

# TRAILING BEHIND? JAPAN' S DEVELOPMENT POLICY UNDER INTERNATIONAL SCRUTINY

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The degree to which the industrialized nations are committed to promoting the developing countries depends not only on their official development assistance (ODA) but also on other factors such as the opportunities enjoyed by the receiving countries with regard to foreign trade, direct investments, migration, and the protection of their environment and resources. Further factors include their own security requirements and their level of technological innovation. This is why both the OECD and the EU keep on urging the industrialized nations to give more consideration to these related factors in their development policy.

First and foremost, it is Japan's development policy that is being criticized because of politically-motivated budget cuts, an increasingly jaded attitude towards development aid, and defects in the coordination between Japan's assistance and that of the American and European donors. Japan not only denies these charges but even regards itself as a promoter of success in East Asia.

Now, what about consistency in north-south policy as a whole? Its outreach and effectiveness depend on its coherence. To circumvent obstacles to political action, any coherent development policy must seek to harmonize its tools with those of other departments and ensure that the actions of all departments are guided by the common goals of development policy.

In the view of the OECD, there are four types of coherence – internal coherence, intra-country coherence, inter-donor coherence and donor-recipient coherence. This article will investigate the two first-named types together with the following questions: are ODA tools being coordinated effectively? Is development policy being properly harmonized with other political fields?

Which donors provide the most sustainable assistance on an international scale? Developed by the Centre for Global Development (CGD) and the journal "Foreign Policy", the ratings of the Commitment to Development Index (CDI) are based on five factors: the extent to which the borders of donor countries are open to imports, the volume of their direct investment, readiness to receive migrants, the contribution towards securing peace, and ecological behaviour. If we evaluate those political fields that are of relevance in development policy on the basis of the criteria of the CGD, the following picture emerges: while the USA, Great Britain, Japan, France, and Germany appeared as the biggest ODA donors in 2006, smaller donors like the Netherlands and the Scandinavian countries now occupy the top, relegating the

USA and the EU donor states to the middle ranks and pushing Japan to the end of the queue.

While the Netherlands and Denmark rank highest because of the outstanding quality of their ODA, Norway, which ranks third, is being criticized because of its rigid foreign-trade and migration policies. Sweden, although a generous donor, has long been reluctant to join in multilateral peace missions. Praised for its environmental policy, its deregulation of foreign trade, and its migration policy, Germany received black marks for its development policy and its peacekeeping commitment.

Why this negative judgement of Japan's north-south policy? Among the reasons named are flaws in the coherence of this policy, such as aid tying and import restrictions which put developing countries at a disadvantage. Even in Japan itself, there are voices calling for more coherence in development policy, saying that the country's cooperation strategy should give more consideration to factors like foreign trade and investment, environment, and energy. Some papers bewail the low proportion of ODA in the Japanese GDP, import barriers for produce, and the scarcity of workers from abroad.

Commenting on the Commitment to Development Index, the Japanese foreign ministry pointed at methodological problems. It was not clear why the seven CDI components had been selected and weighted equally. Moreover, they were biased, underrating all those areas in which Japan's assistance performed best. The weight accorded to tariff barriers in agricultural trade was too great, putting Japan at a disadvantage. Furthermore, Japan's peacekeeping and anti-terror actions had been left out of consideration, and the same was true for differences in the integration of big donors in donor coordination networks. While the CDI had indeed identified some coherence problems, it was not based on a convincing analysis of the interactions between all political sectors involved.

The ratings assigned to donor countries by the Center for Global Development change if standards are re-weighted, the evaluation status of each criterion is re-defined, and relations to coherence requirements and/or millennium goals are re-configured. This is the approach followed by the Tokyo Foundation for Advanced Studies on International Development (FASID). Thus, peacekeeping and environmental-protection measures lose some of their importance with regard to the millennium goals, and new imbalances emerge if, for example, the contribution of Greece towards securing peace in the Kosovo is compared to that of other states in East Timor. Arms purchases by industrialized nations that affect the security of their partner countries should similarly be reassessed. If Japan were to be ranked on the basis of its absolute payments and its contribution to international aid organizations, the CGD ranking might even be inverted.

According to the OECD, coherence studies should focus on synergies and conflicting objectives between development policy and other political sectors. In its Policy Coherence for Development (PCD) programme, the Development Cooperation Directorate (DCD) of the OECD urges donor countries to put peer reviews into practice and implement the millennium goals.

As far as foreign direct investment is concerned, Japan champions a development model that coordinates foreign trade, direct investment, and development cooperation. Long-term agreements are supposed to stimulate economic growth and development. The model is essentially based on the principle of mutual benefit. While Japan still maintains considerable tariff barriers against its Asian partner countries, it also aims to establish free-trade agreements within the ASEAN region. To promote foreign trade and the expansion of the capacities of its partner countries, Japan has widened the scope of its technical cooperation.

While Tokyo does not grant any export subsidies in agricultural policy, it maintains protectionist barriers to shelter its own domestic produce market. Thus, imports from developing countries are being obstructed although Japan is the biggest importer of food from these states today. Like the USA and the EU, it has abolished tariffs and quotas for many imports from least developed countries on the basis of general preference agreements.

Since 2003, the revised ODA charter has enabled Japan to act more consistently in its development policy. Thus, for example, the governments of partner countries are supposed to have more control of their own development in the future. Experts are demanding that the Japanese development bank should change its thinking. It would be important for the governments themselves to respond to any market malfunctions. To make this happen, Japan should present new offers that give more consideration to the interests of companies, the needs of the citizens, the infrastructure, and the environment of projects in partner countries.

Reviewing five decades of Japanese aid in 2005, the ministry for economics, trade and industry said that Japan had its own model of official development assistance featuring three salient characteristics: regional concentration on Asia, concentration on countries where government actions were reliably guided by development objectives, and large direct investments. What the ministry overlooked was that the rift in the south would be deepened if donors were to follow this example. Successful emerging countries would be boosted, while poorer ones would be left even further behind.

Advocates of the Japanese model accuse British development aid of being guided by wishful thinking instead of addressing concrete problems, saying

that the Japanese model is the only successful one in Asia. Through its own ODA charter, Japan emphasizes that market economy does not automatically entail industrial modernization, which can only be achieved through an active industrial policy.

While fundamental reforms do support coherence in Japan's development policy, it should be thoroughly harmonized with foreign-trade, agricultural, and investment policy. Tariffs and agricultural subsidies should be reduced, and it would also be important to implement a migration policy that promotes development – a problem which Tokyo has refused to confront so far.

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