

**THE CHANGING PERSPECTIVES OF JAPAN'S
FOREIGN AID SINCE 1991**

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Master of Philosophy

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*Dedicated to
My Grandparents and Parents*



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Certificate

This is to certify that the dissertation entitled **The Changing Perspectives of Japan's Foreign Aid Since 1991** submitted by **Ms.Arpita Mathur** for the award of **Master of Philosophy** is an original work and has not been previously submitted for any degree of this or any other University.

We recommend that this dissertation be placed before the examiners for evaluation for the award of the Master of Philosophy Degree of this University.

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Preface

*I*nterdependence among nations has become a common characteristic of international relations today. The present decade marks the beginning of a new era of shared human progress into the 21st century. Development of all nations, whether developed or developing depends on mutual cooperation and assistance, of which economic cooperation or foreign aid forms a very integral aspect.

Japan has emerged to the forefront of aid donor countries, to present an interesting case study of a nation which had a war ravaged economy dependent on foreign aid itself, and has grown to become the largest disburser of ODA today. This dissertation is an attempt to study the changing perspectives of Japan's foreign aid since 1991.

The study assumes relevance in the present international context. Besides analyzing how far Japan has been able to pursue the principles it had delineated for itself in the ODA Charter, it would also attempt to assess the extent to which Japan is using its economic clout and foreign aid as an instrument of its foreign policy to carve a niche for itself in the post cold war political scenario and prevailing power structures.

This dissertation has been divided into five chapters. The first chapter begins with an introductory overview of the concept of the foreign aid in general, and moves on to a brief note on Japan and its official development assistance. With this background, a shift is made to tracing the historical development of Japanese post war economic assistance.

The second chapter entitled 'End of the Cold War and the ODA Charter', discusses the major features of Japan's ODA during the Cold War and then

proceeds to the end of the Cold War and the resultant changes in the features of Japan's aid. The origin, formulation, contents and critique of Japan's ODA Charter (1992) are also dealt with in this chapter.

The third chapter 'Issues', deals with Japan's attempt at the promotion of democracy, market economy, protection of human rights and promotion of global peace as it has envisaged in the Charter principles. An assessment has been made of the extent to which national interests have shaped and overshadowed benevolence, and hampered pursual of the Charter principles in practice.

The fourth chapter 'New Frontiers' includes a discussion of the relatively new problems and issues which have emerged in the 1990s, as areas demanding more attention and increased amount of ODA. They are - protection of environment and sustainable development, curbing the unabated population explosion, AIDS and the inclusion and promotion of women in the process of development.

After a discussion of all these issues and principles and case studies therein, the last chapter sums up the study on Japan's aid relations, its ability to follow the ODA Charter guideline and the extent to which Japan has used ODA as a tool of foreign policy.

Chapter One

*Introduction: A Brief Historical
Overview of Japanese Post War
Economic Assistance*

One of the most important pillars of Japan's foreign policy is its Official Development Assistance or foreign aid. Japan strove to recover from the shambles of a war ravaged economy and has grown to become an economic power to reckon with today. It has also emerged as the largest aid donor (surpassing the U.S. for the first time in 1989), under the efficient planning of the medium term targets (MTT), renewed every five years. At present, Japan is pursuing the Fifth Medium Term Target (1993-97), aiming at a disbursement of nearly \$70 billion to \$ 75 billion as aid.¹

Terms like 'aid' and 'economic assistance' have philanthropic and benevolent denotations, conventionally. But perhaps what has been a controversial aspect of Japan's ODA has been its ostensible use as an instrument of foreign policy. Japanese aid initiatives have been viewed with suspicion, and often criticized.

In keeping with the aim of attempting to examine changing Japanese perspectives of aid in the post Cold War period, the dissertation will delve into the following issues which Japan is addressing while extending aid:

- (a) furtherance of global peace by promoting non proliferation and disarmament.
- (b) Free economy, democracy and human rights
- (c) Humanitarian aid.

¹ Japan's Official Development Assistance Summary 1996, (Tokyo: Ministry of Foreign Affairs, APIC, October 1996), p.56.

- (d) Environmental protection and Sustainable Development.
- (e) Population control, AIDS and Women in Development.

These issues and objectives have been outlined in Japan's Official Development Assistance (ODA) Charter of 1992. A discussion of all these principles and case studies in respect to each one of them, and an analysis of Japan's ability to meet expectations placed on it would reveal how far it has followed the lofty principles envisaged in the Charter. It will also examine how far aid was doled out for altruistic purpose, and the extent to which it was used as a foreign policy tool by Japan. An effort will also be made to assess the prospects of Japanese ODA in the future.

An attempt to define the concept of foreign aid in general would perhaps lead to a narrow explanation of it as 'government sponsored flows of resources made available on concessional terms to foreign governments.... in a way designed to assist the latter's development. It is generally accepted, furthermore, that this movement falls within the ambit of government policy to some extent'.²

Aid gained prominence in the field of international relations, and saw its initiation in the Truman Doctrine (1940s) and Marshall Plan of the U.S. There was a general acceptance of the reality of interdependence, and the need to alleviate the conditions of people in the developing countries. The simultaneous growth of multilateral institutions for the

² Alan Rix, Japan's Economic Aid: Policy Making and Politics, (London: Croom Helm Ltd., 1980), p.14.

purpose of both receiving and providing aid only spurred the already growing acceptability of the concept.³

The beginning of the formulation of an aid theory can be traced back to late 1950s by Rostow.⁴ Other significant contributions were made by Chenery and Strout. They opine that aid affords to transform the economy by effacing certain obstacles or impediments that bridle growth and development. They go on to say that, "By relieving these constraints, foreign assistance can make possible further use of domestic resources and hence accelerate growth. Some of the potential bottlenecks - of skills and organization, savings, or foreign exchange can be temporarily relaxed by adding external resources for which current payment is not required. More efficient use can be made of other resources, so that the growth of total output may be substantially higher than would be permitted by the rate of increase of the most restrictive domestic factor".⁵

In a nutshell, these and other economists who theorized on foreign aid operated on the common premise that aid given for the purpose of development assists in filling up the void present in the domestic economy. These gaps hinder development and growth, and if corrected, will expedite development.

Humanitarianism, political motives like ensuring national security,

³ Roger Riddell, Foreign Aid Reconsidered (London: The John Hopkins University Press, 1988), p.85.

⁴ Ibid., p.87.

⁵ Ibid., p.89.

establishing importance in the international scenario and pursual of economic interests of the nation are the commonly identified goals of aid.⁶ The purpose behind giving aid may not always be altruistic. It would be essential to place Japanese foreign aid within the commonly perceived notion of aid.

Japan and its Official Development Assistance

A turning point in Japanese aid came in 1992, when an ODA Charter was drawn out to clearly spell out the objectives, purpose and principles behind aid extension. To analyse the perspectives of Japanese aid, it has to be seen as to how far these self formulated principles and guidelines have been followed in earnest, and how far aid has been used as a foreign policy tool. Aid has to be viewed as an indispensable and significant aspect of Japanese foreign policy concerns. It would therefore be essential to initiate this study with general overview of ODA and its types, and then move on to a historical overview of the post war Japanese economic assistance, which itself is intrinsic to study the changing perspectives of aid.

Official Development Assistance is just one of the ways Japan achieved what is known as "economic cooperation" or "*keizai kyoryoku*". "In order to solve the North-South problem to support the self reliant efforts of the developing countries, and to contribute to their economic and social development as well as to the enhancement of the welfare of the people and the promotion of the stability of their livelihood, the developed countries including Japan assist the developing countries in

⁶ Alan Rix, *Japan's Foreign Aid Challenge: Policy Reform And Aid Leadership* (London: Routledge 1993), p.18.

their effort for development by supplying them with the necessary capital and technology."⁷ Aid (*enjo*) is today used to cover the concessional part of Japan's economic assistance programme, i.e. ODA.⁸

On the other hand, economic cooperation which is now seen as a way of thought,⁹ rather than the process of extending assistance, can be further classified into and incorporates -

- (a) Official Development Assistance
- (b) Other Official Flows extended by government agencies like Export Import Bank of Japan.¹⁰
- (c) Private Flows which include export credits, direct investments funded by the private sector.¹¹

Of these three, ODA is termed as economic cooperation on a governmental basis, and is the thrust of this dissertation.

Official Development Assistance, as defined by the Development Assistance Committee of the OECD, refers to "official flows (grants and loans), which have as their main objectives the promotion of economic

⁷ A Guide to Japan's Aid, (Tokyo: Association For Promotion of International Co-operation, 1996), p.1.

⁸ Alan Rix, Japan's Foreign Aid Challenge: Policy Reform And Aid Leadership (London: Routledge, 1993), p.30.

⁹ Ibid.

¹⁰ A Guide to Japan's Aid, (Tokyo: Association For Promotion of International Co-operation, 1996), p.1.

¹¹ Ibid.

development and welfare and are extended at concessional financial terms.¹² The Japanese ODA programme has been a compound of various variables ranging from humanitarianism to politics to national interest. It is no longer purely economically oriented.

"Contributing to the world" emerged as one of Japan's foreign policy goals in the light of its increased economic power. In 1987, Prime Minister Noboru Takeshita, in a policy speech to the National Diet said, "I believe that Japan henceforth must establish itself as a country that contributes to the international community and that it must use its wealth and vigour to benefit the world. Japan's survival and development are premised on world peace and prosperity".¹³ ODA was designated as being a part of "International Cooperation Initiative" and economic cooperation, as the "most valued aspect of Japan's international contribution".¹⁴

The Japanese Foreign Ministry in the 1991 ODA White Paper put forth several reasons for extending foreign aid as one of its main international activities. To sum up a few:

¹² Ibrahim F.I. Sniyata, "Status and prospects of concessional Flows to Developing Countries" in Ervin Laszlo, ed., Cooperation and Development: Strategies for the 1980s (Dublin: Tycooly International Publishing Ltd., 1984), p.52.

¹³ Tadashi Ikeda "Japan's International Cooperation", Japan Review of International Affairs, Vol.3, No.1, Spring/Summer 1989, p.4.

¹⁴ Dennis T. Yasutomo, "Why Aid? Japan as an Aid Great Power", Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.491.

- (i) Aid becomes a mode of expression of the Japanese concurrence to the reality and recognition of the interdependence of nations.
- (ii) Humanitarian purposes.
- (iii) Aid for assisting development of the developing countries. In fact it is a means of boosting the self help efforts of these countries.¹⁵

Besides, the major rationales for extending aid are: to contribute and take responsibilities commensurate with its economic status as the world's top donor country, due to its economic dependence on other countries, a commitment to peace, and as the sole developed non Western country.¹⁶ Japan has, in its aid programme shown a preferential attitude towards Asia, due to its proximity with it. For this reason, Japan considers Asia as a region of immediate concern to its own interests.

Types of Official Development Assistance

ODA can be classified by type into four categories:

- (A) Grant Aid
- (B) Technical Cooperation
- (C) Loan aid or Yen Loans
- (D) Aid through multilateral organisations.
- (A) ***Grant Aid*** - is financial assistance extended to a recipient country (a developing country) without imposing a repayment obligation on it.¹⁷

¹⁵ As cited in Alan Rix, Japan's Foreign Aid Challenge: Policy Reform and Aid Leadership, (London: Routledge, 1993), p.14.

¹⁶ Ibid.

¹⁷ A Guide to Japan's Aid (Tokyo: Association for Promotion of International Cooperation, March 1996), p.7.

It includes all bilateral grants in the form of funds. With its primary focus on developing countries and LLDC's - with very low per capita incomes, grant aid caters to sectors like medical care, procurement of equipment, education, agriculture, the environment and projects for human resource development,¹⁸ which do not generate returns or revenues. Japan has concentrated on providing basic infrastructural facilities and more recently on the environmental, over population and AIDS problems while giving grant aid.

Asia has been earmarked as the area of focus for grant aid by Japan. Recently however Africa is also receiving increased attention with nearly 30% resources diverted to it.¹⁹ The recipient country is obliged to complete a grant aid project within a time span of one year, except under extraordinary conditions like change of governments, other problems or in case of long term projects. Grant aid can further be classified into six categories.²⁰

- (i) *General Grant Aid* - given for primary health care and safe water supply, human resource development, agriculture, population, AIDS, women in development etc.
- (ii) *Grant Aid for fisheries* - given primarily tackle the food problem.
- (iii) *Grant Aid for Disaster Relief or Emergency Aid*-is given on humanitarian grounds to face natural disasters.

¹⁸ Japan's Official Development Assistance Annual Report 1995, (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.112.

¹⁹ A Guide to Japan's Aid (Tokyo: Association for Promotion of International Cooperation, March 1996), p.15.

²⁰ Japan's Official Development Assistance Annual Report, 1995, (Tokyo: Ministry of Foreign Affairs, APIC, February, 1996), p.113.

- (iv) *Cultural Grant Aid*: given for promoting cultural exchange among countries through various programmes.
- (v) *Food Aid*: given under the Food Aid Convention of 1995 under which it is imperative to provide at least 300,000 tonnes wheat or equivalent tonnes of food annually to developing countries.²¹
- (vi) *Grant Aid for increase of food production* - by funding agricultural projects and helping self help efforts of these countries.

(B) ***Technical Cooperation***: Economic development of a country indubitably requires infrastructure and finance. But what is also of significance is the development of basic human resources to ensure that they are technically competent to participate in the development process. For this reason, technical cooperation becomes an integral prerequisite to be coupled with other factors to ensure a nation's aggregate development. Technical cooperation intends to -

- (i) transfer technological skills and knowledge that will help developing nations economies and societies to develop.
- (ii) to contribute to improving the level of their technology.²²

This type of assistance can be afforded to countries which do not qualify for other forms of ODA like grant aid and loans due to their high per capita incomes.²³ It becomes a mode of transfer of technology,

²¹ Ibid., p.119.

²² Japan's International Cooperation Agency Annual Report 1992, Ministry of Foreign Affairs, October 1992, p.16.

²³ Japan's Official Development Assistance, Annual Report 1995, Ministry of Foreign Affairs, February 1996, p.122.

knowledge and equipment, training personnel, and supply and publication of technical literature,²⁴ while keeping in mind the country's requirements. The areas of focus are agriculture, medical care, population studies, small scale industries and vocational training. It also gives disaster relief help for rehabilitation, basic supplies etc.

The Japan International Cooperation Agency deals with Japanese technical cooperation through activities ranging from development studies, accepting trainees to provision of equipment and material. It also dispatches Japan overseas cooperation volunteers (JOCV) to developing countries to impart their skills. As part of this scheme, Prime Minister Yasuhiro Nakasone initiated the "21st Century Friendship Program" in FY 1984, under which the youth from developing countries were invited to Japan.

(C) *Loan Aid or Yen Loans:* Yen Loans consist of credit or loan given out to developing and LLDCs (chosen on the basis of per capita GNP of \$2785 or less in 1993 for loans in FY 1995)²⁵ for development and improvement of socio-economic infrastructure with a long repayment timespan. This has to meet the following criteria.

- (i) This kind of cooperation has to be extended by official agencies to the recipient developing country.
- (ii) Primary emphasis should be placed on economic development and welfare of the developing country when loan aid is disbursed.

²⁴ A Guide to Japan's Aid, (Tokyo: Association for Promotion of International Cooperation, March 1996), p.36.

²⁵ Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.145.

- (iii) The loan should be concessional or 'soft' in nature with a grant element of a minimum of 25 percent at least.²⁶ Grant element is a pointer which is symptomatic of how "soft" the loan is.

Japan attempts to give an impetus to the self help endeavours of the developing countries, by supplying finances to supplement their domestic funds, so as to enable them to repay the debts they have incurred. As many as 97.7 percent of Japan's yen loans were united in 1995,²⁷ making them very popular with developing countries. Asia is the largest beneficiary of this cooperation, receiving nearly 80 per cent of these loans.²⁸ As per the December 1995 estimates the total disbursement of yen loans surpassed \$94.65 billion in 1995.²⁹

Broadly speaking, there are three types of ODA loans -

- (i) Project loans- granted for the development of projects involving the provision of basic infrastructural facilities.
- (ii) Non-project loans - is a loan extended a developing country facing an acute economic crisis, making it arduous for it to acquire the basic necessities crucial for economic development.

