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FOREIGN AID AS A TOOL OF FOREIGN POLICY

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**JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE (ODA)
POLICY IN CHINA**

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ABSTRACT

FOREIGN AID AS A TOOL OF FOREIGN POLICY – JAPAN’S OFFICIAL DEVELOPMENT ASSISTANCE (ODA) POLICY IN CHINA

by

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Japan’s Official Development Assistance (ODA) began in 1954 when Japan joined the Colombo Plan, an organization set up in 1950 to assist Asian countries in their socio-economic development. Whilst receiving aid itself in the 1950s from the World Bank for the reconstruction of its own economy, Japan began the process of delivering aid to developing countries. Since that time, Japan’s ODA commitment has increased and expanded yearly. With this expansion, there has also been a gradual move to include countries outside Asia. The countries in Eastern and Central Europe were the most recent additions.

Today, Japan stands as the top donor in the world in terms of net ODA disbursement and total ODA, Japan has led the world for most of the last ten years. Most of Japan’s aid has gone to Asia. However, the world’s largest donor of ODA during the 1990s, Japan, is now making substantial cuts. ODA decreased by three per cent for the fiscal year ending March 2002

This dissertation deals with Japan’s ODA policy in China. It aims to study is Japan’s ODA purely an assistance aid from Japan in helping China’s domestic development,

or Japan's ODA an instrument of Japan's foreign policy in order to pressure the Government of China for Japan's national interests. It is the writer's intention to examine the influence of Japan's foreign policy in its ODA to China. Is Japan's ODA primed to serve Japanese diplomacy and security plans better?

In the first three chapters, the dissertation provides a comprehensive picture of the foreign policy and foreign aid policy of Japan towards China from 1978 to 2003. With a review of Sino-Japanese relations in the past one hundred years, the dissertation examines Japan's foreign policy development towards China.

The central findings of the dissertation are: (1) Japan fosters a friendly disposition in the recipient government towards Japanese economic and commercial interests in investment and trade; (2) Japan sees long-term benefits to Japanese commercial interests in its aid programme through the compulsory use of Japanese companies in feasibility studies, the tying of aid commitments to use of Japanese firms' project contractors, and the sourcing of equipment imports from Japanese suppliers; (3) Aid diplomacy has served the functions of promoting Japan's international status and smoothing relations with neighboring countries, in this case, China; (4) Securing a political and economic stable neighbouring country with the largest population in the world.

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ABBREVIATION

ADB	The Asian Development Bank
DAC	Development Assistance Committee
EROA	Economic Rehabilitation in Occupied Areas
FILP	Fiscal Investment and Loan Programme
GARIOA	The Government and Relief in Occupied Areas
IMF	The International Monetary Fund
JBIC	The Japan Bank for International Cooperation
JEXIM	The Export-import Bank of Japan
JICA	The Japan International Cooperation Agency
LDCs	Less Developed Countries
MITI	Ministry of International Trade and Industry
MOFA	Ministry of Foreign Affairs
ODA	Official Development Assistance
OECD	The Overseas Economic Cooperation Fund
OOF	Other Official Flows
P.R.C.	The Peoples Republic of China
UNDP	The United Nations Development Programme

Japanese Names

The order of Japanese names is in Western style, i.e. given name followed by surname