



Hideo Tamura

Part-time instructor, Faculty of Political Science and Economics, Waseda University

Joined the Nihon Keizai Shimbun in 1970. Has served as a Washington correspondent, head of the Hong Kong Bureau, and as a member of the editorial staff. Has also been a part-time instructor at Waseda University since 2006.

Projects evaluated

Field survey: November 2006

- Xi'an Xianyang International Airport Terminal Expansion Project
- Shanxi Human Resource Training Project
- Shanxi Loess Plateau Afforestation Project
- Shanxi Hejin Thermal Power Plant Construction Project (2)
- Taiyuan Environmental Improvement Project and Human Resource Training Project
- Beijing Sewage Treatment Plant Construction Project
- Beijing Subway Construction Project

Even though the 2008 Beijing Olympics are seen as an opportune end to the provision of new ODA loans, the environment, energy, and human resources sectors are set to become the pillars of future “strategic and mutual” cooperation between China and Japan under the Beijing Agreement in October concluded by former Prime Minister Shinzo Abe and President Hu Jintao. The details of this strategic reciprocity are to be worked out in the future. Taking my recent field surveys into consideration, I contemplated what kind of “strategic” cooperation with China might be possible outside of the ODA loan framework. To begin with, on the so-called issue of “gratitude” - and one of the lessons learned from ODA loan reviews - it is clear that projects where the dignity of the Japanese side as the provider and the pride of the Chinese side as the receiver coincide are projects that stand on their own merits and are highly appreciated locally. Forcing gratitude serves no purpose and often produces the opposite result of that intended.

In the Shanxi afforestation project, the significance of the yen loan, which in contrast to a grant is managed as a long-term commitment, was strongly evident. By bringing together local farmers and local governments and establishing an agricultural business and administrative system which enables the systematic repayment of the loan over a long period, such loans can contribute to strengthening governance in inland regions of China. Although afforestation projects based on ODA loans account for only a small percentage of China’s overall afforestation projects, there are a number of cases where these projects are regarded nationwide as model projects, resulting in the emergence of showcase effects. It is my view that the importance of Japan’s ODA loans aimed at the prevention of desertification should be more widely recognized, not only as a response to an environmental issue in China, but also as a response to a global environmental issue.

Both the Government of Japan and Nippon Keidanren (Japan Business Federation) are in agreement regarding the necessity of cooperation between Japan and China in the areas of the environ-

ment and energy. In view of the present circumstances, however, deciding on a course of action is not easy. To begin with, China’s confidence in its home-grown technology is increasing, and it is only because of the incentive of ODA loans that they are attracted to the introduction of Japanese technology and equipment. The cost of Japanese-made equipment, however, is considerably higher than equipment manufactured in China, even desulphurization equipment for electric power stations. Moreover, even in environmental equipment, China is quickly becoming a formidable competitor of Japan. And, as can be imagined, the number of Japanese companies becoming alarmed over this development is increasing. Consequently, the notion of “reciprocity” could easily result in nothing more than the expression of an idealistic platitude expressed by politicians and bureaucrats on paper. Perhaps a new framework of cooperation between Japan and China should be considered in light of a comprehensive review of ODA loans and changes that have taken place in China to date.



Taiyuan Steel, a company aiming to introduce the world’s latest environmental conservation technology through ODA loans (city of Taiyuan in Shangxi Province)



Expressions of pride on the faces of the farmers involved in afforestation operations (outskirts of the city of Xi’an)

If, as the author of this report, I were to propose a program of cooperation to replace ODA loans on the basis of knowledge gained from my recent study tour in China, I would suggest the following:

1. Eliminate the affective aspects of initiatives and focus on practical, mutual benefits.
2. Generate financial resources in place of ODA loans and promote the participation of Japanese private sector companies.
3. Aim at building Chinese social systems which commit to ongoing improvement of the environment.
4. Strengthen protection of intellectual property rights.
5. This essentially means directing efforts toward intellectual cooperation based on human resource development and know-how rather than development based on hardware.