²⁶ A Guide to Japan's Aid, (Tokyo: Association for Promotion of International Cooperation, March 1996), p.72.

²⁷ Japan's Official Development Assistance Summary 1996 (Tokyo: Ministry of Foreign Affairs, APIC, October 1996), p.29.

²⁸ Kunio Nishimura, "Japan's Official Development Assistance: New Trends of Yen Loans" Look Japan, Vol.41, No.480, March 1996, p.13.

²⁹ Ibid.

- (iii) Debt Relief - Japan contributes towards debt relief by two ways-provision of new finances or rescheduling or extendign the repayment.

(D) ***Multilateral Assistance or Aid Through International Organization:*** International organizations like the United Nations and its agencies and OECD along with international financial institutions such as the World Bank and Asian Development Bank were created for the purpose of socio economic and cultural development and humanitarian and global issues.

Japan administers indirect aid through international organizations, which in turn is channeled to the developing countries. This enables Japan to reach out to countries with which its aid relations may not have been adequately developed.

With these broad outlines on the major features and types of ODA, one can move on to an analysis and overview of its historical development.

Historical Overview Of The Japanese Post War Economic Assistance Till End Of The Cold War

Any study of Japanese economic aid would be incomplete without a survey of its historical evolutionary process. The evolution of Japan's economic assistance can broadly be divided into the following phases or periods:-

- (1) Period of Post-war economic reconstruction and payment of reparations (1945-63)

- (2) Period of Aid expansion (1964-76)
- (3) Period of systemic Aid expansion (1977-88)
- (4) Period of Top Aid Donorship (1989 till present)

- (1) **Period of Postwar economic reconstruction and payment of reparations (1945-65)**

By August 1945, the Second World War was drawing towards its end, bringing with it the horrors of an immense loss of life, starvation, destruction and the total economic collapse of Japan. Japan came under the control of the Occupation authorities. The Supreme Commander of the Allied Forces, General Douglas Mac Arthur announced, what was known as the 'U.S. Initial Post War Surrender Policy for Japan', which, besides suggesting other reforms included a clause, according to which Japan was to pay reparations to other countries which were destroyed during the war.

What perhaps seemed to be one of the few - if any, positive outcomes of the war was the realization of the inevitability of interdependence among nations in the process of development and reconstruction. The outcome was the July 1944 Bretton Woods Conference, which clearly earmarked the economic system of the world.³⁰ The resultant development was the origin of the World Bank and International Monetary Fund. But these institutions were not purported to become aid giving organizations. On the contrary, these institutions lent out loans for reconstruction and development purposes, often at rates

³⁰ Japan's Official Development Assistance Summary 1994 (Tokyo: Ministry of Foreign Affairs, APIC, 1994), p.11.

of interests so high, that the economically devastated developing countries could not even afford to borrow them. The U.S. was the only country which emanated from the war with a sound enough economy to apportion assistance to the other countries besides these institutions.

By 1946, the U.S. felt the need to goad the process of economic metamorphosis of Japan to use it as a bulwark against communism in the Cold War period. Under its Marshall Aid Plan (1948-52), the U.S. extended aid approximating \$13 billion to Europe,³¹ which amounted to nearly 3 percent of its national product.³² The Marshall Plan had twin objectives. On the one hand, it was based on humanitarian principles for rehabilitation purposes. In his foreign aid message to the Congress later in 1961, President Kennedy noted that, "the economic collapse of those free but less developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our conscience."³³ However, its covert motive was to curb the spread of communism to Europe.

Against the aforementioned international scenario, Japan also became a beneficiary of U.S. aid worth \$5 billion³⁴ under the

³¹ Tomohiro Takahashi, "Now its our Turn" Pacific Friend, Special Issue, Vol.17, no.13, April 1990, p.22.

³² Tibor Mende, From Aid to Recolonization: Lessons of a Failure, (Great Britain Redwood Press Ltd., 1973), p.35.

³³ Ibid, pp.35-36.

³⁴ Tomohiro Takahashi, "Now its Our Turn" Pacific Friend", Special Issue, Vol.17, No.13, April 1990, p.22.

Government Appropriation for Relief in Occupied Areas (GARIOA) Fund and the Economic Rehabilitation in Occupied Areas (consisting of food supplies). Besides Japan, Germany and other former enemies also received aid in the form of medical assistance, food and other essential supplies.

Japan utilized the acquired finances for buying raw materials (like wool and cotton). Nearly \$ 2252 million was given to Japan under the two funds,³⁵ which were finally terminated in 1951. The San Francisco Peace Treaty of 1951 brought the Allied Occupation of Japan to an end. As part of the U.S. strategy of containment, a sequel to the treaty was the U.S. Japan Mutual Security Treaty of 1951.

Japan's economy, like that of the rest of the world, was in doldrums during the economic depression of 1949. But the Korean War of 1950 brought with it a period of temporary boom or 'special procurement boom'³⁶ Japan could accumulate foreign currency in dollars, earned from expenditures of the U.S. Armed forces. This special procurement approximated to nearly 60-70 per cent of its exports. This and the imports made by Japan at the rate of about \$ 2 billion annually,³⁷ resulted in a positive development. The resource poor and war ravaged nation could now afford to import raw materials and

³⁵ Ibid., p.22.

³⁶ Ibid., p.23.

³⁷ Takafusa Nakamura, The Post War Japanese Economy: Its Development and Structure (Tokyo, University of Tokyo Press, 1990), p.41.

consequently raise domestic production, also aided by a boost to technology in the face of competition with other countries.

However, this period of boom was shortlived. Japan had, by then decided on espousing a future course of action based on planning for self sufficiency. Its focus shifted to obtaining foreign loans. Japan received nearly 34 loans worth \$860 million from the World Bank from 1954-66.³⁸ This was after it became a member of this International Bank for Reconstruction and Development (IBRD) or World Bank in 1952 and received its first loan in 1953. It also initiated aid to Asia in 1953.³⁹ As a part of this process, Japan also joined the International Development Association in 1960. Emphasis was placed on the development of basic infrastructural facilities like transport and communication, energy, steel and power etc.

A milestone, which can, perhaps even be termed as the point of commencement of Japanese economic cooperation programme with developing countries was its joining the Colombo Plan on Oct 6, 1954. The Colombo Plan was launched by members of the British Commonwealth of Nation in 1950 in order to expedite cooperation among member countries and also to solve their economic problems by a continue supply of "external finance"⁴⁰.

³⁸ Japan's Official Development Assistance Annual Report 1994, Ministry of Foreign Affairs, (Tokyo: Ministry of Foreign Affairs, APIC, March 1993), p.11.

³⁹ The Hindu (Madras) 14 October 1993.

⁴⁰ Tibor Mende, From Aid to Recolonization: Lessons of a Failure (Great Britain, Redwood Press Ltd., 1973), p.38.

Japan's participation in the Colombo Plan began with a meagre budget of \$50,000 which ran parallel to its huge borrowing from the World Bank. Under the aegis of the Colombo Plan, Japan launched ODA to South East Asian countries, and also signed a few peace treaties. The Colombo Plan betrayed a lighter shade of altruism, benevolence and idealism than social economic and political national self interests of member countries.

In accordance with the terms of the San Francisco Peace Treaty, Japan concluded reparation agreements with countries like Burma (1955), Philippines (1956), Indonesia (1958) and Vietnam. It also gave grant aid to Laos and Cambodia with the purpose of developing friendly relations with them. All these arrangements were made under Article 14 of the San Francisco Peace Treaty, which said that Japan will promptly enter into negotiations with Allied Powers, whose present territories were occupied by Japanese forces and damaged by Japan. This was to be done with a view to assisting in compensating those countries for the cost of repairing the damage done, by making available the services of the Japanese people in production, salvaging and other work for the Allied Powers in question.

But the first ever yen loan Japan extended, was to India in 1958 as part of the World Bank Consortium for India. An Income Doubling Plan was drawn out in 1960 to spell out a clear emphasis on domestic economy. Altruism took a back seat. A report by the Ministry of Trade and Industry in 1958 entitled "Economic Cooperation: Present situation and Problems", noted that Japan's economic cooperation was the 'axis' of

its postwar trade policy,⁴¹ and was encouraged to boost domestic export and ensure import of raw materials.

Aid giving institutions like the Overseas Economic Cooperation Forum and Overseas Technical Cooperation Agency were set up in 1961 and 1962 respectively Japan also joined the Development Assistance Committee (DAC) of the OECD in 1961 as a founding member. Japan's membership of the DAC was perhaps with an intention to gain 'a foothold in the group of the more powerful states and greater influence in both world and regional affairs where it had both commercial and political interests,⁴² though it made Japanese aid programme more vulnerable to checks and controls from without. Japan completed payment of all reparations by 1976. In 1962, out of a total of \$ 165.1 million aid disbursed, only \$ 7.1 million was untied aid that is, aid without strings attached.⁴³

To sum up this stage, it can be logically concluded that Japan's efforts and energies were concentrated on ensuring economic prosperity through reconstruction and growth, to acquire raw materials, pay reparations, create markets for domestic products, develop friendly relations with other countries, and establish stable foundation of a strong infrastructural structure. It also helped Japan to gain acceptability in the group of nations.

⁴¹ William R. Nester, Japan and the Third World: Patterns, Power, Prospects (Hong Kong: MacMillian, 1992), p.86.

⁴² Alan Rix, Japan's Economic Aid: Policy Making and Politics (London: Croom Helm Ltd., 1980), p.28.

⁴³ William R. Nester, Japan and the Third World: Patterns, Power Prospects (Hong Kong: MacMillian, 1992), p.87.

(2) **Period of Aid Expansion (1964-76)**

The foreign aid program of Japan underwent rapid expansion and acceleration during the 1960s and 70s. This could be attributed to various determinants ranging from a favourable domestic scenario and an international environment conducive for growth. Japan's domestic economy underwent a boom after the Korean War. Further support to the economy was provided by assistance from international funding agencies like the International Monetary Fund (IMF). This attempt at economic growth and technical development was buttressed by the Japanese business class, which cooperated closely with the Japanese government in its efforts at development - a phenomenon which came to be sarcastically referred to as "Japan Inc".⁴⁴

This domestic ebb of economic development cannot, however, be viewed in isolation. It has to be seen in the context of the international developments at that time. The major influence from outside came from the following factors - the relative economic decline of the U.S. after 1960s, the "Nixon Shock" (1971), and the Oil Crisis (1973).

The world, which was till then stated to be in the era of 'Pax Americana' - that is, the political, economic and military supremacy of the U.S. underwent a change. American involvement in the Vietnam War meant a diversion of resources and erosion of its finances. As in the case of the Korean War, however, Japan only stood to gain from the procurement of military supplies from it for the maintenance of American

⁴⁴ Chikara Higashi and Peter G. Lauter, The Internationalization of the Japanese Economy (Boston: MA, Kluwer Academic Publishers, 1987), p.32.

forces at war.⁴⁵ Besides, Japan gained from aid worth \$2 billion⁴⁶ extended by the US as a part of its policy to stem out the spread of communism. The U.S. also, however did exercise some influence on Japanese aid policy to the extent that Japanese aid was not extended to any socialist country till as late as 1973 when it was given to Mongolia and Vietnam.⁴⁷

With the Vietnam War reaching its apogee, the U.S. economy along with that of the other industrialized nations, began trading the path of recession. Aid fatigue obviously set in. The attention of the U.S. now shifted to the development and maintenance of national economy, with the U.S. casting off its philanthropic character.

Japan also gained from the fact that due to rapid domestic economic growth, the GNP grew to be the third largest after the U.S. and Soviet Union. Further, by that time, it had developed a sound infrastructural base. These factors clubbed together brought about Japan's metamorphosis from a borrower to a donor nation.⁴⁸

⁴⁵ Takashi Inoguchi and Daniel Okimoto, The Political Economy of Japan, Vol.2, The Changing International Context (California: Stanford University Press, 1988), p.358.

⁴⁶ Ibid.

⁴⁷ Dennis Yasutomo, "Why Aid? Japan as an Aid Great Power", Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.492.

⁴⁸ Takafusa Nakamura, The Post War Japanese Economy: Its Development and Structure (Tokyo, University of Tokyo Press, 1990), p.103.

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Meanwhile, President Nixon of the U.S., in an effort to abate the rising economic problems of the U.S., announced the U.S. New Economic Program or what came to be referred to as the 'Nixon shock" (by Japan) on August 15, 1971. The main features of this were:

- (a) to put an end the convertibility of dollar to gold,
- (b) to levy 10 percent import surcharge temporarily to discourage exports of Japanese goods.⁴⁹

Meanwhile the General Assembly of the U.N. Conference on Trade and Development declared in 1972 that every country had to contribute atleast 0.7 percent of the gross national product as ODA. However, the value of yen had been rising against the dollar, and Japan's foreign exchange reserves rose. ODA grew approximately from \$ 155.8 million in 1964 to \$1149 million in 1976.⁵⁰ A simultaneous attempt was made to add variety in types of aid, like the introduction of food aid.

In the period 1969-73, Japan rose among the ranks of aid donors in the DAC to occupy the second position. The Oil crisis of 1973 further influenced the Japanese economy. In order to garner support for themselves, the oil producing rich countries increased the prices of oil at least five times. Supplies of oil to countries which did not empathize with their stand were cut off. Besides, restrictions were placed on oil imports. As a result of a hike in prices of primary commodities like oil, there was a rise in price line of all Japanese products, causing inflation, strict

⁴⁹ Ibid., pp.218-219.

⁵⁰ Japan's Official Development, Assistance, Annual Report 1994, (Tokyo: Ministry of Foreign Affairs, APIC, March 1995), p.14.

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remedial constraints by the government solved the problem, but not without its ill effects, including on the aid program. Japan, which was dependent for oil on the Middle East, realized its own vulnerability and imperativeness of oil supplies. It agreed to trade oil with aid, and decided extend aid to oil rich countries in return for assurance of a regular and uninterrupted oil supply.

The aid program did suffer a set back after the oil shock for sometime. Nevertheless, Japanese aid grew in quality and quantity, and that it also gained from the relative economic decline of the US. Japan realized that aid was not merely an economic, but also a diplomatic and strategic tool which could be utilized to its advantage.

(3) Period of Systematic Aid Expansion (1977-88)

With the payment of reparations having been completed in 1973, Japan seemed set for another period of take off. What made this stage vital for the expansion of aid was the fact that, it was during this period that Japan began to plan its aid giving program under the continuously renewable medium term targets (MTT). ODA also developed a broader base and spread out into varied areas like basic human needs (including education, health, public services, housing), and human resource development apart from the economic sector, which it was already catering to.⁵¹ This was in response to an ever increasing demand for Japanese aid from the world in the light of its rising economic power (despite the temporary phase of slack in ODA due to the oil crisis). Qualitatively, however, Japans loans were largely tied and continued to have a low grant element when compared to other donors.

⁵¹ Japan's Official Development Assistance Summary 1994, (Tokyo: Ministry of Foreign Affairs, APIC, 1994), p.1.

Japan had realized the extent of its dependence on other countries for resources and raw materials after the oil crisis of 1973, and felt the need to spread out its geographical base from the Asian region. Its geographical proximity and resulting closely related strategic and economic interests with the South East countries were no secret. The South East countries or ASEAN group had aid relations with Japan, although its economic dominance was disliked by most countries.

Prime Minister Fukuda Takeo announced that he would visit the ASEAN countries in order to improve relations and understanding between the countries and reduce their feeling of being "a little alienated"⁵² from each other. Mr. Fukuda's visit to ASEAN countries resulted in the formulation and announcement of the so called 'Fukuda doctrine'. The main features of the 'Fukuda' or 'Manila' doctrine were as follows:

- (a) It stressed on the intention of Japan to remain a non military power.⁵³ This clause was included to allay the fears of the ASEAN nations that the growing economic power of Japan would manifest itself in military and political dominance by it.
- (b) The doctrine secondly talked about an attempt to develop close political, social and cultural relations with ASEAN on the basis of "heart to heart" understanding.⁵⁴

⁵² Takashi Inoguchi and Daniel I. Okimoto, The Political Economy of Japan: Vol.3, The Changing International Context (California: Stanford University Press, 1988), p.422.

