

# Japan's Official Development Assistance Towards China, Indonesia and Singapore

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## Preface

Japan experienced 0.7 percent GDP growth rate in 1994 and 1.9 percent in 1995. During the same years, GDP growth rates for China were 11.0 percent and 8.5 percent; for ASEAN (excluding Singapore) they were 7.1 percent and 7.4 percent (Indonesia's were 7.0 percent and 7.2 percent) and for NIEs they were 7.4 percent and 7.0 percent (Singapore's were 10.0 percent and 8.5 percent). Obviously, Japan's GDP growth rates have been much lower than other countries in Asia. The Japanese economy has not shown strong recovery since the collapse of the "bubble economy" in 1991. Earlier this year, the Japanese economy was widely expected to recover with some sort of stamina, but statistics just released show that Japan suffered a -2.9 percent GDP decline in April-June 1996.<sup>1</sup> In the meantime, Japan watchers are unable to predict the Japanese economy with optimism and confidence. One of the detrimental reasons for Japan's sluggish economic performance was seen to be due to the drastic appreciation of the Japanese currency. The Japanese yen appreciated from 242 per US dollar in September 1985 (just before the G5 meeting) to 100 in June 1994, and later to 80 in May 1995. Japanese export industries (automobiles, electronics, electrical and machinery industries in particular) suffered seriously. Japanese industries were forced to invest overseas and to increase imports especially from Asia. In the meantime (12th September 1996), the Japanese currency depreciated and reached the level of 110 per US dollar. The Japanese economy, especially Japanese export industries, should now benefit from the depreciation of the yen. Yet, it is hard to say that from now on Japan will soon bring its sluggish economic deadlock to an end.

Nevertheless, despite all these negative images of Japan, Japan still qualifies as an eco-

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1 Nihon Keizai Shimbun, 14th September 1996.

nomic giant. There are some indicators to show that Japan is still economically strong. For instance, Japan's trade surplus increased from \$69.86 billion (unless otherwise stated, all currencies are shown in US dollars) in 1990 to \$144.37 billion in 1994. During the same period, Japan's current balance increased from \$33.72 billion to \$124.28 billion, foreign reserves from \$69.89 billion to \$141.2 billion, net assets abroad from \$328.06 billion to \$688.97 billion, GDP from \$2,957.9 billion to \$4,590.9 billion, and per capita national income from \$18,979.2 to \$29,165.4 etc. Japan is therefore expected to make a greater contribution, through Official Development Assistance (ODA), to the rest of the world.

Japan's ODA disbursement to developing countries and less developed countries has been a controversial issue.<sup>2</sup> Does Japan's ODA disbursement really contribute to social and economic development of the recipient countries? How can the abuses of Japan's ODA disbursement be avoided? Why should a Japanese contribute more than ¥10,000 (Japanese population was 125.5 million and Japan's ODA disbursement was ¥1.38 trillion in 1995) to help other countries when the quality of life (for instance housing and welfare facilities) in Japan is still low compared to other industrialised countries? These are some questions commonly raised by the Japanese populace.

This paper attempts to examine closely Japan's ODA disbursement to China, Indonesia and Singapore. China and Indonesia have been important recipient countries of Japan's ODA not only among the Asia Pacific countries but also in the World. China's introduction of a "socialist market economy" since 1979 required a substantial amount of foreign aid especially from Japan. On the other hand, among the ASEAN countries, Indonesia received the largest ODA disbursement from Japan due to its size, and partly to its keen desire to speed up the construction of its social and economic infrastructures. As for Singapore, since it has become an advanced developing country, Japan's ODA disbursement has become almost non-existent. Technical cooperation between Singapore and Japan, and the joint efforts of

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2 In Japan, there are numerous publications dealing with Japan's ODA. Some are critical and some are supportive. The typical works for the former include : 1) Sumi Kazuo, ODA enjo no genjitsu (The Reality of ODA), Tokyo, 1993. 2) Murai Yoshinori eds., Kensyo nippon no ODA (Japan's ODA-An Inspection), Tokyo, 1994 ; Dare no tame no enjo (Assistance For Who), Tokyo, 1990. 3) Nishikawa Jun, Seikai keizai nyumon (An Introduction to World Economy), Tokyo, 1991. 4) Doi Takako and others, ODA Kaikaku (The ODA Reform), Tokyo, 1990.

The typical works for the latter include : 1) Iida Tsuneo, Enjo suru kuni sareru kuni (The Donor Country and the Recipient Country), Tokyo, 1974. 2) Kusano Atsushi, ODA iccho ni-sen-oku en no yukue (The Future of ODA), Tokyo, 1994. 3) Nishigaki Akira and Shimomura Yasutami, Kaihatsu enjo no keizaigaku (The Economics of Development Assistance), Tokyo, 1995. 4) Kohama Hirohisa, ODA no keizaigaku (The Economics of Development Cooperation), Tokyo, 1993.

these two countries to assist other developing countries have instead increased in dimension.

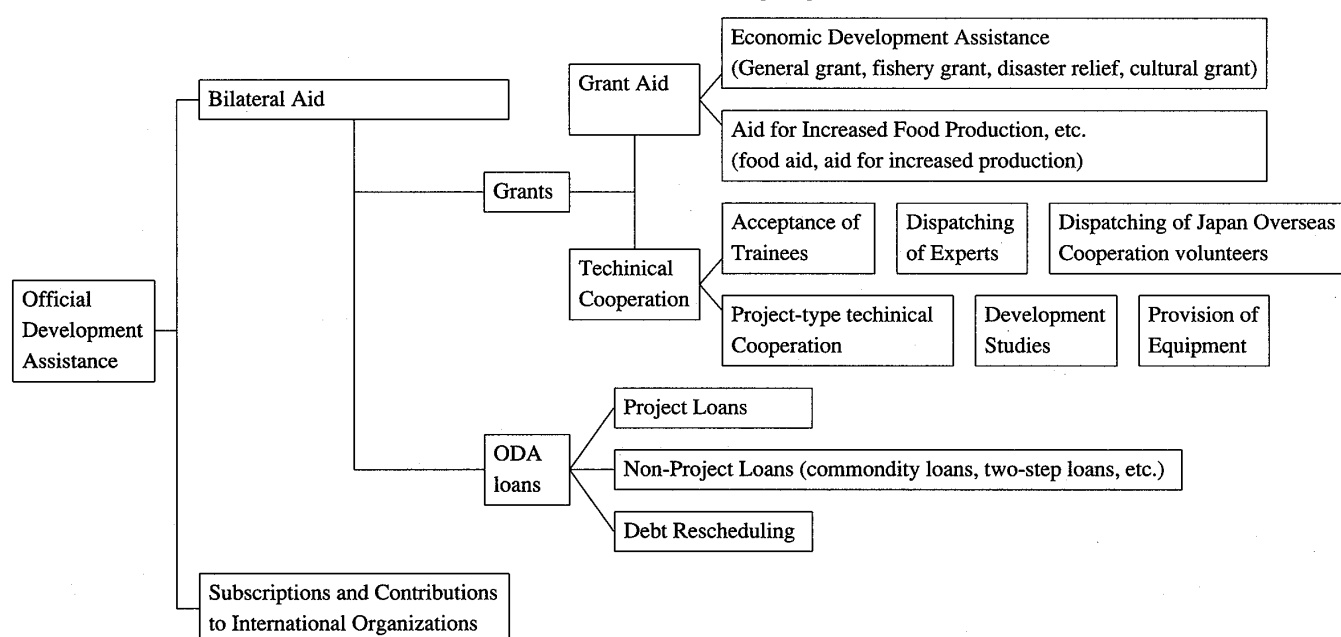
This paper also attempts to examine some important issues pertaining to Japan's disbursement to China, Indonesia and Singapore. These issues include China's nuclear test and Japan's reactions, both the positive and negative effects of Japan's ODA, and the immense debt accumulation due to the drastic appreciation of the yen. There are numerous obstacles laid between Japan and Japan's ODA recipient countries. These obstacles must be cleared in time in order to create a healthy and mutually beneficial relationship between the donor and the recipient countries.

## Characteristics of Japan's ODA

### (a) Japan's ODA in the world

Japan's ODA is divided into bilateral aid and subscriptions and contributions to international organisations. Bilateral aid is further divided into grants (grant aid and technical cooperation) and ODA loans (project loans, non-project loans and debt rescheduling), which are shown in chart 1.

Chart 1 : ODA Category

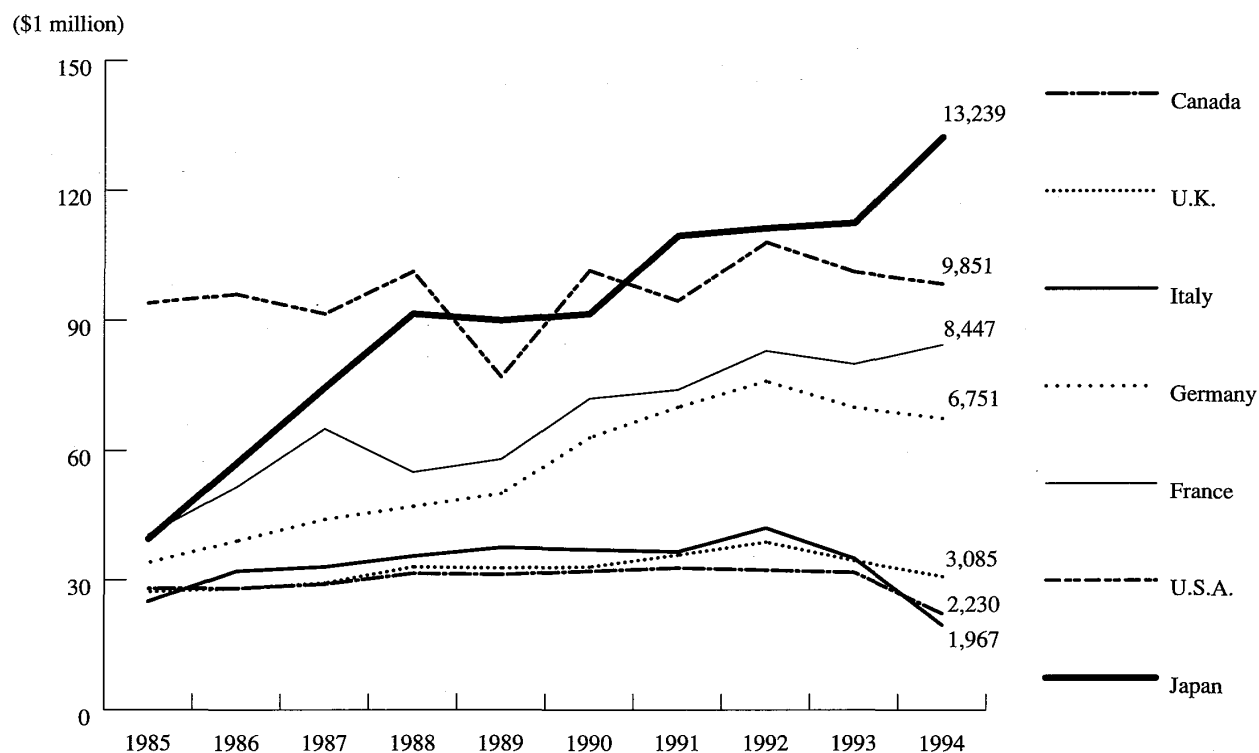


Source : Ministry of Foreign Affairs, Japan's ODA Annual Report, Tokyo, various issues

