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## SOUTH ASIA IN THE EVOLVING INTERNATIONAL CONTEXT : THE ROLE OF JAPAN

The dawn of the decade of nineties has been marked by happy notes on the emerging pattern of international relations. Confrontation between the superpowers and their respective blocs that dominated the post-World War II era is by all indications giving way to an unprecedented degree of mutual cooperation. A new global order, analysts largely agree, is on the horizon while nations tend to leapfrog each other in getting out of the long nightmare of cold war. The 'new order' is expected to be one in which military options are to make room for political accommodation and dialogue, a change under which negotiations and cooperation are to prevail over conflict and tensions.

In a "trickle-down" process the lessening of global tensions is also showing signs of resolution—partial if not total—of some of long-standing disputes in various regions of the Third World. On a closer focus, nevertheless, the winds of change are far from refreshing many other 'hot-beds' of tension. Strifes persist in the Middle East, Cambodia, Afghanistan and many parts of Africa. In few regions, however, deadlocks against peaceful inter-state relations seem as astounding as in South Asia. The principal burden of what follows here is to present a framework of understanding of the challenges and opportunities facing South Asia, a region long

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bedevilled by mutual mistrust, endemic tensions and occasional hostilities on the one hand and massive poverty and chronic underdevelopment on the other. The paper also seeks to examine in this context the possible role of Japan, South Asia's largest donor and a leading trade and economic partner.

The political implications of the global changes for South Asia are examined in the first section. The second part of the paper deals with economic implications, while the final section attempts some conjectures on Japan's possible role in the region.

### **I. Political Implications : Persistent Mistrust and Instability**

One of the striking aspects of the emerging global order is that there would possibly be less willingness on the part of the global powers to get embroiled in crises and conflicts in various parts of the Third World, and by implication, more incentive on the part of the regional powers to play increasingly assertive role in respective regions. Domination of the two superpowers in global affairs is by all indications giving way to a diffusion of power to greater number of power centers. The trend is towards increase in the significance of so-called middle powers like Germany in a new Europe, Japan in East Asia and the Pacific, and powers like India, Indonesia, Brazil and Mexico in their respective Third World regions. What essentially appears to be in the offing in regional contexts is that the proxy-power policy of the past few decades is being revised into a free-for-all game which by all means is likely to provide renewed impetus to regional powers.

#### **Winds favouring India's long-nourished goals**

In the context of South Asia the powerful winds of the global change is blowing all in favour of the regional superpower India offering it a renewed opportunity to assert its regional supremacy. What has occurred as a fortuitous event for India has added to the tensions and suspicions in inter-state relations in the region in

general and to the perception of insecurity and vulnerability of India's smaller neighbours. This is evidenced by recent Indian actions and postures towards most of its small neighbours, geared apparently to fulfill its long-nourished strategic and security goals.<sup>1</sup>

The changing global political climate may reasonably be perceived to have provided some grounds for lessening of tensions in the South Asian region and improvement of inter-state relations. The South Asian sub-system as a component of the international system cannot of course be insulated from the overall global scenario. Developments in superpower relations in the past, particularly in the context of East-West confrontation have influenced regional events. To that extent of East-West confrontation of US-Soviet tensions can be viewed to be capable of removing some of the external inputs to South Asian conflicts. Similarly the process of Sino-Soviet and Indo-China rapprochement may also contribute to improvement of relations between South Asian states. It would be simplistic, however, to hastily conclude that improvement of inter-state relations in South Asia has been greatly facilitated. Such a perception would tend to fallaciously treat inter-state relations in South Asia as simply a function of external inputs.

South Asian politics indeed has a dynamics of its own and most, if not all, of the problems that bedevil inter-state relations in the region are created within the region, by its history, its geo-politics and its economics and ecology. The troubles of the region of South

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1. For detailed discussion on the Indian Strategic and security objectives, see, Shelton U. Kodikara, *Strategic Factors in Inter-state Relations in South Asia*. (New Delhi), 1984; K.M. Pannikar, *Problems of Indian Defence* (Bombay) 1960; K. Subrahmanyam, *Indian Security Perspectives*, (New Delhi); Baldev Raj Nayar, "A World Role : The Dialectics of Purpose and Power", in John D. Mellor (ed), *India: The Rising Middle Power*, (New Delhi), 1981; and Iftekharuzzaman, "The India Doctrine : Relevance for Bangladesh", in M.G. Kabir and Shaukat Hassan, (eds), *Bangladesh Foreign Policy : Challenges and Options* (Dhaka) 1989, pp. 19-43.

Asia, its endemic tensions, mutual mistrusts and occasional hostilities are essentially the products of contradiction of India's security perception with that of the rest of the countries. India's neighbours perceive threats to their security coming from India which for its part considers its neighbours as an integral part of its own security.

### Quest for regional pre-dominance

To be sure, an unusually disparate pre-eminence rendered to India in the South Asian regional configuration by facts of geography, demography, economics and ecology is something about which neither India nor its neighbours can do much but accept.<sup>2</sup> The Indian pre-eminence in South Asia is hardly a problem for its neighbours; problem arises when pre-eminence is used as the justification for predominance. The past few years saw intensified Indian quest for regional predominance. Indian military build-up in various phases in past four decades has essentially been a function of the perceived dictates of the need for regional supremacy. India of course partly justifies its arms build up by its perceived compulsions out of Pakistan's acquisition of advanced weapons and concern over growing security links between Pakistan and US CENTCOM forces.

With or without the bogey of a threat from Pakistan—which but for its nuclear card constitutes hardly any match—Indian military buildup in the Indian Ocean region has been monstrous.<sup>3</sup> One

2. The disparate power configuration is discussed in further detail in Iftekharuzzaman, *op. cit.*
3. Particularly notable in recent years were the increases in Indian naval forces which are now reportedly equipped with a nuclear—submarine. In mid-1987 a second aircraft carrier was obtained from Britain and two diesel-electric submarines were under construction as were four Corvettes. An Indian built frigate was completed and two minesweepers, a guided-missile destroyer and two diesel-electric submarines were obtained. In April of 1988, Tu-142M Bear F Maritime reconnaissance and ASN aircrafts were acquired. The army received some of its Swedish howitzers and a program to modernize its armored vehicles was underway.

notable dimension of the Indian quest for regional military predominance in recent times has been its two-pronged approach to the superpowers. On the one hand New Delhi's collaboration with the Soviet Union in the field of production of weapons was significantly strengthened, and on the other hand, India went for considerable degree of fresh openings with the West. Thus while India continued expanding its import of Western technology, Moscow's role as India's pre-eminent partner in defense buildup has been carefully preserved. The exercise has therefore, been essentially to chart ways of balancing both which India has been doing most successfully to attain the military superiority over its counterparts.

In any event, what is significant in our context is that Indian expansion of its military power, particularly naval strength in the Indian Ocean zone has significantly enough, coincided with the ongoing process of superpower detente. The level of Indian military power and its projection causes concern to its neighbours and has certainly destabilising implications.

### Security doctrine

The Indian thrust for regional dominance is clearly drawn from New Delhi's defense and security perception which is essentially inherited from that of British India, a continental security strategy. Contrary to the realities of post-colonial period, this old conception of Indian defense and security strategy has been regarded in India as a pride heritage of the Indian colonial past.<sup>4</sup> Nehruvian vision of India was a 'closer union', a confederation of independent states with common defense and economic possibility.<sup>5</sup> A unity of South Asian defense and strategic unity as perceived in India in one or

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4. See for example, K.M. Pannikar, *Problems of Indian Defence*, Bombay, 1960, p. 23.

5. Quoted in S.D. Muni, "South Asia", in Mohammad Ayoob (ed.), *Conflict and Intervention in South Asia*. (London), 1980, p. 48.

other modification,<sup>6</sup> has rendered the smaller states of the region virtually buffer status.