⁵³ Dennis T. Yasutomo "Why Aid? Japan as an Aid Great Power", Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.492.

⁵⁴ Takashi Inoguchi and Daniel Okimoto, The Political Economy of Japan: Vol.2 The Changing International Context, (California: Stanford University Press, 1988), p.422.

- (c) Close economic cooperation was next on the agenda. Increased amount of aid was given to ASEAN countries like Thailand and Indonesia. As part of this process of economic cooperation, Japan announced that it would fund an industrial project in Indonesia. About \$1 billion were extended to Indochina to fund five regional projects in toto.⁵⁵ The Japanese foreign Minister was instrumental in implementation of these aid extension plans by signing these agreements.

Fukuda remarked that "Japan should seek global affluence and peace to assure its own affluence and peace. We should seek even stronger ties with the Asian nations since they are closer to Japan racially, culturally and economically".⁵⁶ He further said that, "Japan should take action, reflecting its increasing responsibilities towards South East Asia."⁵⁷ Whatever its covert aims were, critics were skeptical of Japanese intentions, and saw in the doctrine, an attempt to dominate the economy of the region by Japan. Besides most finances extended were tied.

As ODA was growing in quality, quantity and area it covered, the need was felt to spell out the philosophical background and objectives of

⁵⁵ Dennis T. Yasutomo, "Why Aid? Japan as an Aid Great Power", Pacific Affairs, vol.62, no.4, Winter 1989-90, p.492.

⁵⁶ Takashi Inoguchi and Daniel I Okimoto, The Political Economy of Japan's Vol.2 The Changing International Context (California: Stanford University Press, 1988), as cited in FBIS, August 24, 1977 and Tokyo JOAK TV 22, Aug. 1977.

⁵⁷ Ibid., p.422.

ODA. In response to this demand, the Ministry of Foreign Affairs in 1978, brought out a study on the subject, entitled, "Its Outlook: The North South problem and Development Assistance." This gave two reasons why Japan's economic assistance was so essential.

- (a) Aid was perceived to be one of the most potent tools for the maintenance of global peace and stability.
- (b) Japan, being a deprived country, where natural resources were concerned, had to maintain friendly relations with developing countries to ensure a stable and sound foundation for economic growth.⁵⁸

In 1978, Japan, announced at the Bonn summit of G-7 countries that it would strive to double its ODA over the next three years,⁵⁹ reducing the earlier announced time span by two years. This marked the initiation of the first Medium Term Target of Japan for a planned disbursement of ODA. The government planned to double the aid amount from \$1.4 billion in 1977 to \$2.8 billion in 1981.⁶⁰

By early 1980s, Japan reverted back to its use of aid as a significant aspect and pillar of foreign policy-with its over use to further

⁵⁸ Japan's Official Development Assistance, Summary, 1994, (Tokyo: Ministry of Foreign Affairs, APIC, 1994), p.1.

⁵⁹ Japan's Official Development Assistance Annual Report 1995, (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.298.

⁶⁰ Chikara Higashi and Peter G, Lauter, The Internationalization of the Japanese Economy, (Boston: Kluwer Academic Publishers, 1987), p.214.

its own economic, strategic and political advantages. During the Prime Ministership of Ohira, in the period 1979- 80, Japan extended aid to countries it speculated, would be strategically of consequence to it, under a formula called "aid to countries bordering conflict"⁶¹ including countries like Pakistan, Turkey and Thailand. Also, perhaps the first signs of political uses of aid by Japan could be noted, when it proposed to freeze aid to Vietnam after its attack on Kampuchea in 1979⁶². ODA was gradually, but surely becoming a significant pillar of Japan's foreign policy by late 1970's and 80's.

The first aid package to China was also announced in 1979. Close consultations between the U.S. and Japan were held during this Cold War period. Several co-financed aid projects were announced and the concept of "burden sharing" gained prominence.⁶³ Washington openly requested Japan to increase its aid to countries strategically important. Besides this, the Second Oil shock of 1979, and resultant recession had only magnified the issue of politicization of aid. Japan probably felt the need to use diplomacy to suit the situation.⁶⁴

⁶¹ Dennis T. Yasutomo, "Why Aid? Japan as an "Aid Great Power", Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.494.

⁶² Alan Rix, Japan's Economic Aid: Policy making and Politics (London: Croom Helm Ltd., 1990), p.234.

⁶³ Robert M.J. Orr, "Collaboration or Conflict? Foreign Aid and U.S. Japan Relations", Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.487.

⁶⁴ Denis Yasutomo, "Why Aid? Japan as on "Aid Great Power", Vol.62, No.4, Winter 1989-90, p.945.

Close on heels of the First Medium Term Target come the declaration of the Second Medium Term Target of 1981. The then Prime Minister Suzuki Zenko, noted that Japan would increase the ratio of its ODA against GNP from 1981-85. Also, the quantity of ODA supplied during the past five years would be more than doubled now.⁶⁵

The Third Medium Term Target of ODA was designed in 1985 by Prime Minister Nakasone, who declared in UN General Assembly, that during the period 1986-92, Japan would dole out more than \$40 billion as aid. The Third MTT aimed at increasing all types of ODA along with ensuring its efficient use.

By now, Japan was the second largest donor. The yen also appreciated as a consequence of the Plaza Agreement of 1985- again to Japan's advantage. The G-5 countries - the U.S., Japan, Germany, UK and France entered into an agreement in New York, whereby the dollar was devalued, and the Yen appreciated in value from 240 yen / dollar to 150 yen/dollar in as short a span as nine months.⁶⁶ The value of dollar fell by nearly 37 percent.⁶⁷

Japan's aid program got a shot in the arm, and it was well on its path to reach the zenith of its donorship. The Japanese government

⁶⁵ The Hindu (Madras) 14 October 1990.

⁶⁶ Ito Takatoshi, The Japanese Economy (Cambridge: The MIT Press, 1993), p.341.

⁶⁷ Takashi Inoguchi and Daniel I. Okimoto, The Political Economy of Japan: Vol.2 The Changing International Context (California: Stanford University Press, 1988, p.122.

announced in December 1986, that it would disburse two untied loans for developing countries worth \$6.2 billion to the World Bank and International Monetary Fund.⁶⁸ October 6th was declared as 'International Cooperation Day' in 1987, in commemoration of Japan's initiation into the 'aid' fold through the Colombo Plan of 1984.

The follow up of this initiative was done by the later Prime Minister during their tenures. Prior to the Toronto Summit of 1988, the Fourth MTT was announced. It was fixed at US \$50 billion,⁶⁹ with a clear preference being given to increasing the quantity of the pursued target. By the Toronto summit of 1988, Japan was the second largest contributor to the world and gave its word to extending \$50 billion as aid during following five years.⁷⁰

In a nutshell, during this period of rapid and systematized aid growth, Japan's foreign aid grew and Japan was now only a year away from becoming the top donor. In 1989, it surpassed the U.S. for the first time to occupy the slot.

(4) Period of Top Donorship: 1989 to the present

As a consequence of the rather successfully planned and implemented MTT's initiated way back in 1977, Japan's ODA reached its

⁶⁸ Chikara Higashi and Peter G. Lauter, The Internationalization of the Japanese Economy, (Boston: Kluwer Academic Publisher, 1987, p.218.

⁶⁹ Alan Rix Japan's Foreign Aid Policy: A Capacity For Leadership, Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.465.

⁷⁰ William R.Nester, Japan and the Third World: Patterns, Power Prospects, (Hong Kong: MacMillan, 1992), p.97.

pinnacle in 1989. In the face of a major transition witnessed by the international community - in the collapse of erstwhile Soviet Union, end of the Cold War and Gulf war of 1990, Japan's aid also changed perspectives. There was a realization that upcoming problems demanding aid attention for their solution ranged from arms build up, and human rights to environmental degradation.

In order to streamline their aid efforts and have more clear cut guidelines and philosophy behind ODA, the government adopted an ODA Charter in 1992 The Fifth MTT was announced in 1993 and it aims at a disbursement of nearly \$ 70 billion to \$75 billion as aid.⁷¹

However, since this period after 1984 deserves more focussed attention, and is vital as a founding base for an understanding and analysis of changing perspectives, it will be discussed at length, and forms the text of the second chapter entitled 'End of the Cold War and the ODA Charter'.

While tracing the historical development of the post war Japanese economic assistance, and analysing its ups and downs, it would clearly be seen how aid policy was suited and adjusted to meet the needs and demands of foreign policy initiatives of Japan. From being a means of acquiring raw materials and markets soon after the Great war, it grew and expanded during Cold War years to make Japan what it is to day. Of course, it was both good domestic foreign policy planning coupled with favourable international pressures and circumstances which has made Japan the top aid donor.

⁷¹ Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.258.

Chapter Two

*End of the Cold War and the
ODA Charter*

On 5 March 1946, the United States President, Winston Churchill had pronounced that, "a shadow has fallen upon the scenes so lately lighted by the Allied victory. From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent."¹ These words had heralded the beginning of a new chapter in international politics, which was marked by a political, ideological and military rivalry between the two superpowers (the U.S. and the former Soviet Union), generally termed as the 'Cold War'.

After nearly five decades of the Cold War declaration, the then President of the erstwhile Soviet Union, Mikhail Gorbachov proclaimed the termination of this Cold War. In a speech on 6 May 1992, he announced that the world was facing "the most difficult transition in the history of mankind."² This was a clear indication that the 'iron curtain' which had descended over Europe had now been lifted.

True to the words of the former Soviet President Gorbachov, the world was facing the kind of an uncertainty it had not experienced before. Like any other country, Japan too did not go uninfluenced by those changes in the international power structures, and had to mould its domestic and foreign policy to suit the needs of the changed scenario.

¹ Marty Gottron and John Moore, ed., Historic Documents of 1992 Cumulative Index 1988-92 (Washington D.C., USA:Congressional Quarterly Inc.,1992) p.431.

² Ibid.

ODA in the Cold War Scenario:

The Cold War inevitably had its repercussions over Japan's foreign aid or ODA policy. Certain identifiable or distinctive features of ODA have their genesis in the politics of this era. Though economic interests were paramount, yet aid began to be used as a bargaining chip to enter into political alliances³, which ultimately meant a division of the world into the Eastern and Western blocs.

As mentioned in the earlier chapter, Japan's specific ODA policy during this Cold War period was directed towards strategically significant areas like Korea, Vietnam, Turkey, Pakistan, Jamaica and Egypt.⁴ Japan pledged to grant ODA to countries it termed as "areas bordering conflict" (*funeo shuhen koku*) and countries, which it felt were "frontline states"⁵ facing the threat of 'domino' effect of spread of communism.

This strategy of Japan goes way back to the Korean War. Korea was the focal point of superpower rivalry. North Korea supported by the Communists and South Korea by the U.S., clashed along the 38th parallel. South Korea's victory was due to military assistance and massive inflow of economic aid from the West⁶. Japan curbed all aid to Vietnam (except humanitarian aid), following its - occupation of

³ Inge Kaul, "A New Approach to Aid", Development and Cooperation ISSN 0721-2178, D 12107 F N° 3/1993, p.18.

⁴ Ibid. p.478.

⁵ David Arase, Buying Power: The Political Economy of Japan's Foreign Aid (USA: Lynne Rienner Publishers, 1995) p.217.

⁶ Keith Griffin, "Foreign Aid after the Cold War", Development and Change, Vol.22, No.4. October 1991, p.646.

Cambodia in 1978.⁷ This was a direct sequel to the stern measures adopted by the West to tighten the noose around Vietnam. Japan also decided to bring about massive cuts in aid packages to Afghanistan after it was invaded by the former Soviet Union in 1979.⁸

In a nutshell, it could be stated that there was an explicit emphasis on ideological inclinations of recipient countries. Japan too, being an ally of the U.S. followed suit, and gave aid selectively to countries it considered to be strategic consequence, though it never overtly accepted this fact. In fact, much to the dislike of the Japanese government, which had time and again denied any strategic 'partiality' to its aid, the U.S. Department of Defence was vociferous and called upon Tokyo to extend increased strategic assistance.⁹ This was a part of the much publicized notion of 'burdensharing' by the U.S. and Japan.¹⁰

ODA was now clearly moving away from its much publicized rationales of 'humanitarianism' and 'interdependence', and became more of a foreign policy instrument, directed at acquiring political gains and

⁷ Robert M. Jr.Orr., The Emergence of Japan's Foreign Aid Power (New York: Columbia University Press, 1990), p.58.

⁸ Ibid.

⁹ Robert M.Jr. Orr, "Collaboration or Conflict? Foreign Aid and U.S. Japan Relations" Pacific Affairs, Vol.62, No.4, Winter 1989-90, p.487.

¹⁰ In the world order at that time, the U.S. agreed to provide security to Japan, being a strong military power. In response, Japan was expected to contribute financially or economically and assume a greater global responsibilities-ODA being one of the means to that end. As cited in Jeffery A. Frankel and Miles Kahler, Regionalism and Rivalry: Japan and the United State in Pacific Asia (USA: The University of Chicago Press, 1993), p.324.

formulation of military alliances and relations. What all this naturally implied was, that ODA was no longer aimed at serving the purpose of succoring development. On the contrary, it was allocated to countries, which were areas politically and strategically important to the donor country. Consideration of economic benefits, however, were still intrinsic to Japan's donorship.

Insurance of "comprehensive national security" emerged as another significant rationale behind aid disbursement in 1980s. This laid emphasis on giving aid to areas which were important for the maintenance of peace and stability of the world.¹¹ Japan saw ODA as "the cost of constructing an international order that secures Japan's comprehensive peace and security".¹² In an official statement, the Ministry of Foreign Affairs stated-"We are a nation desiring peace; a great economic power that continues to develop; a nation with an extremely high degree of external economic dependence; and a modernized non-Western nation that faces special expectations from the developing countries. For the first three reasons we strongly desire law and order in international society and changes in the international environment that will benefit us on the basis of a broad peace and security that will deliver to us military security as well as sources of energy, important raw materials and food. With respect to the fourth reason, we are in the best position to help improve the international environment, especially in North-South relations. For these purposes one of the most effective measures is ODA".¹³

¹¹ Dennis Yasutomo, The New Multilateralism in Japan's Foreign Policy (USA: Haddon Craftsmen, 1995) p.9.

¹² David Arase, Buying Power: The Political Economy of Japan's Foreign Aid (USA: Lynne Rienner Publishers, 1995) p.228.

¹³ Ibid., p.228.

By the late 1980s the Japanese government's emphasis on political considerations in ODA related activities became exceedingly apparent. ODA was declared as one of the very significant "pillars" of Japan's foreign policy and "international cooperation initiative". 1989-90 proved to be years marking the end of the Cold War bringing about a major change in the international scenario.

The Background to Formulation of the Charter

By 1989, Japan had risen in the ranks of aid donors to achieve the status of one of the highest disbursers of ODA. Yet, the concept of ODA was either not widely understood, or even if it was, the need was now being felt to clarify and spell out the overriding philosophy, aims and goals behind it. Besides, it had also become significantly imperative that the ODA program became popularly accepted, and found support with the masses who were indirectly paying for it through taxes.

A beginning was made to attempt a definition of an aid philosophy in the Ministry of Foreign Affairs Aid Report 1990, which stated that Japan would "seek to bring about a peaceful, stable and prosperous international society, and contribute positively to building a global society free from poverty and one that is tolerant, open and liveable. Our international contribution through aid, in accordance with this foreign policy, will seek to play an ever greater role as an important part of this process".¹⁴ Even though the report did not spell out a clear aid philosophy, it nevertheless did clarify the pivotal position of ODA in Japan's foreign relations. Gradually, along with stress on the twin

¹⁴ As cited in Alan Rix, Japan's Foreign Aid Challenge: Policy Reform and Aid Leadership (New York:Routledge, 1993), pp.31-32.

grounds of 'humanitarianism' and 'interdependence', Japan was now projecting one more reason, that is international contribution, commensurate with its economic power as the philosophy behind ODA.

