission, nevertheless served both the purposes - political and economic.

It may be recalled here that at the 7th annual session of the Commission held at Lahore (Pakistan) in 1951 when Japanese representatives were first admitted in the plenary session - during the whole four weeks of discussion the only Japanese voice heard was the cry Mr. Chairman! and that too on only one occasion. Japan was admitted in the Commission as 16 an associate member in 1952, and full membership in 1954. But soon Japan's relevance was felt in the Commission. As a matter of fact the relevance of the Japanese economy to the ECAFE countries was highlighted even before Japan's admission in the Commission by the then Executive Secretary of the Commission,

^{15.} Okita Saburo, n. 12.

The Commission's resolution of 29 January 1952 adopted at 16. its 8th Session (Rangoon), on a Pakistan's motion, recommended the ECOSOC to admit Japan as an associate member. The resolution reads, "The Economic Commission for Asia and the Far East recognizing the importance of Japanese economic potentialities and the need to promote closer economic co-operation between Japan and the countries of the region: Believing that such co-operation would assist the economic development; Recommends to the Economic and Social Council that, with a view to permitting such co-operation ...; Resolves that, in the event that the Council accepts the above amendment, Japan be admitted thereupon as an associate member of the Commission.... See ECAFE: Annual Report, n. 14, p. 20; the above resolution was later endorsed by the ECOSOC vide its resolution 419 (XIV) 10 June 1952 - see ibid.

^{17.} ECAFE: Twenty Years of Progress, n. 2, p. 4.

P.S. Loknathan in 1947 (Commission's 2nd session). However. only four years after the Lahore Session of the Commission, Japan won the distinction of hosting the 11th annual session of the Commission in 1955 and being elected its chairman. showed Japan's growing international stature in the eyes of the Japan's international obligation in the Commission world. also gradually increased. The developing countries pinned much hope on Japan for gaining her co-operation in their economic development. On the other hand, a rapid economic co-operation between developed and underdeveloped countries was felt as a matter of expediency after the war. Three main causes may be attributed for this new trend: firstly, the desire to become a welfare state which meant for the underdeveloped countries. massive co-operation to be extended by the developed countries. Secondly, the East-West rivalry made it imperative for the leaders of both the blocs to help build up the economy of their respective underdeveloped partners as only with a sound economy the rallying partners could have extended material support to their respective leaders in times of need, and by economic assistance the developed countries also tried to win the support of the developing countries in the international politics. Thirdly, developed countries needed overseas market and raw

^{18.} David Wightman, Towards Economic Co-operation in Asia; The United Nations Economic Commission for Asia and the Far East (New Haven and London, 1963), p. 39.

^{19.} Okita Saburo, n. 12.

^{20.} Fukushi Jiro, "Economic Co-operation with South East Asia", Japan Quarterly, vol. 10, no. 2, April-June 1963, pp. 175-81.

material areas. On the other hand developing and underdeveloped countries needed purchasing power and also sufficient means to harness their natural resources. So, co-operation between the two was but natural. The above factors did also justify Japan's participation in the Commission. Japan did realize the importance of Asian region for her own economy. Hence either to help the developing countries of the region in exploiting their natural resources or to expand her investment etc., it was felt necessary to make an intensive Asian studies programme. Without such a programme it was difficult to obtain rapid and substantial results out of Japanese economic co-operation. Hence to have an accurate grasp of the economic situation prevailing in the countries of the region. Japanese Asian studies were being encouraged.

But, how far Japan's objective of economic co-operation with the countries of the region could become practically feasible and how far her efforts in this direction have been appreciated by the developing countries of the region, are subject matters of further study and would be dealt with subsequently. Whatever may be the exact results of the Japanese co-operative efforts in the Asian region, her expanded activities in the Commission have certainly given impetus to the apprehension of Japanese economic imperialism, among the member countries. This is probably due to the one sided trade

^{21.} Ibid.

^{22.} Hara Kakuten, "Japanese Research on Developing Asia", Japan Quarterly, vol. 12, no. 1, January-March 1965, pp. 93-98.

and commercial relations between Japan and the Asian countries in the past. This is also probably because of Japan's too much commercial bargaining on the issue of economic aid and assistance given to the developing countries. Japanese growing capital investment in the South-east Asian countries has also raised fears among those countries.

while this fear of Japanese economic imperialism is being talked about at the private level, it needs careful study by the Asian countries. In fact the fear is largely based on the past performance of Japan, particularly her one sided trade with the other developing countries etc. But recently Japan has indicated that she would liberalize her trade with the countries of the region and also the 'one per cent aid' target set by the Second United Nations Conference on Trade and Development would be On the other hand Japan's keen interest in achieved by 1975. the multilateral development projects of the region also belies the above fear to a great extent. Moreover, the new approach to economic assistance - that is multilateral aid channelled through international bodies would certainly dispel any such fear of the developing Asian countries. Hence, it may be assumed that if Japan pursues the above approach of economic

^{23.} Yamamoto Noboru, "New Phases of Assistance to Underdeveloped Countries", <u>Japan Annual of International Affairs</u>
(Tokyo), vol. 1, no. 1, 1961, pp. 173-86. "What is intended
by Japan as economic co-operation contains activities on the
commercial basis in many instances, while the receiving
countries are apt to take them for things like gifts."

^{24.} Japan Times Weekly, "Japan to Boost Aid to one percent of GNP by 1975", (Tokyo), 30 May 1970.

^{25. &}lt;u>Japan's Foreign Aid</u> (Japan Ministry of Foreign Affairs, 1967), Japan Reference Series No. 2-67, p. 8.

co-operation, the fear among the developing countries would be 26 wiped out. And, no doubt Japan has fully realized this fact and now she expects to channelise her most of the assistance through the international organizations.

The "First Development Decade" has already passed. The United Nations has designated the 1970's as the "Second Development Decade". In this decade Japan's responsibilities have to be increased more because this decade has been characterized as the decade of implementation. Japan, still, would have to go a long way in implementing those projects and schemes which had already been undertaken by the Commission for the economic prosperity of the region. She would also have to

^{26.} Selected Addresses by Watanabe Takeshi, President, Asian Development Bank, Paths To Progress (Information Office, ADB, The Philippines, March 1971), p. 44. "Some times recipient of foreign advice are suspicious. Even though advising partners are motivated purely by good intentions, misunderstandings are unavoidable... As an example, a recent case may be worth noting. In one of the Asian countries a project was developed by Japanese help, but that country insisted on asking the ADB to take up this project instead of asking for bilateral help from Japan. This country made it very clear that they have no objection to Japanese involvement in the project if a Japanese firm was chosen by the ADB in accordance with the procedure of international bidding."

^{27.} Nisibori Mashahiro, Japan Views the United Nations (Japan Ministry of Foreign Affairs, June 1970), Japan Reference Series No. 1-70, p. 8. "Since we attach considerable importance to multilateral program of development, and in particular, the regional approach, a significant part of our financial resources will be channelled through United Nations organs such as ECAFE, UNDP, and UNICEF, together with other regional arrangements like the ADB and Ministerial Conference for Development of South East Asia."

reorient her policy of economic co-operation in such a way
that apart from economic advancement it would also help the
developing countries of the region in their social advancement.

Chapter Two

JAPAN IN THE ECAFE: THE FIRST DECADE 1952-1959

Japan's admission in the Commission marked an important step forward in her efforts to find a due place in the community of nations at large. Before she became the member of the Commission she had already been admitted in some specialized agencies of the United Nations. But her ECAFE membership was regarded much more important. And, it was proper for Japan to utilize this opportunity to exhibit her enthusiasm and sincere gestures to win the confidence of Asian countries. In fact, her United Nations membership in 1956 may be co-related to the significant fact of her admission in the Commission in 1952.

On the other hand, war weary Asian countries also pinned much hope upon Japan who could possibly join in the economic reconstruction of the Asian region. But, in the economic reconstruction of the Asian region the role of the ECAFE countries on the one hand and that of Japan on the other must be distinguished here. The economies of the ECAFE countries are not complementary to each other. They are complementary to the industrialized countries of the world, including Japan. Hence, the developing countries of the ECAFE region could not help much in the economic reconstruction of the region as a

^{1.} ECAFE: Annual Report (8 March 1951 - 8 February 1952), ECOSOC Official Records, Fourteenth Session (New York, 1952), UN Doc. E/CN.11/342, p. 16.

^{2.} Economic Survey of Asia and the Far East 1949 (New York, 1950). UN Doc. E/CN.11/260, p. 293.

^{3.} Ibid.

whole. On the other hand Japan has been considered as the "workshop" of the Asian region since long and she continued to be so even after the War (except for a short period just after the war). Naturally, Japan's contribution to the economic development of the region was attached greater importance than the contribution of the individual developing countries of the region. She was a potential giver of aid, technical assistance, a source of capital funds and a promising trading partner. It was also expected that Japan would help in the creation of an atmosphere for the promotion of intra-regional trade and co-operation, despite the fact that in the initial stages this concept of "intra-regional co-operation" was difficult to create owing to the non-complementary economic character of the developing countries of the region.

That Japan was always willing to extend adequate economic co-operation to the developing countries of the region was reiterated by the Japanese Government on different occasions. At the 9th session of the Commission held at Bandung (Indonesia) in 1953, Japan appeared for the first time as an associate member of the Commission, and expressed that she had enough machinery and other goods available to help develop the Asian region. Ichiro Ohta (the delegate) asserted that Japanese industrial production had increased by 140 per cent over the pre-war level, and Japanese capital goods including electric generating equipment, machinery for construction and agriculture.

^{4.} Ibid.

^{5.} Japan Times, 12 February 1953, p. 4.

textile machinery etc. could readily be exported for the 6 economic development of the region.

Japan's response to the economic needs of the region may be studied in different spheres of Commission's activities. Before going into details it should however be noted that Japan's first decade of participation in the Commission was restricted by a number of internal factors. Japan's role during this period was less prominent than it became in later years, although she participated in all forums of the Commission. Another notable feature is that during this period Japan's economic co-operation was mostly on a bilateral basis than on multilateral basis. And, through bilateralism Japan consolidated her economic position in South East Asia. The method which she employed to foster economic bilateralism were: (a) promotion of a smooth supply of goods through trade and reparations: (b) extension of technical assistance: and (c) collaboration in enterprises of the developing countries of the region either by investment or by joint enterprises.

Asian Studies and Research

Japan's interest in the economic development of the region found an expression in the form of promotion of Asian studies and research. In the absence of a detailed analysis

^{6.} Ibid.

^{7.} Yamamoto Noburo, "New Phases of Assistance to Underdeveloped Countries", <u>Japan Annual of International</u> <u>Affairs</u> (Tokyo), no. 1, 1961, pp. 173-86.

^{8.} Sugi Michisuke, "Trade and Economic Co-operation with South East Asia", Contemporary Japan (Tokyo), vol. 25, no. 1, September 1957, pp. 55-61.

of the economic situation of the ECAFE countries, it would have been more difficult for Japan to carry out any economic co-operation and pursue her economic interests in the region. Hence an ambitious programme of study and research was under-The Japanese Asian studies and research programme of taken. the post-war period was even more important because under the changed circumstances, Japan had to study and understand South East Asia, independently of the achievements of western scholars. Actual surveys were conducted in the region and the data studied and analysued from a Japanese point of view. One of the themes on which the Japanese pride themselves today is the cumulative and intensive effort made to study South East Asia since the end of the war. The growth of Asian Studies in Japan falls The first stage, covering the years 1947-52 into four stages. was a preparatory period: material and data were gathered. processed and translated. The second period, covering the years 1953-55 witnessed the establishment of research organizations like "Nihon ECAFE Kyokai", "Ajia Seikei Gakkai", and "Ajia mondai chosakai" etc. Besides, major efforts were made during this period to introduce and analyse materials relating to economic development - primarily the development plans of the various developing countries of the region. The third

^{9.} Hara Kakuten, "Vapanese Research on Developing Asia", <u>Japan Quarterly</u> (Tokyo), vol. 12, no. 1, January-March 1965, pp. 93-98.

^{10.} Ibid.

^{11.} Ibia.

^{12.} Ibid.

period, ending in 1958, was marked by intensive research and survey of the actual economic conditions of individual countries. The fourth which began with the establishment of the Institute of Asian Economic Affairs (1958) saw the combination of theoretical and pragmatic research, studies in regional co-operation etc. The short term research projects and long term economic projections for Asian countries were also carried out. For example, there were seven such projects concerning labour problems carried out in India, Burma, Malaya and Indonesia. Analytical studies of the international balance of payments was carried out in India, Pakistan, the Philippines and others. Three projects on financial situation were carried out in India, Burma and Thailand.

International Trade and Industry.

Trade and Industry cover the major part of the Commission's activities. The Committee on Industry and Trade 14 (now known as Committee on Industry and Natural Resources) which has other subsidiary committees, looks after these works of the Commission. In the field of trade the emphasis has always been on expanding trade between Japan and the developing countries of the region. This is evident from the tone of the various Annual Reports of the Commission and the Economic Survey of Asia and the Far East. As early as 1950 the Commission at its 6th. Session at Bangkok explicitly made a recommendation

^{13.} Ibid.

^{14.} Twenty Years of Progress, n. 2, p. 38. The name of the Committee was changed in 1957.

to the same effect. However, the actual response from the Japanese side to the call of trade expansion with the developing countries of the region did not prove to be satisfactory from the latter's point of view, in the sense that Japan always tried to pursue a one-sided trade policy. In other words, Japan managed to expand her export to the developing countries of the region, but the latter could not expand their export to Japan at the same pace. There were several factors for this as we shall see later.

In 1958 Japan proposed in the Commission for holding regular intra-regional trade promotion talks. This proposal was submitted to the Committee on Industry and Trade at its 16 9th session. The Commission later adopted the proposal through one of its resolutions that year (Resolution 23 (XIV) 17 11 March 1958). In view of this resolution of the Commission Japan held a regional seminar on trade promotion at Tokyo in 1959 with the assistance of the United Nations Technical Assistance Administration. The seminar was highly acclaimed by the Committee on Trade of the Commission at its 3rd session held at Bangkok in 1960.

The trade promotion talks of 1958 were a success, as it provided a good forum for exchanging views of the developed

^{15.} Sugi Michisuke, n. 8.

^{16.} ECAFE: Annual Report, n. 31, p. 10.

^{17. &}lt;u>Ibid.</u>, p. 33.

^{18.} ECAFE: Annual Report (26 March 1959 - 21 March 1960), ECOSOC Official Records, Thirtieth Session (1960), UN Doc. E/CN.11/530, p. 8.

and developing countries of the region on the problems of trade But in actual practice little was achieved during expansion. the 1950's, particularly in the field of trade liberalization. The problem of trade expansion was regularly debated in the Committee on Industry and Trade, but Japan failed to act: she showed reluctance to liberalize her trade with the developing countries of the region. Japan's main plea was that her economy neither resembled fully the economies of developed countries. nor of the developing countries of the region. This fact had also been stated through the Commission's Reports and Surveys. Japan had also other domestic considerations in blocking her market for Asian goods. She favoured a gradual solution of the problem of trade expansion. With this end in view she initiated a new move in 1955 in the Committee on Industry and Trade. Japanese representatives indicated country's interest in the study of possibility of expanding the system of multilateral payments within the ECAFE region. Japan further suggested for the establishment of Payments Union which would solve the payment difficulties and promote intra-regional trade.

There has been a considerable trade gap between Japan and the developing countries of the region. Some causes may be noted here briefly. During the decade under discussion, a large number of people in Japan lived in the rural areas and their primary sources of livelihood remained farming and rural

^{19.} Okita Saburo, "ECAFE Tokyo Conference", <u>Japan Quarterly</u>, vol. 2, no. 3, July-September 1955, pp. 294-301.