India's interest in territorial inviolability of her small neighbours in the region has come to be known as the Indian version of the Monroe Doctrine. The essential theme of the doctrine is that South Asia is to be regarded as an Indian backyard. The critical factor is a combination of the comprehensive power potential of the country with a great-power-psyche nourished by Indian political elites and politico-strategic thinkers. The reference point for India in relation to its international posture is clearly the type of role assumed by great powers. India under such perception is to be viewed as a dominant country in the region just as the US, Soviet Union and China in their respective areas.<sup>7</sup>

It is more than coincidental that the doctrine appeared in renewed prominence in Indian writings at the height of Indian involvement in the ethnic crisis in Sri Lanka. The doctrine, it is claimed, is a product of a series of conversations between the incumbent and opposition political forces so that it reflects an Indian national consensus.<sup>8</sup> Operationally the Indo-Sri Lanka Accord of July 1987 accompanying the controversial Indian Peace Keeping Forces (IPKF) operations in Sri Lanka and the Maldives operation of November 1988 have been viewed to be real life test cases for the India Doctrine<sup>9</sup>. Indeed, the doctrine provided the conceptual *raison d'être*

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6. Pran Chopra, for example, builds his concept of SAARC Route to Security on the same premise, see his "From Mistrust to Cooperation", in Pran Chopra, et. al. *Future of South Asia*. (Macmillan, Dhaka) 1986, pp. 13-17.
  7. K. Subrahmanyam, *op. cit.*
  8. Bhabani Sengupta, "The India Doctrine", *India Today*, 31 August 1983.
  9. The Indo-Sri Lanka Accord and the Maldives intervention have been separately examined elsewhere. See for example, Iftekharuzzaman and Humayun Kabir, "The Indo-Sri Lanka Accord: An Assessment", *Biiss Journal*, vol. 8, no. 4, and Iftekharuzzaman, "Maldives: Small, Beautiful and Vulnerable," *Dhaka Courier*, 11-17 November, 1988.

for Indian military moves in Sri Lanka and Maldives. Thanks to its role in these two neighbouring states India has emerged as an interventionist regional power. New Delhi has confidently manifested that it would not have any hesitation in physically intervening in internal developments of a South Asian state if such intervention is regarded as within India's means and promoting Indian national interests.<sup>10</sup>

### **Confrontation, not cooperation**

Other recent developments also manifest further worsening of inter-state relations in the region. Little progress has been achieved in the resolution of the host of largely Indo-centric problems in the Indo-centric region. South Asia's problems are indeed enormous. These include perennial Indo-Pakistan rivalry which has its origin in the very creation of the two countries and which has been nurtured over the years largely by mutual mistrust and suspicion. Problems between Nepal and India, no less age-old in nature, have surfaced recently and quickly took the relation between the two to its lowest ebb. The second half of the past decade has witnessed particularly steep deterioration in the South Asian political climate as India's relation with its neighbours sharply worsened leaving the region unaffected by winds of global change.

Hopes raised by possibilities of Indo-Pakistan rapprochement with the change of government in Islamabad failed to sustain and over the age-old Kashmir dispute the two have now reached the lowest ebb of their relations ever since they fought their third successive war. War on words have transformed into trading of fire for lives in the border. Neither India, nor Pakistan would possibly like to go to another war on the issue despite high tempo on both sides. Both have however weak and unstable governments,

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10. Bhabani Sengupta, "Maldives Confirms India's Lead Role in South Asia", *Dhaka Courier*, 18-23 November 1988.

so neither can afford to sound anything but stern, thereby sustaining the mutual antagonism and regional instability.

The new Indian government's promise to improve relation with the rest of the region also failed to turn into reality. Little substantive progress has been achieved between Bangladesh and India over major issues of dispute including water-sharing, maritime boundary and insurgency problem which define Dhaka's continued vulnerability. The latest round of talks on trade and transit dispute between New Delhi and Kathmandu ended in failure leaving the tiny Himalyan Kingdom under persistent economic blockade by India. Nearly three years of Indian military presence in Sri Lanka has ended while the basic issues relating to, and left behind by the intervention remain unresolved. With lingering disunity between the militant Tamil Tigers on the one hand and the other groups that collaborated with the Indian forces on the other, the prospect of lasting peace is not given a good chance. It may also be not too easy for India to disengage from the problem even if it wanted to particularly as it has entrapped itself with it too closely. And as the Sri Lankan Foreign Minister recently blamed India for acting to "destabilize" his country<sup>11</sup>, it may be long before the new wave of mistrust between the two can be washed off.

India in a word has been following an over-assertive policy towards its neighbours as a part of its design to ensure itself as the regional superpower which is the source of threats to the rest. New Delhi's policy of striving for influence by pressure rather than gaining cooperation through understanding has contributed to continued estrangement in South Asian relations. Progress in the South Asian Association for Regional Cooperation (SAARC) has been frozen since its fifth summit was postponed due to controversies over Indian postures and actions to throw its weights around. The current tension between India and Pakistan has dealt

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11. *The Japan Times*, 16 February, 1990.



yet another blow to any hopes for holding the delayed summit in the immediate future.

### Regional arms race

All these imply a growing mutual threat perception leading to massive defense buildup in the region. Military expenditure in South Asia during the past decade grew faster than most other regions as defense accounted in 1987, for example, for about one-fifth of the central government budgets of the countries.<sup>12</sup> Both India and Pakistan, the two largest, spent even larger share and both continued with their pursuit for going nuclear each citing the other as the reason.

The South Asian region has already become a leading Third World arms market. The region accounted for more than 67% of the total value of all Third World arms transfer agreements during 1984-87. It also ranked first in arms agreements with all suppliers during past seven years, with the exception of West Germany.<sup>13</sup> India also became world's largest importer of arms in 1989.<sup>14</sup> Pakistan has produced a second generation of surface to air shoulder-fired missile with infra-red capacity . . . . . the ANZA 2 . . . . . with a range of 6,000 meters and accuracy rating of 95 percent.<sup>15</sup> India for its part continues with its own military modernization, and as a leading Indian strategist suggests, there can be no reasonable expectation that it will relax the same for at least next two decades.<sup>16</sup>

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12. World Bank, *World Development Report*, 1989, Table 11.

13. US Congressional Research Service Study titled "Trends in Conventional Arms Transfers to the Third World by Major Suppliers, 1980-87", quoted in *Strategic Digest*, (New Delhi), February 1989.

14. *Inquilab* (in Bangla, Dhaka), 2 June 1989.

15. *Far Eastern Economic Review*, 29 March 1990.

16. K. Subrahmanyam, "India's Security: The North and North-east Dimension", *Conflict Studies*, no. 215.

Independent estimates put both India and Pakistan already capable of producing tens of nuclear warheads in a few week's emergency<sup>17</sup>, and as a recent Washington Post editorial commented, the region is becoming a place where a regional nuclear war is not only imaginable, but more likely than anywhere else<sup>18</sup>.

## II. Economic Implications : Further Challenges

Ten years before the onset of the twenty-first century the countries of South Asia are still in the early stages of development. There are variations in the degree, but the countries have severe problems and limitations in economic development. Economic problems of India with its greater industrial and infra-structural potential may be less acute than the rest. The volume of India's industrial output is agreeably amongst the largest in the world and its relatively stable politico-economic institutions have helped make significant strides towards development. It is not however a political and economic safe heaven. Huge India, turmoiled down and cross-ways by rising political violence and aggravating communal strains needs to find a way out of a difficult political eddy and get the momentum for modernization, a task that a credible democratic tradition has advanced, but not far enough. Indian military assertion, therefore contrasts sharply with groveling poverty and massive starvation and under-nourishment. Recent estimates show some 270 million chronically malnourished and 450 million in acute poverty.<sup>19</sup>

South Asia is constrained greatly in terms of social development by the instability of the respective political systems and weaknesses of economic management. On top of the problems of domestic origin, the international impediments have in recent

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17. *FEER Asia Yearbook, 1989*, (Bangkok, 1989).