The Japanese government formed a new Provisional Administrative Reform Council or *Rinji Gyosei Kaikaku Suishin Shingikai*, or *Gyōkakushin* in 1990, with the purpose of recommending means to ameliorate its relations with other countries.¹⁵ One of the recommendations made by the Council in this regard was to the effect that there was need for Japan to make an official announcement of an ODA philosophy.¹⁶

What perhaps proved to be a turning point in the matter (brought ODA into focus) was the Gulf War of 1991 and Japan's response to it. There seemed to be varying opinions on the course of action Japan could have adopted in response to the war. The Gulf War and its aftermath also adequately demonstrated the lack of political influence that Japan possessed, as compared to its economic might. Moreover, the war unequivocally evinced the lack of Japanese participation in U.N. activities - a factor crucial for it to achieve political might.¹⁷ Otherwise, Japan's response was limited to economic assistance amounting to \$ 13 billion out of which \$ 4 billion was for the Gulf countries, and \$9 billion for the U.S.¹⁸

¹⁵ David Arase, Buying Power: The Political Economy of Japan's Foreign Aid (USA: Lynne Rienner Publishers, 1995), p.122.

¹⁶ Ibid.

¹⁷ Ibid., pp.229-30.

¹⁸ Ibid., p.230.

By the end of Operation Desert Storm, Japan realized that its international standing as the top aid donor had made it the focus of increased scrutiny. Japan also admitted to the fact that perhaps one of the factors which abetted the Iraqi invasion of Kuwait was the aid it had extended to Iraq prior to the war. This realization was encapsulated in an ODA White Paper , "In the wake of the Gulf crisis, we also need to consider the lessons that should be learnt from the circumstances that allowed Iraq to become a militarily strong power".¹⁹

Japan now felt that criticism of inaction after the Gulf War, as well as the resultant exposure of its political weakness, coupled with the changed international scenario in the post Cold War era made it imperative for Tokyo to categorically spell out the rationales behind ODA.

1990s: The Emerging Issues of Global Concern

The end of the East-West rivalry had not meant an end to global problems. Globally, issues demanding increased attention in the post Cold War period ranged from the problem of population explosion, environmental degradation, poverty, development and spread of nuclear weapons and lack of infrastructural development to problems related to a shift to market economy and human rights violations.²⁰

To substantiate a little on the changes in the international scenario within which ODA had to be given, it would help to elaborate on these

¹⁹ As cited in Dennis Yasutomo, The New Multilateralism in Japan's Foreign Policy (USA: Haddon Craftsmen, 1995), p.192.

²⁰ The Overseas Economic Cooperation Fund Annual Report 1996, Japan, August 1996, pp.7,9.

factors. One of the most serious problems, now existing in a magnified form, which countries like Africa and other developing countries continue to face in the post Cold War period is that of high level of poverty, natural calamities and population explosion. Nearly one fifth of the world population is living below the poverty line.²¹ These are deterrents in the overall development process the world is going through. All these factors are interrelated, and this vicious cycle has taken its toll both on human and natural resources. With a large number of people not even being able to have access to adequate food and safe drinking water in these developing countries, they often face what is called the "trilemma of development",²² which include poverty, population growth and environmental damage. What these countries urgently require are fulfillment of basic human needs and development of a sound infrastructure, with assistance from developed countries like Japan.

Besides this, there is a continued process of the production of armaments, and specially the unabated growth of nuclear arms, which are a constant threat to mankind. A need was also being felt to encourage the positive steps taken by some countries like those of East Europe, moving towards democracy and market economy. A significant step in this regard was the inclusion of the newly independent republics created after the breakdown of the former Soviet Union as well as countries like Vietnam, into the Development Assistance Committee's (DAC) aid recipients.²³

²¹ Japan's Official Development Assistance, Summary 1996 (Tokyo: Ministry of Foreign Affairs, APIC, October 1996), p.4.

²² Japan's Official Development Assistance Annual Report, 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.24.

²³ Ibid., p.25.

Human Rights violations continue despite the fact that increasing checks are being kept by the international community. Protection of human rights is therefore as vital in the context of today's world as it was earlier, and has taken broader dimensions. Other factors which have emerged as threats to mankind and require attention are AIDS and other infectious diseases. Stress is also being laid on the upliftment of the position of women in society as being indispensable to development. Hence, education and improvement of women's health is being encouraged by aid.

What is being noticed increasingly is that a lot of countries are undergoing an "aid fatigue" due to a shift of focus to domestic problems like lack of economic development, balance of payments or other problems.²⁴ As a result the demand for ODA has only become diversified and grown. Moreover, positively, the end of the Cold War also enabled donor countries like Japan to rise above their 'bloc' commitments, and pay attention to development requirements without strategic and political considerations. The scars of the Cold War, which had made ODA vulnerable to political and strategic biases, and less focussed on problems, had been cured.

It was in response to these criticisms, developments and requirements that the then Prime Minister Toshiki Kaifu, in April 1991 announced the four Kaifu guidelines. This policy outline was the first step Japan took towards specifying objectives and goals, and spelling out a clear philosophy behind aid. The government declared that it would keep

²⁴ OECD Newsletter, International Cooperation Day Special, December 1996, Tokyo, Japan, p.5.

the following factors under consideration while implementing the foreign aid program-

- (1) The trends of the military expenditures of recipient countries.
- (2) The trends of their development and production of mass destruction weapons and missiles,
- (3) Their export and import of arms, and
- (4) Their efforts for promoting democratization and introduction of market oriented economy and the situation regarding the securing of basic human rights and freedoms.²⁵ Kaifu announced, "Democracy, freedom and market economy must be the framework for any country offered assistance".²⁶ He also declared that besides these criteria, Japan would also examine its bilateral relations with the recipient country, the recipient country's security requirements, and its social and economic backgrounds.²⁷

A statement was prepared by the *Gyōkakushin* on December 12, 1991. It realized that the areas demanding increased focus and attention had become very complex and needed to be looked into. It advocated the formulation of an ODA policy outline or Charter.

Formulation of the Charter

As an outcome of the recommendations of the "Second Report on Administrative Reform: Promoting Internationalization and Improving

²⁵ History of ODA, Ministry of Foreign Affairs, Home Page (Internet), p.1 of 1.

²⁶ Dennis T. Yasutomo, The New Multilateralism is Japan's Foreign Follow (USA: Haddon Craftsmen, 1995), p.14.

²⁷ Japan's Official Development Assistance, Annual Report 1993 (Tokyo: Ministry of Foreign Affairs, APIC, March 1994), p.3.

Quality of Life" (prepared by the *Gyōkakushin*), the government initiated the process of formulation of the ODA Charter. This was done in the government's "Policy for Implementation Of Administrative Reforms for Measures to be taken in Fiscal Year 1992", which was adopted on 28 December 1991 by the Japanese Cabinet.²⁸

The responsibility of formulating the Charter was given to the Council of Foreign Economic Cooperation, that is, the External Affairs Office of the PMO. A beginning was being made to find an answer to a question, which interestingly was asked by the DAC Secretariat of the OECF as late as 1991, "What is the basic rationale of Japan's foreign aid programme and what are its objectives?"²⁹ Under the Chairmanship of Saburo Okita, the former Foreign Minister, the Committee was instructed to carry out research and consultations with relevant people and come up with tentative guidelines for the Charter, which it did, after deliberations and discussions for a period of nearly four months till May 1992.³⁰ Representatives of all ministers were consulted in this period.

The outcome of these consultations and research was the "Outline of Promotion of Japanese Economic Cooperation."³¹ The Cabinet under the Prime Ministership of Kiichi Miyazawa (1991-93) deliberated on the

²⁸ Japan's Official Development Assistance Annual Report 1992 (Tokyo: Ministry of Foreign Affairs, APIC, March 1993), p.44.

²⁹ As cited in David Arase, Buying Power : The Political Economy of Japan's Foreign Aid (USA: Lynne Rienner Publishers, 1995), p.44.

³⁰ Japan's Official Development Assistance, Annual Report 1992 (Tokyo: Ministry of Foreign Affairs, APIC, March 1993), p.44.

³¹ Ibid.

report and adopted and incorporated the guidelines to form the ODA Charter 1992. The Cabinet approved the Charter on 30 June 1992. In fact, in order to hasten the process of formal adoption of the Charter, the proposal was submitted to the Special Committee on Foreign Economic Cooperation of the Liberal Democratic Party's Policy Affairs Research Council for its approval, making the Cabinet approval speedy and an inevitable formality.

While the Charter largely drew from the guidelines formulated in 1991, a few additions were made to it to include emerging issues of global concern like protection of global environment, human rights, encouraging democracy and market economy, reduction of military expenditures and weapons of mass destruction.

The ODA Taikō or Charter of 1991 has since become a definition of Japan's official aid philosophy and guidelines. Hence, an understanding of the Charter its contents and critique become intrinsic and indispensable to any kind of an analysis of Japan's aid policy.

The ODA Charter - Its Contents and Critique

The ODA Charter was formulated by Japan to serve as a guideline in the pursuit of its economic cooperation or ODA policy. Its contents were a clear indication that the objectives of extending ODA were not circumscribed to economic motives only, but also incorporate other diverse issues of consequence, which need to be taken care of. The main purpose of the Charter is to promote a 'better understanding' of ODA, which would naturally result in a broader base of support in its favour. The contents of the Charter have been broadly subdivided to describe its basic philosophy, principles, the regions and issues demanding the care of

attention, measures for effective implementation of ODA, and to promote understanding for it and its implementation system.

The Philosophy

To begin with, however, the basic philosophy of the ODA Charter, has been set forth in four points. 'Humanitarianism' and 'interdependence' undoubtedly continue to form the core of the philosophy of the charter. The altruism behind Japanese ODA is clearly established by this first point, according to which Japan has a moral responsibility to help the developing countries which are facing all kinds of problems ranging from poverty and famines to population explosion and lack of basic human needs. It is thus only essential that an economically sound nation like Japan should extend aid to them and alleviate their conditions as part of its international contribution.

'Interdependence among nations' of the international community' has been accepted as a fact and reality of international relations by Japan. It is believed that the economic prosperity, peace and overall development of nations cannot be perceived and achieved in isolation, but is something which depends on the economic growth and prosperity of the other countries of the world. Hence, the need for Japan to ensure that it contributes towards this. Bilateral relations with recipient countries thus forms an important factor when ODA is disbursed.³²

'Environmental conservation' is the third factor in the basic philosophy of the Charter. Japan has realized that a degradation of

³² Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.45.

environment would spell the death knell of mankind. Since environment is the common heritage of mankind, every nation has a responsibility of protecting it. Japan, on its part expresses its willingness to share any technical know how or monetary aid for any such attempts to share the earth. Fourthly, Japan gives significance to the 'self help efforts of developing countries towards economic take off.' This philosophy has its roots in Japan's own historical development and growth from a completely destroyed past to prosperity and economic growth aided by economic cooperation by other countries.

The Principles

The Principles in the Charter form the core of the goals, issues and objectives Japanese ODA plans to pursue. Like the basic philosophy, there are four principles mentioned in the Charter. To discuss each one, it would be apt to deal with each one separately-

- (a) Environmental conservation and development should be pursued in tandem.

This first principle has two implications. Undoubtedly, it means an increase in the number of ODA projects concerned with protecting the environment. At the same time, it also means that any ODA funded project should not be detrimental to the environment.³³

Japan has underlined its keenness to encourage environmental protection as a policy matter in its funding of ODA projects. It has consistently increased its funding in this field. Besides monetary

³³ Japan's Official Development Assistance, Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.49.

help, significant assistance has been rendered through other methods like fixing environmental yardsticks for projects to be passed, sending advisory mission etc. The crux of the matter, however, lies in an attempt to pursue sustainable development or development to be pursued alongside the insurance that it would not be at the cost of harming the ecology. Various projects aiming at prevention of desertification, prevention of pollution, promotion of forestation and conservation of biodiversity are pursued. Significant examples are those of ODA for prevention of decertification in Aravalli hills (India), and establishment of "environmental conservation centers" in China and Thailand.³⁴ At the Rio Summit on Environment 1992, Japan pledged as much as 900 billion yen to 1000 billion yen from 1992-97 for the cause of environment.³⁵ Aid should supply funds, provide technical know how and also help train personnel to champion environmental conservation.

- (b) To avoid the use of ODA funds for military purposes and for purposes likely to aggravate international conflicts.

The Charter makes it obligatory that ODA funds extended by Japan for development and other purposes are not to be utilized for military causes, or any other activity which may incite or spark off conflicts of any kind. This aspect is clarified to the recipient country when aid is extended. In fact, this principle was an

³⁴ Japan's Official Development Assistance, Summary 1996 (Tokyo: Ministry of Foreign Affairs, October 1996), p.32.

³⁵ Ibid.

accepted factor even prior to the Charter formulation and found full governmental support and confirmation in two resolutions passed by the Foreign Affairs Committees of House of Representatives and House of Councillors as early as 1989.³⁶

- (c) Paying full attention to trends of developing countries military spending, their activities in developing and producing weapons of mass destruction, and the export and import of weapons .

Japan, like the rest of the world, was concerned about the armament race during the Cold War period, and felt the constant threat of being on the brink of a war. The threat becomes even more hazardous with nuclear weapons and other weapons of mass destruction becoming widespread. Japan perhaps attach a little more importance to this principle, since it has witnessed and come face to face with death and destruction caused by a nuclear attack. The Gulf War of 1990-92 only fortified this belief. The world was once again on the threshold of large scale destruction. Keeping all these factors, and its own experience from history in mind, Japan has included this principle in the Charter. The recipient country's spending on arms and military are closely monitored by Japan, and aid is disbursed accordingly.

- (d) Paying full attention to efforts for democratization, introduction of market oriented economy, and the situations regarding maintenance of basic human rights in developing countries.

³⁶ Japan's Official Development Assistance, Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.52.

As per the provisions in this principle, Japan intends to promote and encourage efforts made by any country to democratize and have a market oriented economy. It would provide aid to help these countries tide over any problems during transition. On the other hand, Japan might make its disapproval of a military coup clear, for example (in a recipient country), by freezing or curtailing aid in pursuit of this principle. Human rights violations are also a common occurrence in the world. Aid would, in principle also be provided by Japan for protection of human rights.

These four broad principles form the core of Japan's aid Charter and are issues on the basis of which aid is extended to recipient countries. Besides spelling out the basic philosophy and principles the Charter also clearly mentions its priority issues and regions. There is an overt preference given to Asian region and issues like basic human rights and infrastructure improvement and HRD are issues of prime concern.

The Charter goes on to discuss measures for the effective implementation of ODA including steps like promotion of policy dialogues with the recipient country, coordinating with other aid giving agencies and coordinating between ODA, foreign direct investment and trade to achieve goals of development. It also describes the process of training and functions of aid personnel.

A Critique

However, the Charter has not been free of criticism and several lacunae have been pointed out since its inception and adoption in 1992.

Critically analyzing the ODA Charter, David Arase opines that it is "a collection of vague aspirations that is uncontroversial, but does not

define specific procedures for effective policy implementation and review".³⁷ He goes on to say that even though the Charter may have been perceived to be an apt and complete response to criticisms and doubts raised by the international community against Japanese ODA, yet it did not pay any attention to aspects like budgeting or administrative structure of ODA.³⁸ The Charter can also be said to be lacking in the inclusion of other areas of concern in the post cold war era like ethnic and regional conflicts, lack of educational facilities, unemployment, refugees and migration and narcotics and drug trafficking, all assuming alarming proportions. Besides, more transparency is required in decision making on ODA.

The 1990s as well as the next century will set forth multiple and complex challenges to be dealt with. It was in the light of these realizations that the DAC of the OECD announced a New Development Strategy called "Shaping the 21st Century: The Contribution Of Development Cooperation", in May 1996, based on the concept of 'people centered development'. Its goals include reduction of poor people by one half, provision of primary education in all countries , removing gender biases in education, lowering child and maternity mortality rates by the year 2015.³⁹

³⁷ David Arase, Buying Power: The Political Economy of Japan's Foreign Aid (USA: Lynne Rienner Publishers, 1995), p.126.