^{20.} Ibid.

industries. Under the circumstances, had Japan fully opened her market for the products of the developing countries of the region, it would have adversely affected her rural sector.

This was a matter of life and death for those rural industries and the farm cultivators. On the other hand, the developing countries had chronic balance of payments problem; (particularly this South East Asian countries) they were short of foreign exchange which was essential for their economic development.

However, notwithstanding the domestic pressures on her in going slow on liberalization, Japan continued to receive demands from south East Asian countries to end her restrictive trade practices. The consumption of primary products and increasing the purchasing power constituted one of the major aspects of economic development of the ECAFE countries.

Japan's contribution in the field of industrial development was limited to mineral resources, small scale industries, electricity, railways, trade fairs etc. In 1953 Japan hosted a Mineral Resources Conference in which experts from the 23 countries of the region participated. After the conference Japan also made facilities available to the delegates of the Conference for field trips to areas of geological and mining importance in Japan. Earlier, Japan had also co-operated with

^{21.} Fujiyama Aiichiro, "South East Asia and Japanese Economic Diplomacy", Contemporary Japan, vol. 25, no. 2, April 1958, pp. 180-4.

^{22.} Ibid.

^{23.} ECAFE: Annual Report (9 February 1952 - 14 February 1953), ECOSOC Official Records, Fifteenth Session (1953), UN Doc. E/CN.11/372, p. 2.

a study group of experts on iron and steel which visited the country in September-October 1952 to acquire knowledge of the 24 working of iron and steel industries in Japan.

Japan accorded training facilities for the trainees of the countries of the region in industrial management. sort of co-operation was very much appreciated by the Committee on Industry and Trade at its 7th session. Earlier the Committee had considered it desirable to develop national management institutes in the countries of the region to provide training in commercial and industrial fields. Japan's co-operation was sought in this. Japan drew up a comprehensive itinerary for a study tour by the experts on small scale industries drawn from the countries of the region. This tour took place from 26 April This study group highly appreciated the to 31 May 1954. Japanese system of credit insurance, and the activities of the smaller Enterprise Agency, and the functions of the Japan Export Trade Research Organization. The group recommended that these systems should be adopted by the developing countries of the region also. Further, Japan had been taking part in the functions of the Sub-committee on Electric Power which was a subsidiary body of the Committee on Industry and Trade. She hosted two sessions of the Sub-Committee in 1954 and 1959. The Sub-Committee at its 4th session in 1954 at Tokyo noted with gratification that Japan was one of the industrialized

^{24. &}lt;u>Ib1d.</u>, p. 3.

^{25.} ECAFE: Annual Report (19 February 1954 - 7 April 1955), ECOSOC Official Records, Twentieth Session (1955), UN Doc. E/CN.11/407, p. 3.

^{26.} Ibid.

countries which provided technical information on the development of electricity projects; made electrical and other equipment available; gave facilities to the foreign engineers who visited large and highly developed power projects in Japan; provided expert assistance to the countries of the region in planning, designing and constructing their power projects.

For the expansion of industries in the developing countries of the region Japan signed nine major contracts during fiscal 1955 which were concerned with the exploitation of tin mines, construction of a slaughter house, and manufacturing of refrigerating equipment in Thailand; construction of a zinc plant and plug manufacturing factory in India; rubber 1881 industry in Pakistan, and so on. Besides, 49 service contracts and 19 cases of joint enterprises were also taken up during the 29 same period.

The Commission had from time to time recommended the organization of international trade fairs and exhibitions to popularise the products of the different countries of the region. In this respect Japan has shown much interest. In response to a resolution of the Sub-committee on Trade adopted in 1956 at Tokyo, Japan organized a "Japan Machinery Floating Fair" in 1957. This floating fair visited the countries of the 30 region. The Sub-committee appreciated the Japanese move and

^{27.} Ibid., p. 4.

^{28.} Sugi Michisuke, n. 8.

^{29.} Ibid.

also requested the Japanese Government to submit a report on her experience in this venture so that the Sub-committee could recommend to other countries of the region to organize such fairs. However, at the subsequent session of the Sub-committee, it decided, after taking note of the Japanese report, that the time was not ripe for floating trade fairs to be organized by 31 the developing countries of the region.

Industrialization

On the question of industrial development of the developing countries of the region Japan has accepted in principle that industrialization was one of the important factors for the economic prosperity of the region; but she has deplored the tendency of the developing countries of the region to push industrialization too much at the cost of agriculture. This criticism came from the Japanese delegates at the annual session of the Commission held in 1955 at Tokyo. There may be some truth in this criticism in view of the fact that the economies of most of the countries of the region are still agrarian in nature. A drastic switch-over from agriculture to industry would result in various economic evils. In Japan's own case there was no drastic switch-over to heavy industry. It was a gradual process. However, this does not mean that Japan has rejected the expansion of industries in the developing countries of the region. Indeed what she expects is a gradual

^{31.} ECAFE: Annual Report (29 March 1957 - 15 March 1958), Ecosoc Office Records, Twenty Circle Section (1958), U.N. Doz. E/CN. 11/482, P. 10.
32. Okita Saburo, n. 19.

expansion of industries along with a simultaneous development of agriculture and small scale industries. The Japanese delegate at the Tokyo annual session of the Commission in 1955 did emphasise the above view and felt the need of obtaining greater supply of capital from the advanced countries outside the 33 region. Japan alone obviously could not have taken upon herself the responsibility of supplying capital to all the countries of the region for expanding their industries.

Technical Assistance

The Japanese technical assistance given to the developing countries of the region is one of the major parts of her economic But it is only in 1950 that Japan started exporting co-operation. industrial technology for the first time in the post-war period: and there were constant but "small trickles of technological outflow" into the Asian region throughout the 1950's. Apart from bilateral technical assistance Japan has contributed financial grants to various international organizations like the United Nations Expanded Programme for Technical Assistance and other international monetary organizations. These organizations have further extended funds for technical assistance to the development projects in the individual ECAFE countries. It may be noted that Japan's contribution to UNEPTA rose from \$ 90,000

^{33. &}lt;u>Ibid</u>.

^{34.} Terutomo Ozawa, <u>Transfer of Technology from Japan</u>
to <u>Developing Countries</u>, <u>UNITAR Reports No. 7</u>
(New York, 1971), p. 3.

in 1956 to \$ 135,000 in 1959. But Japan did have some limitations on what she could do in the field of technical co-operation. Hence she always called for greater co-operation from other developed countries of the world and international 36 organizations. The limitations of Japanese technical co-operation were also closely related to the fact that during the decade under study, a greater part of technical know-how and high quality machinery and tools were imported in Japan 37 from outside the region.

The year 1954 marked a significant advance in Japanese technical co-operation schemes when she joined the Colombo Plan 38 group at the Ottawa Conference in October. Since then the Overseas Technical Co-operation Agency of Japan has been pursuing technical co-operation programmes in the countries of the region in various forms like acceptance of foreign students, dispatch of specialists, establishment of technical co-operation centres, carrying out surveys of the development projects of the Commission and the projects of the developing countries etc.

As of January 1959 almost 118 cases of technical assistance 39 were rendered by Japan out of which 90 were in South East Asia.

^{35.} Technical Assistance Committee: Annual Report of the Technical Assistance Board for 1961, ECOSOC Official Records, Thirtyfourth Session (New York, 1962), UN Doc. E/TAC/REP/213/Rev.1, p. 15.

^{36.} Fujiyama Aiichiro, n. 21.

^{37.} Economic Survey, n. 2, p. 293.

^{38.} Sugi Michisuke, n. 8.

^{39.} Ikeda Hayato, "Japan's Share in Economic Cooperation", Contemporary Japan, vol. 26, no. 1, August 1959, pp. 14-32.

As per request from the countries of the region and the United Nations, till May 1956 Japan had accepted almost 351 students who were invited to stay in the country for specialised training. The countrywise break up (of the region) stood: Taiwan - 89. India - 2. Indonesia - 1. Thailand - 9. The Philippines - 4. Ceylon - 17. Cambodia - 8, Vietnam - 8, Pakistan - 4, 3 each from Burma and Nepal, and 3 each from other countries of the On the other hand 171 Japanese specialists were sent region. abroad between April 1954 to 1957. In all 72 requests for Japanese technical experts from Colombo Plan members and other countries were received, out of which 26 experts were sent. The Japanese Government sponsored 25 and 12 experts respectively in 1957 and 1958, while under Colombo Plan 21 and 11 Japanese experts were sent in 1957 and 1958 respectively. Through private channels 2,389 experts were sent abroad during 1954-59, out of which 70 per cent were for mining and manufacturing industries, they accompanied the exported plants and took the charge of the installations and management of equipment. cases of technical assistance were found in the field of textile, electrical machinery, transport equipment, nonelectrical machinery, mining, metallurgy and metals, chemicals, and construction (see Table 1), and the recipient countries

^{40.} Sugi Michisuke, n. 8.

^{41. &}lt;u>Ibid</u>.

^{42.} Ibid.

^{43.} Ikeda Hayato, n. 39.

^{44.} Ibid.

Table - 1

Japan's Exports of Technology: 1950-59

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Total
Electrical machinery	1	2	-	1	3		3	7	7	4	28
Transport equipment	•	•	•	1	1	•	•	1	2	•	5
Non-electrical machinery	•	•	•	1	1		2	1	4	2	11
Mining, metallurgy and metals		1		1	•	•	1		3	4	10
Chemicals			1	3	2	3	•	2	6	4	21
Textiles	•		•	1	● ,	1	1	•	1	1	5
Rubber and leather			•		•	1	• '	•	1	1.0	3
Construction	•	•	•	•	1	2	1	3	4	4.	15
Stone, clay and glass	•	•		•	2	1	ı	• .	1	1	6
Printing	•	•	-			•	•	2	•	•	2
Food processing	-	•	•	•	1	•	•	•	2	· 2	. 5
Fishery:	•	•		. 1	2	***	-	2	•		5
Total	1	3	1	9	13	8	9	18	31	23	116

Source: For the 1950-59, see Japan Science and Technology Agency, Wagakuni Gijitsu-yushutsu no Genjo (Tokyo, 1970).

^{45.} Terutomo Ozawa, n. 34, p. 4.

included Ceylon, India, Pakistan, Burma, Taiwan, Korea and 46
Thailand. Since Laos and Cambodia had waived their claims for war reparations, Japan, in return, decided to offer economic and technical assistance free of any obligation. As a result Japan negotiated with Laos in 1959 and extended a grant of 1,000,000,000 yen for constructing water works and bridges in the capital city of Vientiane. Likewise, a grant of 1,500,000,000 yen was given to Cambodia the same year for establishing agricultural centre, 48 cattle breeding centre etc.

A new method of technical co-operation had become a common practice among the advanced countries during the latter part of 1950's viz., establishing technical training centres in the 49 developing countries. These centres were to be financed and equipped by the contributing countries. The importance and urgency of this new form of technical co-operation was accepted by the then Prime Minister of Japan - Kishi in 1959 after he toured the 50 south East Asian countries. On passing, a reference may also be made to the resolution of the Commission which was debated at its 8th session in 1952. In its Annual Report that year "the Commission felt that organization of regional training centres in fields where such facilities did not exist in the region was

^{46.} Terutomo Ozawa, n. 34, p. 4.

^{47.} Ikeda Hayato, n. 39.

^{48.} Ibid.

^{49.} Yasaka Denro, "Ten Years of Technical Co-operation with the Underdeveloped Countries", <u>Developing Economies</u> (Tokyo), vol. 2, no. 3, September 1964, pp. 302-15.

^{50.} Ibid.

51 a highly desirable form of technical assistance..." late. Japan responded to the above recommendation of the Commission in 1958 when she decided to establish a training centre in West Bengal (India) for developing iron foundry and electrometer manufacture - the total amount of the equipment etc. was valued at 30,000,000 yen. Japanese instructors were posted at the above centre. Similar training centres were also established in Malaya, Thailand, Ceylon, Pakistan, Iran and other In 1959 funds were made available for the establishcountries. ment of an Agricultural Training Centre in Pakistan. find that in the following decade Japan did continue to render technical co-operation through this new method. It may be mentioned here that these training centres aided by Japan operate under the guidance of the Japan Overseas Technical Co-operation The Agency has one more credit in carrying out basic surveys in connection with public development plans of the various countries of the region, and for this Japanese Government has been allocating funds since 1957.

Aid Loan Investment

The establishment of yen credit system in 1958 opened a new field of Japanese economic co-operation with the countries

^{51.} ECAFE: Annual Report, n. 23, p. 19.

^{52.} Ikeda Hayato, n. 39.

^{53.} Ibid.

^{54.} Yasaka Denro, n. 49.

^{55. &}lt;u>Ibid</u>.

of the region. The rate of interest on these loans is determined on the merit of individual cases and is on the same level as 56 charged by the World Bank. Under this new arrangement India did get a credit of 18,000,000,000 yen over a period of three 57 years in February 1958.

For the successful extension of credit facilities Japan had earlier in 1957 proposed to establish South East Asia Development Fund to which she proposed to contribute 5,000,000,000 yen. This Fund came into existence in 1959 but Japan had already deposited the above mentioned amount in the Japan Export and Import Bank in 1958. This Fund was to be utilised primarily for exploiting the unexplored natural resources of the South East Asian region, and also to overcome the shortage of foreign currency in the countries of the region.

Japan has also provided funds for many types of industry including mining, steel, forestry, marine products, textiles, machinery etc. Japanese investment and loan to South East Asian countries for the development of the above mentioned industries can be seen from Table 2 which furnishes data as of 13 March 1962. From the table it can also be seen that the amount of securities was small in comparison with the amount of debentures. At the end of March 1962 balance of total Japanese investment abroad stood at U.S. \$ 396,700,000, out of which \$ 69,000,000

^{56.} Ikeda Hayato, n. 39.

^{57.} Ibid.

^{58.} Ibid.

Table - 2

Japanese Investment and Loans in South East Asia (Unit = \$1,000)

			K+			~~	·	7	ypes	of I	ndus t	ries								
•	Mining		steel		Forestry Pulp		Marine Pr o ducts		Textiles		Machinery		Others		Total		0the rs		Grand Total	
	No.	Amt.	No.	Amt	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No. A	Imt.
Securities	22	9865	2	29064	3	6909	26	3838	23	25054	20	29932	109	17002	205	123666	5 2 95	25570	500	176236
S. E. Asia	13	2367	1	393	. 2	609	11	875	12	2207	6	920	85	13156	130	20527	4 3	38 25	173	24352
Debentures	52	53799	4	105100	20	43450	15	1833	17	6643	7	1867	36	18438	151	231131	L 95	10851	246	241982
S. E. Asia	33	42598		•	8 .	2558	4	265	. 2	535	;	-	27	17314	74	63269	7	937	81	64206
		*																		

^{59.} Fukushi Jiro, "Economic Cooperation with South East Asia", Japan Quarterly, vol. 10, no. 2, April-June 1963, pp. 175-81.

was invested in South East Asia. Along with the above investment, deferred payment credits for Japanese goods for the same period were estimated at \$632,200,000, out of which \$222,700,000 represented exports to South East Asia.