In recent years, most of the industrialised countries have had difficulties in increasing their ODA budgets due to sluggish economic performances and tight fiscal constraints. Chart 2 shows the trends of major DAC (Development Assistance Committee of the OECD) countries' ODA over the period 1985-94. The ODA budgets of the USA, Germany and Italy have declined since 1992. Japan's ODA has shown steady improvement since 1989. (Japan was the largest ODA disbursement country in the world during the period 1991-95.) Despite the long-standing stagnation of the economy since 1990 and the need for rehabilitating the areas struck by the Great Hanshin-Awaji Earthquake in January 1995, Japan's ODA budget increased from ¥1.35 trillion (US\$ 13.24 billion) in 1994 to ¥1.38 trillion (US\$ 14.72 billion) in 1995.

On 29th July 1996, the former tripartite ruling alliance in Japan discussed a new budget for next year's ODA disbursement. The Japanese government (The Liberal Democratic Party and the Ministry of Foreign Affairs) had taken the recent weakening yen into consideration, and demanded a 3.5 percent ODA increase at the Japanese tripartite ruling coalition meeting

**Chart 2 : Trends of Major DAC Countries' ODA (on a net disbursement basis)**



Source : Ministry of Foreign Affairs, op. cit.

Note : Except Japan, figures of ODA for 1994 are provisional.

in Tokyo. However, the Social Democratic Party (the second largest party among the former tripartite ruling coalition) opposed the 3.5 percent increase and insisted on a 2.5 percent increase instead. The reason being that Japan's ODA should shift from emphasising "quantity" to "quality". (This is seen to be a reflection of the common sentiment of the Japanese people.) The ODA budget for the year 1997 was concluded at a 2.6 percent increase (compared to the previous year) after lengthy discussions.<sup>3</sup>

DAC's total aid increased by merely 0.1 percent to \$59.2 billion in 1995 compared to the year 1994. ODA extended by the USA and Italy decreased by 26.4 percent and 43.8 percent respectively during the same period. Japan's ODA increased by 9.4 percent in 1995 over the previous year. Japan's ODA disbursement accounted for 22.9 percent in 1994 and 24.5 percent in 1995 of the total amount of aid given by DAC countries. In 1995, Japan's ODA was 1.7 times that of France and approximately 2 times that of Germany and the USA.<sup>4</sup>

However, Japan's ODA in 1995 accounted for 0.28 percent of the gross national product, down from 0.29 percent in 1994.<sup>5</sup> In 1994, the ODA/GNP ratio of Japan ranked 14th among the 21 DAC countries (see chart 3). Japan should contribute more towards its ODA in relation to the size of its gross national product. Chart 3 also shows that in 1993, the ODA amount per capita of Japan amounted to merely \$90.2 which ranked 8th among DAC countries.

The nature or the quality of Japan's ODA programs has always been contentious. Japan's grant shares<sup>6</sup> and grant element<sup>7</sup> have long been below the DAC average. In 1994, Japan's grant share increased to 52.4 percent, up from the 1992-93 average of 43.8 percent (the DAC average was 77.1 percent during the same period. Japan's ranking was 20th among the DAC countries). Its grant element also rose to 80.6 percent in 1994, up from the 1992-93 average

3 Nihon Keizai Shimbun, 10th, 11th and 30th July 1996.

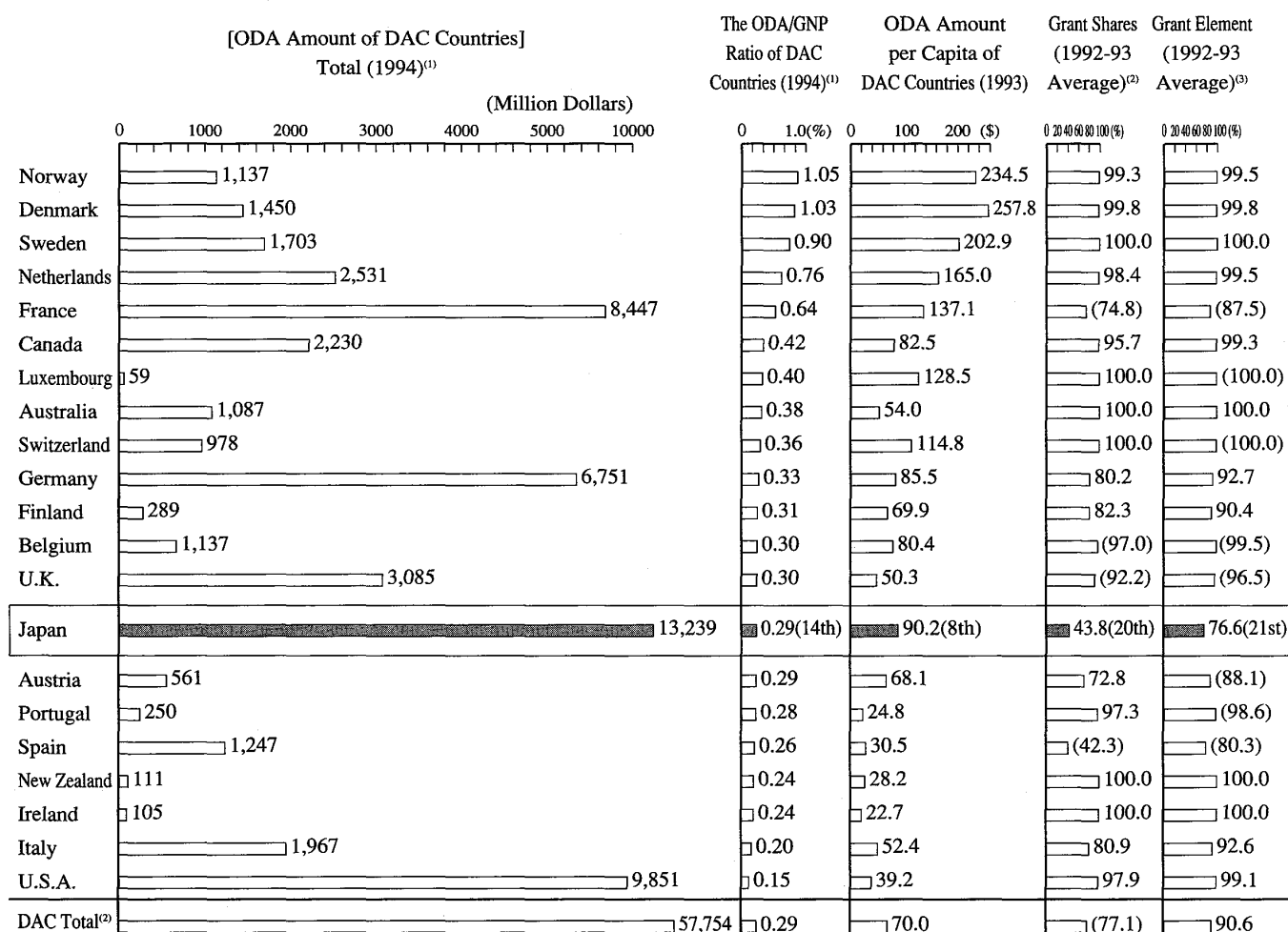
4 Nihon Keizai Shimbun, 18th June 1996.

5 The ratio of Japan's ODA to its GNP in 1994 had just reached the DAC average. As early as in 1970, the General Assembly of the United Nations adopted a resolution, the 'International Development Strategy for the Second UN International Decade for Development', urging donor countries to raise their ODA/GNP ratio to 0.7 percent (Japan's official Development Assistance Annual Report 1995, Ministry of Foreign Affairs, September 1995, Tokyo)

6 The share of grants, i.e. grant aid, technical cooperation and contribution of funds to international institutions, etc. out of the total amount of aid provided by a country. (Japan's Official Development Assistance Annual Report 1995, p.8)

7 Grant element is an index of financial terms of assistance, which measures the concessionary nature of aid, taking into account interest rate, grace period and maturity. The grant element of a loan on a commercial basis (10 percent interest rate) is 0 percent, and as the terms and conditions are alleviated, the figure of the grant element becomes higher, reaching 100 percent in the case of a grant (op. cit., see Explanatory Notes and p.8)

Chart 3 : ODA of DAC Countries



(1) Except for Japan, ODA figures for 1993 are provisional (excluding aid for Eastern Europe).

(2) DAC total excludes U.S. military debt forgiveness

(3) Excluding debt relief ( ) Figures in parentheses are DAC Secretarial estimates.

Source : Ministry of Foreign Affairs, op. cit.

of 76.6 percent (the DAC average was 90.6 percent. Japan's ranking was 21st among the DAC countries)<sup>8</sup>. There is no doubt that Japan should improve the quality of its ODA in the future.

### (b) Regional Distribution of Japan's Bilateral ODA

Due to close cultural, historical, geographical, political and economic relationships, Japan's bilateral ODA has been concentrated in Asia. Asian countries, particularly NIEs

8 ibid, p.8

(Newly Industrialising Economies) and ASEAN (Association of Southeast Asian Nations), have succeeded in rapid economic development and are expected to sustain high economic growth rates towards the 21st century. Undoubtedly, Asia's social and economic developments will require substantial amounts of ODA from Japan in the years to come.

Asian countries have been the main recipients of Japan's bilateral ODA. As early as 1970, 98.2 percent of Japan's bilateral ODA was directed to Asia. It dropped to 70.5 percent a decade later in 1980. Japan's bilateral ODA has since been diversified to the Middle East, Africa, Central and South America. In 1995, 54.4 percent (\$5.54 billion) of Japan's ODA was provided to Asia.