18. *International Herald Tribune*, 22 February, 1990.

19. Findings of a study by Prof. Buchanon of Ottawa University, conducted in India, quoted in *The Dawn* (Karachi), 26 February 1989.

years been getting more severe. The world economy in the 1980s was dominated first by sharp recession, then with steady and prolonged growth in industrial countries associated by high interest rates, declining commodity prices, massive exchange rates movements and sharp decline of soft lending for developing countries. While some of the developing countries did well in terms of economic growth—in several the GNP grew at 6-10 percent annually—the South Asian countries continued to suffer. The developing countries that achieved better performances like the NICs of East Asia did so by sound macro-economic policies and more importantly by maintaining competitiveness of exports. For South Asia, while domestic policy failures and political and economic mismanagement contributed to low growth, excessive indebtedness and continued losses from external economic shocks of the past decade accounted for a major part of the problems.

The most depressing fact is not that the countries have made so little progress, but that situations are growing increasingly worse. In some of these countries real income per capita had already flattened in the 1970s to the level of the previous decade while in case of others fell in the 1980s. Most of these countries have been ravaged by natural disasters as their economies continued to shrink. For lack of resources most governments are forced to spend less on health, education and infrastructure.

South Asia has a population of over one billion,<sup>20</sup> about a fifth of the world population. All the countries belong to the World Bank classification of low income economies. An average South Asian earns a per capita GNP of \$290 and is born with a life expectancy of 57 years. Comparable figures for Japan are \$15,760 and 78 years. The total GDP of South Asia is only about 12 per cent of that of Japan. The GNP in the South Asian economies grew during 1965-87 at an annual rate of 1.8 percent as against

20. Data quoted in this and subsequent section are taken, unless otherwise mentioned, from Tables 1-7 annexed with this paper.

4.2 percent in Japan. The region had a negative trade balance of over \$13 billion in 1988 whereas Japan's trade surplus of \$77 billion for the same year was much more than the combined GDP of all South Asian countries minus India. Export composes only about 8 percent of GDP and external borrowing, accumulated outstanding and disbursed amount of which in 1987 stood at \$64 billion is the main source of funding for growing exports and the substantial portion of development activities.

### **Debt situation as the critical area**

Thus if a country's external relations is a function of its domestic compulsion, few other factors can be as critical in South Asian external relations as economic imperatives. And as a corollary, no compulsion other than aid dependence can be as overriding in determining its external economic diplomacy. The pre-eminence of the aid factor is dictated by the fact that unlike many other developing countries South Asia's exposure to the global economy is very low in terms of other aspects of external economic interaction like trade and investment. As already indicated, export accounts for very low share of the region's GDP while import continues to be overwhelmingly credit-financed. Foreign investment for its part, is at a very low level—picking up only in recent years—and remains out of international commercial lending. On the other hand, the quantum, nature and terms of inflow of external resources are the most critical aspects of economic interaction with the outside world. Annual inflow of ODA has reached by 1987 upto \$ 5.1 billion annually and the region's total outstanding debt currently accounts for nearly a quarter of the GDP. The share of aid in ADP provisions has been increasing steadily and there is little scope of any significant reversal in the foreseeable future. There is hardly any two opinions today that South Asian economies cannot be effectively managed without assurances of aid inflow. Thus, while anomalies in the global trading and related structures do influence the South Asian economies, their priority area remains the issue related to international debt situation.

The moot question in this context is whether the emerging global order augers any significant change in the environ in which South Asian states are to operate their aid-dependent external economic policy. There is hardly any denying that economics is invariably related to politics, and to that extent it is possible to anticipate some general positive movements arising from growing interdependence of nations and increased globalisation, the main theme of global change. Lessening of tensions, possibility of decrease in global arms spending, reduced compulsions for extending aid for political influence, and above all, an apparent global consensus on enhanced importance of multilateral institutions including the UN bodies are among the factors that might call for some optimism. Moreover, to the extent that domestic economic imperatives—growing budget deficit and mounting external borrowing in case of the US, and economic restructuring and modernization needs in case of the USSR—are among the factors leading to the global changes, there is a possibility that all states, big or small would gradually recognize the need for ensuring the symmetric rights and obligations of all rather than unilateralism in the world economy.

### **East bloc participation**

The positivism is however obscured by some critical considerations. Firstly, the present global economic order, essentially a creation of the post-World War II Bretton Woods system has remained virtually an align world for the Soviet bloc economies. The Soviet Union and its allies have so far kept themselves immune from this system and deliberately avoided any responsibility for its anomalies although most of them had benefited from the international financial resources. The on-going process of *perestroika* in Soviet Union and corresponding reforms in other socialist countries indicate possibility of greater degree of linkage and interaction with the global economy, but there is little possibility of their substantive integration with it. In relation to the international debt problem as such the Soviet

leader Michael Gorbachev of course announced at the UN the Soviet preparedness to institute a moratorium of upto 100 years on the repayment of the LDC debt and in some cases to write off the same completely. He also proposed that debt-service payments of developing countries should depend on economic performance of each individual country. This Soviet offer, however, has little, if any substantive significance for the overall Third World debt problem since the overwhelming proportion of the debt is owed to the West. Moreover 90% of whatever amount of aid the Soviets offer are directed to their developing communist allies. Other than its rhetoric and political value—partly as an effort to win Third World friends at low cost—the offer seems to have little practical value for the Third World. So long as the East bloc does not demonstrate the will and commitment to share the responsibility for global economic imbalances and come forward with practical measures to remedy the same like participating in the North-South process, there will be little to be expected by way of its contribution to the economic aspect of the new order.

### **The shrinking pie**

Secondly, the global community, particularly the developed West, appears to be caught up in a euphoria of "new era" in East-West relations. The developed nations, particularly the West are rushing to reward the peoples of East Europe for what they did to cause the fall of communism. Now that Marx and Engels have been thrown to the garbage and Lenin faces disgrace for the decades of socialist misrule, the East Europeans, the West feels, deserve to be assisted politically, economically, financially, technologically and in all other conceivable ways in their new journey to democracy—a journey to establish the reign of Western democratic values. Nearly all the developed countries are reciprocating the opening of the iron curtain by opening their own doors to the East flooding investment, finance, high-tech and what not. Following the decision of the Paris summit of the top seven, the Foreign Ministers

of the 24 industrialized nations pledged determination to step up aid to Poland, Hungary and other East European countries. Besides billions of dollars of assistance to meet the immediate needs a European Bank for Reconstruction and Development (EBRD) is to be set up to coordinate long-term assistance programs. Japan is also following up with millions of dollars of offer of low-interest aid and with much more to come.

There is hardly anything wrong in all these. What appears striking are the developments taking place parallel with these in relation to assistance to the Third World. A World Bank report revealed that debt relief arranged in 1989 for the Third World countries amounted to little over half of what was in the previous year. Winds of change is far from changing the global financial trading and economic structure which is so organized as to promote the interests of the advantaged at the expense of the disadvantaged. Third World's advocacy for a new international economic order has failed to produce any impact. The irony is that while decades of negotiations could not help develop appropriate specialized institution to finance and coordinate long term Third World development, the EBRD is already going to be launched before the changes in East Europe are unfolded clearly enough. The continued shrinkage of funds, particularly soft-lending for LDCs may not yet be linked to the steady rise in flow of funds to East Europe. The indications, in any case, are breeding some skepticism. Analysts are predicting diversion of institutional funds away from the Third World needs towards East Europe. There is already evidence that international capital flows are changing directions in response to opportunities emerging in East Europe.<sup>21</sup>

### **New frictions**

Another feature of the global economy in the 1990s will be the frictions that are likely to be created by the economies of East

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21. *The Japan Times*, 27 February, 1990.

