



Transatlantic Taskforce on Development

August 2010

Strengthening the Development Dialogue with Japan and China

Mission of Taskforce Trip to Tokyo and Beijing

Over one billion people — nearly one-sixth of the world's population — face chronic hunger. The financial crisis will have long-lasting effects as a result of ongoing under-nutrition and poor health in the developing world. Demographic and income trends point to a world where demand for food will outpace production well into the future. Food riots among a number of fragile states have further increased attention on food security.

Developed countries committed more than \$20 billion to food security for the world's poorest countries at the L'Aquila G8 Summit in July 2009. The November 2009 U.S.-EU Summit resulted in commitments by the United States and Europe to increase cooperation in food security. The U.S. aid reform debate, the U.S. Feed the Future Initiative, the EU food security policy framework, and the implementation of the Lisbon Treaty reveal a shifting development policy landscape on both sides of the Atlantic, making a dialogue with Asian counterparts timely and relevant. Engagement with one of the world's largest traditional donors — Japan — and one of the world's newest donors — China — by transatlantic stakeholders will be vital to a successful response to food insecurity.

The global scope of a challenge such as food security requires global and collective action. In this period of fiscal austerity, development cooperation will be critical to enhancing aid effectiveness and accountability. The Transatlantic Taskforce on Development traveled to two influential countries in Asia in May 2010 to engage in a



Senior Transatlantic Fellow Jim Kolbe and Li Ruogu,
Chairman and President of the Export-Import Bank of China

meaningful dialogue with Chinese and Japanese government officials, academics, policymakers, and other development stakeholders on the topics of food security and development. The Taskforce provides impetus behind transatlantic and global solutions to increase aid effectiveness, reduce poverty, and promote global stability. This exchange added to the momentum started by the Taskforce's recommendations on food security and sought to build understanding through dialogue between U.S., European, and Asian stakeholders.

The United States possesses three foreign policy pillars — defense, diplomacy and development — the so-called 3Ds. Japan only has two of these Ds. This has been, in some ways, an advantage for Japan with a long history of ODA leadership.

- Jim Kolbe, GMF Senior Transatlantic Fellow and Taskforce co-chair

The decline in Japanese ODA in recent years is dangerous. The world needs Japan's leadership and there is lots of scope for efficiencies – saving lives with effective use of yen.

- Max Lawson, Head of Development Finance and Public Services, Oxfam UK



Tokyo

The Taskforce's visit to Tokyo was particularly timely given Japan's current review of its official development assistance (ODA), prompted by the Ministry of Foreign Affairs. When the DPJ came to power last year, it launched a review of the overall budget. Increasingly, there have been discussions around the accountability and purpose of aid in Japan. As is the case with many donors, the financial crisis and a sluggish recovery are putting aid budgets under pressure. Taskforce discussions revealed tensions between the DPJ leadership and the civil service, which is making policy implementation difficult. At the time of these dialogues, public support for the government had been waning. Events surrounding the proposed relocation of U.S. bases in Okinawa further complicated matters. The week following the Taskforce trip to Japan, Prime Minister Hatoyama resigned and was succeeded by Prime Minister Kan.

During Taskforce conversations, positive efforts in Japanese development policy were identified and are likely to continue. There is a greater eagerness to pursue development dialogues with new donors like China, Brazil, India and South Korea as well as the United States and the EU. The government's efforts to reform ODA and interest in working with the Japanese NGO community could potentially bring improvements to development policy. The previous government's aid policies were influenced by Japanese commercial interests. Japanese aid is perceived as being primarily a foreign policy instrument, for instance, to pursue a permanent seat on the UN Security Council. However, along with the United States and Europe, Japan is pursuing policies aimed at country ownership and development outcomes.

Japan has made agriculture a priority in its aid commitments and there is a growing awareness that these efforts must be linked to other key policies such as trade and investment. For example, Japan's Coalition for African

Rice Development (CARD) responds to the need for increasing rice yields and accelerating development cooperation by supporting existing structures, policies, and programs in 23 African countries. CARD is a joint Japan International Cooperation Agency-Alliance for a Green Revolution in Africa initiative in coordination with the Food and Agriculture Organization, International Fund for Agricultural Development, and other development partners to help double Africa's rice production in ten years. It builds on Japan's heightened focus on Africa and is manifested through the Tokyo International Conference on African Development.

The government's ODA review is both an opportunity and a challenge. It helps to fulfill the government's commitment to improve efficiency, while at the same time maintain support for the Millennium Development Goals. The government is considering piloting programs aimed at donor harmonization and a country-led approach in select countries. It is also exploring public-private partnerships with Japanese companies to tap new funding sources and redefine development cooperation with business. Japan has pledged \$3 billion (\$1 billion per year for three years) for food security. But it is uncertain if such commitments can be maintained in the absence of a development policy that can gain sufficient support from the Diet and the Japanese public at a time when the government seeks to cut bureaucracy and tighten budgets.