These figures show roughtly the trends in Japanese investment and credit policies towards the developing countries of the region. A fact which needs to be noted here is that the Japanese credit terms have always been harsh. Of course one would have to keep in mind certain basic difficulties which Japan faces in formulating a more flexible credit and investment In the first instance it is felt that the Asian countries policy. and particularly South East Asia suffer from the absence of a sufficient number of enterprises in which a foreign firm could invest with confidence and perfect assurance. Secondly. Governments in the region do not provide adequate protection to foreign investment. To give few examples: Indonesia did not allow the formation of joint enterprises; the Philippines did not permit Japanese investment in the former's firms in the absence of a formal trade treaty. India, Pakistan and Thailand, on the other hand welcomed Japanese investment. A third difficulty arises from the fact that the developing countries try to attract foreign capital and know-how to develop their heavy industries. But, they overlook the important fact that

^{60.} Ibid. (Hereafter reference to dollars (g) is to U.S. dollars).

^{61. &}lt;u>Ibid</u>.

^{62.} Ibid.

^{63. &}lt;u>Ibid</u>.

the success of heavy industries depends largely on the development of subsidiary small scale industries. These conditions naturally forbid foreign capital investment in the developing countries. In the case of Japanese investment this last factor matters most because Japan strongly feels that the developing countries of the region should first concentrate on small scale industries. Of late countries of the region have also realized the importance of small scale industries and they are moving fast towards that goal.

Other Activities

Japan's contribution towards increasing the productivity of the developing countries of the region may also be mentioned here. The First Asian Productivity Conference was sponsored by the 64 Japan Productivity Centre in March 1959 at Tokyo. This round table conference attended by fifteen Asian countries, outlined its objectives thus; (1) promoting interchange of views on measures to improve productivity among Asian countries, (2) helping economic development of Asian countries, (3) enhancing the living standard of their people. Japan's emphasis at the Conference was on the speedy development of agriculture in the developing countries of the region. The success of this Conference was so resounding that the Commission at its seventeenth session held at Delhi decided to establish a

permanent Asian productivity organization. While commenting on

the success of the Conference Japan Times said: "The holding of

^{64.} Japan Times, 20 March 1959, p. 8.

the first conference of the sort in Japan was felt to be highly appropriate as Japan has been most successful in industrializing herself and at the same time has made notable advance in agricultural productivity... Meanwhile, the revealation of what Japan has done and still hopes to do is something that the delegates will take home with renewed hope for their own 65 countries.

In brief the first decade of Japanese participation in the Commission: it was not an impressive decade of Japanese partici-This was partly due to the fact that during this period pation. the spheres of Commission's activities were limited and Japan did not have too many occasions to get involved in the activities of the Commission. From the point of view of the developing countries Japan's contribution to trade, economic aid etc. was not very substantial. On the contrary they felt that Japan had been putting too much emphasis on "promotion of Asian diplomacy" through her On the other hand, Japan's repeated economic co-operation. pledges of economic co-operation and assistance led the developing countries of the region to expect too much from her. Many of the pledges remained unfulfilled, leading to disappointment and disillusionment. It is obvious that Japan's interest and involvement in the Commission during this period served her political ends more than it served the economic ends of the countries of the region. At the Commission's various sessions

^{65.} Ibid. See editorial.

^{66.} Yamamoto Noburo, n. 7.

^{67. &}lt;u>Ibid</u>.

sessions and meetings Japan was most of the time busy in normalizing her relations with the Asian countries. In fact Japan considered that unless she normalized her relations with those countries she could not co-operate with them in economic development. Prime Minister Hatoyama was very much keen to emphasise this point at the Commission's session held in 1955 at Japanese economic diplomacy in the Commission can be very Tokyo. much seen here. On the one hand it says that normalization of relations with the Asian countries after the Second World War should be the precondition for economic co-operation with those countries. On the other hand it says that Japan was still a developing country, and in spite of her headway in the economic field during the decade she had not been able to overcome the difficulties of her economy in view of population explosion and Thus, a considerable gap in the underpoor natural resources. standing between the developing countries of the region and Japan existed, and this marks the characteristic feature of Japanese participation in the Commission during the 1950's. In other words. while Japan meant by "economic co-operation" - activities on a commercial basis in many instances, the developing countries, on the other hand, meant by the same phraseology - activities like grants and free assistance. And, Japan bore this gap in mind while determining and pursuing her policy of economic co-operation in the Commission during the coming decade of the 1960's.

^{68.} Japan Times, 29 March 1955, p. 11.

^{69.} Ibid.

^{70.} Yamamoto Noburo, n. 7.

Chapter Three

FIRST DEVELOPMENT DECADE: YEARS OF HECTIC ACTIVITIES

The United Nations General Assembly in 1961 adopted a resolution designating the 1960's as the Winited Nations First 1 Development Decade" which was also endorsed by the Commission subsequently. The declaration of the "Development Decade" gave a fillip to Japan's co-operative efforts in the Commission, as various new ventures were to be undertaken by the Commission itself. Apart from regular participation in the various ECAFE forums and rendering regular aid and technical assistance to the developing ECAFE countries, Japan took keen interest in some of the most fascinating multipurpose and multinational development projects undertaken by the Commission; participated in the discussions on the problems of industrialization, trade expansion and other related problems, in the region.

At the 16th annual session of the Commission, held at Bangkok in March 1960, Japan had made the member countries conscious of the lop-sided economic growth of the region. The Japanese delegate Akira Ohye had told the Conference, "My Govt. believes that the most important task of world economy hereafter will be to rectify the imbalance and establish a system which would enable each region of the world to realise a balanced economic progress". Besides, the delegate stressed upon some more important points: (a) the effective utilization of whatever

^{1.} General Assembly Resolutions, GA Official Records, Supplement No. 17(A/5100) (New York, 1962).

^{2.} Japan Times (Tokyo), 11 March 1960, p. 10.

aid and assistance was obtained; (b) assistance must be co-ordinated by a heightening spirit of "self help" and by the creation of an atmosphere which would be conducive to the flow of foreign capital into the recipient nations.

But, as a member country to what extent Japan should undertake the responsibilities of economic development of the countries of the region, continued to be a question mark before the Japanese policy makers. However, in this connection, we may take note of Prime Minister Ikeda's address to the annual session of the Commission, held at Tokyo in 1962. There he confessed that the prosperity of Japan, an "Asian country", was impossible without the prosperity of the other Asian countries. He further emphasized "self help", and affirmed: "In concert with such efforts on the part of the other countries of Asian community, Japan is determined to contribute positively to the peaceful economic reconstruction of the ECAFE region, while paying due consideration to the policies of the advanced countries of the world. " In the same spirit, Prime Minister Eisaku Sato, while addressing the 23rd annual session of the Commission at Tokyo, in 1967, had affirmed: "As a member of ECAFE, as well as the U.N., and above all as an Asian country Japan has deep understanding and strong sympathy towards the lofty objectives of the Commission, and has always played a positive role in its various activities.... I should like to

^{3. &}lt;u>Ibid</u>.

^{4.} Ibid., 7 March 1962, p. 1.

^{5.} Ibid.

reassure the Commission that Japan is prepared to continue to do whatever is in its power to cooperate with ECAFE in every field of its activities.*

As we shall see in the following paragraphs these were not mere empty "promises" reflecting the Japanese emotional feeling that their country was an "Asian nation". In subsequent years they did try to identify their own economic prosperity with that of the other Asian nations, though it can not be denied that, they could have done better still. Japan still pursued tight economic policies towards the ECAFE countries, as for example, in the field of trade liberalization, soft loan policy etc. The ECAFE Annual Reports invariably referred to these economic problems, which, in addition to being unresolved expose the lack of willingness on the part of the developed countries, including Japan to solve them.

However, in the light of the emphasis placed on international co-operation and development by the "Development Decade", it is worthwhile to elucidate Japan's activities in different spheres of the Commission.

Industry and Natural Resources

The Japanese thinking over the industrialization of the 7 ECAFE region has been dealt with in the previous chapter.

^{6.} Ibid., 4 April 1967, p. 37.

^{7.} David Wightman, Towards Economic Co-operation in Asia: The U.N. ECAFE (New Haven and London, 1963), p. 113. "The Western Powers were, nevertheless, opposed to the creation of heavy industry in Asia". Also "Japan later on also cautioned Asian countries against an excessive preference for heavy industry". See, e.g., Japanese statements to the Commission, UN Docs. E/CN.11/408, 24 May 1955 and 18 Maych 1957. Reference quoted.

Complete industrialization would not be a successful feat of economic reconstruction - an idea which gained support in the various discussions sponsored by the Commission and particularly in the deliberations of Commission's Committee on Industry and Trade (now known as Committee on Industry and Natural Resources). Nevertheless, the gradual expansion of industries in the region could not be checked specially when the countries of the region had considerably improved their agricultural productivity with only occasional setbacks; and expansion of industries means basically encouragement given to small scale industries. Japan too has faced this situation satisfactorily and, while still ruling out any drastic move towards industrialization, she favours gradual industrialization. The following statement made by the Foreign Minister of Japan Takeo Miki at the 23rd annual session of the Commission, held at Tokyo, in 1967, makes the Japanese policy more clear. He said:

Another important problem for the region is that of industrialization and it is very encouraging that trends toward regional co-operation are becoming apparent. However, in view of the differences in the labour situation, natural resources, stages of economic growth, industrial structure and the like, it would be more effective to push forward step-by-step realistic and practical measures that are suited to the specific conditions of a particular country or a group of countries concerned. It is my hope that attempts by ECAFE for accelerated industrialization in Asia will be steadily promoted in such a direction. 10

B. The name of the Committee has been changed in 1957. See ECAFE: Twenty Years of Progress (United Nations, 1967), UN Doc. EpCN.11/766 Rev. 1, p. 38.

^{9.} David Wightman, n. 7, p. 124.

^{10.} ECAFE: Twenty Years of Progress, n. 8, p. 119. (Emphasis added).

Whatever the Commission could do for the industrial development of the countries of the region was also a matter of priority for Japan because of her special position among the Asian countries in the field of industrialization. regular and active participation in the Committee on Industry and Natural Resources and various seminars and study groups concerning industrial development was in tune with expectations of the region. At the 13th session of the Committee held at Bangkok in January-February 1961, in which Japan was participating, emphasis was laid on uplifting the standard of living by accelerating the pace of industrial development, promoting foreign investment through a guarantee system, and formulation of long-term policies to facilitate joint venture arrangements between domestic and foreign manufacturers. Japan responded by establishing an Overseas Economic Cooperation Fund which was to extend long term credits and technical assistance to the developing countries. specially to the countries of Asia.

In the field of iron and steel industry, pulp and paper industry Japan's experience is considered to be relevant to the ECAFE countries and she has no doubt extended her co-operation in this field. Her participation in the Asian Industrial Development Council is also contributing to the cause of overall industrialization. In the development of pulp and paper industry

^{11.} Economic Commission for Asia and the Far East: Annual Report (22 March 1960 - 20 March 1961), ECOSOC Official Records, Thirtysecond Session (New York, 1961), UN Doc. E/CN.11/564, pp. 7-8.

^{12.} Ibid.

in the countries of the region Japan's role was appreciated by the Committee on Industry and Natural Resources as far back as 1961 at its 13th session. It may be mentioned here that Japan had hosted a Conference on Pulp and Paper Development in Asia and the Far East at Tokyo in October 1960, at which she had taken the opportunity to express her willingness to co-operate with the developing Asian countries in their efforts to develop paper and The Committee had also welcomed the Japanese pulp industry. Government's assistance in developing small scale industries in the countries of the region - a field in which the Japanese have excelled. Japan's co-operation in the field of man-made fibre industry, chemical and fertilizer industry, industries based on natural gas, may also be mentioned here.

Japan has always felt that the industrialization of the region could best be undertaken on a co-operative venture among those countries which are geographically contiguous - that is, more through regional co-operation (the idea has now culminated in the phenomenon of plan harmonization) in which Japan would play an important role. In 1965 at the 21st annual session of the Commission held at Wellington (New Zealand) Japan was one of the co-sponsors of a draft resolution on Industrial Development 17 and Promotion. The resolution which was later adopted by the

^{13.} Ibid., p. 9.

^{14. &}lt;u>Ibid</u>.

^{15.} Ibid.

^{16.} Japan Times, 23 March 1965, p. 262.

^{17.} Ibid., 24 March 1965, p. 274.

Commission recommended that the member countries of the region should extend necessary co-operation to industrial development plans on a mutual basis, and such co-operation should be extended to regional industrial promotion and planning centres by furnishing information on development plans and other relevant data. development of supporting institutions and bodies concerned with industrial development, has of late been realized by the Commission as vital and worth being treated on priority basis. In 1965 the First Asian Conference on Industrialization was convened at Manila (The Philippines) in which Japan also The Conference was a success. And the following participated. year at the 22nd annual session of the Commission held at New Delhi, Japan took the initiative in sponsoring a 12-nation resolution to establish an Asian Industrial Development Council. It was also decided that the Asian Conference on Industrialization should be made a permanent organ of the Commission which would meet triennially to review the industrial progress of the region. The Second Conference has already been convened in 1970.

One of the important aspects of industrial development is the standardization of industrial products which vitally affects the market prospect of the goods. The First Asian Conference on Industrialization had laid emphasis on the establishment of

^{18.} ECAFE: Annual Report (18 March 1964 - 29 March 1965), ECOSOC Official Records, Thirtyninth Session (1965), UN Doc. E/CN.11/705, pp. 160-2.

^{19.} ECAFE: Twenty Years of Progress, n. 8, p. 39.

^{20.} Japan Times, 2 April 1966, p. 22.

^{21.} Ibid.

appropriate national standards organization in the countries of the region, and also on the establishment of an inter-governmental The Asian Standards Advisory regional standards committee. Committee has already come into existence. The Advisory Committee at its first session held at Bangkok in November 1967 further emphasised the need for national and inter-governmental efforts for standardization and quality control of the industrial products. The Advisory Committee had also called for the advanced member countries to meet the large requirements of personnel in national standardization, and, it may be recalled that Japan had offered to upgrade her training facilities for the use of the countries of the region, in response to the above call. Japan and India have accepted candidates from other countries for training in their national standards.

Now, let us see how far Japan has been contributing towards the exploitation of vast natural resources of the region because the exploitation of natural resources is one of the basic parts of any industrial development plan to be carried out anywhere. This problem in this regard is one of properly mapping out the location of mineral wealth through geological surveys. And it is a fact that without international co-operation this task cannot be executed by the developing Asian countries alone. Thus considering

^{22.} ECAFE: Twenty Years of Progress, n. 8, p. 47.

^{23.} ECAFE: Annual Report (18 April 1967 - 30 April 1968), ECOSOC Official Records, Fortyfifth Session (1968), UN Doc. E/CN.11/824, p. 8.

^{24.} Ibid.

^{25.} ECAFE, One Times One Hundred (Bangkok, 1970), p. 18.

the urgency of the problem, Japan has rendered good services in the preparation of a Geological Map of Asia and other various geological surveys of the region. There is clearly an awareness in her that if Asia's natural resources are fully exploited through her contribution she would herself gain in more than one way. It may be mentioned here that the Commission has also undertaken this work of prepating Geological Map of Asia and the Far East on a priority basis. A landmark in such ECAFE ventures is the establishment of the Geological Survey Centre in Thailand to which Japan and India have already offered substantial assistance.

Japan has made bilateral contracts with the mineral producing countries to help them in exploiting their mineral resources. For example, such contracts were concluded with India, and Malaya during 1960-61 in which Japan has undertaken to modernise their mining equipment, and to help in drawing up long term production plans, on the assumption that these countries would guarantee the steady supply of raw materials to her (Japan). During the same period Japan also extended such contracts to other countries of the region, and this attitude of Japan was appreciated by the Committee on Industry and Natural Resources at

^{26.} ECAFE: Twenty Years of Progress, n. 8, p. 39.