Among Asian countries, ASEAN received 35.8 percent of Japan's bilateral ODA in 1980. ASEAN's share dipped to 19.5 percent (of which Indonesia accounted for 9.2 percent) in 1994. In contrast, Northeast Asia's share increased remarkably from merely 4.2 percent to 15.5 percent (of which China's share was 15.3 percent) during the same period. China opened up her markets in 1978 and that required huge amounts of foreign direct investment as well as ODA from industrialised countries, especially from Japan. China alone absorbed almost 100 percent of Japan's bilateral ODA extended to Northeast Asia in 1994.

As mentioned earlier, China and Indonesia were the largest recipients of Japan's bilateral ODA in Northeast Asia and Southeast Asia (ASEAN) respectively, in 1994. In recent years, China and Indonesia have been the leading countries in the top 10 recipients of Japan's bilateral ODA. In the year 1992, there were 9 Asian countries among the top 10 largest recipients of Japan's bilateral aid. The figure was 8 in 1993, 1994 and 1995 (see chart 4). China and Indonesia combined received \$2.41 billion (28.4 percent of Japan's total bilateral ODA) of Japan's bilateral ODA in 1992, \$2.50 billion (30.6 percent) in 1993, \$2.36 billion (24.4 percent) in 1994 and \$2.27 billion (21.5 percent) in 1995. Japan has therefore played an important role in the social and economic development of China and Indonesia.

As expected, in bilateral ODA, loans are always larger than technical cooperation and grant aid. In 1994, in the case of China, loans extended by Japan to China were 11.4 times as large as grant aid, and 4.6 times as large as technical cooperation. Furthermore, in the case of Indonesia, loans extended by Japan to Indonesia were 8.8 times as large as grant aid, and 3.6 times as large as technical cooperation (see chart 5).

**Chart 4 : Ten Major Recipients of Japan's Bilateral ODA**

(On a net disbursement basis, \$ million, %)

Rank	1992		1993		1994	
	Country	Amount	Country	Amount	Country	Amount
1	Indonesia	1,356.71	China	1,350.67	China	1,479.41
2	China	1,050.76	Indonesia	1,148.89	India	886.53
3	Philippines	1,030.67	Philippines	758.39	Indonesia	886.17
4	India	425.20	Thailand	350.15	Philippines	591.60
5	Thailand	413.97	India	295.94	Thailand	382.55
6	Vietnam	281.24	Egypt	275.14	Syria	330.03
7	Pakistan	173.33	Pakistan	188.49	Pakistan	271.04
8	Bangladesh	163.44	Bangladesh	185.04	Bangladesh	227.60
9	Malaysia	157.12	Sri Lanka	147.20	Sri Lanka	213.75
10	Peru	154.80	Kenya	141.66	Egypt	188.99
	Top 10 total	5,207.24	Top 10 total	4,841.57	Top 10 total	5,457.68
	World Total	8,484.23	World Total	8,164.34	World Total	6,680.48

Source : Ministry of Foreign Affairs, op. cit.

**Chart 5 : Distribution of Aid by Forms to the Ten Largest Recipient Countries of Japan's Bilateral ODA**

(On a net payment basis ; \$ million, %)

1994						
Rank	Country			Breakdown Grant Aid	Technical Cooperation	Loans
1	China	1,479.41	15.28	99.42	246.91	1,133.07
2	India	886.53	9.16	34.64	23.61	828.28
3	Indonesia	886.17	9.15	72.28	177.69	636.20
4	Philippines	591.60	6.11	138.41	110.41	342.78
5	Thailand	382.55	3.95	27.36	137.36	217.84
6	Syria	330.03	3.41	16.53	8.57	304.93
7	Pakistan	271.04	2.80	50.72	19.44	200.88
8	Bangladesh	227.60	2.35	204.71	35.93	-13.05
9	Sri Lanka	213.75	2.21	53.59	27.51	132.66
10	Egypt	188.99	1.95	129.51	20.85	38.63
	10 country total	5,457.68	56.38	827.17	808.28	3,822.22
	Worldwide Total	9,680.48	100.0	2,402.90	3,020.31	4,257.27

Source : Ministry of Foreign Affairs, op. cit.



## Japan's ODA to China

Among the DAC countries, Japan was China's largest ODA donor over the 1991-94 period. Japan's ODA disbursement to China overwhelmed all DAC countries such as France, Germany, Italy, Spain and Australia. Japan's ODA disbursement to China increased substantially from \$585 million (46.7 percent of DAC countries) in 1991 to \$1.48 billion (61.8 percent of DAC countries) in 1994 (see chart 6). Japan's ODA disbursement to China has even surpassed all international organisations<sup>9</sup> combined over the 1992-94 period (see chart 6).

**Chart 6 : Amount of DAC Countries and International Organisation's ODA Disbursements to China (\$ million)**

### DAC Countries, ODA Net

Year	1	2	3	4	5	Japan	Total
1991	Japan 585.3	France 138.5	Germany 107.1	Austria 97.2	Spain 84.6	585.3	1,252.5
1992	Japan 1,050.8	Italy 201.6	Germany 192.8	Spain 191.8	France 153.4	1,050.86	2,077.2
1993	Japan 1,350.7	Germany 247.8	Spain 140.1	Italy 135.5	France 102.6	1,350.7	2,245.0

### International Organisations, ODA Net

Year	1	2	3	4	5	Others	Total
1991	IDA 610.0	UNDP 49.9	EDF 26.8	WFP 21.6	UNICEF 16.1	58.6	783.0
1992	IDA 789.9	UNDP 44.9	EDF 31.3	WFP 28.1	UNICEF 21.9	51.4	967.4
1993	IDA 865.1	UNDP 44.8	WFP 23.8	EDF 19.5	UNICEF 17.7	57.5	1,028.3

Source : Ministry of Foreign Affairs, op. cit.

<sup>9</sup> These international organisations include International Development Association (IDA), UN Development Program (UNDP), World Food Program (WFP) and UN Children's Fund (UNICEF) etc.

Over the 1990-95 period, Japan's cumulative grants to China amounted to \$2.42 billion (grant aid \$677.5 million and technical cooperation \$1.74 billion) whereas its cumulative net loan aid to China amounted to \$8.24 billion. Loan aid was 3.4 times that of grants (see chart 7).

**Chart 7 : Japan's ODA Disbursements to China**

(\$ million)

Year	Grants			Loan Aid		Total
	Grant Aid	Technical Cooperation	Total	Gross	Net	
1990	37.82	163.49	201.31	538.47	521.71	723.02
1991	56.61	137.48	194.09	423.67	391.21	585.02
1992	72.05	187.48	259.53	871.27	791.23	1,050.76
1993	54.43	245.06	299.49	1,189.06	1,051.19	1,350.67
1994	99.42	246.91	346.34	1,298.46	1,133.07	1,479.41
Total	594.38	1,434.25	2,028.65	7,681.79	7,247.19	9,275.82

Source : Ministry of Foreign Affairs, op. cit.

Over the 1990-94 period, both Japan's grants and loan aid to China increased substantially except in 1991. Japan's grants to China dropped from \$201.3 million in 1990 to \$194.1 million in 1991. Its loan aid to China dropped from \$521.7 million to \$391.2 million during the same period. The Tian-an Men incident occurred on 4th June 1989 and Western countries led by the USA were quick to impose economic sanctions on China and suspended economic aid to China. Japan tried not to be influenced by the West but Japan's continuous ODA disbursement to China was severely criticised, both domestically and internationally. This is seen to have affected Japan's ODA disbursement to China in 1991. Japan's ODA disbursement to China also dropped from \$1.48 billion in 1994 to \$1.38 billion in 1995. This was basically due to China's nuclear test in August 1995 and Japan's consequent freezing of its grant aid to China.

On the other hand, after the incident, together with the economic sanctions imposed by the Western countries, foreign direct investment in China dried up. China was forced to restructure its economy. China later experienced an economic slowdown in 1989-90. It

regained an 8 percent economic growth rate in 1991, and it was only from 1992 that China regained ODA disbursements both from Japan and DAC countries.

Over the last few years, China's economic performance has been outstanding. China's real GDP annual growth rates were 13.2 percent in 1992, 13.4 percent in 1993, 11.0 percent in 1994, and 8.5 percent in 1995<sup>10</sup>. China's rapid economic development has been centred around special economic zones such as Pudong, Hainan-dao, Xiamen, Zhuhai, Shantou and Shenzhen; and coastal economic free zones such as Changjiang Delta and Zhujiang Delta. Besides, economic and technological development areas such as Shanghai, Dalian, Tianjin, Qingdao, Guangzhou and Fuzhou; and new high-tech areas such as Wuhan, Chongqing, Shenyang and Nanjing, have also gained sustained economic development momentum.

China's rapid economic development has caused some serious problems. The fast expansion of income disparity among the Chinese, and the fast development in the coastal areas at the expense of China's inland areas are some important issues which require special attention. The Chinese authorities were aware of the seriousness of this situation and had taken measures to cool down the "over-heating economy" over the years. At the same time, foreign aid and investments had been lured to develop China's inland provinces. However, due to the underdevelopment of the social and economic infrastructures in the inland areas, foreign industries are reluctant to penetrate China's rural areas.

Even in the coastal areas of China, the development of social and economic infrastructure has always been left behind in the rapid economic development process. Even for Overseas Chinese investments in China from Asia, the emphasis has always been placed on the development of housing, hotels, department stores, resorts and trade centres. Only in recent years, have overseas Chinese investments from Asia begun investing in the social and economic infrastructures in China. Investments from Hong Kong, Malaysia, Singapore, Indonesia and Thailand have always been lured to construct highways, bridges, harbours, railways, telecommunications, power stations and hospitals in China. However due to China's large size and its rapid industrial development, foreign aid and investments from the West and Japan, together with overseas Chinese investments, are obviously much needed to

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10 Paul Krugman and Kent Calder are particularly pessimistic about China's economic performance while Ezra Vogel has even suggested that China would achieve an annual GDP growth rate of 10 percent in 20 to 30 years.

develop social and economic infrastructures in China.

Interruptions in manufacturing production due to the shortage of power supply; traffic congestion due to poor transport systems; air and sea pollution due to lack of purification systems in factories, and workers' welfare not taken care of due to the shortage of hospitals etc. are just some of the serious problems faced by China. Foreign investments and ODA loans (especially from Japan) have therefore had important roles to play in helping China to overcome these shortcomings.

