



8

JAPANESE AID POLICY IN THE SOUTH PACIFIC REGION

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Basic aid policy

Japan's Official Development Assistance (ODA) is intended to assist developing countries in their self-help efforts towards economic and social advancement and the improvement of their people's welfare. Japan believes that such assistance will enhance the political, economic and social resilience of the developing countries and, in the long run, contribute to world peace, stability and prosperity. In this sense, enhancement of the provision of ODA is recognized as an important international responsibility for Japan, with its commitment to world peace. As the second largest economy in the free world, and in order to fulfil its responsibility in the international community, Japan has been making substantial efforts to expand its ODA. In September 1985, the Third Medium-Term Target was established: (a) to make the total amount of ODA during the period 1986-92 more than US\$40 billion; and (b) to double ODA disbursements in 1992 compared with those in 1985. Furthermore, in May 1987 the Japanese Government announced, in its Emergency Economic Measures, that the original seven-year doubling target had advanced by two years, making

projected ODA disbursements in 1990 more than US\$7.6 billion.

Japan's ODA in 1986 amounted to US\$5634 million, an increase of 48.4 per cent from the previous year's US\$3797 million. (When expressed in yen, Japan's ODA in 1986 increased by 4.8 per cent compared to that of 1985.) The ODA/GNP ratio in 1986 was the same as the previous year's figure of 0.29 per cent. A continued improvement in the ODA/GNP ratio is planned.

Importance of the Asia-Pacific region to Japan

The Asia-Pacific region has recently become one of the most dynamic regions in the world and has shown remarkable development, drawing global attention to its great potential for future economic and social advancement. It is indispensable for the peace and prosperity of the entire world, of which the Asia-Pacific region is an important component, and hence for Japan's own peace and prosperity, that Japan contribute to the development of the region while taking into consideration its rich ethnic, historical and cultural diversity.

The community of the South Pacific island countries has grown both in number and geographical size. What is now called 'The South Pacific Island Region' has in recent years achieved considerable political and economic coherence. Japan realizes that it cannot be indifferent to the problems facing its island neighbours in the Pacific and therefore seeks, in a spirit of neighbourly friendship and open-mindedness to work with those countries in contributing to their development.

Japan's aid to the South Pacific region

The countries of the South Pacific region are still very young and there are a number of constraints that serve to impede their development. Geographic remoteness between these island nations and from other parts of the world, along with poor transport and telecommunications facilities, still hinders their communications information exchange, promotion of trade and social integration. The small population of each of these countries and their small domestic markets make it very difficult to develop their economies towards self-sufficiency. The lack of natural resources and dependence on few commodities for export income make them unable to insulate themselves from the influence of the fluctuations in international commodity prices.

To assist the island countries overcome these difficulties, Japan recognizes that it must endeavour to improve the modality of aid implementation. At the same time, Japan realizes that enriching these countries' human resources is of fundamental importance to their development, especially considering that most of them are newly independent countries. Furthermore, because most of these countries are heavily dependent on primary commodities it is imperative for Japan to place particular emphasis on their development in the fishery and agricultural sectors.

Japanese aid to the Pacific island region has accounted for approximately 1 per cent of its total bilateral ODA. The figure for 1986 stood at about 1.4 per cent (US\$54.7 million). Even though the proportion of Japan's total bilateral aid directed to the South Pacific region is small, Japan has increased its ODA to the area more than sevenfold over the last ten years.

In spite of the fact that Japan has endeavoured to increase the volume of its ODA to the Pacific island countries, Japan believes it is necessary to devise a more flexible approach as a response to the special needs and situation of these nations. Because of a lack of staff and knowledge regarding the needs of the island countries, Japan finds it necessary to have more dialogue with the principal donor countries (Australia and New Zealand), and to cooperate further with international and regional organization such as the Asian Development Bank (ADB), the United Nations Development Program (UNDP) and the South Pacific Economic Community (SPEC). Establishing the Special Fund for Pacific Island Countries in the UNDP is one attempt to further this policy. Contributing to the Tuvalu Trust Fund would be another proof of Japan's policy of looking more to smaller island countries. It is expected that Japan's cooperation with SPEC will be strengthened.

The Kuranari doctrine

In January 1987 the then Japanese Foreign Minister, Mr Tadashi Kuranari, visited some of the South Pacific countries to obtain first-hand impressions of the region as a whole. During his visit the Foreign Minister made a speech in Suva, in which he outlined Japan's basic thinking on the development of its relations with the South Pacific.

First of all he stated that, in promoting bilateral relations, Japan would take care not to encroach on the independence of the countries or

initiatives directed at autonomy, regardless of their size. In this connection, he particularly welcomed the recent developments in Micronesia, which is moving to self-government in a relationship of free association with the United States.