Europe in their efforts to develop free market and to integrate with global economic structure. Political motivations in this context may not be readily matched by economic realities. The most likely vehicle of growth and recovery to be opted by these economies will be boosting of exports to repay the huge amount of debt already accumulated and still pouring in, and to generate surplus for development. This may not be easily achieved as they would find it too difficult to penetrate into the extremely demanding and competitive markets of the developed West. They may, therefore, need to focus on the markets of developing countries opening in either case new phase of challenges for the nascent manufacturing industries of the countries like South Asia.

### Increased losses

Tracing the trend in the global economy in last about a decade—the period which actually witnessed the process leading to the global change—indications appear to be far from encouraging. The period has witnessed unprecedented growth of protectionism on the one hand and fall of commodity prices on the other leading to further deterioration of prospects of Third World development. Problems of reduced exports and growing deficit in balance of payments, high unemployment, low investment, high inflation and low growth of these countries have accompanied further contraction in international financial liquidity. Instead of addressing these issues most of the 'giant economies', have resorted to further stringencies including various protectionist measures. The threat of a new phase of trade war looms large with 'Euro-protectionism' in sight in 'Fortress Europe' of the 1990s. The implications of EEC Project 1992 are disquieting for the Third World countries from the point of view of trading, investment and financial prospects.<sup>22</sup>

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22. For details see, M. Iqbal Karim, "Towards a Single European Market : Problems, Prospects and Implications", *Biiss Journal*, vol. 10, no. 2, 1988.



### Macro-economic policy coordination

Imbalances and anarchy in global economic order are likely to continue, while efforts for reducing them within occasional and narrow macro-economic policy coordination among the major developed market economies have so far failed to produce the desired results. The Baker Plan and subsequently the Brady version of the US proposal to face the debt problem, for example, are aimed more at ensuring the continued reverse flow of funds from debtor to donor than at reducing Third World debt burdens. Moreover, the focus of these proposals are mainly on relatively larger debtor nations and those borrowing from Western commercial banks like countries of Latin America, so that least developed countries like the South Asian ones are to benefit, if at all, only marginally.

One notable dimension of the recent movements in global economic scenario is a growing role of Japan not merely as the new 'economic superpower', but also as the initiator of what may turn out to be a relatively more substantive effort aimed at adjustments. Mention may be made of the Okita Proposal<sup>23</sup> for recycling the financial surpluses of countries like Japan and F.R. Germany to finance development of Third World countries. It involves recycling of US \$ 125 billion in five years from 1988 to help the developing countries break the vicious circle of lagging economic growth. The Japanese government's own commitments include provisions for untied funds of US \$ 65 billion over the period 1987-92 and in addition doubling of its ODA in five years. Before extending the point further we briefly review some aspects of Japan's economic ties with South Asia.

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23. The Okita Proposal was contained in Saburo Okita, et. al., *Mobilizing International Surpluses for World Development—A WIDER Plan for a Japanese Initiative*, World Institute for Development Economics Research, Helsinki, 1987. See for excerpts, UN ESCAP, *Economic and Social Survey for Asia and the Pacific*. Bangkok, 1987.

### III. Japan's Role in South Asia

Japan is a leading economic and trade partner for South Asia. In 1988 more than 10 percent of South Asian exports were directed towards Japan while over 11 percent of the region's imports came from this country. The balance, as expected is of course in favour of Japan which had \$ 1.8 billion worth of trade surplus with South Asia. South Asia's trade deficit with Japan is indeed about a quarter of the region's deficit with the industrialized countries. Needless to mention, trade balance with Japan is negative for all the South Asian countries, the ratio of value of import of these countries being in most cases many times that of exports. For Japan South Asia is, however, a relatively less significant region as a partner for trade with only 1.46 percent of its exports directed to South Asia while only 1.37 percent of imports come from that region. Japan's trade with countries like China or Korea are several times more than its trade with all South Asian countries taken together. South Asia's exports to Japan is about one-tenth of what Tokyo imports from its ASEAN neighbours while the value of Japan's export to South Asia is little more than one fifth of that to ASEAN.

#### Important development partner

In terms of economic aid, however, South Asia appears to be a much more important region from the view point of Japan. The total value of Japanese ODA to the region increased from \$ 477.17 million in 1979 to \$ 1,109.47 million in 1988. In terms of its share in overall Japanese ODA, with 17.3 percent of the total disbursement, South Asia is the second most important region for Japan after Southeast Asia ( which includes countries of ASEAN ). In 1987, 18.49 percent of Japanese ODA flew into South Asia whereas the corresponding ratio for the US was 4.7 and that for all the DAC countries taken together was 9.57. Japanese ODA to the region in that year was \$ 970.22 million as against the US figure of \$ 329

million. The value of Japanese ODA was also about equal to the combined flow from West Germany, U.K., France, Netherland and Sweden, the other largest donors for the region.

Four of the seven South Asian countries figure amongst the top ten Japanese ODA recipients in recent years, while Japan is the largest donor for all of them. In 1987, 36.1 percent of inflow of public debt to Bangladesh came from Japan while the corresponding figures for Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka were 36.9, 31.8, 47.8, 40.6, 28.8 and 36.6 respectively.<sup>24</sup>

The above analysis indicates that Japan's relationship with South Asia is of profound mutual significance. The figures also define the extent of leverages available at the Japanese end and thus the type of a role that Japan may assert in its dealing with these countries. In a significant coincidence, while delivering a policy statement in Dhaka on Japan's Relations with South Asia, Tadashi Kuranari, then Foreign Minister of Japan announced in 1987 his government's willingness that in implementing its external economic commitments Japan will "naturally take fully into account the needs of the South Asian countries since they are Japan's important partners for economic cooperation."<sup>25</sup> He also reiterated Japan's commitment to make "utmost efforts" to pursue Japan's relations with these countries further.

Nota bene, there are now growing realization and indication that the emerging international order is unlikely to be one where Japan would (or could) continue with its so-called low-profile and passive role. To say that Japan's international role is growing to become commensurate with economic and industrial power is to state the obvious. The global extent of Japan's interest and compulsions is

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24. *Outlook of Japan's Economic Cooperation*, Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan, February 1990, p. 27.

25. Tadashi Kuranari, "Japan's Relations With South Asia: A Golden Chance", Speech delivered at a Seminar organized by BISS, Dhaka, 14 August, 1987.

also likely to open and widen the political dimension of its international role.

### **Expanding international role**

Partly in responding to growing international pressure and partly in pursuance of its own national interest, Japan has been expanding its international role through its 'International Cooperation Initiative', the main contents of which include expansion of ODA, promotion of cultural exchange and cooperation for peace.<sup>26</sup> Japan has indeed manifested, slowly and discretely though, that it follows a policy of using its economic assistance for political objectives and for goals that are considered to promote its national interests. Using economic aid and cooperation as an important instrument of attaining its 'comprehensive security' Japan has been exhibiting greater international activism and assertiveness since the late 1970s.

To protest Soviet invasion of Afghanistan Tokyo boycotted Moscow Olympics and imposed economic sanctions against the Soviets. The Vietnamese Invasion of Kampuchea prompted Japanese aid freeze to Hanoi. Economic sanctions were also imposed on Iran in the wake of the taking of US hostages in 1979. Tokyo refused economic aid to Poland for the latter's suppression of the trade union movement. Japanese assistance to Philippines was greatly increased after the fall of Marcos in 1986. Japanese economic aid was also used as an instrument of pressure for political objectives in case of China after the Tiananmen square incident. Experience therefore suggests that Japanese aid has been used as an instrument of positive incentive as well as negative sanction. By the same token in the wake of political liberalization in East Europe most of the countries of the region have been receiving increased flow of Tokyo's economic assistance. Similar approaches have been noticed in relation to Tokyo's aid policy towards some of the South American countries including Nicaragua, Thailand, Turkey and Pakistan

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26. See for details, *Diplomatic Blue Book 1989*, Ministry Foreign Affairs, Japan.

have on the other hand benefited from increased economic assistance by virtue of being classified as 'countries bordering areas of conflict'. Japan is also committed to strengthen its assistance to 'those areas that are important to maintenance of peace and stability of the world.'<sup>27</sup>

### Political dimension

Japan's interest in a similar role in South Asia was indicated in Kuranari's statement. He said, "I also believe it important to make active contributions, cooperating with other peace-loving nations in Asia, to the relaxation of tensions and peaceful settlement of conflicts, by promoting dialogue. Needless to say, one must take into account the situation in South Asia when considering the peace and stability of the whole Asia. From this point of view, Japan wishes to further strengthen its efforts for promoting political dialogue with countries in South Asia".<sup>28</sup> During a more recent visit to some of the countries of the region the Japanese Prime Minister Toshiki Kaifu said, "I would like to pronounce clearly Japan's intent to continue its vigorous support for the political stability and economic development of the South Asian countries as well as the rest of the world by engaging in dialogue and cooperation."<sup>29</sup>

Problems that bedevil the South Asian political scene are basically of regional origin and are rooted in the region's history, geo-politics, economy and ecology which the outside powers can hardly eliminate. But they need to do what they can, namely, to use their leverage to influence developments that may diminish prospects of further catastrophes and improve the overall climate.