³⁸ Ibid.

³⁹ Japan's Official Development Assistance Summary 1996 (Tokyo: Ministry of Foreign Affairs, APIC, October 1996), p.10.

Japan is also committed to help pursue these goals, both as a member of the DAC and international community. But a few questions arise here. Has Japan been able to follow and pursue the ideals and issues in the Charter? How far has aid been used as a tool of foreign policy? What are the prospects of Japanese aid in future? In order to find answers to these very questions, Chapters III and IV will be devoted to a critical analysis of issues and case studies.

Chapter Three

Issues

From 1992 onwards Japan's foreign economic assistance programme was steered by the principles or guidelines set forth in the Official Development Assistance Charter of 1992. Japan had distinctly recognized the areas towards which it would increasingly direct assistance in the context of the changed international scenario. This chapter would attempt to assess Japan's ability to follow some of the principles it had laid down for itself, with the help of case studies under each of these issues. It would limit itself to principles three and four of the Charter, which clearly state that Japan would:

- (a) Pay full attention to trends of developing countries military spending and activities in developing and producing weapons of mass destruction and the export and import of weapons,¹ and thus promote global peace.
- (b) Contribute to attainment of goals like democratization and introduction of a market economy, as well as securing the basic human rights².

Other new frontiers demanding attention like environmental degradation, over population, AIDS and women in development will be covered in the following chapter.

¹ Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, February 1996), p.52.

² Ibid., p.53.

Democracy, Free Economy And Human Rights

In the present international scenario, many countries are making attempts to reform their economic systems, with a simultaneous course towards democratization. This tide of democratization and introduction of a market economy sweeping over countries like Vietnam and Eastern Europe, have evoked a positive and encouraging response from Japan through its aid policy. The transitional economies face a multitude of bottlenecks and impediments in the attainment of these goals. Assistance required to bolster this transformation to a market economy, which it considers a positive development, includes attempts like helping to establish a strong economy as foundation, development of infrastructure and establishing a favourable balance of payment to cushion any shock to the economy facing the change.³ Besides the provision of economic assistance, advice is also given for an efficacious implementation of reform policies.⁴

Similarly, Japan aims at expediting democratization. Identifying the factor as crucial way back in 1990, the then Japanese Vice Foreign Minister Takakazu Kuriyama observed that a transition was taking place in the international order, and democratization and economic liberalization were two significant transformations taking place in the decade of 1990s. ⁵Japan perceives itself as a strong external factor

³ The Overseas Economic Cooperation Fund Japan Annual Report 1996, OECF, Tokyo, August 1996, p.12.

⁴ Ibid.

⁵ Takakazu Kuriyama, "Turbulent Nineties and New Directions of Japanese Diplomacy", Gaikō Forum, May 1990, pp. 12-21, as cited in Tsuneo. Akaha and Frank Langdon, ed., Japan in the post hegemonic World (Boulder, USA:Lynne Rienner Publishers, 1993) p.186.

playing an important role in promoting efforts towards democratization. This perception is perhaps echoed in a study of the Asian democracies, which opined that "international influence, such as it may exist, is more pro-democratic when the regional or global trend is toward democracy, and when the powerful external actors make the promotion of democracy a more explicit foreign policy goal".⁶ A democratic set up would mean a government which has the consent of people, and guarantees protection for the individuals from public authority.⁷ This kind of a political system would certainly be more open and favorable to meeting demands for change and development. Hence, Japan has decided to use its ODA as an important positive contribution and instrument to buttress and encourage these two developments.

Japan renders assistance in this field by helping in holding elections, training of personnel etc. (like it did in Haiti and Vietnam, for instance), as well as providing succor by increasing the amount of ODA funds. This assists in laying a sound and strong foundation for a stable economy, infrastructure and provision of basic human needs all of which are considered as vital for democratization and market economy.⁸

On the contrary, there have been situations where countries have

⁶ Larry Diamond, "Introduction: Persistence Erosion, Breakdown, and Renewal" in Democracy in Developing countries: Asia, Larry Diamond, Juan Linz and Seymour Martin Lipset, ed., (Boulder, Cold. Lynne Rienner, 1989, pp.3,42., as cited in David Arase, "Japanese Policy Toward Democracy and Human Rights in Asia" Asian Survey, Vol XXXVII, No. 10, October 1993, p.941.

⁷ Ibid., p.942.

⁸ Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February, 1996), p.67.

seen an upsurge of totalitarian or authoritarian regimes, trampling over democratic institutions. This would mean a situation directly antagonistic to the principles set out in the Charter. In cases like these, Japan reviews and reframes its aid policy towards the specific country concerned, after reviewing the prevailing political and economic conditions there. Related to the suppression of movements for democracy is the possible occurrence of violations of basic human rights. Significant examples of such violations of human rights as well as suppression of democratic institutions could be seen in Myanmar and Haiti. It would thus be appropriate to analyze the case of Myanmar in relation to both the anti-democratic crackdown as well as gross human rights violations there. China too presents an important case of human rights violation. But it is here that the question arises as to whether Japan has been able to stand by the ODA Charter without any biases or selfish motives altering its decisions. To answer these questions, it is necessary to study Japan's response in each of the mentioned cases, and then analyze them to draw conclusions. In order to peruse Japan's response to issues of introduction of free economy and democratization, cases of Vietnam, Haiti and Eastern Europe will be dealt with.

(a) *Vietnam:*

Vietnam became a recipient of Japanese ODA as early as 1975, at a time when it was fast moving towards unification after the Vietnam War. The united Socialist Republic of Vietnam received a sum of 14 billion yen⁹ consisting of 14 billion yen in grants, followed by 10 billion

⁹ Bruce M. Koppel and Rober M.Orr, Jr., ed., Power and Policy in a New Era: Politics in Asia and the Pacific, Interdisciplinary Perspectives (Boulder, San Francisco, USA: Westview Press Inc., 1993), p.112.

yen¹⁰ in the form of commodity loans to be repaid in 1978. A similar aid package was promised to Vietnam for the following year. This propensity to give aid could easily be attributed to the fact that it was perceived as a way of preventing Vietnam's dependence and tilt towards the Soviet Union.

This smooth passage of aid received a setback, however, when Vietnam invaded Cambodia in December 1978. The Japanese government announced its decision to freeze its aid to Hanoi, and to use aid to pressurize Vietnam to retrace its steps as a prerequisite for resumption of assistance. What further prompted Tokyo into taking stricter punitive action was the rapid outflow of refugees from Vietnam¹¹ The Japanese government made its stand on the developments clear when it declared that "if the outflow of refugees does not stop, suspension of aid will be considered."¹² What aggravated Japan's resentment against Vietnam besides the Cambodian question was the continued considerable support and influence of the Soviet Union. Some amount of humanitarian aid was however continued to meet serious problems there.¹³

It was in 1989, that Vietnam announced its withdrawal from Cambodia. Although this should have ideally meant a resumption of aid, Japan could not do so, because the withdrawal went unrecognized by the

¹⁰ Ibid., p.114.

¹¹ Ibid., p.116.

¹² *Nihon Keizai Shimbun*, 24 June 1979, as cited in Ibid., p.116.

¹³ Tsuneo Akaha and Frank Langdon, ed., Japan in the Post hegemonic World (USA: Lynne Rienner Publishers Inc., 1993), p.204.

international community. This was due to the absence of a United Nations Mission to supervise the withdrawal. The Cambodian issue remained unsolved, until 1991 when the warring groups reached a peace accord. Elections were held leading to a political settlement. Japan resumed aid to Hanoi in October 1992 breaching the aid embargo imposed by the West led by America, making it ineffective.¹⁴

The loan of 45.5 billion yen extended in November 1992 was for the purpose of promoting the process of democratization and economic reforms being carried out under the name of 'Doi Moi' or economic renovation,¹⁵ both of which were in line with the ODA Charter principles. An attempt was made to establish a market economy. The reforms liberalized the economy, encouraged foreign investments, established private enterprises, lessened state control, introduced tax reforms and contributed to the overall development of Vietnam. As part of these steps towards reformation and development, the Sixth Five Year Plan (1996-2000) was also initiated.¹⁶ Japan joined hands with a few other countries like France and assisted Vietnam in repaying its debts to international funding institutions like IMF and World Bank, which in turn resumed aid in response.¹⁷ The Japanese decision to resume aid along with increased trade and investment was justified as being a step

¹⁴ International Herald Tribune (Paris) 29 October 1992.

¹⁵ Osamu Sawaji and Kunio Nishimura, "Aid for Vietnam: Helping A Tiger To Its Feet" Look Japan, Vol.40, No.460, July 1994, p.36.

¹⁶ The Overseas Economic Cooperation Fund News letter, Vietnam Indo-China, New Frontier, Tokyo, August 1996, p.8.

¹⁷ Yoshiharu Tsuboi, "Plan for Vietnam", Look Japan, Vol.39, No.456, March 1994, p.3.

to boost efforts at democratization and reactivation of a market economy.

However, the covert reason why Japan decided to do so was that many Japanese firms were operating in Vietnam, due to the availability of cheap working labour force.¹⁸ These Japanese companies were getting impatient, because their business interests were being thwarted as a result of a freeze on Japanese aid. For instance, the Nissho Iwai Corporation, which planned to set up a power plant in Vietnam could not do so, at the estimated cost of 100 billion yen (\$725 million) as such major project requiring massive funds needed help from the government of Japan, along with that from the private sector.¹⁹ The Japanese business firms were very much interested in investing in Vietnam. They feared that if the Japanese government did not modify its stand, their business interests would suffer as above other foreign firms would take advantage. Thus, the Japanese rationale behind the resumption of aid was mainly to do with the promotion of national self interest, though it was ostensibly justified as being a crucial factor in promoting positive developments towards democracy and market economy there.

(b) *East Europe:*

Eastern Europe has been taking strides towards democratization and introduction of a market economy, and has been assisted by Japan, under its aid for democratization or '*Minshuka shien*'. Ensuing the collapse of the Berlin Wall in 1989, countries of Eastern Europe (which include Poland, Czech, Slovakia, Hungary, Romania, Bulgaria and

¹⁸ Bangkok Post (Bangkok) 28 September 1993.

¹⁹ Rising Nepal (Kathmandu) 9 June 1991.

Albania), have undertaken political and economic liberalization. A beginning was made in supporting this effort at the Arche Summit of the G-7 countries held at Paris in July 1989. The need was felt to help provide debt relief to Poland and Hungary.²⁰ and also to ensure that inadequate economic development did not impede the process of democratization these countries. Other East European nations adopting similar political and economic measures also came under Japan's aid umbrella.

Japan first gave aid to East Europe in 1990, keeping in line with the decision taken at the Paris Summit regarding provision of assistance to East Europe.²¹ Poland and Hungary received ODA totalling \$ 1.95 billion from Tokyo.²² These countries undertook several measures towards reforming their economic systems. These included trade liberalization, privatization of public or state sector enterprises as well as changes in the financial sector.²³ The measures did result in problems like a dip in GDP, primarily due to economic reforms attempting to introduce a market economy, but they were solved by timely correcting policies. As part of this process, the European Bank for Reconstruction and Development was established in 1991, for the purpose of assisting the former Soviet Union and East Europe in its transition to a market economy, of which Japan was a member from the time of its establishment.

²⁰ Asian Security 1990-91, Research Institute for Peace and Security (Great Britain: Antony Rowe Ltd., 1992), p.122.

²¹ Ibid.

²² Ibid.

²³ The Overseas Economic Cooperation Fund Annual Report 1996, Japan, August 1996, pp.118-119.

The notion of promotion of democracy and free market economy as an important principle in the Charter perhaps found its initiation from here, and before that in Prime Minister Kaifu's principles. Japan had disbursed a sum of approximately nearly \$ 6.5 billion to East Europe till June 1995.²⁴ Although countries of Eastern Europe were not a threat to Japan strategically, the most probable reason why Japan increased its aid was to boost its own economic interests by encouraging these countries to open their markets for free trade.

On the contrary, Japan has had to use the 'stick' and withdraw aid as a result of circumstances which were repugnant to democratization, which is a guideline which is envisaged by Japan. One of the most conspicuous examples of this usage of aid has been noticed in the case of Haiti.

(c) *Haiti:*

Haiti witnessed a reversal and overthrow of a democratic institution represented by President Father Jean Bertrand Aristide, merely nine months after he won nearly 67% votes which were polled in his favour in 1990 elections.²⁵ This was the first time in its political history that Haiti seen a democratically elected government in power.

²⁴ The Overseas Economic Cooperation Fund Newsletter Special Edition: A Fresh Start for Economies of Eastern Europe, OECF, Japan, February 1996, pp.1-2.

²⁵ Clifford E. Griffin, "Haiti's Democratic Challenge" Third World Quarterly, Vol.13, No.4, 1992, p.663.

However, President Aristide was overthrown by a coup d'état staged by the military under General Roul Cedras on 30 September 1991 and was forced to go to exile. Japan decided to freeze or suspend its ODA to Haiti, as a form of protest against the coup. Humanitarian aid was still continued to help Haiti finance certain projects like a medical centre and meet other emergency needs in 1993. Aid other than that for humanitarian purposes remained suspended till July 1993, when the exiled President and the military leader entered into an agreement. As a consequence, the President returned from exile to reestablish a legitimate democratic government. Japan decided to resume its aid to Haiti after observing and ensuring that the agreement was actually implemented, restoring democracy in the state in line with the ODA principles. It was here that ODA was explicitly used as a foreign policy tool to discourage a situation which ran counter to a principle of the ODA Charter. Haiti restored its democratic institutions and revived its economy, after which Japan resumed its aid. Haiti was given nearly \$ 30 million as humanitarian aid. Japan assisted the UN in its efforts to hold elections in Haiti in 1995 by disbursing grant aid as well as by sending observers.

It would be relevant to cite the cases of China and Myanmar to show how Japan responded to events in these two countries, which saw a suppression of democracy and violations of human rights. These two countries have not only witnessed the suppression of pro-democracy movements go against the Charter principles, but have also seen serious human rights violations. China and Myanmar are glaring examples of inconsistencies in Japanese aid relations. Both countries were let off by Japan with minor and low key opposition bringing forth a major contradiction in Japan's response.

But before analyzing the human rights situations in both countries, an assessment of Japan's stance on the link between aid and human rights would be relevant. At the World Human Rights Conference held in Vienna in June 1993, a controversy surfaced over the inclusion of a statement linking ODA to human rights - "Attempts to make official development assistance conditional to human rights protection should be discouraged".²⁶ Japan's stand on the issue was that it would continue to make ODA conditional to the human rights situation of the recipient country, as it is one of the principles drawn out in the ODA Charter.²⁷

(d) *China:*

China has been an important focus of Japan's foreign relations - politically, economically, strategically and culturally. It has also been the largest recipient of Japan's aid - amounting to nearly 70% of China's total ODA.²⁸ China drew a lot of criticism on account of its human rights violation in 1989, when hundreds of pro-democracy protesters-students-were massacred in the Tianamen Square, by a military crackdown on them. Tokyo's response was initially very cautious. Japan did, undoubtedly react by regretting the use of force on the students. But much to the surprise of Western powers, which strongly protested against the shootout and the resultant human rights violation as well as suppression of democracy, Tokyo's response was more symbolic than anything else. Even as the Western powers including the U.S. imposed

²⁶ Japan's Official Development Assistance Annual Report 1993 (Tokyo: Ministry of Foreign Affairs, APIC, March 1994), p.42.

²⁷ Ibid.

²⁸ K.V. Kesavan, "Japan and the Tiananmen Square Incident: Aspects of the Bilateral Relationship", Asian Survey, Vol.XXX, No. 7, July 1990, p.67.

economic sanctions and withdrew economic assistance to China, Japan's response seemed lukewarm. Tokyo reassured Beijing that its bilateral relations would remain intact. Prime Minister Uno said, "In essence, we are not thinking about taking punitive sanctions".²⁹ Domestic and international criticism against this attitude mounted, and the Japanese government decided to freeze aid as a "response", but refused to call it a "sanction".³⁰ Japan froze its government loan of 810 billion yen (\$5.4 billion) which was supposed to be sanctioned for April 1990.³¹ Hence, projects under the five year aid package were delayed. This imposition of a freeze on aid became imperative for Japan to avoid its own isolation from the rest of the international community.