Second, the Foreign Minister said that Japan, a member of the Asia-Pacific community, would support and assist existing arrangements or organizations for regional cooperation among the island states. He specifically recognized the importance of the South Pacific Forum, through which member countries could speak with one voice in the international community.

Third, he said Japan would do its utmost to assist in preserving the political stability of the Pacific island region. He added that Japan has a high regard for the initiatives and efforts of the Pacific island countries to maintain peace and stability and cannot support any movements that bring new tension to the region.

Fourth, Mr Kuranari said that Japan would provide as much assistance as possible to make the region economically more prosperous. He recognized that most of the Pacific island states are faced with one or more factors making for a fragile economy: lack of resources, dependence on monoculture for export income and lack of advantage in economies of scale. At the same time, however, he acknowledged the efforts of the island countries to overcome these problems and promised that Japan would do its utmost to assist these endeavours.

Lastly, he said that Japan places a high value on close contact among nations. In preserving the spirit of neighbourliness into the twenty-first century, it is imperative to promote mutual understanding among the Pacific communities.

Conclusions of the project-finding mission

In his speech, Mr Kuranari also announced that Japan would send a survey mission to formulate new guidelines for future bilateral and multilateral assistance to the region. The mission visited Australia, Western Samoa, Fiji, Vanuatu and Kiribati in March and April 1987. The findings of this mission will be useful for Japan's future aid policy.

One of the objectives of the mission was to grasp first-hand the needs of the region. The mission confirmed, through discussions with the SPEC Secretariat, that the priority sectors for regional cooperation and bilateral assistance are fisheries, medical care, transport, telecommunications, education, water resources, agriculture and tourism.

Mr Kuranari announced in Suva that Japan had recently contributed US\$2 million to its UNDP Special Fund. Regarding the allocation of the Fund, Japan placed a high degree of priority on the following areas:

- (a) Projects that benefit the whole region such as those in the field of transport and tele-communications;
- (b) projects that particularly benefit the smaller island countries;
- (c) projects that can hardly be covered within the existing framework of Japan's bilateral aid scheme.

The following are some of the projects that are to be financed through the Fund:

- (a) Regional projects in the transport and telecommunications sectors;
- (b) training programs to be implemented by the UNDP;
- (c) a contribution to the Tuvalu Trust Fund.

The reaction of the South Pacific countries to Japan's contribution to the UNDP were favourable. The Japanese mission was requested by some countries to continue its

contribution in the next financial year. At the same time, some countries called on Japan to give greater consideration to the importance of the SPEC as a regional organization.

On returning to Japan, the mission put forward some policy propositions concerning Japan's more effective contribution to the development of the South Pacific. One of the propositions was that it would be necessary for Japan to be as flexible as possible in its dealings with these island countries. It is especially necessary to give thought to the formulation of an adequate response to the needs of the countries, some of which are too small to be covered within the existing framework of Japan's aid. Japan is urgently studying appropriate ways to expand its cooperation more flexibly.

The mission proposed that Japan should promote multilateral aid that could supplement its bilateral cooperation. Japan's contribution to the UNDP Fund is in line with this basic idea. Japan welcomes the involvement of the ADB in further development of the South Pacific region. The SPEC is one of the most important regional organizations in the South Pacific. Japan appreciates its efforts to promote regional cooperation and development and intends to work closely with the organization to ensure the achievement of these goals.

Japan would like to explore further the possibility of cooperation with the UNDP. One example is the ferry-boat construction project in Western Samoa. The Japanese government will provide grant assistance for the construction of the ferry-boat while the UNDP will provide the experts and spare parts necessary for its smooth operation. With this kind of approach, Japan hopes to effect an improvement in the quality of its aid to this region. At

the same time the mission proposed that Japan should hold more consultation and strive for greater coordination with other donor countries concerning assistance to this region.

It is necessary for donor countries to coordinate their aid policy so that they may neither duplicate their efforts nor waste their limited resources. Japan now has annual aid policy consultations with major donor countries such as the United States, Australia, New Zealand and others. These consultations have been very useful and Japan is determined to develop this kind of consultation in the future. In this connection, Japan regards it worthwhile to maintain close contact with the Pacific Regional Team (PRT) established by the Australian government, so as to understand better the technical issues in key sectors of the economies of the Pacific island countries and to improve its own government's ability to appraise and implement its aid program.

Conclusion

As Mr Kuranari mentioned in his speech, Japan should provide a great deal of support to the South Pacific countries as they deal with the momentous changes affecting them.

It is often said, and with much justification, that the twenty-first century will be the age of the Pacific. However, not much is known in Japan about the Pacific island countries and the Japanese people do not so far evince much interest in the Pacific region. Accordingly, Japan is fully prepared to give consideration to any suggestion designed to increase its level of understanding of this important region and it can be expected that, in the years to come, more emphasis will be placed on greater people-to-people contact between Japan and the South Pacific.