27. See for details, Dennis T. Yasutomo, *The Manner of Giving : Strategic Aid and Japanese Foreign Policy*, Lexington Books 1986, and Juichi Inada, 'Japan's Aid Diplomacy : Increasing Role for Global Security', in *Japan Review of International Affairs*, Spring/Summer 1988.

28. Tadashi Kuranari, *op. cit.*

29. *The Japan Times*, 1 May 1990.

The role of Japan as a "donor superpower" becomes critical in this context. Japan's new international responsibility, as it includes help establish global peace, cannot be confined to extending money in the name of economic assistance irrespective of developments in the political arena.

It is not intended to suggest here that Japan should or could jump headlong into South Asia's political problems. Japan may possibly assert itself instead as a partner in political dialogue on specific issues that relate to peace and stability in the region. Our analysis on the South Asian political scenario has indicated that time is possibly ripe for following up what Japan has already indicated through political pronouncements. During his visit to New Delhi Prime Minister Kaifu urged upon India and Pakistan to sign the nuclear NPT to ensure regional peace and stability.<sup>30</sup> Japan may, in this context, in cooperation with the US and possibly USSR facilitate an agreement between India and Pakistan on nuclear restraint in the region.

#### **Aid as a tool for "positive sanction"**

Referring to recent tensions between India and Pakistan over the disputed territory of Kashmir, the Japanese Prime Minister urged India and Pakistan to "exercise self-restraint and try to resolve the the issue peacefully through talks."<sup>31</sup> Tokyo's continued economic assistance may indeed be used as an instrument of positive sanction to induce such favourable developments in the region as cuts in defense budgets and other measures for reducing tensions, like use of dialogue instead of confrontation in interstate relations.

Economic aid without accountability tends to be spent on purposes not necessarily desired by the donor, nor by the real targets, namely the vast majority of the peoples who are in need.

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30. *ibid.*

31. *ibid.*

To ensure that Japanese loans effectively promote development financing needs to be subject to strict scrutiny and continued streamlining on the basis of specific guidelines.

### **Effective use of aid**

Effective utilization of resources, borrowed or otherwise, defines the extent of improvement in the management of the economy and hence the way South Asia's reach to a take-off can be telescoped. Japan as the world's leading donor nation can indeed assume an increasing role in the shaping of overall priorities of its aid recipients, particularly in the way aid is to be utilized. This is in accordance with a widely held view that the world's largest donor has a responsibility to guide its recipients, as and when applicable, "on a smooth path of development by giving them advice on development strategies and macro-economic policies."<sup>32</sup> There seems to be an appreciation in Tokyo of both imperatives and leverages leading to such role. Foreign ministry officials accompanying the Japanese Prime Minister during the recent visit to the region was reported to have said that they "want to improve the quality of Japanese economic assistance in a region where the country's aid policy has come under criticism". One official said, "we have reviewed Japan's policy of money gift giving and want it tied to more constructive projects."<sup>33</sup>

### **Target-oriented aid**

Japan's aid has so far focused basically on large-scale projects which do contribute to the development of the recipients' infrastructure. The relative effectiveness of such projects in promoting the economic well-being of the vast majority of people, however, needs to be carefully assessed. The needs of millions of the deprived masses may be better served by providing such assistance as would

32. *Japan's Official Development Assistance Annual Report 1988*, Ministry of Foreign Affairs, Japan, p. 29.

33. *The Japan Times*, 2 May 1990.

increase their own capability to mitigate their sufferings. The overwhelming majority of these rural farmers and small-scale entrepreneurs lack the capital to build up the economic footing. So does the bulk of unemployed urban and rural labour force. And their needs are surprisingly small and critically immediate. It may be more useful to provide assistance to projects that would support say, a few hundred small-scale low-interest loans of few hundred dollars each to such vulnerable but potential work force than pouring millions to big prestigious projects whose benefits drain out into vested hands long before filtering down to the target population.

The need for Japanese ODA for humanitarian purpose in the region, torn by recurrent natural disasters is likely to remain as pressing as ever. Cooperation for infrastructure development will also be needed, but assistance in specific target-oriented projects would be more useful in terms of concrete benefit. In addition to small loans for productive activities, education and human resources development are further areas that need Tokyo's increased attention.

### Opening of market

On the trade front, there is now a growing recognition that unless Japan opens up its market more and expands its imports further, it will not be possible for the developing countries to grow out of their debts and develop their economies.<sup>34</sup> Trade balance in case of South Asia, as already indicated, continues to be grossly in favour of Japan, it needs to be considered that in 1988 for example, Japan exported to South Asia 1.78 times more than what was imported. With the US on the other hand, the balance in the same year was on the positive side for the region. One can argue over the competitiveness of South Asian products in the Japanese market. But the comparison indicates the potentials for improvements that can be made with more liberal trading practices adopted by Japan. Textiles and clothing which occupy the largest

34. Hiroaki Fukami "The International Debt Problem and Japan's Response", in *Japan Review of International Affairs*, Fall Winter, 1989, p. 211.



proportion of South Asian manufacturing exports to OECD markets are examples in which Japanese import from South Asia may be expanded.

### **Risk-sharing in investment**

Another area that needs Tokyo's increased focus is some risk-sharing between the capital market in South Asia with that of its own. Foreign direct investment remains relatively under-explored in the region and it can be an important additional source of financing development. Labour in South Asia is abundant and wage levels are very low. There are immense opportunities for viable investment in areas of labor-intensive manufacturing sectors.

This may be an effective way for reducing the dominance of the public sector in Japanese cooperation with the region. Since the vast majority of Japan's surplus funds are in the hands of private enterprises, promotion of such channeling of funds may be mutually beneficial. South Asia will be particularly attractive to small and medium sized Japanese investors who in the face of severe competition elsewhere may find their ventures economically viable in the region. Opportunities exist in export-oriented industries as well as in production geared to meet the demands of huge local markets. In addition to cheap labour such industries may often use locally available raw materials. Existing institutional arrangements at both ends in this regard would need to be strengthened.

### **Political limitations**

Politically, however, needless to stress, most of the challenges and limits to options are essentially defined by the problems within the South Asian region, and more specifically by the designs and postures of the big neighbour India. India seems to be in a dilemma. Overwhelmed with the unprecedented rise of its power parallel with the fortuitous blessings of global change, it seems to be too incapable and inexperienced as to how to exercise this power in its neigh-

borhood without playing a regional bully. It is thus behaving like a superpower-in-being with a tiny heart, harassing smaller neighbours by coercive means. By all indications, India is opting for short term gains without due emphasis on long-term implications of show of force as against diplomatic and political options. With its undeniable pre-eminence in the region India could very well opt for compassion and goodwill which could generate mutual confidence and promote regional stability.