[&]quot;An accurate and up-to-date inventory of mineral resources, including fossil fuels, is necessary for formulating sound industrial development plans. In developing countries, the exploitation of such resources itself constitutes a major industrial activity, and from the very beginning, ECAFE has given it an important place in its work programmes."

^{27.} ECAFE: Annual Report, n. 11, p. 8.

^{28. &}lt;u>Ibid.</u>, p. 10.

its 13th session in 1961.

In the field of mineral resources, pointed attention has been given by the Commission towards the offshore prospecting of the marine shelves, because it was believed that the seas had a vast amount of mineral deposits (particularly fuel resources). The Commission has already initiated a number of seminars and symposia, and has set up expert bodies to look into the projects. A symposium on the Development of Petroleum Resources in Asia and the Far East was held in November 1965 under the chairmanship of Yutaka Tauchida of Japan, and the Japanese experts provided valuable information and techniques of exploration of oil and natural gas resources. The same year Japan participated in the Meeting of the Representatives of the Governments on Prospecting for Mineral Resources in Asian Offshore Areas through Joint and Co-operative Efforts (10-18 November 1965). The Meeting examined the recommendations of the Expert Working Group on Joint Geophysical Survey for Mineral Resources in Asian Offshore Areas (the working group was set up earlier). At the Meeting of the Representatives of the Governments Japan indicated her willingness to join a proposed Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas (CCOP) which did come into existence in mid 1966 (Japan became one of the members of the Committee). The regions the Committee was to survey

^{29. &}lt;u>Ibid</u>.

^{30.} ECAFE: Annual Report (30 March 1965 - 4 April 1966), ECOSOC Official Records, Fortyfirst Session (1966), UN Doc. E/CN.11/739/Rev. 1, pp. 21-22.

^{31.} Ibid.

^{32.} One Times One Hundred, n. 25, p. 4.

included Japanese sea floor also. Since its inception the Committee has held regular sessions. The third and fourth sessions of the Committee were held at Seoul and Taipeh in June-July 1967 and November 1967 respectively, which reviewed the works assigned to its member countries. The Committee had noted with appreciation the following Japanese offers: (a) continued facilities for training of persons of the member countries at her Regional Training Centre for Offshore Prospecting, (b) to undertake either 2,500 line kilometers of aeromagnetic survey in September 1967 or 50 kms. of Seismic refraction surveys in January-March 1968 in offshore areas of the member countries of the Committee - all estimated at the value of \$ 25,000, (c) the Geological Survey of Japan to undertake to print annually one issue of the Committee's Technical Bulletin. It may be noted here that Japan has been organizing since 1967 a seven-month annual training course in offshore prospecting, and by the end of 1970 about 40 experts had completed their training from the countries of the region. At the 5th session of the Committee for Coordination held at Tokyo from 10-19 June 1968, under the chairmanship of K. Sato (Japan), Japan had offered to dispatch her experts for two to three months' duration to the ECAFE countries to assist their offshore prospecting projects. As a part of the offer made at the

Report of the Third Session of the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas - June-July 1967, UN Doc. E/CN.11/L.186, 31 August 1967, p. 5.

^{34.} One Times One Hundred, n. 25, p. 6; Fifth annual course has been completed in 1971 - see Report, n. 36, p. 13.

^{35.} ECAFE: Annual Report (1 May 1968 - 28 April 1969), ECOSOC Official Records, Fortyseventh Session 1969), UN Doc. E/CN.11/868, pp. 2-5.

3rd session of the Committee for Co-ordination Japan conducted an aeromagnetic survey in the Philippines in March 1970, and, the processing and interpretation of the results of the survey were being undertaken at the Geological Survey of Japan.

One of the latest moves in the field of exploitation of mineral resources of the region is a proposal for the establishment of a Regional Mineral Resources Development Centre, made at the 28th annual session of the Commission held at Bangkok in 37 March 1972. In this connection a fact-finding mission of experts in which Japanese experts were also included visited twelve developing countries of the region and the mission would report 38 on the possibility of the proposed Centre.

International Trade

While taking up Japan's role in the expansion of the international and intra-regional trade of the ECAFE countries it is necessary to view some fundamental trade problems of Japan at the beginning of the "Development Decade" which started in 1960. These difficulties have also been highlighted by the Economic Survey of Asia and the Far East published by the Commission annually. It has been pointed out in the previous chapter that Japan considered herself as a semi-developed country

^{36.} Report of the Seventh Session of the Committee for Co-ordination - May 1970, UN Doc. E/CN.11/L.278, p. 13.

^{37.} ECAFE: Annual Report (1 May 1971 - 27 March 1972), ECOSOC Official Records - Fiftythird Session (1972), UN Doc. E/CN.11/1044, p. 9.

^{38.} Ibid.

till the end of the 1950's; this situation continued even in early 1960's, and naturally Japan found it difficult to meet the demands of the developing countries in respect of import of primary goods into Japan and preferential tariff treatment. However, if Japan wanted to develop closer trade relations with the ECAFE developing countries, she had to do something to relieve the difficulties, which the underdeveloped countries were encountering in expanding 40 their trade. The Economic Survey of Asia and the Far East for 1962 very well summed up the Japanese situation as:

The future growth of Japanese export in the context of the tendency towards regionalism and persistent restrictions in the industrial areas and the difficulties of trade expansion in the non-industrialized area, will by no means be as easy to achieve as was the record of the past. For this analysis, the elimination of restrictions on Japanese products, specially in Europe, and a well integrated policy of economic assistance and trade promotion, specially in Asia, appears to be the two soundest means by which Japan's foreign trade is likely to grow. 41

Liberalization of trade on the part of Japan was one of the "imperatives" recognized by the Survey. This was in tune with Japan's economic necessity. She needed export market for her rising industries; her goods were not in a position to stand competition in advanced countries, and therefore, the alternative

^{39.} Horie Shigeo, "Economic Co-operation with Developing Countries", <u>Japan Quarterly</u> (Tokyo), vol. 13, no. 2, April-June 1966, pp. 172-9.

^{40.} Economic Survey of Asia and the Far East - 1962
(New York, 1963) United Nations publication, PR 131-33
"Just as Japan wishes to have access to export markets, it will have, in its turn, to keep its own market free for the industries of the developing countries."

^{41. &}lt;u>Ibid</u>.

open to Japan was to turn towards the developing countries. If she wanted to find an outlet in the markets of the developing countries, in turn, she had to open her own market for the growing industries of the developing countries. This was not only fair but also logical in international economic dealings.

The Commission has been, from the very outset, engaged in trade promotion activities, and Japan has shown interest in such activities. In response to a call by the Commission for training senior trade officials of the member countries. Japan hosted the first Training Centre at Tokyo in 1959 which discussed a variety of subjects like international trade and payment, export and import financing, commodity standards and inspection, custom administration, harbour and shipping services, commercial arbitration, trade fairs, overseas investment, economic 43 co-operation activities of the Japanese trade organizations, etc. Besides. Japan has also been regularly participating in intraregional trade promotion talks in co-operation with the Commission since 1959. (Japan was the champion in advocating these talks) Recently the Commission has initiated a multinational export credit insurance scheme; and the Commission at its 28th annual session held in March 1972 recorded its appreciation of Japanese co-operation in carrying out the project, particularly her expert services made available to the Secretariat in that regard.

Apart from the institutional aspect of trade expansion,

^{42. &}lt;u>Ibid</u>.

^{43.} ECAFE: Twenty Years of Progress, n. 8, p. 29.

^{44.} ECAFE: Annual Report, n. 37, p. 28.

the other most important problem seems to be trade liberalization. It is pertinent to note in this context certain additional difficulties which have prevented full liberalization by Japan. Japan feels it is not in their interest for the developing countries to emphasise an equitable share of responsibility for trade liberalization by both the developed and developing countries. For the developing countries cannot afford to offer substantial tariff concessions on purely equitable and reciprocal Thus, it seems that in any workable scheme for trade basis. liberalization the developed countries have to be on the loosing end; and this is one of the fears that has prevented the developed countries, including Japan, from taking any drastic measure in this field. However, we may note here that the Expert Group on Trade Liberalization which has worked under the auspices of the Committee on Trade of the Commission, at its meeting in November 1964, at Bangkok, had recommended, "since schemes for the automatic and complete removal of quantitative restrictions and tariffs within the ECAFE region were not yet feasible: bilateral trade agreements could be one of the few best solutions. account of this recommendation Japan has concluded bilateral trade agreements with the developing countries on a case by case basis. However, generalized system of trade liberalization cannot be ruled out for all time to come. At the 21st annual session of the Commission, Japan indicated her willingness to participate in the Kennedy Round Tariff Negotiations and hoped that her

^{45.} ECAFE: Annual Report, n. 11, p. 40.

^{46.} ECAFE: Annual Report, n. 18, p. 19.

the ECAFE countries. Unfortunately, it may be noted here, the Kennedy Round Negotiations primarily meant to liberalize trade brought no relief to the developing countries; instead they served the interests of the developed countries. Besides, Japan also decided in November 1967 to participate in a system of generalised and temporary tariff preference, subject to an agreement on the sharing of the burden among the preference 49 giving countries.

In early 1968, various private organizations in Japan connected with economic co-operation with foreign countries jointly organized an International Symposium on Asian Economic Development. One of the points in the communique issued after the three-day seminar was that advanced countries should give consideration to the need of stabilization of prices of the primary products of the developing countries, and allow preferential tariffs for the exports of the developing countries of the region. Quite recently, at the 27th annual session of the Commission held in April 1971 at Manila, Japan distinguished herself by announcing that she was going to have more liberalized trade with Asia's developing countries. The Japanese delegate

^{47.} Japan Times, 18 March 1964, p. 206.

^{48.} ECAFE: Annual Report (29 April 1969 - 27 April 1970), ECOSOC Official Records, Fortyminth Session (1970), UN Doc. E/CN.11/932, p. 28.

^{49.} ECAFE: Annual Report, n. 23, p. 69.

^{50. &}lt;u>Japan quarterly</u>, "International Symposium on Asian Economic Development and Co-operation", vol. 16, no. 1, January-March 1969, pp. 15-25.

Koh Chiba told the Commission that his government would implement by October 1971 preferential trade arrangements with the developing countries in response to the recommendation made in 1970 by 51 the UNCTAD body concerned.

United Nations Conference on Trade and Development

Though UNCTAD is not a direct concern of the Commission (it is a permanent organ of the General Assembly of the United Nations). it has many things common with the Commission as for example. access to markets and better prices for primary products of the developing countries, expansion of exports of manufactures and semi-manufactures in the developing countries, adequate international financial assistance on favourable terms. international transport, intra-regional trade etc. brief reference to the subject would be appropriate here. is also appropriate to refer to the recommendations of the Committee on Trade of the Commission made at its (Committee's) 8th session in 1965, for continued co-operation among the regional economic commissions, and placing UNCTAD and its activities as a standing item on its (Committee's) agenda, and maintenance of close ties between the Trade and Development Board of the UNCTAD and the countries of the ECAFE region.

There have been three UNCTAD Conferences so far held (1964, 1968, 1972). It is pertinent to note here the Japanese

^{51. &}lt;u>Japan Times</u>, 27 April 1971, p. 11.

Chiba also boasted, "We are confident that these preferential arrangements will prove to be a great step forward in the history of world trade."

^{52.} ECAFE: Twenty Years of Progress, n. 8, p. 33.

attitude and performances towards the various recommendations of the UNCTAD as they directly affect the developing countries of the ECAFE region. From its inception the UNCTAD was split in two blocs, the "Developing 77" and the developed countries, and at the first UNCTAD, Japan held delicate position between the two (as she herself claimed oftenly). Her equivocal stand in the Conference, prevented her from playing a positive role at the first UNCTAD, and it was widely commented that Japan's role was a a fact which was admitted by the Japanese Government passive one. and people themselves. It is obvious that the developing countries entertained false hopes from Japan and expected that she would not only take a more liberal attitude towards their economic development but also play the role of a bridge between them and the developed countries of the West. Japan not only belied these hopes, but she also tried to block the progressive efforts made by the developing countries as well as the developed countries of the West. She became the main target of criticism of the "Developing 77" and was not only kept out of the meeting of the Asian Group held in May 1964, but was also not elected to the working group of the Conference which drafted the trade

^{53.} Kawata Tadashi, "UNCTAD ('64) And Japan", <u>Developing</u>
<u>Economies</u> (Tokyo), vol. 2, no. 3, September 1964,
pp. 290-301. Also see Koichiro Asaki, "Returning from
UNCTAD", <u>Kokusai Mondai</u> (International Affairs) (Tokyo),
no. 53, July 1964, pp. 2-8.

^{54.} Kawata Tadashi, n. 53. "Not only delegates but in the political circle and Foreign office, business world and the press all harped on self criticism of Japan's role at the Conference."

^{55.} Ibid.

principles to be adopted by the Conference. Even to the Trade and Development Board (a permanent body of the UNCTAD) her election was not sponsored by the developing group, though she was elected to the Board, sponsored by the developed group. Considering all the factors, it was no wonder that one of the East delegates from the South/Asian countries commented, "Uapan came to this Conference as one of the most popular members and now is 157 leaving as one of the most unpopular countries."

We cannot, however, ignore the reasons behind unimpressive performance at the First UNCTAD. Okita Saburo who was also attending the Conference has given some explanation in this regard. According to him Japan cannot allow a free import of primary goods into her market because she was still in the status of a semi-developed country with about 30 per cent of her total labour force employed in agriculture. Free importation of primary products from the developing countries would greatly hit the interests of the small farmers and enterprises. On the other hand, the Japanese Government is reluctant to take any responsibility for the weak economies of the developing countries because Japan has burned her figures "in intervening too much in the affairs of neighbouring nations", and that Japan has to rebuild her economy first. These may be valid reasons from the Japanese

^{56.} Okita Saburo, "Japan and the Developing Nations", <u>Contemporary Japan</u> (Tokyo), vol. 28, no. 2, June 1965, pp. 223-36.

^{57. &}lt;u>±b1d</u>.

^{58.} Ibid.

^{59.} Ibid.

point of view but they are not convincing enough to others.

The second UNCTAD held in New Delhi felt disturbed by the lukewarm attitude of the developed nations. It suggested that the developed countries should earmark one per cent of their GNP for aid to the developing countries. Japan eager to correct the fauly image which she had created, readily accepted this and thus tried to retrieve her prestige and influence. She showed interest in the "one per cent aid target", in liberalized trade system, and other development schemes proposed by the Conference. However. in spite of the fact that Japan's imports from the developing countries had gone up to 40 per cent of her total imports by 1967, and her development aid had gone up from 297.3 million dollars in 1962 to 855.3 million dollars in 1967; yet this was much lower than the targets fixed by the first UNCTAD, and failed to meet fully the distressed feelings of the developing countries. Further, from the speeches of the Japanese delegates it is clear that Japan was not ready to come forward with any substantial proposals, and that her assurances were all hypothetical. E. Shiina's statement is revealing in this regard: "... The end of the journey is not yet in sight. I believe, however, that we can be assured of a successful undertaking if all countries closely co-operate with each other and if each country is willing to share the burden according to its capacity, for our great common cause.

^{60. &}lt;u>Japan in the United Nations</u> (Japan Ministry of Foreign Affairs, Tokyo, 1969), Japan Reference Series No. 1-69, p. 24.

^{61. &}lt;u>Ibid</u>.