Some of Japan's ODA loans are used to overcome the above-mentioned problems faced by China. Some of the latest assistance being 1) The comprehensive transportation development program of Dalian City, and 2) Yen loans to China in FY 1991-1994 to finance the Second Phase of the Subway Construction Project of Beijing (which was aimed at diffusing traffic congestion. The subway systems of Beijing were all built or revamped with funds provided by Japan's ODA). Over the 1990-1994 period, numerous projects were financed by Japan's ODA (both loan aid and Grant aid). The details of the Projects are summarised in Appendix A, under the title "Japan's ODA disbursement to China (1990-1994)". It is clear that Japan has played a crucial role in the development of China's social and economic infrastructures. Japan is expected to play an even more important role as China's "socialist market economy" gathers its momentum, after seventeen years of economic reform and restructuring since 1979.

## Japan's ODA and China's nuclear tests

China's continued nuclear tests caused some excitement in Japan and among members of the Japanese tripartite ruling coalition. On 8th June 1996, China conducted its 44th nuclear test since 1964 at its Lop Nor test site in the Western Xinjiang Uygur Autonomous Region.<sup>11</sup> China had insisted that it was entitled to carry out one more nuclear test in September 1996, and then join a test moratorium observed by the other declared nuclear powers - Britain, France, Russia and the United States- while signing the proposed comprehensive nuclear test ban treaty (CTBT)<sup>12</sup>.

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<sup>11</sup> Nihon Keizai Shimbun, 9th June 1996.

<sup>12</sup> Nihon Keizai Shimbun, 9th June 1996 ; Japan Times, 11th July 1996.

The House of Representatives in Japan expressed “regrets” and unanimously adopted a resolution on 14th June that condemned China’s nuclear tests and demanded that China immediately cancel any plans for further tests.<sup>13</sup> The House of Councillors in Japan also adopted a similar resolution soon after<sup>14</sup>.

Takemura Masayoshi, former leader of the New Party Sakigake, the smallest component of the former tripartite ruling alliance in Tokyo, urged Beijing not to conduct any more nuclear tests<sup>15</sup>. He further suggested the suspension of future talks for Japanese official yen loans and cautioned about extending economic aid to China<sup>16</sup>. The Japanese government was quick to express “strong protest” against China’s nuclear tests to the Chinese envoy in Japan. However, the Japanese Prime Minister Hashimoto Ryutaro, president of the Liberal Democratic Party, the largest party among the former tripartite ruling coalition, reiterated that he was only considering freezing the loans, saying that it would “leave scars” in bilateral relations if he did.<sup>17</sup>

Murayama Tomiichi, a former prime minister who headed the Social Democratic Party, concurred with Hashimoto, saying that it was “taken for granted” for Tokyo to continue suspension of grant aid to Beijing but that a freeze of yen loan aid would negatively influence China’s efforts to push ahead with its policy towards an open economy.<sup>18</sup>

Grant-in-aid (with the exception of emergency relief and humanitarian assistance) to China was suspended again by Japan pending the termination of Chinese nuclear testing. This reflected the general sentiment in Japan against China’s nuclear tests. Japan had pledged that it would extend ¥580 billion in soft loan assistance (as the fourth package of yen loans) to China for the first three years of the fiscal 1996-2000 aid package. For fiscal 1996, ¥200 billion is planned to be disbursed.<sup>19</sup> In the meantime, however it is likely that China’s persistent nuclear tests will have a negative impact on Japan’s yen loan assistance to China (in terms of the reduction in or the postponement of Japan’s ODA disbursement).

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13 Japan Times, 15th June 1996.

14 Japan Times, 22nd June 1996.

15 Japan Times, 11th June 1996; Nihon Keizai Shimbun 11th June 1996.

16 Ibid.

17 Ibid.

18 Ibid.

19 Ibid.

China's "socialist market economy" requires foreign aid especially from Japan. However, China will not abandon its nuclear test policy to obtain yen loan assistance from Japan. Chinese leader Jiang Ze-Min became impatient and criticised Japan at the meeting with Takemura Masayoshi by saying "people with full stomachs can never understand the feeling of the people with empty stomachs"<sup>20</sup>. China's People's Daily further accused Japan of having "nuclear ambitions" and further questioned whether a country that enjoys US nuclear protection can really be considered a non-nuclear state.<sup>21</sup> The Daily commented that "with Japan's present technology, it can easily produce an intercontinental ballistic missile, while Japanese supercomputer technology can simulate nuclear explosions in three dimensional space, thus eliminating the need for underground nuclear tests"<sup>22</sup>.

The row over China's nuclear test has somehow developed from the arguments about the legitimacy of Japan's ODA disbursement to the national nuclear stance between China and Japan.

The General Assembly of the United Nations voted overwhelmingly on 10th September to endorse a treaty banning all nuclear test blasts. This action opened the door for the CTBT to be signed by UN member states, although it must overcome strong opposition from India if it is to become law.<sup>23</sup> Together with the four other major nuclear powers (the United States, Russia, France and Britain), China signed the CTBT on 24th September. Japan was one of the strong supporters of the treaty. It is therefore expected that Japan would favorably re-examine its ODA to China, should China abandon nuclear tests after signing the CTBT.

Recent reports suggest that Japan is ready to "re-open" its ODA loans to China<sup>24</sup>. The postponed 4th yen loan (approximately 580 billion yen) and the grant aid which was frozen in summer 1995 are the two major ODA disbursements which required the prompt attention of and fast settlement between Japan and China. The Japanese government (especially the Ministry of Foreign Affairs) is keen to improve its diplomatic relations with China after the recent Diaoyu-Tai incident, and before the 25th Anniversary of China-Japan diplomatic rela-

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20 Nihon Keizai Shimbun, 14th July 1996.

21 Japan Times, 22nd June 1996.

22 Ibid.

23 Japan Times, 12th September 1996. The vote was 158 for the pact. India, Bhutan and Libya voted against it, and Cuba, Lebanon, Syria, Tanzania and Mauritius abstained.

24 Nihon Keizai Shimbun, 3rd, 14th and 15th November 1996.

tions which falls in 1997. Japan is particularly keen to participate in the construction of the power station of the Sanxia Dam (dam construction work started in 1994) in China.<sup>25</sup>

Sanxia Dam will be the largest dam in the world when it is completed in the year 2009. The construction cost is about 2 trillion yen and the dam will have a 18.2 million kW capacity. With a credit loan (same as ODA) from the Export and Import Bank of Japan and the application of trade insurance approved by the Ministry of International Trade and Industry in Japan, a Japanese industrial group<sup>26</sup> has decided to tender for the construction of the power station (approximately 60 billion yen) with much confidence. Despite some criticism (environmental destruction, destruction of cultural ruins and the enforced removal of 1.5 million residents) from various peace organisations, the Japanese government has given full support to the industries to go ahead.

## Japan's ODA to Indonesia

Chart 8 shows that among DAC countries, Japan was the largest donor country to Indonesia over the 1991-94 period. Japan's ODA disbursement to Indonesia overwhelmed the Netherlands, France, Germany and Austria. In 1994, Japan's share amounted to \$886mil-

**Chart 8 : Amount of DAC Countries and International Organisation's ODA Disbursements to Indonesia (\$ million)**

DAC Countries, ODA Net

Year	1	2	3	4	5	Japan	Total
1991	Japan 1,065.5	Neth. 139.4	Germany 135.8	France 126.5	Australia 72.9	1,065.5	1,772.3
1992	Japan 1,356.7	France 168.8	Germany 116.4	Austria 104.8	Australia 77.0	1,356.7	1,971.4
1993	Japan 1,148.9	Germany 279.4	France 113.8	Austria 96.7	Australia 85.7	1,148.9	1,911.2

Source : Ministry of Foreign Affairs, op. cit.

<sup>25</sup> Nihon Keizai Shimbun, 4th, 17th, 18th and 19th December 1996.

<sup>26</sup> Led by the Hitachi Manufacturing Industry; Toshiba, Mitsubishi, Itochu, Mitsui and Sumitomo etc. are participating.

lion (56.9 percent of all DAC countries).

Compared to China, Indonesia received much less ODA disbursement from international agencies. For example, in 1994 China and Indonesia received \$818 million and \$86 million respectively from international organisations. China received 9.5 times as much as Indonesia. The fact that China's "socialist market economy" attracted much more attention and economic assistance from international organisations is obvious.

In 1994, Japan's ODA disbursement to Indonesia was 10.3 times as much as all international organisations combined. Japan's ODA disbursement to Indonesia is particularly important to Indonesia's social and economic development. Japan's total grants (grant aid and technical cooperation) and loan aid to Indonesia amounted to \$2.49 billion and \$10.01 billion respectively over the 1990-95 period. Grants were equal to 24.9 percent of loan aid (see chart 9) .

**Chart 9 : Japan's ODA Disbursements to Indonesia**

Year	Grants			Loan Aid		Total
	Grant Aid	Technical Cooperation	Total	Gross	Net	
1990	58.38	108.68	167.07	964.81	700.72	867.78
1991	79.73	133.07	212.80	1,169.73	852.71	1,065.51
1992	85.73	141.72	227.45	1,469.06	1,129.26	1,356.71
1993	67.61	157.93	225.54	1,303.45	923.35	1,148.89
1994	72.28	177.69	249.97	1,084.37	636.20	886.17
Total	822.11	1,395.11	2,217.24	12,920.80	9,386.96	11,604.19

Source : Ministry of Foreign Affairs, op. cit.

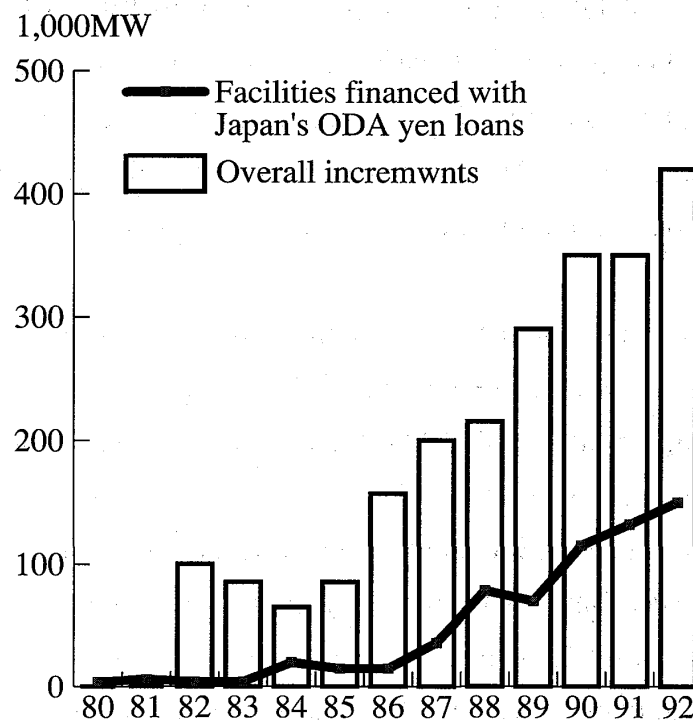
According to Japan's ODA Report (1995), Japan's yen loans to Indonesia included the construction of waterworks, electric power, highway systems, railroads and telecommunications etc. The details are as follows: 1) Waterworks - 55 percent (380,000 t/d) of the costs of construction of Jakarta's water purification facilities were financed by yen loans; 2) Electric power - 20 percent (2,064 MW) of the costs of construction of Indonesia's power



generation capacity were financed by yen loans; 3) Highway systems - 15 percent (56km) of the costs of construction of Indonesia's toll road systems were financed by yen loans; 4) Railroads - 12 percent (779 km) of the costs of construction of Indonesia's railroad systems were financed by yen loans. 5) Telecommunications - 50 percent (2,500 km) of the costs of construction of Indonesia's microwave cables across the country were financed by yen loans, and 60 percent of the costs of laying transmission cables (connecting telephone offices in Jakarta) were financed by yen loans. Obviously, at least in recent years, compared to the Western countries, Japan's role in Indonesia's social and economic infrastructure development has been particularly significant.