Developments in SAARC, as already mentioned have been frozen shattering the expectations raised by the launching of the first ever artempt towards regional cooperation. Japan, like most other outside nations as well as regional and international organizations has offered to cooperate with the association, viewed to be potentially catalytic in promoting economic progress and political harmony. But mainly because of India's resistance SAARC has yet to make use of such offers. New Delhi considers external cooperation on the part of SAARC to be detrimental to its own leverages vis-a-vis neighbours with whom it prefers to deal bilaterally rather than multilaterally, even on issues that are multilateral in nature. The Japanese offer to cooperate with SAARC came once again during the visit of the Prime Minister who proposed that Japan could become a "dialogue partner" for SAARC in line with Tokyo's relation with ASEAN which has proved to be very constructive.<sup>35</sup> India's response, as could be expected, was cool, as the Indian Prime Minister was reported to be "rather positive."<sup>36</sup> Substantive progress on such areas is likely to remain hostage to the inability of the states in getting out of their paralyzing past and age-old attitudes of mutual mistrust and suspicion.

### **Need for home-work**

Finally, it is relevant to observe that most of the problems of South Asia get accelerated incidence as these relate to domestic

35. *The Japan Times*, 1 May 1990.

36. *Mainichi Daily News*, 1 May 1990.

politico-economic weakness of the states. Stability and progress in South Asia depend to a great extent on successful modernization and development of individual countries, a process for long obstructed as much by divisive forces and unresolved issues within as by diminishing options in the hierarchical international economic, financial and trading structure.

The fact that the countries are so resource-poor, so marginally poverty-stricken, so underdeveloped in terms of growth of socio-political institutions, and so polarized on matters of shared interests add to the vulnerability of the states and weaken the bargaining chips vis-a-vis the outside world. What therefore, is essentially needed is to organize the homework whereby the state system—the polity and the economy—will be stronger. And in the ultimate analysis it is through building a strong nation-state—socially, politically—that long term responses to the challenges may be found.

Table 1 : Basic Indicators of South Asian Countries and Japan

Indicator	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	Total SA	Japan
<b>Population (mid-1987 millions)</b>									
	106.1	1.3	797.5	0.196	17.6	102.5	16.4	1041.6	122.1
<b>Area (thousand sq. km.)</b>	144	47	3,288	—	141	796	66	4,482	378
<b>GNP Per capita</b>									
—US \$ (1987)	160	150	300	300	160	350	400	290	15,760
—Av. ann. growth rate (1965-87)	0.3	—	1.8	1.9	1.4	2.5	3.0	1.8	4.2
<b>Life expectancy at birth (years 1985)</b>	51	48	5.8	59	51	55	70	57	78
<b>GDP (million \$ 1987)</b>	17,600	250	220,830	—	2,560	31,650	6,040	278,930	2,376,420
<b>Trade (1988)</b>									
—Exports	1,291	—	15,324	66	261	4,509	1,463	22,915	264,961
—Imports	2,989	—	24,310	126.2	544	6,589	2,211	36,768	187,483
Balance	-1,698	—	-8,986	-60	-282	-2,079	-748	-13,853	77,478
<b>Terms of Trade (1980=100)</b>	91	—	114	—	93	99	96	94	153
<b>External Public Debt (million \$ 1987)</b>									
—Outstanding and disbursed	8,851	—	37,325	—	902	13,150	4,109	64,337	—
—Net ODA receipt	1,637	—	1,852	—	345	858	502	5,194	—
<b>Long term debt service as % of : (1987)</b>									
—GNP	1.8	—	1.3	—	1.2	3.4	5.2	—	—
—Export	24.2	—	18.9	—	9.7	25.9	19.2	—	—

Source : World Bank, *World Development Report 1989*, Tables 1, 3, 14. IMF, *Direction of Trade Statistics Yearbook 1988—89*

Table 2 : Trade Statistics of South Asian Countries

Country/Trade	Figures in million dollars							
	1981				1988			
	World	Ind. Countries	U.S.	Japan	World	Ind. Countries	U.S.	Japan
<b>Bangladesh</b>								
Exports	791.3	268.2	80.1	27.1	1,291.1	879.8	335.6	74.1
Imports	2,651.4	1,021.9	155.9	288.5	2,988.9	1,270.4	476.3	
Balance	-1,860.1	-753.7	-75.8	-261.4	-1,697.8	-390.8	202.4	-402.2
<b>India</b>								
Exports	6,827	2,984	769	557	15,324	8,727	2,879	1,642
Imports	14,550	6,272	1,370	880	24,310	14,493	2,748	2,291
Balance	-7,723	-4,378	-601	-323	-8,986	-5,766	131	-549
<b>Maldives</b>								
Exports	10.4	4.6	—	2.7	66.2	31.2	14.7	2.0
Imports	38.0	10.8	—	3.7	126.2	24.1	—	11.9
Balance	-28.4	-6.2	—	-1.0	-60.0	7.1	14.7	-9.9
<b>Nepal</b>								
Exports	94.8	23.9	2.4	1.9	261.6	159.9	55.6	2.0
Imports	213.3	75.9	8.2	48.4	543.8	264.1	70.9	68.2
Balance	118.5	-52.0	-5.8	-46.5	-282.2	-104.2	-15.3	-66.2
<b>Pakistan</b>								
Exports	2,880.8	1,008.8	197.3	201.5	4,509.3	2,615	506.9	515.8
Imports	5,630.5	2,671.7	470.7	655.0	6,588.6	4,055	855.6	971.7
Balance	-2,749.7	-1,662.9	-273.4	-443.5	-2,079.3	-1,440	-348.7	-355.9
<b>Sri Lanka</b>								
Exports	1,023.8	428.7	145.7	34.2	1,463.4	856.3	366.8	83.8
Imports	1,905.7	811.7	129.3	260.9	2,210.9	977.6	152.7	305.1
Balance	-881.9	-393.0	16.4	-226.7	-747.5	-121.3	214.5	-221.3
<b>Total South Asia</b>								
Exports	11,628.1	4,618.2	1,194.5	824.4	22,915.6	13,269	4,158.6	2,319.7
Imports	24,988.9	10,864.0	2,134.1	2,136.5	36,768.4	21,084.2	3,690.4	4,124.5
Balance	-13,360.8	-6,245.0	-936.6	-1,312.1	-13,852.8	-7,815.2	198.2	-1,804.8

Source : IMF, *Direction of Trade Statistics, Yearbook 1988-89*

Table 3 : Japan's Trade with South Asian Countries

Figures in million dollars

Country/region	Japan exports		Japan imports		Balance	
	1981	1988	1981	1988	1981	1988
World	151,500 (100.00)	264,961 (100.00)	142,868 (100.00)	187,483 (100.00)	8,632	77,478
—Industrialized Countries	70,283 (46.39)	159,135 (60.06)	49,370 (34.56)	92,499 (49.33)	20,370	66,636
—Developing Countries	70,099 (46.27)	101,962 (38.48)	88,553 (61.98)	91,456 (48.78)	-18,454	10,506
—South Asia	2,395 (1.58)	3,878 (1.46)	1,379 (0.09)	2,562 (1.37)	1,016	1,316
—ASEAN	15,245 (10.06)	21,399 (8.08)	23,784 (16.65)	22,621 (12.07)	-8,539	1,222
—China, P.R.	5,076 (3.35)	9,486 (3.59)	5,283 (3.70)	9,861 (5.26)	-207	-375
—Korea	5,640 (3.72)	15,442 (4.83)	3,395 (2.38)	11,827 (6.31)	2,245	3,615

Figures in Parentheses indicate percentages

Source : IMF, *Direction of Trade Statistics Yearbook. 1988-89*

Table 4: Geographical Distribution of Japan's Bilateral ODA (1979-88)