The third UNCTAD was held recently in April 1972 at Santiago (Chile). The Japanese policies were outlined by the chief delegate Kiichi Aichi. The chief points are noted below:

- 1. Japan would participate in any future examination of the recent international monetary crisis which had hit the 62 countries all over the world.
- Recognizing the importance of exports of the developing countries. Japan has already taken some good measures and would continue her efforts in the future. For example, Japan imports 40 per cent of her total requirements from the developing countries. Japan lowered tariffs on 124 items in 1971 and has agreed to lower tariffs on 238 items in 1972, including the tariffs on items of particular export interest to the developing countries. The Japanese Covernment has given an assurance to implement as early as possible a scheme of generalised preference for trade. another significant move was taken by the Government in order to increase imports from the developing countries. The delegate said: MAS my country has pursued the policy to modernizing its industries. the weight has been shifted in its industrial structure from such sectors that compete with the industries in developing countries to those which do not compete with them. *
 - 3. On the international target for official development

^{62.} Economic News From Japan (Economic Affairs Bureau, Ministry of Foreign Affairs, Japan), vol. 5, no. 4, May 1972, pp. 1-3.

^{63.} Ibid.

^{64.} Ibid.

assistance, Aichi said that though this target of 0.7 per cent of GNP is difficult to achieve soon Japan was keen on paying due attention to it.

4. To improve the social and economic infrastructure of the least developed countries among the developing countries Japan is intending to extend grants and loans on soft terms.

These policy statements show that Japan is keen on implementing the recommendations of the Conference and to reach the targets set by the UNCTAD at the earliest.

Aid, Investment, Loan and Technical Assistance

Much has been done in this category by Japan over the last 15 years; yet much more remains to be done. According to an estimation of the Japanese Ministry of Foreign Affairs: "However, it is to be understood that the degree and level of assistance are still far from satisfactory." Nevertheless Japanese co-operation has picked up momentum ... every year. In 1966 more than 70 per cent of Japan's total contribution out of the Overseas Economic Co-operation Fund was being diverted to the ECAFE region. Japan's expanded assistance both on governmental and private levels rose to 1,263 million dollars in 1969. share of foreign aid in the GNP of Japan also increased from 0.74 per cent in 1968 to 0.76 per cent in 1969. The Tables 1 and

^{65. &}lt;u>Japan's Foreign Aid</u> (Japan Ministry of Foreign Affairs, Tokyo, 1967), Japan Reference Series No. 2-67, p. 17.

^{66.} Goro Hattori, "ECAFE to Fete 20th Anniversary at 2 week Meet in Tokyo", <u>Japan Times</u>, 3 April 1967, p. 31.

^{67. *}Developing Countries Get More Japanese Aid*, Japan Times Weekly (Tokyo), 23 May 1970, p. 8.

^{68.} Ibid.

2 show the Japanese aid contributions covering the period until 1966.

Table - 1

Graphic Distribution of Japan's Aid

(net disbursement basis)

				(Per Cent)
Area	1963	1964	1965	1966
Asia (of which Southeast Asia	66.9 (41.1)	85.2 (47.4)	66.0 (34.4)	71.4 (26.6)
Near and Middle East	9.6	3.9	2.4	5.7
Europe	1.1	1.7	8,5	3.1
Africa	4.8	4.3	3.3	1.3
America	12.3	1.2	16.2	9.3

^{69.} Japan's Foreign Aid, n. 65, p. 5.

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Table - 2

Volumes of Japan's Assistance
(net disbursement figures)

(Million Us Dollars) Official Flows, net 1961 1962 1963 1964 1965 1966 1. Bilateral Grants 67.8 74.6 76.7 68.7 82.2 104.7 62.8 (1) Reparations Payments 65.1 66.8 62.1 57.8 55.6 (2) Technical Assistance 2.4 3.6 4.5 5.8 6.0 7.6 (3) Other Grants 4.2 10.1 5.1 0.3 13.4 41.6 2. Government long-term 27.7 130.0 5.0 51.5 37.5 144.1 capital, net 60.3 49.1 (1) Direct Loans net 1) 26.8 12.5 114.8 83.2 (2) Refinancing Credits. 31.7 29.9 net (3) Other, net 2) -11.6 -7.5-8.8 0.9 29.2 -14.73. Grants to Multilateral 2.9 2.0 2.2 3.2 3.7 4.1 Agencies 4. Capital Subscription to 9.4 5.0 9.2 6.5 13.8 46.5 Multilateral Agencies, net 106.9 86.8 5. Sub-total 140.3 115.9 243.8 285.3 Private Flows, net 1961 1962 1963 1964 1965 1966 6. Direct Investment, net 98.4 68.4 76.7 39.3 87.4 97.1 7. Export Credits with over l year maturity, net 180.7 135.7 130.3 50.6 154.7 156.8 8. Multilateral Portfolio Investment net -4.6 0.7 0.3 -0.49. Sub-total 174.5 199.4 127.3 175.3 242.1 253.5 10. Grand total 381.4 286.2 267.6 291.2 485.9 538.8 National Income (Billion 41.32 46.68 52.93 60.08 68.19 78.10 US Dollars) Percentage of total flow 0.71 0.69 0.92 0.610.51 0.48 to national income (%)

Note: 1) Exclusive of refinancing or rescheduling credits.

2) Reschedulings and maturity extensions of the outstanding balance on Open Accounts.

^{70. &}lt;u>Ibid.</u>, p. 12.

It is obvious from the tables given above that Japan's aid in different forms has been on the upward trend. It has been further estimated that the total aid from official and private sources rose to \$ 1,263 million in 1969. The Japanese Foreign Minister, Aichi, declared at the Fifth Ministerial Conference for Economic Development of South East Asia held in 1970 that Japan would achieve the "one percent aid of GNP" by 1975 by which time it would amount to about \$ 4,000 million. Earlier, he had declared at the 26th session of the Commission at Bangkok in 1970 that Japan's GNP in fiscal 1975 would rise to about \$ 395,000 million and the trend at which Japan was increasing her aid to the developing countries (in which Asia has the largest share), would keep rising steadily thereafter. These indications are of course very significant, and it is earnestly hoped that Japan would reach the "one percent" target by the stipulated period. Some Japanese economists have expressed doubt about Japan's capacity to reach this target. Kojima Kiyoshi, writing in Japan Quarterly, maintained that the one per cent aid target was easy to adopt as a slogan but difficult to put into practice. Hence his suggestion was that even if this target was not achieved Japan should better search for new fields in which existing aid could be utilized beneficially and

^{71.} Japan Times Weekly, n. 67.

^{72. &}quot;Japan to Boost Aid to One Percent of G.N.P. by '75", ibid., 30 May 1970, p. 1.

^{73. &}quot;Aichi pledges more effort to step up Aid", <u>ibid.</u>, 25 April 1970, p. 3. But another Japanese government source says, the figure would go up to about 400,000 million dollars. See "Co-operation For Development: Japan's Foreign Aid Program", <u>Japan 1970</u> (Japan Ministry of Foreign Affairs, Tokyo), no. 4, 1970, p. 2.

effectively. He has, further, suggested that Japan should pursue the policy of "Aid After Care". That is, advanced countries should be willing to buy those products from the developing countries which would be produced out of the aid given by them. In other words, Japan should also take care of the expansion of markets for the products of the aid recipient countries.

There are inconsistencies in the Japanese aid policy which can be mentioned here: (a) there is no organization or method in her aid policy. (b) her aid policy is contrary to the approach of balanced economic development of the entire region. given more aid to those countries which have higher degree of industrialization among the developing countries and in which she has greater trade interest than to those countries which are least developed and where the industrial growth is slow. is hardly any realization on her part that aid has to be in tune with the needs of the recipient country. The countrywise breakup of Japanese aid as given in Table 3 shows the disparity in the matter of aid distribution. Further, in assessing Japan's aid policy, one should also bear for instance, in his mind that Japanese estimate of aid are invariably inflated. All kind of funds are included in the category of "aid". War reparations are also included in the total economic aid given by Japan to the foreign countries and these reparations accounted for 30 per cent of the total aid till 1961.

^{74.} Kojima Kiyoshi, "Japan's Role in Asian Agricultural Development", <u>Japan quarterly</u>, vol. 14, no. 2, April-June 1967, pp. 158-64.

^{75.} Ibid.

^{76.} Hirasawa Kazushige, "Asian Economic Co-operation", Japan Times, 16 March 1962, p. 1.

Table 3

Projection of Japan's Aids to Less-Developed
Countries of Asia (1960-70)

(Million Us Dollars) Total Amount Percentage of A1d Countries share Burma 270.1 12.2 Cambodia 0.7 14.8 Ceylon 3.5 0.2 Taiwan 15.8 0.7 Hongkong 51.6 2.3 India 423.9 19.2 Indonesia 488.0 22.1 Korea 125.1 5.7 Laos 47.2 2.1 Malaysia 49.6 2.2 Pakistan 87.8 4.0 The Philippines 320.2 14.5 Thailand 144.4 6.5 166.8 7.6 Vietnam Total 2,208.8 100.0

^{77.} Asia's Economic Growth and Intra-Regional Cooperation (The Institute of Asian Economic Affairs, Tokyo, 1967), p. 155.

So far as technical assistance is concerned, Japan has laid more emphasis on regional and multilateral co-operation. bilateral co-operation in this respect has been at a low level, amounting to 3.2 per cent out of the total bilateral aid in 1966 -This figure was much lower than the that is 2 10.4 million. The Fifth Report of the figure for other developed countries. Overseas Technical Co-operation Agency published in 1966 shows that Japan's 1.4 per cent economic aid in this field was equivalent to about one-seventh and one-fifth of the aid extended by United The Report had suggested that States and France respectively. Japan should extend more technical aid along with the extension of capital aid, and for this long range objectives should be formulated.

Japanese technical co-operation with the ECAFE countries may be examined at two levels; at the level of setting up aid projects in the recipient countries and at the level of training facilities for foreign trainees and sending Japanese experts abroad. In both cases, Asia is getting the largest share. The important aid projects established by Japanese assistance in different countries of the region are enumerated below.

India - 'Gujarat State Fertilizer Company' established in Gujarat State with \$2.3 million Japanese assistance; Khopoli Demonstration Farm established in December 1964 and run with the help of Japanese experts.

^{78.} Japan's Foreign Aid, n. 65, p. 8.

^{79.} Japan Times, 19 December 1967, p. 231.

^{80.} For all the information regarding these aid projects see "Co-operation for Development: Japan's Foreign Aid Programme", Japan 1970 (Japan Ministry of Foreign Affairs, Tokyo), no. 4, 1970, pp. 2-10.

Indonesia - Musi River Bridge (May 1965) constructed with Japanese aid amounting to \$11,782,000 in the form of reparation; technical assistance and private deferred payment; Karang-Kates dam in Eastern Java, and Kali-Kanto dam in Southern Kalimantan - Japan contributed 34.6 per cent of the construction cost; one micro-wave net work constructed between Djakarta and Bali islands with funds provided by the Japanese Government.

The Republic of China - Tsengwen Reservoir Multipurpose
Project to be completed by 1973 - financed by Japanese yen
credit of \$ 150 million; co-operation in ship-building etc.

Laos - \$ 694,000 aid for the extension of Wattay Airport in Vientiane; \$ 156,000 aid for micro-wave telecommunication station at Nongkhai near Vientiane.

Singapore - Jurong Shipbuilding Ltd. established in 1963 by a joint venture of Japanese Economic Development Board and Ishikawajima - Harima Heavy Industries, for the purpose of repairs of ships; Jurong Shipbuilders Company established in 1969 by the Singapore Covernment with the co-operation of Jurong Shipbuilding Ltd.

Thailand - Japanese instructors stationed at the Nondaburi Telecommunication Training Centre established in 1962; technical instructions provided by Japanese experts at the Songkla Technical Training Centre for Road Construction in Southern Thailand, inaugurated in 1967; a feeder road network around Songkla completed in 1970 with the help of Japanese experts and trainees.

The Republic of Korea - A part of the cost of the Seoul-Pusan Super Highway opened in 1970 met by Japan's loan; Soyong River Dam (multipurpose dam) to be completed in 1972 with Japanese help.

Pakistan - The Ghorasal Fertilizer Factory established at Chittagong (now in Bangla Desh) - Japanese Government credited \$28 million for the factory to the Pakistan Government in September 1970.

The Philippines - The Philippines-Japan Friendship Highway being constructed with \$30 million aid from Japan; the Manila City Telephone Relay Station completed in 1969 with \$6.52 million Japanese aid; Japanese advisers stationed at the Marikina Technological Development Centre for small scale industries.

Malaysia - An integrated steel mill built through an agreement between Malaysian Government and Japan's 'Yawata Iron & Steel'; a dam project on Pedu River is underway with Japanese 81 assistance.

Ceylon - Since 1961 Japanese experts have been assisting 82 the Negombo Fisheries Training Centre.

Japanese technical assistance has been growing year by year. The technological outflow during the 1950's has been limited, but with the advent of the 1960's, as one of the United Nations reports said, there was an outpouring of technical assistance of "significant magnitude". It increased both economic sectorwise and areawise; the Asian region taking the largest share of it (see Tables 4 and 5). However, there is difference between the nature of

^{81. &}quot;Japan's Foreign Aid Abroad", <u>Japan - 1969</u> (Japan Ministry of Foreign Affairs, Tokyo), no. 2, 1969, p. 2.

^{82.} Ibid.

^{83.} Terutomo Ozawa, <u>Transfer of Technology From Japan to Developing Countries</u>, UNITAR Reports, No. 7 (New York, 1971), p. 3.

Table 4

Japan's Export of Technology by Area:

1964-69

Are	a	Number of technology transfers	gy Percentage	
1.	As i a	214	41.0	
	China (Taiwan)	66	13.0	
	Republic of Korea	49	9.0	
	India	35	7.0	
	Thailand The Philippines	17 16	3.0	
	Pakistan	9	3.0 2.0	
	Others	22	4.0	
2.	Europe	149	29.0	
•	North and Central America	118	22.0	
•	South America	22	4.0	
· •	Africa	11	2.0	
·	Australia and New Zealand	13	3.0	
	Total	526	100.0	
A.	Advanced countries	232	44.0	
3 . .	Developing countries	<i>2</i> 73	52.00	
	Communist countries	21	4.00	

Source: Japan, Ministry of International Trade and Industry, Gijitsuyushutsu no Jittai nitsuite (Tokyo, 1970).

^{84.} Ibid., p. 5.

Table 5

Japan's Exports of Technology: 1959-68

Year Sector	1960	1961	1962	1963	1964	1965	1966	1967	1968	Total
Electrical machinery	5	16	11	9	27	26	27	22	8	151
Transport equipment	. 5	. 1		₩.	1	5	9	5	4	30
Non-electrical machinery	3	2	4	•	10	14	12	9	10	64
Mining, metallurgy and Met	als 4	· з	2	1	12	9	11	13	11	66
Chemicals	14	19	10	10	33	44	49	53	34	266
Textiles	1	₩	4	2	2	•	1	1	63	11
Rubber and leather	1	-	1	1	· #	1	3	2	1	10
Construction	7	4	8	7	•		-	***	**	26
Stone, clay and glass		•	1	1	ı	4	3	5	2	17
Paper products and pulp	2	•	1	1	5	***			•	9
Printing	. 2	1	1	1	. +	- '			-	5
Food processing	1	2	1	1	5	5	2	1	1	19
Fishery	3		.	-		.		•	. ~ ,	3
Agriculture		- W.	-	•	•	1	-	-	→	1
Precision instruments		.	(##) · · · · · · · · · · · · · · · · · ·	.	1	1	·	1		3
Wood products	' . • •	•	. 🛥	+	1	1,	•		•	2
Commerce	•	•	1		, 		•	•	· .	- 1
Total	48	48.	45	34	88	111	117	112	61	644

Sources: For the 1960-63 data, see Japan Science and Technology Agency,

Wagakuni Gijitsuyushutsu no Genjo (Tokyo, 1970); for the 1964-68
data, see Japan Ministry of International Trade and Industry,

Gijitsuyushutsu no Jittai nitsuite (Tokyo, 1970).