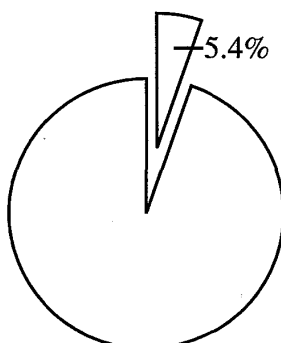
In the agricultural sector, Japan's role in financing irrigation projects is also worth noticing. Chart 10 shows a steady increase in the area of irrigated farmland in Indonesia and facilities (irrigation projects) financed with Japan's ODA yen loans. Chart 11 shows that the cumulative total area of irrigated farmland covered by Japan's ODA by 1992 amounted to 5.4 percent (150,000 hectares) of the total irrigated land of Indonesia.

**Chart 10 : Contributions of Japan's ODA Yen Loans in the Increments of Irrigated Areas in Indonesia Since 1981**



Source : Ministry of Foreign Affairs, op. cit.

**Chart 11 Contributions of Japan's ODA Yen Loans in the Total Area of Irrigated Land in Indonesia (as of 1992)**



Of the total area of irrigated farmland of Indonesia. 5.4% was covered by facilities built with Japan's ODA yen loans.

Source : Ministry of Foreign Affairs, op. cit.

It is clear that, without Japan's ODA loans, the development of Indonesia's social and economic infrastructure would be very much delayed. To be more precise, without foreign ODA loans, particularly from Japan, Indonesia would be unable to sustain rapid economic development. In recent years, Indonesia, together with China, has been among the top three recipients of Japan's bilateral ODA. As has been seen in the case of China, where economic development has been centred around coastal areas and cities, income and development disparity in Indonesia appeared to be one of the major national issues. Judging from this aspect, the task of spreading Japan's ODA disbursement and technical cooperation to Indonesia's inland areas and less developed/underdeveloped islands remains to be carried out.

Over the last ten years, Indonesia's economic development has been promising. In the years 1994 and 1995, Indonesia's real annual growth rates were 7.0 percent and 7.2 percent respectively. As a big country with 13,500 islands and a 192 million population (1994), Indonesia's economic success has naturally attracted much attention. Not only big ports and cities such as Jakarta, Bandung, Surabaya, Medan, Semarang and Bogor are well developed, but also the resort Mecca Bali has become a symbol of Indonesia's development. As shown in Appendix B, Japan's ODA disbursement to Indonesia (1990-1994), these places have received substantial amounts of Japan's ODA disbursement for social and economic infrastructure development. Appendix B also shows the details of Japan's ODA (both loan aid

and grant aid) to all of Indonesia over the 1990-1994 period. Again, it is clear that Japan's ODA has been particularly important for Indonesia's development.

Riau Islands, especially Batam and Bintan islands, have developed remarkably after joining the Growth Triangle together with Singapore and Johor in Malaysia since December 1989. Batam and Bintan received substantial amounts of foreign direct investments not only from the NIEs (Singapore in particular) but also from Japan, the USA, England, the Netherlands and Sweden. Besides huge investments in the manufacturing sector, the development in the resort and services sectors has also shown great momentum. The quick development on the Riau Islands will be contributing more and more to overall economic development in Indonesia. Judging from this aspect, there is an important role for Japan's ODA to play in developing social and economic infrastructures on the Riau Islands. In other words, the Riau Islands (especially Batam and Bintan) should become new main targets for Japan's future ODA disbursements.

## Japan's ODA to Singapore

Singapore was ranked the world's 11th richest nation in 1995. Recently, according to a statement from Taiwan's Council for Economic Planning and Development, Singapore will become the world's wealthiest nation by the year 2020 with a per capita GNP of \$145,729.<sup>27</sup>

Likewise, as a newly industrialising country, Singapore is considered a fairly rich country. Singapore is basically no longer qualified to receive ODA (except technical cooperation but not grant aid or loan aid) from developed countries. Chart 12 shows that Singapore received neither loan aid nor grant aid from Japan over the 1990-95 period.

Singapore did, however, receive technical cooperation consistently from Japan over the 1990-95 period. Japan's cumulative grants on technical cooperation to Singapore had amounted to \$0.23 billion by 1995. Japan's loan aid to Singapore was negative over the 1990-95 period. It is interesting to note that Japan's cumulative loan aid to Singapore had amounted to minus \$10.71 million by 1995 (see chart 12).

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<sup>27</sup> Straits Times, 28th August 1996.

**Chart 12 : Japan's ODA Disbursements to Singapore**

(\$ million)

Year	Grants			Loan Aid		Total
	Grant Aid	Technical Cooperation	Total	Gross	Net	
1990	-	14.34	14.34	-	-24.78	-10.44
1991	-	18.43	18.43	-	-2.45	15.98
1992	-	16.43	16.43	-	-0.97	15.46
1993	-	18.40	18.40	-	-0.24	18.16
1994	-	13.56	13.56	-	-	13.56
Total	24.63	212.46	237.10	77.27	-10.76	226.33

Source : Ministry of Foreign Affairs, op. cit.

Chart 13 shows that Japan (despite the negative loan aid) was the largest donor country to Singapore among the DAC countries. ODA disbursement from USA, France, Australia, Finland and Canada to Singapore was particularly negligible. Similarly, as shown in Chart 13, ODA disbursement by international organisations to Singapore can also be totally ignored.

Singapore has, in fact, become an advanced developing country. Singapore has basical-

**Chart 13 : Amount of DAC Countries and International Organisation's ODA Disbursements to Singapore (\$ million)**

DAC Countries, ODA Net

Year	1	2	3	4	5	Japan	Total
1991	Japan 16.0	USA 3.0	France 2.9	Australia 1.7	Finland 0.5	16.0	6.4
1992	Japan 15.5	USA 3.0	France 2.9	Australia 1.1	Canada 0.8	15.5	18.6
1993	Japan 18.2	USA 3.0	France 3.0	Australia 0.7	Canada 0.6	18.2	22.3

Source : Ministry of Foreign Affairs, op. cit.

ly graduated from the status of developing country and has stepped up to be a donor country. "Singapore-Japan partnership program" supports Singapore's effort. The program is aimed at increasing the number of third country training programs which are implemented in the countries concerned with Japanese cooperation. The program also includes the idea of technical cooperation through jointly dispatching experts to other developing countries.<sup>28</sup> Recently, it is reported that the foreign ministries of Singapore and Japan have agreed to set up a high-level working group to boost technical assistance to developing countries.<sup>29</sup> Singapore-Japan joint efforts in assisting developing countries are likely to be strengthened.

The "Singapore - Japan partnership program" requires further technical assistance from Japan and a closer technical co-operative relationship to be set up between the two countries. As a city state without natural resources, Singapore has been systematically developing human resources particularly through tertiary education. Besides, together with its well-developed social and economic infrastructures, Singapore has been in an excellent position to transfer technology from the industrialised countries. As early as 1979, the Singapore government had already urged Japan to transfer high-technology in the fields of machinery tools, automobile parts, camera and electronic products to Singapore. Since then the Singapore government has lured the supporting industries of Japanese high technology (for instance, the development of computer software and IC expansion technology) industries to invest in Singapore. Furthermore, in recent years, Japanese enterprises have set up operational headquarters (OHQ) inclusive of research and development (R&D) departments in Singapore in order to benefit from human resources and tax privileges in the country. These enterprises include Sony, Toshiba, Fujikura, Omron, Matsushita, NEC and Hitachi. Some years ago, Singapore's manufacturing sector had already been ranked second in the world (next only to Japan) where robot machinery was being utilised. Singapore is well qualified to be a "technology entrepot country" to transfer technology to other Asian countries. In view of this, through Japan's ODA disbursement, technical cooperation between the two countries should be encouraged and strengthened.

In the meantime, one of the main problems which has thwarted the transfer of Japanese

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28 Japan's ODA Annual Report 1995, op. cit., p.216.

29 Straits Times, 3rd September 1996.

Singapore and Japan also agreed to cooperate closely at the upcoming Asia-Pacific Economic Cooperation (APEC), World Trade Organisation (WTO) and Asia-Europe meetings. Ibid.

technology and technical cooperation is the lack of Japan experts in Singapore. Very few Singaporeans understand Japan or Japanese technology compared to those in the western countries. There are some technological institutions funded and set up by Japan in Singapore to promote technical cooperation between the two countries. Singaporean technicians find it hard to understand Japan or Japanese technology mainly due to a language handicap. The Department of Japanese Studies of the National University of Singapore was funded and set up by Japan which enrolls a few hundred students every year. It remains unknown how many students have been trained to become Japan experts by now. Grants or scholarships provided by Japan, although extremely limited in number, sometimes do not attract sufficient promising candidates. There is a tendency for Singapore's top students to prefer to go to either England or the USA. In the end, the Singapore-England and the Singapore-USA relationship have deepened, whereas the Singapore-Japan relationship has continued to dwindle. These are some issues which need to be looked into and rectified.

## Concluding remarks

In Japan's bilateral ODA to China and Indonesia, loans have been larger than grant aid and technical cooperation. Due to the drastic yen appreciation after 1985, loans from Japan have become serious debt problems for recipient countries in Asia, particularly China and Indonesia. China will soon sign the CTBT and will terminate nuclear test blasts. Japan is likely to increase its ODA loans to China, as China is seen by Japan as a gigantic market for Japanese manufactured products and investment. On the other hand, Indonesia's ambitious economic development programs and the rapid development in the Riau Islands, in particular, are likely to acquire substantial ODA, especially from Japan. In the long run, therefore, China and Indonesia are likely to become highly indebted countries to Japan.