	Amount ( Million Dollars )									
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Asia	1,331.15	1,382.51	1,604.51	1,624.30	1,613.80	1,594.17	1,731.77	2,493.54	3,415.88	4,034.35
Northeast Asia	48.07	81.69	320.77	374.02	359.32	344.61	391.91	459.57	577.17	724.64
Southeast Asia ( ASEAN )	791.74 (572.06)	860.93 (703.38)	929.03 (799.68)	793.06 (684.12)	847.35 (727.12)	932.13 (833.95)	962.15 (800.01)	1,169.49 (914.47)	1,865.83 (1,679.56)	2,196.59 (1,920.21)
Southwest Asia	477.17	434.93	350.29	449.70	410.02	308.31	375.02	830.95	970.22	1,109.47
Others	14.17	4.96	4.42	7.52	1.10	9.12	2.69	3.54	-2.61	3.64
Middle East	203.45	203.61	190.07	193.64	200.53	249.48	201.02	339.82	526.00	532.52
Africa	186.72	222.91	210.53	268.23	261.41	210.83	252.25	418.46	515.72	833.93
Central & South America	165.97	118.47	176.52	184.45	240.66	229.03	224.93	316.54	417.99	399.29
Oceania	13.60	11.58	19.42	22.63	17.95	25.10	24.09	54.69	68.02	93.07
Europe	42.22	41.46	42.28	42.91	42.43	1.31	1.02	2.31	2.13	3.96
Unallocable	22.55	23.18	61.64	76.99	93.35	117.48	121.84	220.85	301.82	424.75
<b>Total</b>	<b>1,921.22</b>	<b>1,960.80</b>	<b>2,260.40</b>	<b>2,367.33</b>	<b>2,425.27</b>	<b>2,427.39</b>	<b>2,556.92</b>	<b>3,846.21</b>	<b>5,247.63</b>	<b>6,421.87</b>
	Share (%)									
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Asia	69.3	70.5	71.0	68.6	66.5	65.7	67.7	64.8	65.1	62.8
Northeast Asia	2.5	4.2	14.2	15.8	14.8	14.2	15.3	12.7	11.0	11.3
Southeast Asia ( ASEAN )	41.2 (29.8)	43.9 (35.9)	41.1 (35.4)	33.5 (28.9)	34.8 (30.0)	38.4 (34.4)	37.6 (31.3)	30.4 (23.8)	35.6 (32.0)	34.2 (29.9)
Southwest Asia	24.8	22.2	15.5	19.0	16.9	12.7	14.7	21.6	18.5	17.3
Others	0.7	0.3	0.2	0.3	0.0	0.4	0.1	0.1	0.1	0.1
Middle East	10.6	10.4	8.4	8.2	8.3	10.3	7.9	8.8	10.0	9.1
Africa*	9.7	11.4	9.3	11.3	10.8	8.7	9.9	10.9	9.8	13.8
Central & South America	8.6	6.0	7.8	7.8	9.9	9.4	8.8	8.2	8.0	6.2
Oceania	0.7	0.6	0.9	1.0	0.7	1.0	0.9	1.4	1.3	1.4
Europe	40.1	40.1	40.1	40.1	40.1	0.1	0.0	0.1	0.0	0.1
Unallocable	1.2	1.2	2.7	3.3	3.8	4.8	4.8	5.7	5.8	6.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Outlook of Japan's Economic Cooperation, February 1990,  
Economic Cooperation Bureau, Ministry of Foreign Affairs, Japan.

- Note: 1. As the figures in the table are rounded off, they do not necessarily add up to the totals.  
2. "—" indicates no achievements, "▲" indicates excess of returning money.  
3. "Unallocable" includes ODA for dispatching of survey teams to several areas and Administrative Costs of JICA's activity, etc.  
4. Sub-Saharan African Countries excluding Sudan.

Table 5: Geographical Distribution of Japan's ODA by Types

( Net Disbursement Basis, Million Dollars )

Type Area	ODA ( 1987 )						ODA ( 1988 )					
	Grants			Loans	Total	Share (%)	Grants			Loans	Total	Share (%)
	Grant Assistance	-Technical Assistance	Total				Grant Assistance	Technical Assistance	Total			
Asia	654.37	451.10	1,105.47	2,310.42	3,415.89	65.1	683.92	601.74	1,285.66	2,748.69	4,034.35	62.8
Northeast Asia	54.53	129.28	183.81	393.36	577.18	11.0	52.35	177.40	229.75	494.90	724.64	11.3
Southeast Asia [ ASEAN ]	278.01 (207.77)	257.52 (244.95)	535.52 (452.72)	1,330.35 (1,226.84)	1,865.88 (1,679.56)	35.6 (32.0)	260.69 (166.84)	342.58 (325.75)	603.27 (492.61)	1,593.32 (1,427.63)	2,196.59 (1,920.21)	34.2 (29.9)
Southwest Asia	321.83	61.69	383.52	586.70	970.22	18.5	370.88	78.13	449.01	660.47	1,109.47	17.3
Others	—	2.61	2.61	—	2.61	0.1	—	3.64	3.64	—	3.64	0.1
Middle East	107.90	52.03	159.93	366.08	526.00	10.0	127.10	72.55	199.65	382.87	582.52	9.1
Africa*	272.98	89.74	362.72	153.00	515.72	9.8	525.96	110.41	636.37	247.55	883.93	13.8
Latin America	79.24	152.77	232.01	185.99	417.99	8.0	96.30	185.62	281.92	117.37	399.29	6.2
Oceania	36.09	20.05	56.15	11.87	68.02	1.3	46.06	28.98	75.04	18.03	93.07	1.4
Europe	0.34	2.67	3.01	▲ 0.82	2.18	0.0	—	4.28	4.28	▲ 0.32	3.96	0.1
Unallocable	3.13	298.69	301.82	—	301.82	5.8	3.85	420.90	424.75	—	424.75	6.6
Total	1,154.06	1,067.04	2,221.10	3,026.53	5,247.63	100.0	1,483.19	1,424.49	2,907.68	3,514.19	6,421.87	100.0

Source : As of Table 4

- Note: 1. As the figures in the table are rounded off, they do not necessarily add up to the totals.  
 2. "....." indicates no achievements, "▲" indicates excess of returning money.  
 3. "Unallocable" includes ODA for dispatching of several areas and Administrative Costs of JICA's activity, etc.  
 × 4. Sub-Saharan African Countries excluding Sudan.



Table 6: Geographical Distribution of DAC Countries' Bilateral ODA in 1987

[ Net Disbursement Basis : Million Dollars ]

	Bilateral ODA	A s i a						Middle East	Africa		Central & South America	Oceania	Europe	Unallocable
		Total	Northeast Asia	Southeast Asia	(ASEAN)	Southwest Asia	Others		Africa	incl. Sudan				
U.S.A.	7,007.00	643.00	- 27.00	304.00	290.00	329.00	37.00	2,636.00	767.00	870.00	1,440.00	176.00	- 7.00	1,352.00
France	5,316.32	269.88	52.01	74.67	57.27	143.20	-	519.61	2,415.64	2,420.56	929.57	625.82	20.69	535.11
Japan	5,247.63	415.88	577.17	1,865.88	1,679.56	970.32	2.61	526.00	515.72	503.47	417.99	68.02	2.18	301.82
West Germany	3,090.07	521.53	46.89	177.27	120.79	321.32	4.27	785.04	912.60	950.96	522.78	14.41	72.60	-260.11
Italy	1,397.87	203.06	106.94	28.37	27.25	67.70	0.05	247.10	1,143.39	1,192.86	160.50	0.03	19.03	134.79
Netherlands	1,877.88	414.55	4.16	177.27	173.31	227.76	5.36	121.99	457.99	516.32	217.98	1.44	3.55	140.37
Canada	1,259.4*	338.32	35.45	90.94	89.97	208.56	3.37	95.73	356.85	368.91	141.00	2.15	0.02	365.40
U.K.	1,001.53	232.22	5.69	30.76	22.99	57.96	5.07	110.59	391.51	393.92	65.08	40.04	0.99	239.53
Sweden	898.69	174.73	5.34	57.96	137.75	123.50	15.71	0.47	9.46	34.95	35.01	0.67	275.73	0.11
Australia	534.97	182.88	28.65	11.73	10.79	58.13	- 2.79	-	3.73	309.18	312.32	25.81	0.08	- 1.46
Norway	527.55	121.03	8.38	9.80	9.56	82.56	4.45	52.61	224.24	233.39	14.05	0.01	-	52.79
Denmark	459.01	115.81	23.05	9.80	9.56	82.56	4.45	12.97	276.69	275.06	22.70	0.15	0.12	74.98
Belgium	425.13	41.52	25.57	10.97	8.96	51.48	3.84	10.92	162.00	163.47	57.93	0.19	0.07	70.82
Switzerland	388.49	77.03	5.67	13.74	11.97	51.48	0.53	15.51	138.08	145.11	12.84	0.28	-	48.73
Finland	262.70	47.76	4.12	16.77	3.04	28.36	0.01	103.92	13.40	13.80	5.98	0.47	4.34	14.37
Austria	155.34	12.86	4.32	2.20	2.06	6.34	-	-	0.82	0.82	-0.28	45.82	-	12.29
New Zealand	66.16	6.65	0.25	4.57	4.55	0.54	- 1.49	-	-	-	-0.28	-	-	12.29
Ireland	27.34	0.61	0.08	0.20	0.20	0.33	-	2.40	14.25	16.58	0.22	-	-	9.82
DAC Total	29,941.21	6,818.72	904.74	2,986.63	2,640.84	2,805.01	62.34	5,107.58	8,452.10	8,895.18	4,097.02	1,250.68	133.11	3,991.98
DAC Average	1,663.40	378.82	50.26	165.92	146.71	159.17	3.46	288.75	469.56	494.18	227.61	69.48	7.40	221.78