^{85.} Ibid., p. 4.

Japanese technology, exported to developing countries and that 86 of developed countries. The latter consists largely of patented and high level technology, while the technology given to the developing countries is not so specific in nature; it is given in the form of know-how, i.e., general industrial experience.

Apart from the assistance given to the developing countries of the region, Japan's technical co-operation is being also diverted to the various ECAFE multinational development projects which will be considered in the next chapter.

Japan's tough and restricted approach to matters concerning loans and credits to the developing countries of the region continued throughout the 1960's. On the other hand, it is well known that one of the most knotty problems of the aid receiving countries is the huge burden of interest payment and the repayment of principal. Thus, Japan has been continuously pressurized by various international bodies, including the Commission, to soften her loan terms. The International Symposium on Asian Economic Development and Co-operation held in 1968. had recommended that more copious foreign aid and more lenient terms for loans should be given by Japan to the developing Asian countries. K.V. Narain, Tokyo correspondent of The Hindu, was one of the participants in the Symposium. He criticised that the Japanese credit terms are generally "hard" in comparison with United States and other developed countries of the West.

^{86. &}lt;u>Ibid.</u>, pp. 3-4.

^{87.} Japan's Foreign Aid, n. 65, pp. 3-4.

^{88.} See Japan Quarterly, n. 50.

^{89.} Ibid.

Asian Economic Bloc

While dealing with the Japanese role in the Commission we must also discuss Japanese attitude towards the popular demand of the ECAFE developing countries for the establishment of an Asian Economic Bloc. The proposal for such a bloc had been put forward by the Philippines as far back as 1960 at the 16th session of the Commission held at Bangkok. The proposal received support from the developing countries as well as the ECAFE Executive Secretary U Nyun. But Japan detested the idea and at the 18th session of the Commission held at Tokyo in 1962 clearly rejected it saying that it was a "premature" move. The reasons given for this rejection are worth noting. The Japan Times, in one of its editorials, mentioned: "If this country were to become an active member of the bloc, governed by its regulations in important trade matters, the result might not be wholly unfavourable but with her worldwide commercial interest Japan would find it difficult to lie herself down to strictly regional interests. " However the editorial added that if Japan stood outside the bloc. she might face various restrictions over her trade with the region. One writer, Sheldon Wesson has taken the view that the feasibility of such a bloc is also bleak because the participating Asian countries which have won independence recently would not be able to sacrifice even the slightest bit of their sovereignty which might be necessitated in such a system. He further said

^{90.} Editorial, Japan Times, 12 March 1960, p. 8.

^{91.} Ibid.

^{92.} Sheldon Wesson, Wapan Opposed to Asian Joint Economic Project 161d. 5 March 1962 n. 10.

would benefit more than the other developing partners. In one of his other articles wesson gives more strong arguments against such a proposal. He mentions that the term "common market" is misleading when, in the Asian context, it is extended to intraregional economic co-operation. It is so because the political and economic organizations of the Asian region have to cover a much wider area -- about 6,500 miles from Tokyo to New Delhi than those which are located in London or Rome. In other words, the European Common Market and the proposed Asian common market must be treated in different perspective.

Yet another commentator points out four important reasons for Japan's cold attitude to the Asian Economic Bloc: (a) such a bloc would be a liability for Japan; (b) Japanese people have a habit of indulging in abstract arguments; (c) Japan expects American capital investment in the economic development of South-East Asia; and finally, (d) Japanese Government and the business circles are so inclined to European Economic Community that they are losing their interest in the proposed Asian Economic Bloc.

While explaining the Japanese reservations on this question, the Japanese delegate, Akira Ohye, told the 18th

^{93. &}lt;u>Ibid</u>. "Other countries in the area might be benefitted with the establishment of this 'common market' to the extent that they produce explorable manufactured products. But clearly Japan is the one nation which would benefit most to a degree which would overshadow the cumulative benefits accruing to all other participants."

^{94.} Sheldon Wesson, "Japan Leadership needed for Asian Common Market", Japan Times, 12 March 1962, p. 14.

^{95.} Hirashawa Kazushige, n. 76.

annual session of the Commission at Tokyo that the very proposal was "impractical". He suggested that as a prelude to such an organization adequate co-operative relationships and co-ordination 96 should be promoted first among the countries of the region.

Many of these arguments are not very convincing. Japan or any other country cannot ignore for long the urge of the majority of the Asian countries for the creation of Asian Economic Bloc. Nor can Japan block the way for such an organization. Even if a full-fledged "Asian Common Market" is not possible at present 97 (as indicated in the ECAFE Annual Report 1968), Japan should initiate some primary steps in that direction.

Transport, Communication, Waterways, and Tourism

The development of national railways in the ECAFE countries and the extension of the international railway tracks are most vital for the welfare of the common man as well as the economic development of a particular country. This is more important for the "economic integration" of the region. The Inland Transport and Communication Committee of the Commission has special responsibility to pursue the above task. Japan's co-operation in this field has been considered most expedient in view of her vast experience and material potentialities.

Japan has provided training facilities to railway officials of the ECAFE countries. She has also contributed funds for the proposed Trans Asian Railways. As far back as 1961 the Japanese Government constructed a new railway track from Tokyo to Osaka

^{96.} Japan Times, 8 March 1962, p. 1.

^{97.} ECAFE: Annual Report, n. 23, p. 73.

which was considered as one of the most modernized railway networks and equipped with the latest techniques. The railway experts of the countries of the region were invited to inspect and study the project by the Japanese Government, under the 98 auspices of the Commission.

In 1963 a Railway Research Co-ordinating Committee was formed to facilitate training and research on railway development in the region. The Railway Research Centres in Japan and India; the International Union of Railways; and the ECAFE Secretariat 99 are the component units of the Committee. Since its inception Japan has been providing regular research and training facilities to the Co-ordination Committee. Japan awarded four fellowships to the railway personnel from the region during 1963-64, at her 100 own Research Institute. In one of the meetings of the Railway Sub-committee of the Commission held in September-October 1967, the Japanese Government offered to organize a seminar on the electrification, track construction, and maintenance of the 101 railways, for participants from the ECAFE countries.

The ECAFE has undertaken an unique project - Trans-Asian Railways, to link by rail-road the Asian, African and European countries. This proposal came through the Inland Transport and

^{98.} ECAFE: Annual Report (21 March 1961 - 19 March 1962), ECOSOC Official Records, Thirtyfourth Session (1962), UN Doc. E/CN.11/593. p. 46.

^{99.} ECAFE: Annual Report (19 March 1963 - 17 March 1964), ECOSOC Official Records, Thirtyseventh Session (1964), UN Doc. E/CN.11/662/Rev. 1, p. 28.

^{100.} Ibid.

^{101.} ECAFE: Annual Report, n. 23, pp. 22-23.

Communication Committee in April 1967. Japan has fully endorsed this project. She would provide her technical know-how and experience, and conduct studies on the various aspects of the project — both physical and operational. The pre-feasibility surveys of this project were being carried out by an ECAFE
Japanese team.

Apart from railways, road and water transport are other important aspects of this category of ECAFE activities. connection, Japan's contribution to the Asian Highway is worth mentioning here - the details being given in the next chapter. Japan has also regularly participated in the functions of the Inland Waterways Sub-committee of the Commission. She is also a member of the Port Survey Team set up by the Commission early in 1965 which has already surveyed many ports of the countries of the region. Japan had provided experts on port design in the The Sub-committee has appreciated Japan's offer of technical information and training facilities to the trainees from the ECAFE countries in the field of dredging of inland waterways at her own laboratories. Recently, master plans have been prepared for Singapore Port and Karachi Port (Pakistan) by an Ad-hoc Port Consultancy Services in which Japanese and Netherland's experts worked.

^{102.} One Times One Hundred, n. 25, p. 12.

^{103.} ECAFE: Annual Report, n. 23...

^{104.} One Times One Hundred, n. 25, p. 12.

^{105.} ECAFE: Twenty Years of Progress, n. 8, p. 72.

^{106.} ECAFE: Annual Report, n. 30, pp. 38-39.

^{107.} ECAFE: Annual Report, n. 37, p. 38.

In recent years the Commission has been giving attention to the development of tourism in the developing member countries. For, tourism is supposed to be one of the important sources of foreign exchange. Unfortunately this project was not taken up by the ECAFE countries. The Commission has also called for assistance from the developed countries in this field. In response to this call Japan agreed to provide study tour-cumtraining course to the tourist officials of those countries, in 108 the field of tourist promotion techniques. Officials from eight countries have participated in such study tours organized by Japan. Japan had also proposed, in 1966, for the convention of an East Asia Travel Conference, to discuss the tourist development problems of the region.

Agriculture, Water Resources Development, Flood Control

From the very beginning Japan has been emphasizing the importance of agricultural development of the ECAFE region. For, agriculture constitutes the backbone of the economy of the developing Asian countries. Various ECAFE reports have also emphasised the need for measures to be taken to increase the agricultural productivity of the region. This emphasis has acquired a new dimension in view of the growing population of the countries of the region, and food shortage which these countries have been facing since the 1960's. Japan has taken a keen interest in this field. She considers that agricultural

^{108.} ECAFE: Annual Report, n. 30, p. 43.

^{109. &}lt;u>Ibid</u>.

^{110.} ECAFE: Twenty Years of Progress, n. 8, p. 61.

development is more important and relevant than industrial development to the ECAFE countries. Japan is also in a better position to extend co-operation in the field of rice cultivation and in the establishment of chemical fertilizer plant.

In April 1966 Japan organized a Ministerial Conference for Economic Development of South East Asia, in Tokyo, in which nine Apart from the general discussion on countries participated. economic development, the Conference paid special attention to the development of agriculture in the region. It also decided to hold another conference on Agricultural Development in South East Asia. The Conference was held in December 1966 as a result of which it was decided to establish a separate fund for agricultural development in the Asian Development Bank. The specific purpose of this fund is to extend soft agricultural loans to the countries of the region. Japan made special contribution to this fund. At the same Conference Japan also undertook to organize a study group to consider specific questions relating to the establishment of a Regional Fisheries Development Centre. The Ibaraki International Agriculture Training Centre, set up in Japan in 1961 by the Japanese Government, has been arranging annually and regularly training courses for the personnel of the ECAFE countries. The Centre had admitted 58 students by 1963 from the following countries: 6 from Indonesia, 8 from Thailand, 5 from the Philippines. 3 from Iran and so on. Japan has also

^{111.} Japan Times, 7 April 1966, p. 69.

^{112.} Japan's Foreign Aid, n. 65, p. 7.

^{113.} Ibid.

^{114.} Yasaka Denro, "Ten Years of Technical Co-operation with the Underdeveloped Countries", <u>Developing Economies</u> (Tokyo), vol. 2, no. 3, September 1964, pp. 302-15.

made funds available for the establishment of an agricultural centre in Pakistan (now Bangla Desh) in 1960; Indian Agricultural Demonstration Farms in West Bengal, Orissa, Bihar, Gujarat, in 115 April 1962.

Now in the field of water resources development and flood control, Japan has been extending co-operation to the Regional Conference on Water Resources Development, and the Bureau of Flood Control (which was renamed in 1962 as the Division of Water Resources Development). These two ECAFE bodies have been especially entrusted with the task of rescuing one-fifth of the total population of Asia and the Far East who are living under 116 the constant threat of flood devastations.

In 1964 the ECAFE Secretariat took initiative to organize an Advisory Group to render technical services to the major delta projects in the Republic of Korea, the Philippines, Iran, Taiwan, Malaysia and Pakistan, with the assistance of Japan, Netherlands, and the United Nations Bureau of Technical Assistance Organization (BTAO). In 1969 Japan hosted the Second Symposium on 118 Development of Deltaic Areas at Tokyo. The discussions included: water management with emphasis on salinity control and drainage, including flood control; planning and design of tidal embankment; reclamation of marsh, lagoon and tidal land.

Typhoon control is another major issue in this category of

^{115.} Ibid.

^{116.} ECAFE: Twenty Years of Progress, n. 8, p. 50.

^{117.} ECAFE: Annual Report, n. 18, p. 69.

^{118.} ECAFE: Annual Report, n. 48, pp. 6 and 21.

the ECAFE activities. It is estimated that the annual damage caused by typhoon in the ECAFE region amounts to an average of In view of the urgency of the issue a Typhoon g 500 million. Committee was established in 1968 of which Japan became a member. Japan's contribution towards the activities of the Committee has been appreciated by the Committee on Water Resources Development The same year Japan offered to assist in the in 1970. establishment of a Pilot Flood Forecasting and Warning System in the Pampanga River Basin in the Philippines, and also offered to organize a seminar on flood forecasting services in Tokyo in the later part of 1970. Japan was one of the three countries which conducted the "operation of Ocean Weather Ships during the typhoon season of 1971" - other countries were USSR, the Federal Republic of Germany. This new operation plan has been highly appreciated by the Commission during its 28th annual session.

Thus, we see that the "First Development Decade" has been really a decade of hectic activities for Japan in the Commission. Japan did contribute in important ways to the activities of the Commission, though in fields like trade, industry, and social development of the region she could have done better still. The social development of the region is being treated by the Commission on a priority basis. Japan's contribution to this field has been nil, though she has co-operated in a marginal way in some of the ECAFE programmes like population control, housing, crime prevention, administration etc.

^{119.} One Times One Hundred, n. 25, p. 25.

^{120.} ECAFE: Annual Report, n. 48, p. 6.

^{121. &}lt;u>Ibid</u>.

^{122.} ECAFE: Annual Report, n. 37, p. 42.

Chapter Four

MAJOR ECAFE PROJECTS AND JAPAN

One of the significant achievements of the Commission is its contribution to the completion of a number of multinational and multipurpose projects in the region. These projects are the symbols of international, and intra-regional co-operation. Some of them like the Mekong River Basin and Asian Highway, affect the lives of millions of people in the region directly and immediately.

Since its inception, the Commission has felt that it would be a difficult task to show spectacular and quick achievements in the field of trade and industry, largely on account of the conservatism of the developed countries. Even the targets set by the Commission were not reached owing to half hearted co-operation from the developed countries. Hence it was both natural and timely that the Commission paid growing attention to expand its activities in the field of development projects. projects have attracted the attention of both the developed and developing countries, and they have responded favourably to them. They are given the same importance as trade, industry and aid. Japan's response to these multinational development projects has been more favourable than the response to problems of trade and industry. It is worthwhile to see what Japan has done and is doing in the execution of some of the major ECAFE projects. will take up the Mekong River Basin Project, Asian Highway, Asian

^{1.} Though Mekong River Basin Project and Asian Highway projects have been started in 1957 and 1959 respectively, major achievements of these two projects have been made during the 1960's.

Development Bank, Asian Institute for Economic Development and Planning, and Asian Industrial Development Council.

Mekong River Basin Project

The Mekong Project is the largest multipurpose project undertaken by the Commission. The present Executive Secretary U Nyun said about the project, "It is an international undertaking - a project for the benefit of all the people ... not only for the present generation but for future generations, without regard to race, class or politics." The Project covers four riparian countries: Laos, Cambodia, Thailand, and Vietnam; and nearly 25 million people live in the Mekong basin.

Though the Project was started in 1957 with the formation of the Committee for Co-ordination of Investigation of Lower Mekong Basin, the idea of taming and harnessing the Mekong river goes back to the 9th century. In modern times positive action towards the Project was begun in 1952 when the Commission completed the first study of the Project - "Preliminary Report on Technical Problems Relating to Flood Control and Water Resources, Development of the Mekong - an International River".