However, at the G-7 Summit held in Paris in 1989, Japan argued that a policy of non-isolation of China needed to be followed to ensure strategic security in the region. Japan was, to a great extent, successful in convincing the G-7 member nations and they did not impose any further sanctions. "We look to the Chinese authorities to create conditions which will avoid their isolation and provide for a return to cooperation based upon the resumption of movement towards political and economic reform and openness",³² read a G-7 declaration. Japan furthered its own

²⁹ David Arase, "Japanese Policy Toward Democracy and Human Rights in Asia", Asian Survey, Vol. XXXIII, No.10, October 1993, p.943.

³⁰ Ibid.

³¹ Zhao Quansheng, Japan's Aid Diplomacy with China " in Bruce M. Koppell and Robert M.Orr, Jr., ed., Power and Policy Politics in a New Era: Asia and the Pacific, Interdisciplinary Perspectives (San Francisco, Boulder, USA: Westview Press Inc., 1993), p.170.

³² Asahi Shimbun, 17 July 1989, as cited in K.V. Kesavan "Japan and the Tiananmen Square Incident", Aspects of the Bilateral

national interest through the G-7 forum, influencing other countries too in the process , to take a stand commensurate with their interests.

However aid relations with China were resumed and these clearly proved that human rights violation as a policy principle while giving aid was not followed completely. Japan defended its stand by justifying it on the basis of close cultural ties with China and said that any action to the contrary would mean interference in the internal affairs of China. The frozen aid package was resumed along with the signing of a five year trade agreement in 1990. Since then, the nuclear issue has take an upper hand over human rights in Sino-Japanese relations.

Summing up Japan's aid relations with Beijing, it becomes very clear that Japan's attitude was rather low key and shaped predominantly by its own interests. China is perceived as a powerful neighbour, against which very tough action was ruled out. Considering the fact that human rights protection is a principle envisaged in the ODA Charter, this low key response showed Japan's discrimination in dealing with the big powers. China hence provided the case where national interests have taken precedence over the issue of discouraging obvious human rights violations.

(e) *Myanmar:*

Myanmar presents another example of Japanese aid flowing to a military regime not credited a good record of human rights and democratic values. Myanmar (earlier Burma), was in the past dominated by a single party dictatorship from 1962-88. The military which grabbed

Relationship", Asian Survey, XXX, No.7, July 1990, p.673.

power in the 1962 coup ruled the country during this period. 18 September 1988 witnessed a bloody coup d'état which brought General Saw Maung to power. He perpetrated a military rule under the name of the State Law and Order Restoration Council (SLORC). The most significant factor which led to the coup was the upsurge of a strong and widespread pro-democracy movement, which demanded a democratically elected government and a multi party system. Hundreds of students demonstrating for democracy were killed. What magnified the feeling that a political change was required, was the high level of unemployment and dissatisfaction in the country.³³ Japan responded by slashing its aid, and limited it to \$ 450000 to be given through the UNICEF.³⁴

However, on 17 February 1989, Japanese government announced its decision to recognize the SLORC government, and also to resume aid, apart from humanitarian aid. This announcement was made on the pretext that Tokyo was hopeful that the SLORC would initiate reforms in the country. Elections followed in 1990. The National League won the elections with a clear majority. But the SLORC refused to let the League form the government, and placed Aung San Suu Kyi and others under house arrest. Since then, the ban on aid was lifted in 1995, when Suu Kyi was released³⁵ and aid began to be disbursed on case to case basis.

³³ David I. Steinberg, "Japanese Economic Assistance to Burma: Aid in the '*Tarenagashi*' Manner" in Bruce M. Koppel and Robert M. Orr, Jr., ed., Japan's Foreign Aid: Power and Policy in a New Era: Politics in Asia and the Pacific Interdisciplinary Perspectives (Boulder San Francisco, USA: Westview Press Inc., 1993), p.149.

³⁴ William R. Nester, Japan and the Third World: Patterns, Power, Prospects, (Hong Kong: MacMillan Academic and Professional Ltd., 1992), p.273.

³⁵ The Japan Times (Tokyo) 20 June 1996.

Tensions surfaced again after the National League for Democracy boycotted the National Convention in 1995. Plans to arrest Suu Kyi were tied to capping Japanese ODA, when Japan said that Suu Kyi's would have a negative effect on ODA to Myanmar. However, grants given to the military *junta* ruled country increased almost four times between FY 1992-95, standing at 15.9 billion yen.³⁶

According to analysts, Japan had business interests and was under pressure to resume aid and recognize the SLORC, despite its human rights violations during the coup and after. The Japanese business houses were scared that they might be replaced by other countries which would then dominate Myanmar's economy and market. Largely due to the pressure from Japanese business groups, Japan reinstated its ODA to Myanmar, ignoring to a large extent, the human rights violations and the anti democracy movements.

These case study show how altruism is not the only rationale behind aid, and that the principles of the Charter have not necessarily always been followed. The blatant suppression of movement for democracy and consequent human rights violations in China were condoned to a large extent, and not protested against very vociferously as China is seen as a colossal and a powerful neighbour with which souring of relations were considered a difficult proposition. In the case of Myanmar too, business interests over shadowed the principles on the basis of which aid was given.

³⁶ Peter Landers, "Aid: Halting Help", Far Eastern Economic Review, 22 May, 1997, p.77.

Global Peace And The Nuclear Issue

One of the most serious threats the world community perceives today is that of the armament build up and emergence of nuclear weapons. The third principle of the ODA Charter states that Japan would monitor and consider the level of military expenditure and export and import of arms by the recipient country. In case it feels that the prospective recipient country is indulging in an arms build up and its military spending is disproportionate as compared to funds allocated for social and economic development, then Japan would express its concern on the issue. It may even decide to curb or freeze aid, in order to pressurize the country concerned.

In the post Cold War era, a serious and consistent effort to halt weapons proliferation needs to be made. This is essential for the security of mankind, for prevention of environmental degradation and also to ensure that all countries are able to divert adequate finances towards development and growth. There have been serious differences amongst the developed and developing nations on the signing of the nuclear non-proliferation treaty and the Comprehensive Test Ban Treaty. Japan has tried to persuade countries to sign the NPT, as it feels that signing the treaty would, to a great extent curb the armament competition.

Japan, in its constitution (Article Nine) has envisaged a non-militarization of the country, declaring itself as a peace loving nation. The indelible scars left behind by the World War experiences are still fresh in Japanese memory. The recent Gulf war only reconfirmed the seriousness, complexity and gravity of the consequence of a war both on mankind and environment. Japan thus deems it imperative to use ODA as a foreign policy instrument to promote global peace, and disarmament.

In the current scenario, a major threat on this front emerges from China, and its repeated nuclear tests. Japan also considers India and Pakistan in South Asia as a possible flash point. It has been in favour of both countries signing the NPT. A few more details would clarify Japan's position and firmness on the principle as put forth in the ODA Charter.

(a) *China:*

China has, in the recent past drawn a lot of attention and criticism for its unabated nuclear tests. The rapidly growing economic power of China has facilitated an increased spending on its military strength. China has, in the recent years conducted, as many as forty five nuclear test explosions.

Japan had threatened to cut aid to China if it continued to carry out nuclear tests. China conducted a nuclear test in October 1993, after which it conducted two in 1994. Tokyo warned, and urged Beijing to refrain from nuclear tests. The then Japanese Foreign Minister Koki Kakizawa said that nuclear testing is "... regrettable in terms of Japan's ODA guidelines."³⁷ Tokyo had promised China loans worth 810 billion yen in the period 1990-95.³⁸

Undeterred, China conducted a nuclear test in May and August 1995, despite strong protests from the international community, including Japan. Japan froze its grant aid for FY 1995 (continuing humanitarian assistance) though, and in principle that for FY 1996 too. Aid flows to China fell from 7.79 billion yen in 1994 to 480 million yen in 1995.³⁹

³⁷ Bangkok Post (Bangkok), 14 June 1994.

³⁸ Ibid.

³⁹ Japan's Official Development Assistance Annual Report 1996 (Tokyo: Ministry of Foreign Affairs, APIC, March 1997), p.41.

Despite all kinds of international protests and demands, China continued its underground tests in 1996 too. While Japan strongly criticized France which also conducted nuclear tests approximately the same time (in 1996), with China, Japan was not as vocal in condemning China. Critics have accused Japan of pursuing a double standard when it came to China.

The Chinese tests conducted in June and July 1996 were aimed at intimidating Taiwan. However, after the two tests explosions, China declared the imposition of moratorium on such tests. Japan announced its decision not to cut aid to China in August 1996 following an agreement between the US and China on CTBT. Japan now proposed to restore full grant aid for Beijing as it was now showing willingness to cooperate with the nuclear powers (US, Great Britain, Russia and France) in their stand on CTBT.⁴⁰

(b) *South Asia:*

Japan has also found an area of concern where it feels the threat of an arms build up and militarization in South Asia in the case of both India and Pakistan. Japan has been urging both the countries to refrain from the arms race and use nuclear energy only for peaceful purposes. Japan has conducted bilateral nuclear talks with both the Pakistan and Indian in 1992 and 1993 respectively.

As the final countdown for signing the NPT to be signed in April 1995 the nuclear weapon states, including Japan continued to press on the non-nuclear weapon states including Pakistan and India to sign it. Both countries have, however expressed reservations on the contents of

⁴⁰ The Hindu (New Delhi) 12 August 1996.

the NPT, and want a revision of them. India has refused to sign the Comprehensive Test Ban Treaty (CTBT), calling it "discriminatory" and "woefully inadequate" ⁴¹. It feels that both the NPT and CTBT do not serve its security needs, as its neighbours Pakistan and China are building their arms set up and China is also abetting Pakistan's nuclear weapons program. India feels that the two treaties have loopholes, and in order to plug them, a move has to be made towards a nuclear free world.

On the other hand, Pakistan too is not willing to sign the NPT and CTBT as it feels its security is threatened by India, which it perceives a potential threat. This attitude of the two South Asian Nations has been decried by Japan, which insists, like the US that by being signatories to these treaties Pakistan and India can contribute to global peace.

To encapsulate the issues dealt with in the chapter and Japan's ability to follow these principles by using ODA as an instrument of its foreign policy, it can be observed that on the whole, there is a discrepancy that can be noticed in its attitude and responses towards different countries on the same issue. Interestingly, while Japan at least made an attempt to follow Charter guidelines in cases of Eastern Europe and Vietnam ostensibly, aid relations with China and Myanmar spelt a clear violation of the Charter principles. Altruism as a component of rationales behind cannot be fully doubted though, yet, national interests have, a lot of times overshadowed the lofty principles set out in the Charter. What Japan perhaps needs to do is to take a harsher stand where it is required.

⁴¹ The Times of India, (New Delhi), 20 June, 1996.

Chapter Four

New Frontiers

The decade of the 1990s has ushered in problems as well as needs which development assistance has to cater to, making them more complex. Besides the issues of democratization, human rights, nuclear question and armament race, other problem areas which have emerged as new frontiers confronting Japan's ODA are environment and sustainable development an unabated population explosion, AIDS, women in development besides that of the need for humanitarian aid.

Japan has, in the four principles, as well as other provisions of the 1992 Charter mentioned all these issues as crucial and vital to development. One of the most important factors - that of environment-is covered as the first of the four ODA principles or guidelines - "Environmental conservation and development should be pursued in tandem."¹ Emergency humanitarian aid, as well as "full consideration" to "the active participation of women in development and to their obtaining benefits from development"² have found a mention in the Charter. Besides, Japan has contributed towards combating the problems posed by an overburdening population, AIDS as well as women in development. This chapter will aim at enumerating and analyzing Japan's contribution towards these 'new frontiers' and try to gauge its successes and failures in meeting these challenges.

¹ Japan's Official Development Assistance Charter, as cited in Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.253.

² Ibid., p.256.

Environment and Sustainable Development

Environment being the common heritage of mankind, commands equal attention from both the developed and developing countries. However, since developing countries face obstacles either in the form of inadequate resources or lack of trained personnel, it is the developed countries which have to assist them. Simultaneously, even the developed countries have to ensure that in their development process, there is no damage to the environment. "Environmental problems have moved to the forefront of international concern since they affect the very existence of humankind. Yet, just as the issues are global in nature, so too must the solutions be found through global cooperation," said Prime Minister Kiichi Miyazawa of Japan.³ Environmental conservation and sustainable development has, indeed become the need of the hour and has been adopted in the Japanese government's ODA Charter. The first principle of the Charter (as mentioned earlier), has two sides to it:

- i. Firstly, it implies an increase in the amount of ODA for environment.
- ii. Secondly, it makes it clear that all projects funded with Japanese aid should be environment friendly.⁴

The Japanese government announced ODA worth nearly \$300 million at the G-7 Paris Summit (1989) during the period 1989-91 for this

³ As cited in Japan's National Report to UNCED 1992, Environment and Development: Japan's Experience and Achievement, December 1991, p.(i).

⁴ The Overseas Economic Cooperation Fund Newsletter, July 1996, Environment Special: Development and Environment, July 1996, p.5.

purpose.⁵ In October 1989, the Overseas Economic Cooperation Fund published the OECF Environmental Guidelines, which are kept under consideration when ODA projects are sanctioned and implemented. These guidelines were revised in August 1995 in keeping with the demands and changes of time and with experience. The main features of the revised guidelines are the following:

- a. The division of ODA projects into three categories-A,B and C, on the basis of impact the project is expected to have on the environment. The recipient country has to assess and present an 'Environmental Impact Assessment' report to the OECF. Large scale projects under category A, expected to have a major impact on environment have to be compulsorily accompanied with such a report.
- b. Resettlement of people has to be given due consideration and importance-the number of people to be relocated should be limited to the minimum, planning to tone down the negative effects of this involuntary resettlement, and consultations with people who are going to be affected by the specific project.
- c. Stress on conservation of nature, environment and biodiversity. The project should adhere to the avoidance of areas which have been declared as environmentally 'preserved' or 'protected' by the domestic government.
- d. Waste disposal has been added as a clause for projects

⁵ Ministry of Foreign Affairs, *Waga Kuni no Seifu Kaihatsu Enjo* (Japan's Official Development Assistance), Vol.1, 1990, p.44 as cited in David Potter, "Assessing Japan's Environmental Aid Policy", *Pacific Affairs*, Vol.67, No.2, Summer 1994, p.201.

which require environmental checks.⁶

- e. All ODA projects are obliged to stick to certain regulatory standards - like limited emission standards etc.⁷

These guidelines made it even more imperative that developing countries be assisted in conducting their assessments of environmental impact of ODA projects.

Japanese ODA in this sector is extended in the form of technical aid, loan grant aid as well as multilateral aid. However, as per the recently available estimates, yen loans have accounted for nearly 66 percent of environmental ODA from FY 1992-1995.⁸ Besides, what is noticeable is the fact that the government, in 1995, under the "Preferential Interest Rate on Environmental Projects", has decided to impose low rates of interests on ODA environmental projects,⁹ to encourage them.

The world is, facing a myriad of problems concerning the environment today ranging from water and air pollution, global warming, deforestation and depletion of ozone layer to its counter effects on the

⁶ To Harmonize Development and the Environment, The Overseas Economic Cooperation Fund, Japan, 1996, pp.8-9.

⁷ The Overseas Economic Cooperation Fund Annual Report 1996, Tokyo, August 1996, p.131.

⁸ Ibid, p.133.

⁹ The Overseas Economic Cooperation Fund Newsletter, July 1996, Environment Special: Development and Environment, Tokyo, Japan, July 1996, p.5.

biodiversity on earth. Hence, it becomes difficult to carry out development, which may, in its course, harm the environment. It is here, that the concept of 'sustainable development' has its origins. The term was coined in 1989, in a UN General Assembly report entitled "Our Common Future". Sustainable Development can be defined as "improving the quality of human life while living within the carrying capacity of supporting ecosystems".¹⁰ In other words, the process of development in the present should not deplete resources in such a way that future generations do not have on access to adequate resources.

