Pillars of Aid

Review of Aid for China and Cooperation for Mongolia

Japan has provided the utmost cooperation in China’s efforts toward modernization since the launch of its open and reform policy based on the recognition that China's stable economic growth is in Japan’s national interest. Recently, China’s aid needs have changed due to its rapid economic growth and changes in the socioeconomic structure, and Japan’s prolonged economic recession has made it necessary to reduce aid financing. Under these circumstances, aid for China has been reviewed.

With regard to future medium-term aid policies for China, the China Economic Cooperation Plan issued by the Ministry of Foreign Affairs in October 2001 serves the basic guidelines. The intention to provide effective aid in line with priority areas and issues while at the same time considering national interest based on Japanese citizens’ understanding and support has been approved.

The Plan specifies the following six areas as priority areas in cooperation for China.
1) Cooperation towards resolving environmental and other global issues
2) Assistance for open and reform policy
3) Promotion of mutual understanding
4) Assistance for poverty alleviation
5) Support for private sector activities
6) Promotion of multilateral cooperation

Cooperation with Mongolia stresses the following four areas.
1) Intellectual support and development of human resources for transition to a market economy
2) Upgrading economic infrastructure and conditions for the promotion of industry
3) Promotion of agriculture and livestock farming
4) Support for basic living environments
Problems in the Economic System Become Evident—China

Since the launch of the open and reform policy in 1978, China has recorded exceedingly high economic growth, on average about 10% per year, and accomplished rapid economic development. On the other hand, in recent years not only has economic disparities between regions become evident and environmental degradation more serious, but the establishment of a market economy has not corresponded to the rapidly expanding economy, thus creating structural problems in the system.

The 10th five-year plan (2001-2005) addresses greater adjustment of the stalled economic structure. In addition, the plan now stresses greater focus on the agricultural sector and improvements in the lives of citizens, social security, and Western Region Development. Consequently, priority has been placed not only on economic growth, but also on the elimination of disparities between urban and rural areas and between various regions and on stabilizing the society.

The most significant recent development in the economic field is China’s entry into the World Trade Organization (WTO) at the end of 2001. China’s great challenge right now is to promote the necessary economic structural reforms through economic globalization and the introduction of an international economic system, and the primary task is to improve the domestic economic system that accompanies WTO membership.

On the other hand, the country’s rapid economic growth for the past 20 years has brought about large domestic economic disparities within China. The average income disparity at the provincial level between coastal areas, where rapid economic development has been achieved, and inland areas, where basic economic conditions lag behind, is more than tenfold. Furthermore, more than 200 million people living at the level of absolute poverty (i.e., living on one dollar or less a day) reside in the inland areas.

Moreover, as the economy improves, environmental issues such as pollution associated with industrialization, devastation of forests, and lack of water resources have become increasingly serious, and they have emerged as a threat to healthy social development.

Establishing Market Economy System Urgently Required—Mongolia

Due to the breakdown of the COMECON system, Mongolia was forced to transform its economic system. In addition to the disappearance of the COMECON market, loss of the Soviet Union, which accounted for 30% of Mongolia’s gross domestic product (GDP), and the repatriation of Russian managers and engineers, the radical systemic transition policies of the Mongolian government itself caused economic confusion and difficulties. Thus, the country suffered a 20% cumulative GDP loss from 1990 to 1994.

This economic turmoil has stabilized gradually since 1995 by means of rigid economic stabilization policies and aid from other countries. However, this extremely tight financial policy has resulted in declined services in terms of both quantity and quality due to serious damage to the economic infrastructure, such as transportation and traffic, as well as to the social infrastructure, such as education and health and medical care. In addition, establishment of the system for a newly introduced market economy and the development of human resources to support such efforts are urgently required.
Addressing Priority Issues in JICA Programs

Addressing Environmental Issues and Infectious Diseases—China

Activities for addressing environmental issues and infectious diseases that cross borders require international cooperation, and have become the highest priority issue of JICA programs.

With respect to environmental pollution, the Japan-China Friendship Environmental Protection Center plays a central role in supporting the establishment of an environmental information network and the promotion of the Japan-China environmental model city plans. The center also provides support related to formulation of environmental policies such as technical support through analysis of and solutions for acid rain and yellow sand storms, and the establishment of a pollution control administrator system.

As far as infectious disease control is concerned, JICA has made a large contribution to the eradication of polio in China, and presently emphasis is being placed on cooperation for tuberculosis control.

Secondly, the greater globalization of the Chinese economy through the support of China’s transition to a market economy is deemed a priority. To support the reform and opening policy, Japan transfers experience in the specific areas of policy, financial systems, and small and medium-scale enterprise promotional support systems. At the same time, Japan supports China in establishing tax, trade, economic laws, and...
intellectual property right protection systems in accordance with the rules of the international community.

Thirdly, it is important to improve mutual understanding between the citizens of both countries as it will become the basis for a long-term sound relationship. Expansion of exchange between young people in Japan and China, the training of China’s young executives in Japan, and the encouragement of exchange between local governments are being promoted.

Finally, it is important to address poverty, a common problem for all developing counties. Although dealing with the poverty issue primarily concerns Chinese domestic income distribution, in the areas that Japanese experience and technology can be utilized, national land planning to correct disparities between regions is introduced and support for persons with disabilities is provided.

Focus on Human Resources Development
—Mongolia

In order to develop human resources who can lead the transition to a market economy, along with intellectual support to government sectors to strengthen taxation functions, JICA focuses on human resources development in the private sector with the help of the Japan-Mongolia Center for Human Resources Development Cooperation.

Agriculture and livestock farming are the key industries, accounting for nearly half of the workforce in Mongolia. JICA will cooperate in the development of institutions and organizations for the promotion of agriculture and livestock farming.

In the area of basic living, JICA places emphasis on improvements in rural living conditions, and cooperation will be provided to improve water supply and school facilities.

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Dispatch expert team to China-Japan Friendship Hospital

In China, the first case of severe acute respiratory syndrome (SARS) was identified in November 2002 in Guang Dong Province, followed by the spread of the infection to Shanxi Province, Beijing, and the Inner Mongolia Autonomous Region. In the middle of April 2003, the infection rapidly spread through Beijing, attracting international media attention.

In support of SARS control, Japan, through JICA, provided anti-SARS medical materials (protection suits and masks) worth 200 million yen on May 8. On May 16, the Japanese government decided to provide grant aid of 1.5 billion yen, and delivery of the medical equipment began at the end of May. From May 11 to 16, a Japan Disaster Relief (JDR) team comprising experts in infectious disease control was dispatched to the China-Japan Friendship Hospital.

At that time, the China-Japan Friendship Hospital completely halted regular medical services and concentrated on the treatment of SARS patients. Since the hospital has better facilities than others, it received relatively severe patients. Access to the hospital was restricted to the authorized personnel only, and the facility was under stringent control, quarantined from the surrounding area. Medical staff commuted to the hospital by means of special buses and had to change clothes when entering the building to prevent infection.

Based on the experience of SARS containment in Vietnam

The expert team provided the hospital’s medical staff with seminars on in-hospital infection prevention, and instructions on how to use protective equipment and simple artificial respirators. The leader of the expert team was dispatched to Viet Nam for SARS control in March 2003, and greatly contributed to the containment of SARS there. The presentation of the team leader gave to the Chinese staff information and advice based on his valuable experience.

Japan’s prompt response to the request from China, JDR team’s technical guidance in line with needs, and the provision of medical equipment were all greatly appreciated, and received extensive media attention in China and throughout the world.

(State Department II)