The Project includes manifold development plans: data collection, reconnaissance studies, main stream projects,

^{2.} One Times One Hundred, ECAFE (Bangkok? 24 October 1970), p.1.

^{3. &}lt;u>Ibid</u>.

C. Hart Schaaf and Russel H. Fifield, The Lower Mekong:
Challenge to Co-operation in South East Asia (New York, 1963),
p. 80. "The great Khmer Empire commenced, probably in the
ninth century, construction of an extensive irrigation system
in the vicinity of Angkor...."

^{5. &}lt;u>Ibid.</u>, p. 83.

tributary projects, navigation improvement, ancilliary investigations, experiments and demonstration in the field of mineral exploitation, agriculture, forestry, manpower, and also spheres of social, fiscal, and industrial development. Japan has been co-operating in most of the above plans since 1957. At the 13th session of the Commission held at Bangkok in 1957, the Japanese Government expressed its willingness to co-operate with the project. It may be mentioned here that even prior to this offer, Japanese consultants Yutaka Kubota and Asamobo Sakaita (both Japanese) had assisted a group which carried out a field reconnaissance in 1956. Yutaka Kobuta was again included in the 'Wheeler Mission' in 1957 which was appointed to make further study of the Project.

However, a major part of Japan's contribution in the Project has been directed towards the mainstream and tributary projects. The major proposed mainstream projects are the Pamong Project, the Sambor Project, the Tonlesap and Delta Project, the Khone Falls Project, the Khemarat Project. Out of these projects, the first three have been taken up on a priority basis. Japan's contribution towards mainstream projects is mostly limited to the Sambor Project. In the early 1960's Japan undertook to carry out a preliminary survey of the Sambor Project, the cost of which was estimated at \$72,000. The Japan Overseas

^{6.} Ibid., p. 90.

^{7.} Ibid., p. 87.

^{8. &}lt;u>Ibid.</u>, p. 96.

^{9.} ECAFE: Annual Report (22 March 1960 - 20 March 1961), ECOSOC Official Records, Thirtysecond Session (New York, 1961), UN Doc. E/CN. 11/564, pp. 47-48.

Technical Co-operation Agency has been deeply involved in this Project. The Seismic Studies of this project was carried out by an OTCA team during 1963-64; and another technical survey team had undertaken field investigations of hydroelectric, geological, agricultural, navigation improvement and power markets of the 10 project. The survey team submitted its final feasibility report in 1969, which indicated that after the completion of the Pa Mong Project and Nam Ngum Project the installed capacity of the hydroelectric generation at Sambor would be 2 million Kw.

In regard to tributary projects, Japan had offered to prepare reconnaissance reports of all the tributaries of the Mekong river. Reconnaissance reports on four tributaries were completed in May 1959. These reports recommended initial development works on four tributaries, viz.; Battambang in Cambodia, Nam Ngum in Laos, Nam Pong in Thailand, Upper Se Sam in Vietnam. Apart from these reports, the Japanese Government offered the following; to design the dam and hydroelectric generation aspect of the Trek Thnot tributary in Cambodia; to prepare a comprehensive feasibility report for the Nam Pong tributary in north-east Thailand (irrigation and power); a report on the hydrologic installations as well as an analysis of the Upper Sre

^{10.} ECAFE: Annual Report (19 March 1963 - 17 March 1964), ECOSOC Official Records, Thirtyseventh Session (1964), UN Doc. E/CN.11/662/Rev. 1, p. 37.

^{11.} ECAFE: Annual Report (29 April 1969 - 27 April 1970), ECOSOC Official Records, Fortyninth Session (1970), UN Doc. E/CN.11/932, pp. 6-7.

^{12.} ECAFE: Annual Report (20 March 1959 - 21 March 1960).
ECOSOC Official Records, Thirtieth Session (1960),
UN Doc. E/CN.11/530, pp. 16-17.

Pok in Vietnam (irrigation and power). In 1960. Japan completed the second phase of the reconnaissance report on tributaries, and in the same year the Government offered fellowship for study tourcum-training to officials working on the Mekong Project. 1961-62 the first and final volume of the reconnaissance report of the 34 principal tributaries was completed with Japanese Government's aid. Japan undertook to prepare a detailed construction design and other specifications of Lam Dom Noi tributary project during 1966-67; and also signed a plan operation with the Mekong Committee in March 1965 relating to the investigation of the irrigable land of the Upper Krong Buk in Vietnam. Another plan of operation was signed by Japan during 1967-68 for the preparation of a feasibility survey of the Stung Chinit tributary in Cambodia. Japan also agreed to conduct a survey of irrigation development of the areas south-west of Great Lake in Cambodia. Japan is one of the nine countries which signed the Nam Ngum Development Fund Agreement in 1966 (Japan had already prepared the reconnaissance report of the said project), and has completed the feasibility investigations of the two tributaries namely, Nam Phrom and Nam Chern under a joint venture with Thailand. A Japanese

^{13.} C. Hart Schaaf, n. 4, p. 113.

^{14.} ECAFE: Annual Report, n. 9, p. 22.

^{15.} ECAFE: Annual Report (21 March 1961 - 19 March 1962), ECOSOC Official Records, Thirtyfourth Session (1962), UN Doc. E/CN.11/593, p. 20.

^{16.} ECAFE: Annual Report (30 March 1965 - 4 April 1966), ECOSOC Official Records, Fortyfirst Session (1966), UN Doc. E/CN.11/739/Rev.l, p. 57.

^{17.} ECAFE: Annual Report (18 April 1967 - 30 April 1968), ECOSOC Official Records, Fortyfifth Session (1968), UN Doc. E/CN.11/824, p. 36.

^{18. &}lt;u>Ibid</u>.

expert team prepared in 1966 a summary report on the investigation of the Krong Buk irrigable areas of the Upper Sre Pok Basin in the 19
Republic of Vietnam.

During 1968-69 a multilateral agreement was signed on the arrangements of the Prek Thnot tributary project in which Japan was one of the parties. In December 1968 the international power transmission project between Udon in Thailand and Vientiane in Laos was inaugurated. Japan is one of the major contributors to this construction project. This transmission is a part of the Nam Ngum tributary project. During 1969-70, the Japanese OTCA completed a feasibility report on the Stung Chinit tributary and also submitted the reconnaissance report (undertaken earlier) on the irrigable land of the South-west of the Great Lake.

Recently, the Japanese Government offered technical assistance in the field of tributary projects, at the 28th session of the Commission. Accordingly, Japan would provide a team of engineers for two years to assist in the maintenance of Nam Ngum 21 dam which is scheduled to be completed this year (1972).

Besides mainstream and tributary projects, Japan has also extended co-operation to other fields of the Mekong development programmes. The Japanese OTCA completed the second phase of the

^{19.} ECAFE: Annual Report (5 April 1966 - 17 April 1967), ECOSOC Official Records, Fortythird Session (1967), UN Doc. E/CN. 11/791, p. 54.

^{20.} ECAFE: Annual Report (1 May 1968 - 28 April 1969), ECOSOC Official Records, Fortyseventh Session (1969), UN Doc. E/CN.11/868, p. 19.

^{21.} ECAFE: Annual Report (1 May 1971 - 27 March 1972), ECOSOC Official Records, Fiftythird Session (1972), UN Doc. E/CN.11/1044, p. 43.

feasibility study of a proposed bridge across the Mekong river between Thailand and Laos (in the Vientiane - Nong Khaiana); and the final report was completed in 1969. The report indicated the estimated cost of the bridge including the extension of railways from Nong Khai to Vientiane at \$21.5 million. At the 25th session of the Commission Japan offered to supply jeeps to the Mekong Committee to be used for the Mekong project.

In 1965 Japan jointly signed four plans with France, New Zealand, and United Kingdom which covered an irrigation scheme in Viet Nam and improvement of inland waterway craft, river training works, and port installations in Cambodia, Laos, Thailand and 24 Viet Nam. She also offered to conduct an agricultural survey of an area located up stream of the low lying region of Darlac, 25 estimated to cost \$40,000.

In connection with the industrial and mineral resources development of the Mekong Basin, a Japanese expert team visited the Khmer Republic to examine the possibility of establishing an aluminium industry at Kompong Som in 1970, and completed its report in 1971. At the 27th session of the Commission at Manila in 1971 Japan offered to contribute upto 10 per cent of the cost of the first phase of the Pioneer Agricultural Project Programme

^{22.} ECAFE: Annual Report, n. 11, pp. 6-7.

^{23.} ECAFE: Annual Report, n. 20.

^{24.} Japan Times (Tokyo), 26 March 1965, p. 298.

^{25.} Ibid.

^{26.} ECAFE: Annual Report (28 April 1970 - 30 April 1971), ECOSOC Official Records, Fiftyfirst Session (1971), UN Doc. E/CN.11/987, p. 7. Also see n. 21, p. 7.

of the Mekong Basin, subject to budgetary appropriation in 27 fiscal 1972. The budgetary approval of \$200,000 for the above project was confirmed by the Japanese delegate at the \$28 session of the Commission the following year. The Pioneer Project includes reclamation of land, better methods of cultivation, irrigation, drainage etc. Japan has also offered to provide an amount upto 12.5 per cent of the total construction costs of the My Thuan bridge project in Viet Nam - the work to be commenced in July 1973.

Japan is one of the major contributing countries in the Mekong Project. Total Japanese contributions till fiscal 1972 30 have been estimated at more than \$ 15 million. This figure is really very encouraging in comparison with the total Japanese contribution in 1959 estimated at about \$ 320,000 (more than a 31 quarter million). But compared with other countries like U.S.A., Canada, and France, Japanese contribution cannot be said to be impressive. As of 17 March 1964, while the total contributions of U.S.A., Canada, and France stood at \$ 4,956,000, \$ 1,365,000, \$ 1,699,811 respectively, those of Japan stood at \$ 832,000.

Moreover Japan's total contribution to date also seems insignificant in view of the two billion dollars total outlay of the Mekong Project (estimated during early phase of the Project).

^{27.} Ibid., see note first, p. 44.

^{28.} ECAFE: Annual Report, n. 21, p. 43.

^{29.} Ibid., also see n. 30.

^{30.} Japan Times, 27 March 1972, p. 11.

^{31.} ECAFE: Annual Report, n. 12, pp. 16-17.

^{32.} ECAFE: Annual Report, n. 10.

^{33.} C. Hart Schaaf and Russel H. Fifield, n. 4, p. 199.

However, the trend shows that Japan would increase contributions substantially soon.

Asian Highway

The Asian Highway project was started in 1959, and it is said to be the fulfilment of "an ancient dream of man - a trade route from east to west across Asia". The Project is to cover a net work of 60,000 Kms. and fourteen countries. 34 There are ten priority routes to be constructed out of which Routes A-1 and A-2 are the most important. Route A-1 connects Saigon with the European international road network at the frontier between Iran and Turkey: and it is almost complete. Route A-2 starts from Iran - Iraq border and ends in Indonesia after a ferry crossing The total cost of the Project is estimated at to Singapore. To carry out the Project the Asian about \$ 2-3,000,000,000. Highway Coordinating Committee was formed at ministerial level in 1964.

Japan has expressed her willingness to co-operate in the implementation of the Project from the beginning. In 1964 Japan along with New Zealand provided an expert team which carried out a reconnaissance survey of the eastern portion of the East-West Highway in Nepal. Japan has also undertaken the survey of the engineering and economic aspects of the Mashhad-Herat Section of

^{34.} One Times One Hundred, n. 2, p. 7.

^{35.} ECAFE: Twenty Years of Progress (United Nations, 1967), UN Doc. E/CN.11/766/Rev.1, p. 70.

^{36.} Ibid.

the Asian Highway priority route No. A-1. Surveys of some of the major bridges in East Pakistan (now Bangla Desh) has also been undertaken by a Japanese expert team.

To publicize, and so to popularize the Project, documentary films have been produced. One such documentary television film was produced in 1964 under the joint venture of the Japanese Broadcasting Corporation and Australian Broadcasting Commission.

Technical training of the highway officials forms an essential part of the project. During the 24th session of the Commission in 1968 Japan offered to organize a one-month course for senior highway officials and engineers at Tokyo, which was a part of the Japanese Colombo Plan contribution.

Though Japan's direct contribution to the Project is not large, she made an effort to provide aid to those international organizations which are implementing the project.

Asian Development Bank

The Asian Development Bank is one of the lasting contributions of the Commission. It symbolizes an effort at integrated
regional as well as international co-operation for the economic
40
development of the Asian region. The Bank was inaugurated on

^{37.} ECAFE: Annual Report (18 March 1964 - 29 March 1965), ECOSOC Official Records, Thirtyninth Session (1965), UN Doc. E/CN.11/705, p. 32.

^{38. &}lt;u>Ibid.</u>, p. 138.

^{39.} ECAFE: Annual Report, n. 17, p. 91.

^{40.} Watanabe Takeshi, "The Asian Development Bank Starts Functioning", Contemporary Japan (Tokyo), wol. 28, no. 4, May 1967, pp. 699-703.

[&]quot;The birth of the ADB ... is certainly one of the most distinguished legacies of that year, for it marked the first time in history that a large number of nations throughout the world joined together in recognition of Asian economic well being."

29 November 1966, in Tokyo. The headquarters of the Bank was later shifted to Manila (the Philippines). The objectives of the Bank are: "to foster economic co-operation and the harmonious economic growth of the region as a whole; to assist in the co-ordination of development policies and plans and in promoting orderly expansion of their foreign trade and of intra-regional trade in particular; and to provide technical assistance for development projects and programmes."

Japan's role in the establishment of this monetary organization has been very significant. Her financial contribution of \$ 200 million is equal to that of the other major contributing nation, the United States. Writing in Contemporary Japan, Prime Minister Eisaku Sato said that Japan had spared no effort in co-operating with the establishment of the Bank from the very outset and that, *our country recognizes the great potential capacity of this Bank toward the development of Asia, and is prepared to continue to co-operate with it in every It may be mentioned here that Japan's Watanabe possible way. * Takeshi was one of the members of the high level consultative committee set up by the Commission at its 21st session in 1965 which was to examine major questions relating to the establishment of the ADB (Watanabe served as vice chairman at the first meeting

^{41.} One Times One Hundred, n. 2, p. 21.

^{42.} Japan Times, 3 April 1967, p. 31 (article contributed by Goro Hattori, Director of U.N. Bureau, Foreign Office, Japan).

^{43.} Sato Eisaku, "Japan's Role in Asia", Contemporary Japan, vol. 28, no. 4, May 1967, pp. 691-8.

and chairman at the third meeting of the committee). Later, in October-November 1965 a Preparatory Committee on Asian

Development Bank was convened in which also Japan was represented. Since its inception, many other Japanese experts and economists have served in the Bank. Watanabe Takashi was elected unanimously 46 the president of the Bank, and he was recently succeeded by another Japanese banker Inoue Shiro.

Japan made an offer of 200 million dollars to the Bank as an initial contribution over five years which equalled with 47 U.S.A. Japan and U.S.A. happen to be the largest subscribers 48 to the Bank's capital stock. But Japan ranked as the largest contributor to the Bank's special funds till 1969 which is evident from Table 1. Japan also distinguished herself by endeavouring to establish an Agricultural Development Fund in the Bank itself. This Fund is to meet the financial requirements of agricultural development in Asia. Japan has made substantial contributions to this Fund. For fiscal 1970 her contribution stood at \$30 million.

^{44.} ECAFE: Annual Report, n. 16, pp. 26-28.