China and Indonesia have been negotiating with Japan for help in alleviating their ballooning repayment burden. The Japanese government is, however, not willing to respond to growing calls from China and Indonesia for debt relief<sup>30</sup>. In fact, the Japanese government's stance has been clearly expressed in the Ministry of Foreign Affairs, "Japan's ODA annual report 1995", saying: "Exchange risks are, however, concomitant with international financial transactions under the floating exchange rate system, and basically it is the responsibility

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30 Japan Times, 4th July 1996.

of the borrowers to manage such risks. In addition, it should not be overlooked that the yen appreciation has a positive side..... Therefore, arguments which stress only the increased debt service do not necessarily grasp the whole picture in the proper perspective.”<sup>31</sup>

Instead, the Japanese government (the Foreign Ministry) is considering reductions in interest rates on fresh yen loans to China and Indonesia.<sup>32</sup> The government reaffirmed that “even if the interest rates are slashed again in 1996, the new rates will not be applied to yen loans that Japan has already disbursed or pledged to extend.”<sup>33</sup>

The Japanese government's fiscal budget is now one of the worst among the major industrialised countries because of revenue shortfalls caused by the prolonged economic stagnation. The situation will not change much although the consumption tax is to rise from 3 to 5 percent soon. Under this situation, the Japanese government has said that it will not be in the position to respond positively to China and Indonesia. Undoubtedly, Japan's intention to reduce interest rates on fresh yen loans to China and Indonesia will be highly regarded, but the status of “highly indebted countries” will certainly remain unchanged. The Japanese government is therefore urged to look into these problems more seriously.

Next to the issue related to the seriousness of debt burdens suffered by China and Indonesia, is the effectiveness of Japan's ODA disbursement to the recipient countries. Japan's ODA has long been a contentious issue, both domestically and internationally. The Ministry of Foreign Affairs in Japan has just conducted a survey on the effectiveness of Japan's ODA to the developing countries. The survey results show that among 110 projects examined, 67 projects (60.9 percent) are considered as “successful”, 41 projects (37.3 percent) “requiring improvements”, and 2 projects (1.8 percent) “failed”.<sup>34</sup>

This is an astonishing report. Only 60 percent of projects financed by Japan's ODA (loan aid, grant aid and technical cooperation) are considered as successful and 40 percent required improvements inclusive of 2 unsuccessful projects, even based on reports provided by the Japanese authorities. Both Japan and the recipient countries should study these 43

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31 Ministry of Foreign Affairs, Japan's ODA Annual Report 1995, op. cit., pp. 143-144.

32 Japan now charges four different interest rates on yen loans - 1 percent, 2.3 percent, 2.7 percent and 4 percent - according to the per capita income level of borrowing countries. The interest rates on fresh yen loans were last slashed in June 1995, by an average of 0.4 percentage points (Japan Times, 4th July 1996)

33 Japan Times, 4th July 1996.

34 For detailed discussion, see Gaimu-sho Keizai Kyoryoku-kyoku (The Cooperation Bureau of the Ministry of Foreign Affairs), Keizai Kyoryoku Hyoka Hokoku-sho (A report on the Appraisal of Economic Cooperation), Tokyo, July 1996.

projects carefully in order to improve future ODA loans extended by Japan.

There are some contentious projects widely argued in China and Indonesia. For instance in China, the Beijing-Qinhuangdao Project is particularly controversial due to cost-overruns, mismanagement (on purchase of materials) and the delay in project completion.<sup>35</sup> In Indonesia, the Wonogiri Dam Project in Surakarta and the Borobudur- Prambanan Historical Park Project in Yogyakarta are particularly controversial due to environmental destruction and enforced resident removal with minimal compensation (suppressed human rights).<sup>36</sup> These are some important cases which require further investigation and examination.

## STATISTICAL APPENDIX

### A) Japan's ODA Disbursement to China (1990-1994)

(Hundred Million Yen)

Fiscal year	Loan Aid	Grant Aid	Technical Cooperation
1990	*Wuquiangxi Dam Construction Project (III) (31.00) *Guanying Multipurpose Dam Construction project (III) (64.45) *Urban Water Supply Project (Tianjin, Hefei, Anshan) (88.66) *Weihe Chemical Fertiliser Plant Construction Project (I) (45.04) *Inner Mongolia Chemical Fertiliser Plant Construction Project (I) (25.03) *Yunnan Chemical Fertiliser Plant Construction Project (I) (26.33) *Urban Road Bridge Construction Project (Wuhan, Huangshi) (84.60) *Shenzhen Depeng Bay Yantian Port 1st Phase Construction Project (I) (76.13) *Hainan (Highway-	*Project for the Improvement of the Changchun Purification Facilities (9.81) *Project for the Improvement of Drinking Water Supply in Guizhou State (15.00) *Project for the Improvement of the Equipment of Norman Bethune Medical University of Medical Science (26.00) *Project for the Establishment of Japan-China Friendship Environment Protection centre (Detailed Design) (2.43) *Project for the Construction of Dunhuang Cave Cultural Asset Preservation Research and Exhibition Centre (Detailed Design)	

35 Watanabe Toshio and Kusano Atsushi, *Nihon no ODA wo do suru ka* (How To Do About Japan's ODA), Tokyo, 1991. pp. 87-99.

36 *op. cit.*, pp. 112-121 and pp. 132-139.



	<p>Telecommunication) Development Project (I) (97.63)</p> <p>*9 Provinces and Cities Telecommunication Network Expansion Project(I) (178.00)</p> <p>*Air Navigation and Air Traffic Control System Modernisation Project (I) (32.57)</p> <p>*Shenmu-Shuoxian Railway Construction Project (I) (42.00)</p> <p>*Qingdao (Highway, Telecommunication) Development project (128.34)</p> <p>*Baoji-Zhongwei Railway Construction Project (I) (55.72)</p> <p>*Wuhan Tianhe Aerodrome Construction Project (62.79)</p> <p> </p> <p>*Hengshui-Shangqiu Railway Construction Project (130.00)</p> <p>*Beijing Shisanling Pumped Storage Power Station Construction Project (130.00)</p> <p> </p> <p>(Total 1,225.24)</p>	<p>(0.72)</p> <p>*Project for the Improvement of the Equipment of the Harbin institute of Technology (4.52)</p> <p>*Project for the Improvement of the Equipment of the International Peace and Child Health Hospital (1.57)</p> <p>*Increased Food Production (5.00)</p> <p>*LL Audio-Visual Equipment for the Foreign Language Training Centre for Teachers of Inner Mongolia (0.46)</p> <p>*Instructional Tapes for Central Radio and Television University (0.50)</p> <p>*Grass-Roots projects (1 project) (0.05)</p> <p> </p> <p>(Total 66.06)</p>	
1991	<p>*Wuqiangxi Dam Construction Project (IV) (81.00)</p> <p>*Weihe Chemical Fertiliser Plant Construction Project (II) (61.60)</p> <p>*Inner Mongolia Chemical Fertiliser Plant Construction Project (II) (60.92)</p> <p>*Yunnan Chemical Fertiliser Plant Construction Project (II) (56.90)</p> <p>*Shenzhen Depeng Bay Yantian Port 1st Phase Construction Project (II) (36.91)</p> <p>*Hainan (Highway-Telecommunication) Development Project (II) (67.75)</p>	<p>*Project for Improvement of Equipment of Hunan Wuling University (9.31)</p> <p>*Project for Improvement of Agricultural Water supply in North District of Hubei Province (16.35)</p> <p>*Project for the Improvement of the Changchun Purification Facilities (9.03)</p> <p>*Project for the Establishment of Japan-China Friendship Environment Protection centre (3.02)</p> <p>*Project for the Construction of Dunhuang Cave Cultural Asset Preservation Research and</p>	