Japan has, itself faced a number of environment problems ranging from environmental pollutions to water pollution. It has, therefore, contributed the maximum amount of ODA worth nearly 218.6 billion yen in the form of environmental yen loans, aiding atleast as many as 25 projects.¹¹

(a) *Japan and the Rio Summit:*

It was in keeping with this commitment to save the earth and conserve the environment in tandem with development that Japan was an active participant of the United Nations Conference On Environment and Development held in Rio de Janeiro in 1992, also known as the "Earth Summit". The two most significant outcomes of the Rio Summit were 'Rio Declaration on Environment and Development' and 'Agenda 21'.

¹⁰ The State of World Population, 1992, United Nations Population Fund, New York, 1992, p.(iii).

¹¹ The Overseas Economic Cooperation Fund Newsletter, July 1996, Environment Special: Development and Environment, Tokyo, July 1996, p.5.

In addition to the two aforementioned declarations, Japan also signed the 'Framework Convention On Climate Change' and the 'Convention On Biological Diversity' at Rio. As per the estimates of the Conference attended by as many as 182 countries, the annual aid required for environmental protection was about 125 billion US dollars.¹² The Japanese Prime Minister announced at the Rio Summit, that during the period 1992-97, Japan would disburse aid approximately worth 900 billion yen to 1 trillion yen.¹³ At the same time, Japan said it would help the developing countries in using its aid efficiently.

Furthermore, in 1993, Japan passed and implemented the 'Basic Environment Law' which amongst other goals committed the country to further the cause of saving the environment through international cooperation. By the year 1995, Japan had already extended around 980 billion yen, which means that the target expenditure set out and announced in 1992 has already been met.¹⁴ Japan caters to the following major sectors while contributing towards environmental ODA:

- i. Improving residential environment (including water supply and sewage systems, disposal facilities).
- ii. Pollution control measures (air, water).
- iii. Forest conservation.
- iv. Disaster (e.g. floods, earthquakes etc.) prevention and relief.

¹² The Overseas Economic Cooperation Fund Annual Report 1996, Tokyo, August 1996, p.8.

¹³ Japan's Official Development Assistance, Annual Report 1992 (Tokyo: Ministry of Foreign Affairs, APIC, March 1993), p.30.

¹⁴ Japan's Official Development Assistance, Annual Report 1996 (Tokyo: Ministry of Foreign Affairs, APIC, March 1997), p.58.

v. Natural environment conservation.¹⁵

Significant examples of Japanese ODA in the field of environmental conservation are those of the Sardar Sarovar dam and Aravalli hills in India and others in countries like Thailand and China. A brief discussion on some of these projects would help us in understanding Japan's economic cooperation in this area.

(b) The Sardar Sarovar Dam (India)

The Sardar Sarovar Dam is being constructed on the Narmada River in India with the help of yen loans from Japan. The construction of the dam has been a highly controversial issue, with several environmentalists objecting to it on several grounds. These protests led to a objections on the of building of the dam.

The Indian government has been pressing hard for the continuation of the dam construction, on the plea that its completion is essential for the provision of irrigation water, drinking water and also for production of electricity for supply to Maharashtra, Rajasthan and Madhya Pradesh.

But what is deemed to be one of the major objections to the construction of the dam has been the fact that it has led to the dislocation and reestablishment of as many as 100000 individuals or 2,400 or more

¹⁵ Japanese Economic Cooperation in the Environmental Sector, Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan, Home page (Internet), p.2 of 4.

families.¹⁶ This became unavoidable as the water from the reservoir of the dam would inundate the entire area which is inhabited by these people. Under the yen loan contract, Japan had promised in 1985, almost 2.9 billion yen at an interest rates of 3.25 percent for a thirty year period and a ten year extra period.¹⁷ The World Bank has also been providing loan for the project. However, in the light of these protests and objections, Japan stopped its aid to the project.

(c) *Aravalli Hills Project - Rajasthan (India):*

Japan is also providing environmental aid assistance for an afforestation project in the Aravalli hills in Rajasthan (India). This area once full of lush green forests with its rich natural resources of firewood and timber, inhabited by animals had lost its forest cover, as a result of which the number animals also depleted. The Government of India undertook an afforestation project in this area covering nearly 150,000 hectares of land.¹⁸ Tokyo contributed towards this fight against deforestation by extending 8 billion yen as ODA loan in 1991.¹⁹ The local population of the areas has been encouraged to join and participate in these efforts to wards reestablishing the forest cover in the hills. This forest caters to the need of fuel, wood and timber for the local people. The project has been assessed to have been one of the more successful ones, with the full participation and support of the people residing in that

¹⁶ Kusano Atsushi, "Rebutting the aid critics: A Report from India", Japan Echo, Volume XVIII, No.3, Autumn 1991, p.46.

¹⁷ Ibid.

¹⁸ Kimihiro Muraoka, "Pacific Friend" Volume 20, No.8, November 1992, p.4.

¹⁹ Ibid., p.4.

vicinity. As part of the project, seeds were distributed to encourage new plantations. Simultaneously, an Administrative Committee for Forest Preservation was established to implement projects which are environment and people friendly. 80 percent funds were given for creating employment through reforestation. This meant the generation of employment for women specially - nearly 75 percent of the project employees being women.

(d) *Thailand:*

Besides these two projects, Japan has also been involved in several others. It has keenly been following measures being undertaken in Thailand, for instance, against air pollution, a corollary to the industrial development of the country. It was in the face of this widespread and serious realization of air pollution that Thailand planned to set up a Flue Gas desulfurization Plant for the Mae Moh Power Plant. This power plant has large scale sulphur emissions, proving harmful and detrimental to both the environment and the human population of the area. But since the plant meets nearly 20 percent of the country's energy needs, the need was felt to cut down this harmful effect of the emitted gases. Japan gave Thailand a loan of 15.94 billion yen for the project on 22 September, 1993. The project which is due to be completed in 1997, is thus seeing its completion with help of ODA from Japan.

In a nutshell, environmental ODA projects have been a more successful aspect of Japanese aid. Japan's commitment toward promotion of environment friendly projects, its increased ODA for this purpose and overall success on this front cannot be doubted. Some of the major achievements can be summed up as under-

- i. Aid between FY 1992-1995 approximated 980 billion yen by the end of March 1996, resulting in an achievement of the goal one year ahead of the scheduled announced at the Rio Summit.
- ii. The Government of Japan has taken the following steps to pay attention to implementation of environmental ODA: annual consultations are held with recipient countries, in which emphasis is placed on environmental considerations at every stage of the project from the selection of individual projects to its implementation and evaluation.
- iii. The Government of Japan began dispatching policy dialogue missions (related to environment problems) from 1989 and has so far sent a total of ten missions to countries in South East Asia, Central and South America etc. A similar mission was dispatched to the People's Republic of China headed by Hiroshi Hashimoto (former Ambassador to China). The first Japan-China Comprehensive Forum on Environmental Cooperation took place in May 1996.²⁰

With regard to its future Japan has certain policies planned out regarding environmental ODA-

- i. Due to shortages of personnel in the environmental arena in developing countries Japan will pay attention towards human resources through means like assisting environmental research and training alongwith cooperation in various projects.

²⁰ Japanese Economic Cooperation in the Environmental Sector, Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan, Home page (Internet), p.3 of 4.

- ii. Japan plans to actively work towards tying awareness to requirements in individual plans through policy dialogues such as dispatching environmental missions.
- iii. In the future the government of Japan would like to strengthen cooperation in areas like pollution control measures, forest conservation and energy saving besides emphasis on problems like disasters and improvement of residential environment.²¹

Population, AIDS and Women in Development

Population and AIDS:

One of the most grave problems facing mankind today is that of population explosion. The ever growing population is eating into the fruits of development, and also the non-replishable resources, making them scarce for the future. This over population is, perhaps the root cause of several other problems, and still continues, unabated, specifically in the developing countries. As stated in the State of the World's Children Report 1994, "...family planning is one of the most important of all contributions to social and economic development...one of the most powerful needs of breaking into the synergism of the PPE [poverty, population growth, environment] spiral, and helping to combat the poverty which gives that spiral its impetus."²² Needless to say, controlling the population explosion is indispensable to developing and the solution of several related problems. As per the mid 1995 estimates of the United Nations Fund for

²¹ Ibid., p.4 of 4.

²² As cited in Kunio Nishimura, "Population Control: Stepping in to Stop The Spiral", Look Japan, Vol.39, No.456, March 1994, p.38.

Population Projects, the world population had touched the 5.75 billion mark. This number is however expected to swell to 8.3 billion by the year 2025.²³ Japan has made considerable efforts at contributing towards curbing the world population. Usually the most conspicuous steps taken in this direction are: family planning (maternal and child health), spread of education and regular census taking.

It was in keeping with this concern, that a cabinet level international conference called the International Conference on Population and Development was held in Cairo (Egypt) in 1994. With nearly 10,000 participants attending the conference, these countries discussed at length the various family planning methods, including how to educate the people about the issue and how to work for better reproductive health. One of the highlights of this Conference was that, the U.S., which till then had frozen its aid package to the United Nations Population Fund since 1993, resumed its aid. The Japanese government held a Meeting of Eminent Persons on Population and Development in January 1994 as prelude to the Cairo Conference to discuss pressing issues in this regard.

Japan is itself facing another type of population problem apart from that of a rapidly rising one - that is of greying society. The average birthrate (i.e., number of children a woman bears in her life time) fell

²³ United Nations Fund for Population Projects, *The State of World Population*, p.70, as cited in Japan's Official Development Assistance Annual Report, 1996 (Tokyo: Ministry of Foreign Affairs, APIC, March, 1997), p.60.

from 2.14 in 1970 to 1.46 as per 1993 estimates.²⁴ As a result of this decline in birth rate, Japan faces the problem of an aging society, which weighs heavily on its economy and demands more social welfare and security measures like pensions and old age homes.

It has, contributed aid to the UN Population Fund actively. Besides, projects supporting family planning, education, care of mother and children and training personnel and volunteers to deal with the issue in their respective countries are also receiving ample support from Japan's ODA. The nature of the problem being a grassroots level one. Japan has also realized the inevitability and imperativeness of the involvement of non government organization in the entire procedure. It cooperates and coordinates with the NGOs dedicated towards this cause.

Japan has been involved in projects aiming at controlling the population like those in Indonesia and Kenya. The project in Kenya known as the population education promotion project (PEPP) was first started in 1988 and ended in 1993. But the project was extended for a period of another five years. Under the PEPP, Japan proposes to spread information and knowledge regarding family planning through a variety of media like videos, lectures and seminars. Similarly, the Japan International Cooperation Agency has been engaged in promoting family planning projects in Indonesia. This help is primarily being rendered through technical cooperation, training volunteers, distribution of leaflets and encouraging participation of volunteers.

²⁴ Shimada, Haruo, "On Provision of Choice", Look Japan, Vol.40, No.468, March, 1995, p.3.

What is essentially lacking in the Japanese initiatives on the population front is the fact, that albeit indirect methods of prevention of population explosion like those mentioned earlier, there has been no direct attack on the problem of overpopulation. Also, there is a need being increasingly felt for Japan to improve the quantity of aid extended for this purpose.

Besides the problem of population explosion, AIDS has emerged as one of the most serious health hazards engulfing both the developed and developing countries alike. As per estimate made by the Joint U.N. programme on HIV and AIDS (UNAIDS), nearly 3.1 billion cases would be added to the already large number of HIV positive population, which is struck with the still incurable virus.²⁵ With an increasing number of people falling prey to the dreaded disease along with over population problem the need for international cooperation to tackle the problem becomes imperative.

Japan announced in 1992, a program to tackle the challenges, called the 'Global Issues Initiative' on Population and AIDS or GII. The Japanese Government has been encouraging cooperation in fields like epidemiology, education, AIDS research as well as provision of assistance for better medical facilities. It is also exchanging and training experts and researchers specializing in this field.

As part of the GII, Japan announced that it has become essential to wipe out the basic reasons behind the population explosion - low level

²⁵ Japan's Official Development Assistance, Summary 1996, (Tokyo: Ministry of Foreign Affairs, APIC, October 1996), p.33.

of education, poverty, the low status given to women and lack of awareness and practice of family planning methods. Japan aimed at attempting to solve the problem through two means:

- a. Direct involvement or direct population cooperation through education, information and taking care of the health of mother and child.
- b. Indirect population cooperation by primary education, education of girls and provision of basic health care.²⁶
- c. Assistance extended for AIDS related issues like education on the ways of preventing AIDS, research on its cure and teaching AIDS testing process.²⁷

Japan also pledged \$3 billion for a period of seven years from FY 1994 onwards to countries to deal with population and AIDS problems.²⁸ According to recent estimates regarding the level of success, Japan has been able to fruitfully utilize nearly \$1 billion during 1994-96 to attend to these two vital issues.²⁹ Another significant promise of cooperation in these fields came with the Japan U.S. Common Agenda for Cooperation in Global perspective 1993. It included tackling global issues like environmental degradation, AIDS, women in development and children

²⁶ Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.198.

²⁷ The Overseas Economic Cooperation Fund Annual Report 1996, Japan, August 1996, p.136.

²⁸ Ibid., pp.198-199.

²⁹ Japan's Official Development Assistance Annual Report 1996 (Tokyo: Ministry of Foreign Affairs, APIC, March 1997), p.60.

health through efforts and contributions by both countries including ODA. The project was launched in Tokyo by U.S. President Bill Clinton and Japanese Prime Minister Kiichi Miyazawa. Studies and analyses of reports on both the issues of population and AIDS are being carried out. At the February 1994, Clinton - Hosokawa Summit, Japan pledged to contribute \$30 billion towards policy measures to deal with over population and AIDS.³⁰ Japan has also dispatched missions to countries like Phillipines, India and Pakistan to carry out surveys on the gravity of the problems held as well as to provide assistance.

One of the more recent AIDS related projects Japan has been involved in, has been in Thailand, where an estimated 600,000 (1 percent of the total population)³¹ people were found HIV positive. In response to request by the government of Thailand, Japan initiated Project for the prevention and control of AIDS there. Japan has been imparting information regarding ways of prevention of AIDS through te use of mass media, empowering medical facilities and transferring medical and technical know how.

Women in Development

Japan has included the concept of 'Women in Development' as a result of its realization and recognition of the fact that women form an indispensable and significant aspects towards achieving social and

³⁰ Ryuko Iikubo, "For the Sake of Humanity, Look Japan, Vol40, No.461, August 1994, p.9.

³¹ Osamu Sawaji, "Project For the Prevention And Control of AIDS In Thailand", Look Japan, Vol.40, No.461, p.12.

economic development. Women, specially in developing countries are involved in several activities from obtaining fuel, food and water to other family chores apart from other activities, making them the central focus of society. The OECD established an Expert Group on WID in 1984, pursuant to this realization.

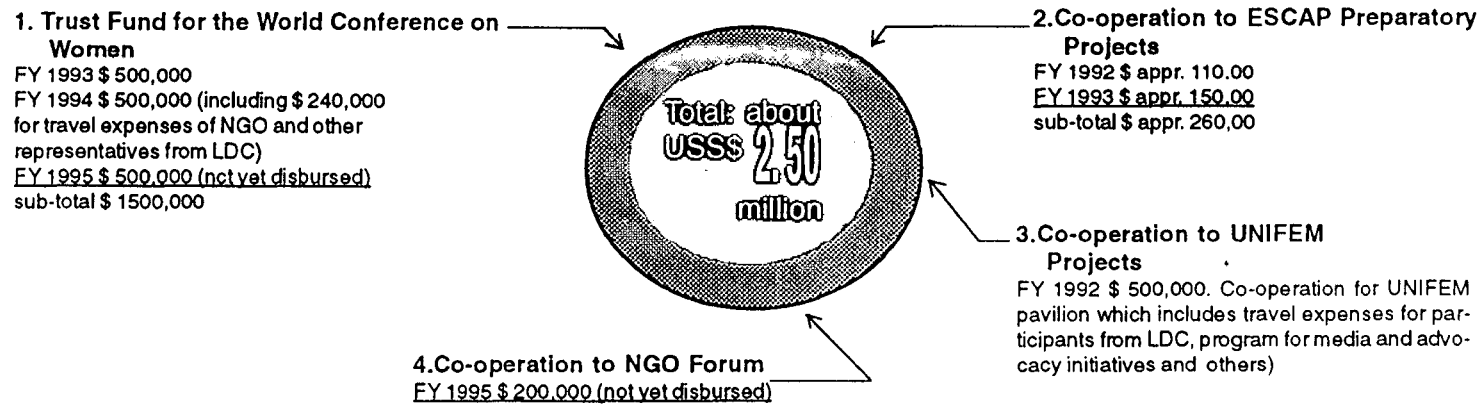
Japan has taken several steps to ensure the adequate participation of women in the development process as well as reducing gender disparity. In 1994 the Ministry of Foreign Affairs placed officials in charge of countries receiving ODA. NGO participation included in these endeavours studies are carried out and project requirements realized. Japan has also established a WID fund for the purpose.