^{45.} Ibid., p. 30.

^{46.} ECAFE: Annual Report, n. 19, pp. 25-26.

^{47. &}quot;Japanese Economic Assistance to Foreign Countries", Japan Quarterly (Tokyo), vol. 14, no. 3, July-September 1967, pp. 275-8.

^{48.} Kumada M. Junichiro, "ADB Seen Becoming Main Body Responsible for Asian Growth", <u>Japan Times</u>, 3 April 1967, p. 32.

^{49. &}quot;Aichi Pledges More Effort to Step up Aid",

Japan Times Weekly (Tokyo), 25 April 1970, p. 3.

50 Table - 1

Contributions to Consolidated Special Funds of the ADB as of 31 December 1969

Commitments

			(Units in U.S	Dollars)
Contributors	Technical Assistance Special Fund		Multipurpose Special Fund	Total
Canada	100,000	•	25, 000, 000*	25, 100, 000
Dermark	300,000	2,000,000	•	2, 300, 000
Finland	8, 178	•	•	8, 178
Federal Republ	ic 43, 151	6	•	43, 151
Japan	313,982	20, 000, 000	20,000,000	40, 313, 982
Netherlands	•	1, 104, 972	•	1, 104, 972
New Zealand	168,000**		•	168,000
U.K.	56,895	-	•	56,895
U.S.A.	1, 250, 000	-	•	1, 250, 000
Set aside Capital	•	. •	14, 575, 000	14, 575, 000
Total	2, 240, 206	23, 104, 972	59, 575, 000	84, 920, 178

^{*} As of 31 December 1969 - 10,000,000 was available and the balance of 15,000,000 will be available in annual instalments in each of the three Canadian financial years beginning 1 April 1970.

^{**} This amount will be available to the Bank in an amount upto 84,000 in each of the two New Zealand financial years beginning 1 April 1971, or at any time thereafter.

^{50.} Annual Report for 1969: Asian Development Bank (The Philippines).

Japan has always been emphasizing the fact that the Bank should make efforts to soften its terms and conditions while extending credits to the developing Asian countries. She has been increasing her contribution to the various Special Funds of the Bank in order to enable it to soften its loan terms. Till the end of 1970 the Bank's Multipurpose Special Fund had \$ 100 million built from contributions made by Japan, Canada, U.K.,

Australia, and Netherlands. In 1970 Japan alone offered \$ 30 million to the Multipurpose Fund of the Bank.

In September 1969 the Bank launched a new venture in the capital market when it issued a 7 per cent 60 million DM (Deutche Mark) bonds. Under this new venture the second bond issue took place in 1970 when the Bank floated a 7.4 per cent 6 billion yen 53 bond with the Japanese Government. About this gesture of Japan, watanabe remarked: "This issue marked the first time in Japan's history that its capital market had been opened up to a foreign 54 issue."

In 1969 there came a proposal to establish an Asian Vegetable Research and Development Centre under the auspices of the Bank. Japan was one of the sponsors of the proposed Centre. The Centre was to cost \$ 7.5 million during the first five years.

^{51.} Selected Addresses by Watanabe Takeshi, President - Asian Development Bank, Paths To Progress (Information Office ADB, the Philippines, 1972), p. 75.

^{52.} Selected Addresses by Watanabe Takeshi, President - Asian Development Bank, Paths To Progress(Information Office ADB, the Philippines, 1971), p. 92.

^{53.} Selected Addresses by Watanabe Takeshi, n. 51, p. 76.

^{54. &}lt;u>Ibid</u>.

Japan offered to render expert services and equipments.

Japan's keen interest in the functioning of the Bank may
be said to be an indication of an important shift in her economic
co-operation policies from bilateralism to multilateralism. The
President of the Bank Watanabe Takeshi made a pertinent remark;
while referring to the relationship between Japan and the Bank;
"For Japan, the developing countries of Asia can offer not only
raw materials and the market for the products but also labour and
space which are becoming limiting factors for Japan's continued
economic activity. It is clearly in the interest of Japan to help
the developing countries of Asia. One shining example if I may
say so, of Japan's interest in meeting the wishes of the
developing countries of Asia, is the Asian Development Bank."

Asian Institute for Economic Development and Planning

From the very beginning it has been felt by the ECAFE developing countries that they cannot reach the goal of economic reconstruction within a short time without planning for which they needed trained personnel. The need for a plan harmonization system has also been recommended in order to derive maximum mutual benefit out of the resources and technical skills in the countries of the region. In order to pursue the above task the idea of an institution was mooted in 1959. But it saw fruition only in January 1964 when the Asian Institute for Economic Development

^{55.} Annual Report for 1969, n. 50, p. 39.

^{56.} Selected Addresses by Watanabe Takeshi, n. 51, p. 93.

^{57.} ECAFE: Twenty Years of Progress, n. 35, p. 19.

and Planning was established. The Institute has been characterized as "a regional staff college for senior government officials who help to formulate and administer policies, programmes in their countries."

Japan has contributed to the Institute in the form of financial contributions, fellowships and training courses etc. It may also be mentioned here that the draft resolution to establish the Institute as adopted by the Commission at its 19th session held in 1963 was sponsored by Japan along with At this session of the Commission the Japanese other countries. delegate T. Hashida announced his Government's offer to render a post training course in Japan to some of the trainees of the A cash contribution of \$ 160,000 over a period of Institute. five years was also announced along with an ad-hoc special fund contribution for the fiscal 1963. While outlining the genesis of the Institute Hashida said that there was no better way to invoke consciousness and co-operation than to organize a group of "economic planners trained in internationally acceptable techniques and in a central institution to plan in co-ordination with each other and to implement plans in mutual self-help and harmony."

^{58. &}lt;u>Ibid.</u>, p. 19.

^{59.} One Times One Hundred, n. 2, p. 13.

^{60.} Japan Times, 9 March 1963, p. 10.

^{61.} Ibid.

^{62.} Ib1d.

^{63. &}lt;u>Ibid</u>, (Emphasis added)

Japan has made more cash contributions since then and her total contribution is equal to that of India. This is clear from the figures in Table 2. Apart from the contributions shown in the table, Japan made an additional cash contribution of \$21,000 towards the shortfall in cash contribution of the plan operation during the first phase of the Institute (1964-68).

6a Table 2

Asian Institute for Economic Development and Planning

Amounts payable in U.S. dollars or equivalent in national currencies for the first five years period 1964-68 and amounts proposed for the 2nd five years period 1969-73

Countries	Amount originally pledged in the plan of operation	Amount subsequently pledged	Total for first period	Total plus 10 per cent (mini- mum amount to be pledged for 2nd period)
India	200, 000		200, 000	990 000
11107.0	2009 000		200,000	220,000
Australia	100,000	50,000	150,000	165,000
Japan	160,000	40,000	200,000	220,000
U.S.A.	100,000	15,000	115,000	126,500

During 1969-70 the Institute received co-operation from the Japanese OTCA along with the Granization for Economic Co-operation and Development (OECD), in organising the first Regional Meeting of Directors of Training and Research Institute

^{64.} ECAFE: Annual Report, n. 19, p. 120.

^{65. &}lt;u>Ibid:</u>, p. 182.

in Asia which discussed the proposal of co-operation and co-ordination of all those Institutes for social and economic 66 development of the region. In April 1970 Japan also organized a ten-week trade promotion course for 25 officials of the countries of the region with the co-operation of the Trade 67 Promotion Centre of the Commission. A similar course has 68 been proposed to be organized by Japan this year (1972).

Japan has also provided competent authorities to the Governing Council of the Institute. Akira Ohye was one of the members of the Governing Council elected for a term of 3 years 69 (1966-69). Katsushiro Narita was elected to the Governing Council for 3 years beginning in April 1969. When Narita resigned, Senjin Tsuruoka was elected in his place in 1971. The same year M. Kakitsubo was elected the new Director of the 71 Institute.

The Institute enter the third phase of its operation 1974-78. The Commission has already adopted a resolution (24 March 1972) to ensure the permanence of the Institute in 72 accordance with the recommendation of the Governing Council.

It is hoped that Japan would continue to extend her assistance to

^{66.} ECAFE: Annual Report, n. 11, pp. 5-6.

^{67. &}lt;u>Ibid.</u>, p. 33.

^{68.} ECAFE: Annual Report, n. 26, p. 29.

^{69.} ECAFE: Annual Report, n. 16, p. 161.

^{70.} ECAFE: Annual Report, n. 26, p. 30.

^{71. &}lt;u>Ibid.</u>, p. 29.

^{72.} ECAFE: Annual Report, n. 21, p. 55.

the working of the Institute in its third phase with more generosity.

Asian Industrial Development Council

Like the Asian Institute for Economic Development and Planning, the Asian Industrial Development Council is also an institution which has come into existence to meet the long cherished requirement of the ECAFE countries for speedy industrialization. The Council was established at the Commission's headquarters (Bangkok) in September 1966 upon the recommendation of the First Asian Conference on Industrialization held at Manila 73 in December 1965. The Council promotes the pooling of member countries' resources for regional development; assists industrial projects undertaken by individual countries of the region; prepares feasibility reports for industrial projects of the countries of the region; and organizes surveys, seminars etc. on related matters.

As an industrially advanced country of the region Japan has taken a natural interest in the Council. She is one of the twelve nations which sponsored a resolution to establish the Council (the resolution was adopted at the Commission's 22nd 74 session in 1966).

The Council has so far undertaken the work of geological survey of the offshore islands, and conducted survey missions.

Japan has co-operated in all these schemes. The Japanese

Government has also offered to send study teams to make primary

^{73.} ECAFE: Twenty Years of Progress, n. 35, p. 47.

^{74.} Japan Times, 2 April 1966, p. 22.

investigations of those projects which have been identified in various countries by the Council's Survey Missions, particularly in the field of iron and steel industries. In 1969 a Japanese team prepared a report on the "Development and Expansion of the Iron and Steel Industry in South East Asian Countries" at the As standardization is one of the request of the Council. important subjects within the purview of the Council. Japan has paid attention towards this. She accepted candidates from other countries for training in national standards. It may be mentioned here that the Asian Standards Advisory Committee has already been formed to promote the cause of standardization of the industrial products, and Japan has co-operated with this Committee.

The functions of the Council are planned to be expanded further during the "Second Development Decade" (1970's), which has been characterised as "a decade of development of regional 78 co-operation for Asian industrialization". This gives Japan ample opportunities to extend to the Council her experience and resources in the field of industrialization.

^{75.} ECAFE: Annual Report, n. 17, p. 11.

^{76.} ECAFE: Annual Report, n. 11, p. 9.

^{77.} One Times One Hundred, n. 2, p. 18.

^{78. &}lt;u>Ibid</u>.

Chapter Five

CONCLUSION

After her bitter experience of the Second World War, and the failure of the "Greater East Asian Co-prosperity Sphere" Japan naturally desired to enter the community of nations in a new role. She was no longer interested in military conquests and colonies but was concerned with the pursuit of trade and economic activities. The political and economic dominance of Japan inherent in the notion of "Greater East Asian Co-prosperity Sphere" produced a lot of unfavourable reaction among the Asian countries. And, hence Japan's choice of a peaceful role. Japan's new aspirations and intentions, as well as its potential strength to contribute to the economic development of Asia were important factors in letting her enter the ECAFE. To a large extent she has lived up to the hopes pinned on her and has demonstrated that she has opened a new chapter in her history - a chapter of friendly co-operation with others for mutual benefit and prosperity. Today she believes in multilateralism.

The basis of Japan's economic posture towards the ECAFE countries is the complementary relationship between its economy and the economies of the ECAFE countries. Japan has the technical know-how and industrial skill which are needed by the ECAFE countries for their economic development; and the ECAFE countries are richly endowed in natural resources which are needed by Japan's rapidly growing industries.

Japan has been playing an important role in the Commission despite the fact that her attitude on a number of problems like

trade preferences, tariff reduction and liberal assistance has not always been helpful. She has participated in various forums of the Commission and has hosted various ECAFE conferences (including 3 annual sessions), seminars, training courses, and study groups: she has also contributed to multinational projects like Mekong Project, Asian Development Bank, Asian Highway etc. Gradually Japan is assuming greater and greater responsibility for the economic development of the region. After a short period of casual involvement in the Commission during the 1950's, she found herself involved more deeply in the Commission's activities, during the "First Development Decade". There is also no doubt that Japan has always realised the importance of the development of Asian countries in order to satisfy the latter's urge for economic prosperity. For this purpose Japan has diverted nearly 70 per cent of its overseas economic co-operation funds to the ECAFE region. It is quite another matter that the adequacy of Japanese co-operation has always been a matter of debate. Japan used to feel during the 1950's, and to some extent she still does so, that she is neither a fully developed nation nor a developing nation. In recent years she seems to have come off this psychology, and is trying to open the doors of her economy for the developing Asian countries.

Apart from the problems of inadequate co-operation in the field of economic issues, Japan has still to turn her attention to the social and welfare problems of the region which the Commission feels are becoming more acute year after year. It may be noted that in one of its annual Reports the Commission

observed: "The Commission was concerned that, despite the achievement by member countries of a satisfactory rate of economic growth during the first development decade, the region continued to face great income disparity, unemployment and underemployment, poor living conditions and inadequate social progress, all of which were causing widespread discontent." This social aspect has become so much important that recently the General Assembly proposed to rename the Commission as "Economic and Social Commission for Asia and Far East"; it was however dropped. Japan has been participating in some of the Commission's programmes like population control, housing, crime prevention, children welfare etc., but not with deep involvement.

At times one also gets the impression that Japan's ECAFE policy is not uniform and universal. She pays more attention to the South East Asian countries than to others. While it is true that she has a "paramount" interest in this region, one fails to see how this concentration of efforts fits in with Japan's professed sympathy for "balanced economic growth" of the whole Asian region. There seems to be good ground to plead for a much wider geographical interest on the part of Japan.

In the years to come Japan has to face a new situation in the Commission due to the participation of the People's Republic of China. It is believed that Japan's growing interest

ECAFE: Annual Report (20 April 1970 - 30 April 1971), ECOSOC Official Records, Fiftyfirst session (1971), UN Doc. E/CN.11/987.

^{2.} The People's Republic of China had been invited to attend the Commission's 28th session this year (1972) but she did not send her delegate probably due to unpreparedness.

in the PRC, and her (Japan) increased economic relationship may considerably deprive other developing countries of the region of Japanese economic co-operation. On the other hand, it is also apprehended that Japan may find it tough to compete with the PRC in extending her political influence in the region through economic co-operation. However, this competition would become intense only when China has reached a higher stage of economic development, and has gained enough strength to extend economic co-operation on the same scale as other advanced countries do. It is to be seen how far Japan is able to accommodate the growing economic needs of the developing countries of the region in spite of her greater economic intercourse with the PRC: and also how far she is able to counteract the PRC's influence in the Commission. Japan may not find it easy to reach the Chinese market and raw materials in view of likely competition between her and the United States. In the short run it is difficult to visualize how can she ignore her economic relationships with the developing countries of the ECAFE region and chose a chimerical market and source of raw materials in the PRC. On the other hand it would be beneficial to her as well as the PRC, in the long run, to extend co-operation for the common economic development of the Asian region.

The 1970's have been designated as the "United Nations Second Development Decade" with emphasis laid on the implementation of various programmes of the Commission. While this calls for the additional efforts on the part of Japan, it also provides her with more opportunities and avenues for economic co-operation.

Recent efforts by Japan at correcting trade imbalances, removing tariff barriers and implementing the "one percent aid target" by 1975 are most welcome. One only hopes that these will add up to a lasting contribution by Japan to the Commission's activities.

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