<p>*9 Provinces and Cities</p> <p>Telecommunication Network Expansion Project(II) (115.76)</p> <p>*Air Navigation and Air Traffic Control System Modernisation Project (II) (78.50)</p> <p>*Shenmu-Shuoxian Railway Construction Project (II) (99.40)</p> <p>*Baoji-Zhongwei Railway Construction Project (II) (93.00)</p> <p>*Hengshui-Shangqiu Railway Construction Project (II) (65.50)</p> <p>*Tianshengqiao First Hydropower Project (I) (43.67)</p> <p>*Nanning-Kunming Railway Construction Project (I) (54.61)</p> <p>*Shijiu Port Second Phase Construction Project (I) (25.06)</p> <p>*Urban Road Bridge Construction Project (Hefei-Tongling) (I) (47.09)</p> <p>*Chongqing Second Changjiang River Bridge Construction Project (47.64)</p> <p>*Lizhai Fertiliser Plant Construction Project (I) (28.98)</p> <p>*Jiujiang Fertiliser Plant Construction Project (I) (28.87)</p> <p>*Beijing Subway Second Phase Construction Project (I) (32.81)</p> <p>*North Jiangsu Tongyu River Irrigation Development Project (I) (40.18)</p> <p>*Urban Water Supply Project (Xiamen, Chongqing, Kunming) (104.03)</p> <p>*Hainan (Haikou Port) Development Project (25.89)</p> <p>(Total 1,296.07)</p>	<p>Exhibition Centre (1.20)</p> <p>*Project for the Improvement of Equipment of Fire Fighting in Beijing (12.39)</p> <p>*Project for Improvement of Equipment of Xinjiang Broadcasting Station (5.09)</p> <p>*Emergency Relief (0.39)</p> <p>*Emergency Relief (1.94)</p> <p>* Aid for Increased Food Production (6.00)</p> <p>*Display Equipment to the China Art Gallery (0.49)</p> <p>*Equipment for Production of Television Programs to the Shanghai Television Station Second Station (0.47)</p> <p>*Audio-Visual Equipment for Language Education to Beijing Normal University (0.49)</p> <p>*Grass-Roots Projects (9 projects) (0.36)</p> <p>(Total 66.52)</p>	<p>(Total 68.55)</p>
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1992	<ul style="list-style-type: none"> <li>*Wuquiangxi Dam Construction Project (V) (54.00)</li> <li>*Weihe Chemical Fertiliser Plant Construction Project (III) (162.62)</li> <li>*Inner Mongolia Chemical Fertiliser Plant Construction Project (III) (83.08)</li> <li>*9 Provinces and Cities Telecommunication Network Expansion Project(III) (143.58)</li> <li>*Air Navigation and Air Traffic Control System Modernisation Project (III) (98.96)</li> <li>*Shenmu-Shuoxian Railway Construction Project (III) (12.31)</li> <li>*Baoji-Zhongwei Railway Construction Project (III) (129.01)</li> <li>*Hengshui-Shangqiu Railway Construction Project (III) (49.51)</li> <li>*Shenzhen Dapeng Bay Yantian Port First Phase Project (III) (33.77)</li> <li> </li> <li>*Tianshengqiao First Hydropower Project (II) (66.83)</li> <li>*Nanning-Kunming Railway Construction Project (II) (99.04)</li> <li>*Shijiu Port Second Phase Construction Project (II) (35.83)</li> <li>*Urban Road Bridge Construction Project (Hefei-Tongling) (II) (38.94)</li> <li>*Lizhai Fertiliser Plant Construction Project (II) (30.69)</li> <li>*Jiujiang Fertiliser Plant Construction Project (II) (87.13)</li> <li>*Beijing Subway Second Phase Construction Project (II) (62.35)</li> <li>*Hubei Ezhou Thermal Power Plant Project (I) (40.00)</li> <li>*Lianyungang Port Xugou Area First</li> </ul>	<ul style="list-style-type: none"> <li>*Project for the Establishment of Japan-China Friendship Environment Protection centre (19.14)</li> <li>*Project for the Construction of Dunhuang Cave Cultural Asset Preservation Research and Exhibition Centre (8.55)</li> <li>*Project for the Improvement of Equipment of Fire Fighting in Beijing (12.46)</li> <li>*Project for the Improvement of the Equipment of Beijing Institute of Technology (5.20)</li> <li>* Aid for Increased Food Production (6.00)</li> <li>*Project for Improving the Equipment of the Television Station of Henan Province (10.00)</li> <li>*Project for the Improvement of Medical Equipment of the China-Japan Medical Education Centre (5.83)</li> <li> </li> <li>*Project for the Improvement of Drinking Water in the Rural Area of Baicheng Prefecture (4.97)</li> <li>*Project for Growing Vegetables in Shanxi Province (4.95)</li> <li>*Project for the Improvement of the Equipment of the Training Centre for Instructors of Vocational Training of China (2.96)</li> <li>*Audio-Visual Equipment to Shandong University (0.37)</li> <li>*Audio-Visual Equipment North-east Normal University (0.47)</li> <li>*Stage Equipment to the China Children's Art Theatre (0.49)</li> <li>*Musical Equipment to the Shenyang Conservatory of Music</li> </ul>
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	<p>Phase Construction Project (59.00)</p> <p>*Qinhuangdao Port E and F Berths Construction Project (I) (34.18)</p> <p>*Qiqihar Nenjiang River Highway Bridge Construction Project (21.00)</p> <p>*Beijing-Shenyang-Harbin Telecommunication Systems Project (I) (31.45)</p> <p>(Total 1,373.28)</p>	<p>(0.48)</p> <p>*Grass-Roots Projects (13 projects) (0.50)</p> <p>(Total 82.37)</p>	(Total 75.27)
1993	<p>*Inner Mongolia Chemical Fertiliser Plant Construction Project (IV) (45.09)</p> <p>*Shenmu-Shuoxian Railway Construction Project (IV) (116.14)</p> <p>*Baoji-Zhongwei Railway Construction Project (IV) (20.27)</p> <p>*Hengshui-Shangqiu Railway Construction Project (IV) (64.07)</p> <p>*Yunnan Chemical Fertiliser Plant Construction Project (III) (57.45)</p> <p>*Tianshengqiao First Hydropower Project (III) (166.47)</p> <p>*Nanning-Kunming Railway Construction Project (III) (233.42)</p> <p>*Luzhai Chemical Fertiliser Plant Construction Project (III) (37.00)</p> <p>*Jiujiang Chemical Fertiliser Plant Construction Project (III) (97.57)</p> <p>*Beijing Subway Second Phase Construction Project (III) (38.19)</p> <p>*Hubei Ezhou Thermal Power Plant Project (II) (124.31)</p> <p>*Beijing-Shenyang-Harbin Telecommunication Systems Project (II) (40.55)</p> <p>*Qinhuangdao Port 4th Stage Coal Terminal Construction Project (I)</p>	<p>*Project for the Establishment of Japan-China Friendship Environment Protection centre (42.21)</p> <p>*Aid for Increased Food Production (7.00)</p> <p>*Project for the Improvement of the Equipment of the Training Centre for Instructors of Vocational Training of China (15.00)</p> <p>*Project for the Improvement of Equipment for the Flood Control System of Minjiang in Fujian Province (23.70)</p> <p>*Project for the Eradication of Poliomyelitis (2.37)</p> <p>*Project for the Improvement of Drinking Water in the Rural Area of Baicheng Prefecture (5.07)</p> <p>*Emergency Relief (0.49)</p> <p>*Project for the Equipment for Preservation of the Cultural Heritage to the Shanghai Museum (0.48)</p> <p>*Project for the Musical Instrument to the Beijing Children's Palace (0.29)</p> <p>*Project for the TV Programs to the China Central Television (0.48)</p> <p>*Project for the Equipment for</p>	

	<p>(39.44)</p> <p>*Wengfu Chemical Fertiliser Plant Construction Project (I) (88.20)</p> <p>*Fujian Province Zhang Quan Railway Construction Project (67.20)</p> <p>*Qingdao Development Project (Water Supply and Sewerage) (25.13)</p> <p>*Xi'an Water Supply project (I) (45.87)</p> <p>*Beijing Capital Airport Terminal Area Expansion Project (I) (81.06)</p> <p>(Total 1,373.28)</p>	<p>Preservation of the Cultural Heritage to the China Training Centre for Conservation of Cultural Property (0.48)</p> <p>*Grass-Roots Projects (12 projects) (0.66)</p> <p>(Total 98.23)</p>	(Total 76.51)
1994	<p>*Tianshengqiao First Hydropower Project (IV) (129.03)</p> <p>*Nanning-Kunming Railway Construction Project (IV) (189.89)</p> <p>*Beijing Subway Second Phase Construction Project (IV) (23.43)</p> <p>*Jiangsu Subei Tongyu River Irrigation Development Project (I) (75.17)</p> <p>*Hubei Ezhou Thermal Power Plant Project (III) (154.61)</p> <p>*Qinhuangdao Port E and F Berths Construction Project (II) (30.41)</p> <p>*Qinhuangdao Port 4th Stage Coal Terminal Construction Project (II) (71.78)</p> <p>*Wengfu Chemical Fertiliser Plant Construction Project (II) (34.66)</p> <p>*Jiangxi Jiujiong Thermal Power Plant Construction Project (I) (120.30)</p> <p>*State Economic Information System Project (I) (87.48)</p> <p>*Sanhe Thermal Power Plant</p>	<p>*Project for the Establishment of Japan-China Friendship Environment Protection Centre (38.19)</p> <p>*Emergency Relief (0.85)</p> <p>*Project for the Eradication of Poliomyelitis (2.02)</p> <p>*Aid for Increased Food Production (6.50)</p> <p>*Project for Improvement of Equipment for the Tianjin Prevention and Control Centre of Metabolic Diseases (5.04)</p> <p>*Project for Improvement of Equipment for the China Import and Export Food Inspection and Research Centre (9.89)</p> <p>*Project for Improvement of Equipment for the Tibet Tuberculosis Control Centre (7.09)</p> <p>*Project for Improvement of Equipment for Immunisation (1.43)</p> <p>*Project for Improvement of Educational Equipment for Secondary Schools in the Areas for the Minority Racial Groups (5.00)</p>	

## CHUKYO KEIEIKENKYU

	Construction Project (I) (109.48) *Shanxi Hejin Thermal Power Plant Construction Project (I) (109.48) *Tianjin No.3 Gas Works Improvement Project (57.22) *Dalian Port Dayao Bay 1st Phase Construction Project (66.55) *Shanghai Baoshan Infrastructure Improvement Project (I) (Baoshan Thermal Power Plant and Berths) (143.93)  (Total 1,403.42)	*Equipment for the production of TV programs to the Tianjin Television Station (0.48) *Equipment for Producing Audio- Visual Programs to Shaanxi Provincial Centre for the Conservation of Cultural Property (0.46) *Equipment for Producing Teaching Materials to the Central University of Nationalities (0.47) *Grass-Roots Projects (14 projects) (1.06)  (Total 78.47)	(Total 79.57)
Total	15,394.44	956,68	714.71

## (B) Japan's ODA Disbursement to Indonesia (1990-1994)

(Hundred Million Yen)

Fiscal year	Loan Aid	Grant Aid	Technical Cooperation
1990	*Parallel Co-Finance with the Private Sector Development Loan from the World Bank (381.225) *Sector Program Loan (381.225) *Local and Urban Road Development Project (167.72) *Ferry Terminals in East Java and Bali Islands Urgent Rehabilitation Project (42.19) *Ujung Pandang Port Urgent Rehabilitation Project (66.58) *Rehabilitation Project of Radio and Television Network (74.78) *Telephone Outside plant Maintenance Centre Project (65.37) *Kotapanjang Hydroelectric Power and Associated Transmission Line	*Project for the Improvement of the Institute of Human Settlements (7.16) *Project for the Construction of the Facilities for Live Attenuated Oral Poliomyelitis and Measles Vaccine Production (16.64) *Project for the Construction of the Forest Tree Improvement Development Centre (8.03) *Pilot Project for Multiplication and Distribution of High Quality Seed Potato (9.41) *Project for the expansion of Multimedia Training Centre (8.30) *Project for Malaria Control Programme (4.00)	