[ Share : % ]

	Bilateral ODA	A s i a						Middle East	Africa		Central & South America	Oceania	Europe	Unallocable
		Total	Northeast Asia	Southeast Asia	(ASEAN)	Southwest Asia	Others		Africa	incl. Sudan				
U.S.A.	100.0	9.18	- 0.39	4.34	4.14	4.70	0.53	37.62	10.95	12.42	20.55	2.51	- 0.10	19.25
France	100.0	5.08	0.98	1.40	1.05	2.69	-	9.77	45.44	45.53	17.49	11.37	0.39	10.07
Japan	100.0	65.09	11.00	35.56	32.01	18.49	0.05	10.02	9.83	11.31	7.97	1.20	0.04	5.75
West Germany	100.0	16.88	1.52	4.82	3.91	10.40	0.14	25.41	29.53	31.87	16.95	0.47	2.35	4.42
Italy	100.0	10.81	5.69	1.51	1.45	3.51	0.00	13.16	59.29	63.52	8.55	0.00	0.01	7.18
Netherlands	100.0	29.66	0.30	12.58	12.40	16.29	0.38	8.73	32.76	36.98	15.59	0.10	0.25	12.90
Canada	100.0	26.46	2.81	7.22	7.14	16.56	0.27	4.42	28.33	29.29	11.20	0.17	0.00	29.01
U.K.	100.0	23.19	0.57	3.07	2.30	19.53	0.01	5.70	35.12	38.25	6.50	4.00	0.58	23.91
Sweden	100.0	19.49	0.60	6.46	0.57	12.38	0.05	3.17	43.66	43.93	6.32	0.11	0.11	27.47
Australia	100.0	34.13	5.36	25.75	23.09	2.94	0.09	1.77	6.93	6.54	0.13	59.54	0.02	5.88
Norway	100.0	22.94	1.59	2.22	2.05	18.60	0.53	0.71	58.61	59.20	5.65	0.02	0.39	11.69
Denmark	100.0	25.23	5.02	2.14	2.03	18.07	-	11.46	58.85	58.85	3.06	0.00	-	11.39
Belgium	100.0	9.77	6.01	2.58	2.11	1.05	-	3.05	64.14	64.70	5.34	0.04	- 0.03	17.64
Switzerland	100.0	17.99	0.81	6.38	3.08	13.84	0.59	5.13	41.70	42.03	14.91	0.05	0.15	18.23
Finland	100.0	17.99	0.81	6.38	3.08	13.84	0.59	5.13	41.70	42.03	14.91	0.05	0.15	18.23
Austria	100.0	8.28	2.78	1.42	1.33	4.03	-	66.90	8.63	8.88	3.85	0.30	2.79	9.25
New Zealand	100.0	10.25	0.38	6.91	6.88	0.82	2.25	-	1.24	1.24	0.42	69.76	-	18.72
Ireland	100.0	2.23	0.29	0.73	0.73	1.21	-	8.78	52.12	60.54	0.60	0.15	-	35.92
DAC Average	100.0	22.77	3.02	9.97	9.82	15.71	0.21	17.36	28.32	29.71	13.68	4.18	0.44	13.33

Note: As the figures in the table are rounded off, they don't necessarily add up to the totals. Data on 1988 are still unknown.

Source : As of Table 4

Table 7: Ten Major Recipients of Japan's Bilateral ODA

(Net Disbursement Basis, Million Dollars, %)

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Rank	1 9 8 4			1 9 8 5			1 9 8 6		
	Country	Amount	Share	Country	Amount	Share	Country	Amount	Share
1	China	389.35	16.04	China	387.89	15.17	China	496.95	12.92
2	Malaysia	245.14	10.10	Thailand	264.10	10.33	Philippines	437.96	11.39
3	Thailand	232.02	9.56	Philippines	240.00	9.39	Thailand	260.41	6.77
4	Indonesia	167.69	6.91	Indonesia	161.33	6.31	Bangladesh	248.47	6.46
5	Philippines	160.07	6.59	Burma	154.04	6.02	Burma	244.14	6.35
6	Bangladesh	123.28	5.08	Malaysia	125.59	4.91	India	226.71	5.89
7	Burma	95.40	3.93	Bangladesh	121.48	4.75	Indonesia	160.83	4.18
8	Egypt	81.47	3.36	Pakistan	93.31	3.65	Pakistan	151.56	3.94
9	Pakistan	67.03	2.76	Sri Lanka	83.74	3.28	Sri Lanka	126.91	3.30
10	Sri Lanka	63.77	2.63	Egypt	73.01	2.86	Egypt	125.70	3.27
	Total Above	1,625.22	66.95	Total Above	1,704.49	66.66	Total Above	2,479.63	64.47
	World Total	2,427.39	100.00	World Total	2,556.92	100.00	World Total	3,846.21	100.00

Rank	1 9 8 7			1 9 8 8			1984~1988 Total		
	Country	Amount	Share	Country	Amount	Share	Country	Amount	Share
1	Indonesia	707.31	13.48	Indonesia	984.91	15.34	China	2,501.01	12.20
2	China	553.12	10.54	China	673.70	10.49	Indonesia	2,182.07	10.64
3	Philippines	379.38	7.23	Philippines	534.72	8.33	Philippines	1,752.13	8.55
4	Bangladesh	334.20	6.37	Thailand	360.62	5.62	Thailand	1,419.59	6.92
5	India	303.94	5.79	Bangladesh	341.96	5.32	Bangladesh	1,169.39	5.70
6	Thailand	302.44	5.76	Pakistan	302.17	4.71	Myanmar (Burma)	925.13	4.51
7	Malaysia	276.89	5.27	Myanmar (Burma)	259.55	4.04	India	753.62	3.68
8	Burma	172.00	3.28	Sri Lanka	199.83	3.11	Pakistan	740.76	3.61
9	Turkey	162.39	3.09	India	179.46	2.79	Malaysia	709.22	3.46
10	Pakistan	126.69	2.41	Egypt	172.90	2.69	Sri Lanka	592.91	2.89
	Total Above	3,317.87	63.23	Total Above	4,009.82	62.44	Total Above	12,745.93	62.18
	World Total	5,247.63	100.00	World Total	6,421.87	100.00	World Total	20,590.02	100.00

Source : As of Table 4

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