The UN held the United Nation's Fourth World Conference on Women in Beijing (1985). The conference drew up priority areas in a women's development process like education, health, women's rights etc. and stressed on the need to pay a balanced attention to all of these areas. Prior to the conference, in 1993, a National Committee of Japan for the Fourth World Conference on Women was set up to prepare for it under the chairmanship the then Prime Minister Tomichii Murayama. Japan contributed \$ 2.5 million to organize the conference.³² During the conference, Japan came up with the "Initiative on Women in Development". This initiative was taken to support and encourage the overall development of women. (Ref. Fig. 1.1)

³² Japan's Official Development Assistance Annual Report 1995 (Tokyo: Ministry of Foreign Affairs, APIC, February 1996), p.213.

Fig 1.1

Japan's Financial Contribution to the Fourth World Conference on Women



Source: China: Japanese Contribution to the Fourth World Conference on Women, Ministry of Foreign Affairs, Home Page (Internet)

While extending ODA for women Japan has drawn out three priority areas education, health and economic and social participation which are mutually interrelated.

- a) Education - Japan aims to reduce the gender inequality in imparting education to women, reduce drop out rates, and ensure adequate educational opportunities to all girls. This is to be ensured by setting targets like providing universal education to all girls from 6-11 years of age, training teachers and providing adult education, close gender disparity in education of children aged (6-11) by 2005. Japan further proposes to provide educational material for girls like books with proper leading materials for girls and women in relation to the social setup.³³
- b. Health - An overall development of a human being cannot be ensured without providing proper health services, clean surroundings, nutrition and balanced diet and sanitation, as well as a safe prenatal and maternal period for women. All this is vital for human development. In this area, Japan aims to reduce infant and maternal mortality rates below 35 per 1000 by the year 2015 and maternal mortality below per 100,000 births by the year 2010 respectively. This is to be achieved by providing primary health care, provision of maternal health care, encouraging family planning etc.³⁴

³³ Japan's Initiative On WID, The Ministry of Foreign Affairs, Japan, Home page (Internet), pp.1 of 3, 2 of 3.

³⁴ Initiative on Women in Development, Ministry of Foreign Affairs, Home Page (Internet), p.3 of 3.

- c. Economic and social participation - It is vital for women to play an active role by participating in the development of the economy and society, to develop their potentials and skills and thus feel empowered. To realize this goal, Japan aims to provide job training facilities, ensuring a legal protection framework and better working conditions for women. To assist women in this sphere, Japan advises women on establishing small enterprize and cooperatives, arranging schemes and providing financial support to them.³⁵

Japan has participated actively in several projects related to women in development. Significant examples are the Grameen Bank or Rural Development Credit Program in Bangladesh and the First Women Bank of Pakistan in Pakistan. Japan provides yen loans through the Grameen Bank to women - specially landless peasants and its helps them in their self help efforts. Farmers form a group of five, and are responsible amongst themselves to receive loans from the bank. Bank officials collect the repayment instalments and saving of its members. What has been an outstanding feature of bank is its 98 percent repayment rate on the loans given to members, of which 94 percent are women. Japan also participate in social development efforts like family planning.³⁶ In Pakistan the FWBL for instance is a bank managed

³⁵ Ibid.

³⁶ What is OECF? Roles and Functions (Tokyo: The Overseas Economic Cooperation Fund, March 1997), p.10.

completely by women.³⁷ Loans are provided to women. It also imparts training facilities to them. These and several other schemes aimed at the upliftment of women have been promoted by Japan.

Humanitarian Aid:

Humanitarian emergency aid has been the most important and indispensable kind of aid Japan has extended. In fact, even in case of aid relations with recipient countries which are indulging in activities running counter to principles envisaged in the Charter, (and where aid has been frozen or withdrawn), humanitarian aid is continued. Humanitarian aid may be required under several circumstances in the case of natural disasters like floods, earthquakes and droughts, refugee problems, cyclones etc.

Mankind has, from time immemorial confronted various natural disasters which take their toll on both life and property. Efforts in this field have to be directed at two levels. Firstly, attempts have to be made in the direction of preventing these disasters, and on the other hand, reconstruction efforts after the occurrence of such disasters are required. Japan has participated at both these levels by giving expert guidance, holding discussions on ways and means of avoiding these disasters, and in case of the occurrence of the disaster, providing assistance for reconstruction and also dispatching the Japan Disaster Relief Team to assist in reconstruction and rehabilitation efforts. The 1990s was declared

³⁷ The Overseas Economic Cooperation Fund Newsletter, Environment Special: Development and Environment, July 1996, Japan, pp.26-27.

as the International Decade for 'Natural Disaster Reduction'. Under the efforts of this decade Japan plans to assist projects aimed at the prevention of these disasters, development of technology to counter them, to transfer knowledge which Japan possesses on the subject and provide enhanced assistance for relief.³⁸ Besides this, problems like the rehabilitation of refugees and improvement in their living conditions are also aimed at.

Some examples of Japan's contribution in the field of provision of humanitarian aid are the Bangladesh cyclone of 1991 for example. Nearly 140,000 people lost their lives and there was a considerable loss of property. Japan provided aid for restoration of roads, communication facilities, shelters and other rehabilitation work.

The Japan Disaster Relief Team has participated in several rescue activities like the provision of first aid, technical guidance provision and delivery of relief supplies in several countries. Some examples are those of like Russia (when an earthquake struck in May 1995, seriously damaging life and property), China (earthquake in 1995 affecting nearly 300,000 people) and several parts of South Africa like Ethiopia where drought and epidemics have created havoc. Japan has provided food and medical supplies to these countries under the humanitarian relief principle of the Charter.

³⁸ Moving on with the International Decade for Natural Disaster Reduction, Ministry of Foreign Affairs Home Page (Internet), p.1 of 2.

To conclude, it can be said that Japan has, to a great extent been able to understand the growing needs and problems confronting today's world in the light of development, and is undoubtedly contributing towards these new frontiers. But it has to still make improvements as far as the quantity of ODA is concerned. For instance, in the case of population, where the ratio of ODA to GDP is very small. More ODA is required to meet the demands of these new challenges emerging in the recent international scenario and Japan should take more positive steps in this regard.

Concluding Remarks

Any study of the politics of aid is fraught with complexities as the determinants or variables shaping ODA range from humanitarian concerns to hard core security concerns. This study has been attempted with the aim of studying the changing perspectives of Japan's foreign aid since 1991. Certain observations have surfaced from delving into ODA. The broad areas of concern to this dissertation were delineated in the beginning. They are as follows:

- How far has Japan been able to follow the ODA Charter it had set out for itself?
- The extent to which aid has been used as an instrument of foreign policy by Japan and the element of altruism.
- An assessment of prospects for the future of Japanese assistance.

During the course of the study of Japanese development assistance, one crucial factor emerges. Japanese development assistance is not completely altruistic. Its ODA policy has been a blend of both benevolence and national interest and it has used aid as a tool of foreign policy too, although the proportions of the two motives might vary, perhaps even considerably.

As regards the first question, it can be derived that despite clearly mentioned stipulations in the Charter no consistent aid policy has been followed by Japan and that much has varied from recipient to recipient. Guidelines have been violated, or exceptions made in many cases for various reasons. These violations of became evident from case studies of China and Myanmar. For instance, where, despite the fact that events

and situations were running counter to the Charter principles, yet the aid 'reactions' of Japan to these situations were different. The 'stick' principle of withdrawing or freezing aid as a mark of protest against human rights violations as well as in regard to the development and proliferation of armaments and nuclear weapons (both of which find a prominent mention in the Charter), could have been applied. Yet, when it actually came to taking a firm stand against these gross violations of principles shaping ODA, Japan wavered. Myanmar also received a similar leniency despite an erosion of democratic norms and suppression of human rights by the military *junta*. After initial warnings and a freeze on aid, ODA was resumed in order to ensure that Japanese business interests were not harmed in Myanmar. It can, thus be said that Japan needs to take a tougher stand where some of its recipients are concerned, if it has to adhere to the Charter in its entirety - in letter and spirit.

The answer to the next question perhaps would follow from the first. As already mentioned at the outset, it would be unfair and difficult to take an extreme view of the motives behind Japanese development assistance. To say that most or all of it was based on altruism and benevolence is not true. As far as Japanese ODA policy is concerned, a part of it has been shaped and directed by national self interests, making it an instrument of its foreign policy. Economic considerations have reigned supreme right from the initiation of Japan's ODA policy, as has already been mentioned in the first chapter dealing with the historical evolution of ODA.

But when considering the extent to which aid was used as a foreign policy tool and an instrument to further national interests, one has to look at the political conditionality as a motive behind aid. Aid has become

an instrument of power influencing foreign policy, besides the conventional twin tools of military power and diplomacy.

Before placing Japan's ODA in this paradigm of conditionality, and hence its use as a foreign policy instrument to further national interests, it would be helpful to briefly mention what conditionality means here. This notion primarily encompasses the use of pressure by the donor country in the form of warning, terminating or freezing aid, if the recipient country does not comply with the objectives decided upon by the donor country. On the contrary, there is the concept of positive linkage, that is increased aid as an incentive for positive steps taken. Significant objectives of conditionality may include both developmental goals as well as vested interests of the donor: like economic policy reforms, political reforms (including propagation of democracy, protection of human rights etc.).

The cases of East Europe and Vietnam, for example, reveal the usage of these linkages to encourage democracy and free economy. Aid to Vietnam was disbursed ostensibly in relation to buttressing efforts towards political reform to democracy. On closer inspection it could be noted that Japan was spurred by its business interests which were at stake more than anything else.

Provision of ODA had been tied to export promotion, supply of technological expertise or use of Japanese goods and service. Japanese companies managed to win a majority of contracts involving provision of ODA funds. Japan was criticized for its 'tied aid', and was forced to take remedial measures. The problem still persists today, though to a smaller extent.

Withdrawal of aid has also been used to act as a deterrent against the recipient countries to discourage situations repugnant to the Charter principles, for instance in Haiti and Narmada dam project in India. However, in the case of China, similar measures were not taken to curb the country's arms build up and human rights violations, although Japan could have considerably influenced China being its biggest donor of ODA. Japan's security concerns prevented it from taking a tough stand against Beijing.

Perhaps the most recent and obvious use of aid as a foreign policy tool has been manifest in Japan's efforts to win a permanent seat in the UN Security Council. Japan fortified its claim and chances of winning by 'chequebook diplomacy'-that is offering large amounts of aid to developing countries to Asia and Africa-in the hope that financial assistance would help in winning support.

As far as the extent of altruism and the benevolence is concerned, it can be attributed to ethical and moral reasons. Aid for humanitarian purposes has been given, yet national interests have overshadowed this aspect of ODA.

To sum up, it can be concluded that Japanese ODA was shaped by national interests and was used as a foreign policy tool, moral and ethical reasons notwithstanding. ODA served as a catalyst in promoting Japan's economic development and its emergence as a power of consequence ODA and Japan's economic prowess has perhaps been used as a substitute in the absence of a strong military clout - which Japan does not really strive for, as it has, under Article 9 of the Constitution undertaken a pledge against becoming a military power.

However, despite the use of conditionality, when it came to the pursuit of issues like environment and sustainable development and women in development, Japanese aid has been a success story. Targets set out, for instance, at the Rio Summit held in 1992 set at 900 billion yen to 1 trillion yen in a span of the next five years had already been met by 1995. Besides, the Aravalli Hills Reforestation Project in India is another chapter in Japanese environmental ODA's success story. Similarly, aid given for the purpose of furthering the development and upliftment of women, has, in several projects seen positive results. Apart from encouraging the participation of woman, these projects have tried to involve women in the development process.

As far as the prospects for the future of ODA are concerned, a few observations can be made. As per the recent developments, Japan's budget makers have slashed its aid - perhaps best described as the onset of an 'aid fatigue'. What is now becoming the need of the situation is a review and renewal of the charter in the light of developments and changes occurring in the international scenario. Lots of issues like solution of regional conflicts, problems of unemployment, drug trafficking and narcotics etc. which have been undermining development and progress have not found a place in the Charter as prominent areas of concern. As far as the chances of extent of Japan's ability to follow the Charter principles are concerned, it can be foreseen that apart from the humanitarian part of ODA, the rest would perhaps continue to be guided by returns of economic and political benefits.

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Appendix

JAPAN'S OFFICIAL DEVELOPMENT

ASSISTANCE CHARTER

(RELEVANT PORTIONS OF THE TRANSLATED VERSION)

In order to garner broader support Japan's Official Development Assistance (ODA) through better understanding both at home and abroad and to implement it more effectively and efficiently, the Government of Japan has established the following Charter for its ODA.

1. Basic Philosophy

The world is now striving to build a society where freedom, human rights, democracy and other values are ensured in peace and prosperity. We must recognize the fact of interdependence among nations of the international community that stability and further development of the developing world is indispensable to the peace and prosperity of the entire world.

Environmental conservation is also a task for all humankind, which all countries developed and developing like, must work together to tackle.

It is an important mission for Japan, as a peace-loving nation, to play a role commensurate with its position in the world to maintain world peace and ensure global prosperity.

It will therefore implement its ODA to help ensure the efficient and fair distribution of resources and "good governance" in the developing countries through developing a wide range of human resources and socioeconomic infrastructure, including domestic systems, and through meeting the basic human needs (BHN), thereby promoting the sound economic development of the recipient countries. In so doing, Japan will work for globally sustainable development while meeting the requirements of environmental conservation.

Such assistance is expected to further promote the existing friendly relations between Japan and all other countries, especially those in the developing world.

2. Principles

Taking into account comprehensively each recipient country's requests, its socio-economic conditions, and Japan's bilateral relation with the recipient country, Japan's ODA will be provided in accordance with the principles of the United Nations Charter (especially sovereign equality and non-intervention in domestic matters), as well as the following four principles.

- (1) Environmental conservation and development should be pursued in tandem.
- (2) Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- (3) Full attention should be paid to trends in recipient countries' military expenditures their development and production of mass

destruction weapons and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and from the view point that developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.

- (4) Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

(2) Issues

(A) Approach to Global Problems

Recognizing that it is important for developing countries to cooperate in tackling global problems such as the environment and population, Japan will support efforts being made by developing countries to overcome these problems.

(B) Basic Human Needs

To help people suffering from famine and poverty, refugees and others, Japan will provide assistance to the basic human needs (BHN) sector and emergency humanitarian aid.

4. Measures for the Effective Implementation of Official Development Assistance

- (1) Japan will promote intensive policy dialogues with recipient countries, with a view to collecting and analyzing relevant information on these countries, and sharing with them basic

perceptions on their development policies, taking into account their request and ideas.

- (2) To respond to the various needs of developing countries in different stages of development, Japan's ODA will take advantage, to the maximum extent possible, of the merits of loans, grants, technical cooperation and other forms of assistance. All of these forms of assistance will be organically linked together and coordinated.
- (3) In implementing environmental ODA, Japan will make the best use of its technology and know-how, which it has acquired in the process of successfully making environmental conservation and economic development compatible.
- (4) Full consideration will be given to the active participation of women in development, and to their obtaining benefits from development.