Tokyo Meetings

- Director-General, International Cooperation Bureau, Ministry of Foreign Affairs
- President, Japan International Cooperation Agency
- Tokyo American Center meeting with Diet members

Jim Kolbe interview with Max Lawson
http://www.gmfus.org/events/virtual_forum_view?vf.id=165

- NGO lunch discussion with the U.S. Embassy, Embassy of Sweden, Africa Japan Forum, Hunger Free World, Oxfam Japan, Japan International Volunteer Center, the Asia Foundation, CSO Network Japan, and i-i-Network
- The Tokyo Foundation
- The National Graduate Institute for Policy Studies
- United States Embassy, Tokyo

Beijing

There is a growing willingness on the part of the Chinese to engage in a development dialogue with the United States as well as Europe, but it is not clear as to what degree this will lead to increased cooperation. Based on the U.S.-China Strategic and Economic Dialogue, for instance, there are mutual interests in regional and economic stability that can serve as the basis for a constructive partnership between the United States and China. Food security for China is viewed through the country's own agricultural development and history. This has led to the formation of China's "agriculture demonstration centers," which have been launched in Asia and Africa. China's financial commitments to the FAO and zero tariffs on many agricultural products from developing nations are also contributing to food security.

In the Ministries of Agriculture and Health, there is particular interest in a dialogue on development practices. China does not want to leave "white elephants" in Africa. It is increasingly aware of reputational risk and is concerned about the "effectiveness" of its investments in Africa. Yet, China seems to be more willing to invest in countries with poor governance. Divergent perspectives on development will shape cooperation with China — particularly in the areas of human rights, democracy,

and labor rights. For China, these values are secondary issues, only to emerge at a later stage of development. China prefers to focus on infrastructure, and Western values and standards are viewed as results of development, not preconditions to development assistance.

China does not see itself as a traditional "donor." It seeks partnerships with other developing nations (i.e. South-South cooperation). China itself remains a poor country when the underdevelopment of its western regions are taken into consideration. It is conducting research on its own experiences in agriculture development and organizing training programs, learning exchanges, and conferences. The China-Africa Cooperation Forum offers developing countries the opportunity to help shape China's country development plans. China is also pursuing an agriculture rural transformation dialogue with Brazil, India, and South Africa.

The government's interest in securing natural resources and commercial interests also influence its aid, trade, and investment policies broadly. The government recognizes there are many Chinese agencies and departments involved in its development policy. This has made identifying China's overall aid flows difficult. The resulting policy incoherence has led some in the government to consider the possibility of drafting of a national development strategy paper. Taskforce members noted that this calls for a deeper dialogue with China, Japan, the United States, and Europe on development cooperation.

Beijing Meetings

- Chairman and President, Export-Import Bank of China
- International Poverty Reduction Center in China
- Foreign Aid Dept. of Ministry of Commerce

The Chinese like to provide the hardware — they like to build the roads, they like to build the schools. Western donors like to provide the software — strengthening governance and institutions. So, while the trust and experience in cooperation with China is still limited, this division of labor could provide a basis for working together in development policy.

- Carol Lancaster, Dean of the Edmund A. Walsh School of Foreign Service, Georgetown University





Guangdong Development Bank

- Development Research Center of the State Council of China
- Beijing University
- U.S. Embassy, Beijing Donor roundtable (World Bank, Canadian International Development Agency, European Commission, United Nations Development Programme, Swedish Ministry of Foreign Affairs, among others)

Jim Kolbe interview with Carol Lancaster
http://www.gmfus.org/events/virtual_forum_view?vf.id=211

If the goal is to ‘make them like us’ and push China into the OECD/DAC, there will be little progress. That does not mean giving up our own values; it means connecting governance and rights to the sustainable and effective development that China itself seeks from its overseas investments.

- Jim Kolbe, GMF Senior Transatlantic Fellow and Taskforce co-chair

Conclusion

Following these constructive discussions in Tokyo and Beijing, the Taskforce concluded that there are potential areas for cooperation in agriculture, country-ownership, south-south cooperation, public-private-partnerships, and development policy formulation. The Taskforce will continue to facilitate such dialogues, build trust, and both widen and deepen the transatlantic dialogue to include other key development actors including Japan, China, Africans, and other developing country stakeholders. The United States and Europe are reassessing their development policies — as are others. This will require deeper consultations to ensure such policy changes bolster development cooperation — and do not weaken it — if the world’s poor are to attain greater food security, improved livelihoods, and economic growth.

About GMF

The German Marshall Fund of the United States (GMF) is a non-partisan American public policy and grantmaking institution dedicated to promoting better understanding and cooperation between North America and Europe on transatlantic and global issues. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has seven offices in Europe: Berlin, Bratislava, Paris, Brussels, Belgrade, Ankara, and Bucharest.