	Project (I) (125.00) *Bili-Bili Multi-Purpose Dam Project (I) (66.62) *Padang Area Flood Control Project (I) (80.63) *Urgent Bali Beach Conservation Project (Engineering Services) (2.79) *Surabaya River Improvement Project (II-1) (42.20) *Krueng Aceh Irrigation Project (63.33) *Bila Irrigation Project (I) (64.60) *Jakarta Water Supply Distribution Pipeline Project (64.46) *Jakarta Solid Waste Management System Improvement Project  (Engineering Services) (2.71) *Professional Human Resource Development Project (124.39)  (Total 1,815.82)	*Project for the Improvement of the Urban Fire Prevention and Fighting System Phase II (3.65) *Higher Education Development Support Project (6.00) *Aid for Increased Food Production (18.50) *Language Laboratories and Studio Systems to the Education and Training Centre of the Department of Foreign Affairs of the Republic of Indonesia (0.44) *Judo Sport Equipments to the all Indonesia Judo Federation (0.39) *Musical Instruments to the Yogyakarta Symphony  Orchestra in Yogyakarta (0.48) *Grass-Roots Projects (2 projects) (0.09)  (Total 83.09)	(Total 112.08)
1991	*Sector Program loan (675.20) *Way Currup Irrigation Project (14.22) *Way Rarem Irrigation Project (IV) (16.23) *Wonorejo Multipurpose Dam Project (Engineering Services) (2.41) *Mount Kelud Urgent Volcanic Disaster Mitigation Project (32.46) *Lower Solo River Improvement Project (Engineering Services) (6.69) *Ancol Drainage Improvement Project (31.28) *Kotapanjang Hydroelectric Power and Associated Transmission Line Project (II) (175.25) *Java Bali Power Transmission Line and Substation Project (East Java)	*Project for the Improvement of IKK' s Rural Water Supply in Sulawesi Island (9.63) *Project for the Construction of the Forest Tree Improvement Development Centre (4.66) *Pumping Station Project for Bengawan-Solo Lower Reaches (4.58) *Expansion of the Remote Sensing Engineering Project on Site Selection System for the Development of Agricultural Infrastructure (4.25) *Project for the construction of National Medical Center for Infectious Diseases (9.53) *Project for the Improvement of the Equipment of Higher Education	

	(76.71) *Renun Hydroelectric Power and Associated Transmission Line Project (I) (54.60) *Jabotabek Area Railway Project (VIII) (74.00) *Balikpapan Airport Construction Project (II) (43.54) *Semarang Port Development Project (II-1) (75.30) *Maritime Transportation Sector Loan in Eastern Indonesia (84.99)  *Maritime Telecommunication System Development Project (III) (40.57) *Road Maintenance Improvement Project (40.43) *Heavy Loaded Road Improvement Project (119.92) *Junction Network for Expanded Jakarta Multi-Exchange Area Project (35.56) *Environmental Study Centers Development Project (11.01) *Syiah Kuala University Development Project (Engineering Services) (2.09)  (Total 1,612.46)	Development Support (8.64) *Project for the Improvement of the Equipment for Live Attenuated Oral Poliomyelitis and Measles Vaccine (2.10) *Project for the Establishment of Environmental Management Centre (8.88) *Project for the Malaria Control Program (5.64) *Non-Project Grant Aid (20.00) *Equipment for Language Laboratory to the Gadjah Mada University (0.40)  *Educational and Cultural Programs to the Television of the Republic of Indonesia (0.42) *Grass-Roots Projects (6 Projects) (0.14) *Aid for Increased Food Production (18.00)  (Total 96.87)	(Total 103.77)
1992	*Sector Program Loan (661.70) *Way Sekampung Irrigation Project (I) (76.53) *Bila Irrigation Project (I) (37.88) *South Sumatera Swamo Improvementt Project (55.77) *Bili-Bili Multipurpose Dam Project (II) (207.98) *Jabotabek Area Railway Project	*Project for the Improvement of IKK” S Rural Water Supply in Sulawesi Island (11.75) *Pumping Station Project for Bengawan-Solo Lower Reaches (3.28) *Construction of National Medical Centre for Infectious Diseases	



	<p>(IX) (153.47)</p> <p>*Rehabilitation of Bridges for Java North Line (I) (33.02)</p> <p>*Semarang Port Development Project (II-2) (35.90)</p> <p>*Maritime Transportation Sector Loan In Eastern Indonesia (II) (52.31)</p> <p>*Java-Bali Power Transmission Line and Substation Project (east Java) (II) (69.62)</p> <p>*Regional Telecommunications Networks in Surabaya and Surrounding Areas Project (I) (29.41)</p> <p>*Wastewater Disposal Project in the City of Jakarta (I) (21.21)</p> <p>*Surabaya Urban Development Project (I) (112.51)</p> <p>*Development Project of the Institute of Technology in Bandung (I) (16.09)</p> <p>*Surabaya Airport Construction Project (Engineering Services) (5.19)</p> <p>*Sipansihaporas Hydroelectric Power Project (Engineering Services) (8.20)</p> <p>*Central Sumatera Forest Rehabilitation Project (Engineering Services) (4.26)</p> <p>*ASEAN-Japan Development Fund (162.44)</p> <p>(Total 1,742.49)</p>	<p>(15.06)</p> <p>*Establishment of Environmental Management Centre (17.99)</p> <p>*Project for the Construction of Yogyakarta Sewerage Treatment Plant (0.71)</p> <p>*Health Centre Development Project (2.92)</p> <p>*Project for the Strengthening of the Information, Education and Communication Activities in Family Planning Program (5.66)</p> <p>*Emergency Relief (1.29)</p> <p>*Microfilm System and Other Related Equipment to the National Library (0.46)</p> <p>*Equipment for Laboratory, Storage and Display to the Textile Museum (0.47)</p> <p>*Aid for Increased Food Production (17.00)</p> <p>*Grass-Roots Projects (3 projects) (0.14)</p> <p>(Total 76.73)</p>	<p>(Total 114.11)</p>
1993	<p>*Sector Program Loan (340.56)</p> <p>*Jakarta Fishing Port/Market Development Project (IV) (40.09)</p> <p>*Agricultural Development Project (67.18)</p>	<p>*Project for the Establishment of the Centre for Japanese Studies at the University of Indonesia (13.81)</p> <p>*Project for the Construction of the New Emergency Unit at Doctor</p>	

## CHUKYO KEIEIKENKYU

<p>*Batang Hari Irrigation Project (E/S) (6.76)</p> <p>*Upper Citarum Basin Urgent Flood Control Project (I) (31.65)</p> <p>*Wonorejo Multipurpose Dam Construction Project (I) (147.13)</p> <p>*Renun Hydroelectric Power and Associated Transmission Line Project (II) (156.68)</p> <p>*Tarahan Coal Fired Steam Power Plant Project (E/S) (5.32)</p> <p>*Rural Electrification Project (89.70)</p> <p>*Road Rehabilitation Project (III) (203.02)</p> <p>*Merak-Bakauheni Ferry Terminal Extension Project (II) (58.98)</p> <p>*Airport Safety Facilities Improvement Project (67.85)</p> <p>*Regional Telecommunications Networks in Surabaya and Surrounding Areas Project (II) (80.91)</p> <p>*Extension and Improvement of Telecommunications Networks in Expanded Jakarta Areas (I) (35.87)</p> <p>*Jakarta Solid Waste Management System Improvement Project (38.63)</p> <p>*Ujung Pandang Water Supply Development Project (I) (70.34)</p> <p>*Human Settlements Improvement Project for Urban and Rural Areas (77.98)</p> <p>*Rehabilitation of Radio and Television Networks (II) (7.08)</p> <p>*Syiah Kuala University Development Project (54.67)</p> <p>(Total 1,580.40)</p>	<p>Soetomo Hospital (29.00)</p> <p>*Project for the Construction of Yogyakarta Sewerage Treatment Plant (3.97)</p> <p>*Project for the Improvement of Vocational Training Equipment (10.40)</p> <p>*Project for the Improvement of Training Equipment for South-South Cooperation (1.52)</p> <p>*Aid for Increased food Production (16.00)</p> <p>*Emergency Relief (0.37)</p> <p>*Project for the Film Preservation Equipment to the Sinematek Indonesia(0.35)</p> <p>*Project for Supply of Sound and Lighting Equipment to the Wayang Orang Sriwedari Theater (0.45)</p> <p>*Grass-Roots Projects (4 projects) (0.16)</p> <p>(Total 76.03)</p>	<p>(Total 103.46)</p>
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1994	<ul style="list-style-type: none"> <li>*Sector Program Loan (208.44)</li> <li>*Bili-Bili Multipurpose Dam Project (II) (34.88)</li> <li>*Small Scale Irrigation Management Project (81.35)</li> <li>*Way Sekampung Irrigation Project (II) (162.10)</li> <li>*Renu Hydroelectric Power and Associated Transmission Line Project (III) (54.79)</li> <li>*Banjarmasin Coal Fired Steam Power Plant Construction Project (64.64)</li> <li>*Construction Project of Peusangan 1 &amp; 2 Hydroelectric Power Plants and Associated Transmission Lines (Engineering Services) (0.34)</li> <li>*Construction Project of the Northern Extension of the South-West Arc (Pluit-Grogol) (109.02)</li> <li>*Construction Project of Railway Double Tracking of Java North Line (Cikampels-Cirebom) (72.34)</li> <li>*Bali International Airport Development Project (II) (118.16)</li> <li>*Area Traffic Control (ATC) System Project in Jakarta (Engineering Services) (3.50)</li> <li>*Extension and Improvement of Telecommunications Networks in Expanded Jakarta Areas (II) (137.66)</li> <li>*Telephone Outside Plant Maintenance Centre (TOPMC) Project (II) (38.54)</li> <li>*Denpasar Sewerage Development Project (54.00)</li> <li>*The Bapeded Regional Environment Monitoring Capacity Development Project (29.35)</li> </ul>	<ul style="list-style-type: none"> <li>*Project for the Construction of Yogyakarta Sewerage Treatment Plant (19.50)</li> <li>*Project for Strengthening Road Transport Environment Management (5.25)</li> <li>*Project for Improvement of the Medical Equipment of the Persahabatan Hospital (2.59)</li> <li>*Project for Strengthening Provincial Laboratories Food and Drug Quality Control (4.48)</li> <li>*Project for Improvement of the Barombong Rating School (8.52)</li> <li>*Reservoir (Embung) Development Project in East Nusa Tenggara (14.18)</li> <li>*Aid for Increased Food Production (15.50)</li> <li>*Language Laboratory Equipment to the Faculty of Japanese Language at Government Institution of Education (0.41)</li> <li>*Musical Instruments to the Symphony Orchestra of Radio Republik Indonesia (0.41)</li> </ul>
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CHUKYO KEIEIKENKYU

	*The Bogor Agricultural University Development Project (II) (77.16) *Development Project of the Institute of Technology in Bandung (II) (73.53) *Central Bureau of Statistics Computer Training Centre and Regional Computer Installation Project (30.27) *Dr. Hasan Sadikin Hospital Improvement Project (Engineering Services) (3.15) *Community Health Centre Improvement Project (16.44) *Rural Areas Infrastructure Development (210.00)  (Total 1,579.66)	(Total 70.84)	(Total 122.23)
Total	26,264.28	1,456.17	1,606.36

Source : Ministry of Foreign Affairs, op. cit.