The Problem of Japanese Official Development Assistance: A Thai Perspective

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1. Introduction

The Japanese official development assistance (ODA) budget has grown rapidly and has had the highest increase rate of all the Japanese government budget allocations in recent years. It has actually doubled within an astonishingly short period. During the period of economic recession around the years 1985–1986, it was attempted to be doubled in not too long a period during, 1986–1992. Due to the effect of yen appreciation, this target period of 1986–1992 was later shortened to 1986–1990. Starting from the fiscal year 1988, the Japanese ODA budget has been one of the highest in the world and will certainly continue to be the highest in the years to come, gradually leaving the United States far behind. Japan will be the world’s No. 1 ODA superpower, unchallenged by any other developed country.¹

Despite its contributions, Japanese ODA has been criticized in both developed and underdeveloped countries. In Japan it is not popular either, as we have heard much criticism from Japanese intellectuals, opposition parties, the press and even Keidanren. In Thailand, Japanese ODA has been criticized and questioned regarding the sincerity of its objectives. Recently, campaigns against Japanese ODA have been mounted by certain circles, particularly the construction business circle.

In this paper we shall try to assess Japanese ODA to Thailand from the perspective of the construction business. We shall examine the views of those people in the construction business who have campaigned against Japanese ODA in the past few years. Finally, this paper will try to offer some recommendations to Japanese authorities in charge of ODA policy making and policy implementation. It is hoped that these recommendations will be given appropriate attention in order that the spirit of friendship and cooperation between Japan and Thailand will not only be maintained, but strengthened to serve as a model for Japanese relations with other aid-recipient countries. ODA should be an instrument of friendship, appreciation and love, not suspicion, domination and hatred. We shall first present an overview of the Japanese ODA budget and the various types of Japanese ODA Thailand.

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2. Overview: The Japanese ODA Budget and Japanese ODA to Thailand

The ODA budget requested by the Japanese government in fiscal year 1988 was a record high of some 1.35 billion yen or about 10 billion U.S. dollar. This was an increase of 8.8% over fiscal year 1987 and higher than all the other allocations. Of the total ODA budget, grant assistance accounted for 44.6% or 616.1 billion yen, while loan assistance accounted for 55.4%, or 765.1 billion yen. The grant assistances were divided into bilateral grant and multilateral grant. The former consisted of a little over one half, or 314.4 billion yen, and the latter a little less than one half, or 301.7 billion yen. The bilateral grant, which is an important subject in our study here, consists of three parts: economic development assistance or capital grant, food aid and food production aid, and technical assistance. The budgets of these three parts were 115.0, 59.4, and 140.0 billion yen, respectively. Technical cooperation, which had the highest budget, is clearly an important item in the Japanese grant assistance program. As for the yen loans, OECF loan took up almost all of the budget, about 716.4 billion yen, while the Export–Import Bank of Japan accounted for only 5.0 billion yen.²

The Japanese government has offered about 10% of its total ODA to Thailand every year since the early 1960s. Thailand has been ranked very high by Japanese government as an aid-recipient country, following Indonesia and, recently, China. Two Japanese aid implementation agencies in Thailand have been kept busy with the increasing number of projects: the Japanese International Cooperation Agency (JICA), which oversees the grant aid and technical cooperation, and the Overseas Economic Cooperation Fund (OECF), which oversees the yen loan.

Recently, OECF yen loan to Thailand has been around 70,000–80,000 million yen a year, about 15,000 million Baht. The fourteenth yen loan of 1988, for example, covered thirteen projects at a total value of 75,818 million yen (14,580 million Baht). As for JICA’s grant assistance to Thailand, each year about 20,000 million yen has been offered. In 1987, for example, it was estimated that 20,100 million yen was offered. This consisted of 8,100 million yen for technical cooperation and 12,000 million yen for capital grant. Out of this 12,000 million yen, about 2,500 million yen was for food aid program.³

In conclusion, Japanese ODA to Thailand, amounting to about 90,000–100,000 million yen a year, accounted for about 65.70% of the total ODA received by Thailand from all over the world. This percentage is very high indeed. ODA is an important aspect of Thai–Japanese economic relations. The second largest source, the United States, accounted for only about 10%, a very insignificant share. The USA’s main interests are Latin America, the Middle East and the Philippines, not Thailand Egypt, Israel, The Philippines, and Pakistan are the countries which receive top priority from Washington policy-makers in terms of ODA.

3. General Criticism

Despite its large budget, Japanese ODA has been criticized in many ways, particularly in the Development Assistance Committee (DAC) countries. Japan has been criticized for lack of generosity and various inadequ-
cies. The critics of Japanese ODA, mostly in the West, often point out the following five problems.4

First, Japan’s ratio of ODA to GNP is still very low, only 0.31% in 1987, or No. 12 among the DAC members of the Organization for Economic Cooperation and Development. Despite its economic superpower status, Japan has spent too little, less than those countries which are economically poorer than Japan. There are calls from all over the world and from several sectors in Japan pressuring Japan to spend more, in accordance with the size of its GNP. In 1986, the average rate of ODA to GNP among DAC members was 0.36%. This is the rate Japan should quickly move to, instead of remaining at 0.30%. The increase from 0.30 in 1986 to 0.31% in 1987 was just not enough.

Second, the grant element of Japanese ODA has also been very low, 73.6% in 1985, the lowest among all aid-donor countries. The country which performs next most unsatisfactorily in this aspect, Germany, has its grant element as high as 89.1%, with Australia, which is the most generous of all aid-donor countries, having a percentage of 100. The average grant element among DAC members in 1985 was 91.4%, a target that Japan should quickly try to reach instead of remaining at 73.6%.

Third, very little portion of Japanese ODA goes to the very poor countries or the LLDC’s. In 1984–1985, the ratio of ODA to GNP that went to the LLDC’s from Japan was only 0.06%. This is still low compared to the other 16 DAC members. The average rate among DAC members in 1984–1985 was 0.08%, a rate that Japan has long been expected to reach in order to give more help to the needed poor in the less developed world.

Fourth, grant assistance from Japanese private volunteer associations (PVA) has been criticized for its comparatively meager amount—only 82 million dollars in 1986. This was lower than America, Germany, Canada and England, with 1,513, 424, 171 and 169 million dollars, respectively. The limited role of Japanese volunteer groups are another criticism, aside from the grants by PVA’s. Japanese big business has contributed too little to the countries whose benefits they have harvested. Criticism on this point has recently awakened Japanese corporations.

Fifth, in terms of per capita, the ratio of Japanese ODA to her 120 million population has been exceedingly low, almost the lowest among DAC members. In 1986, the figure stood at 0.68 dollars, ranking No. 16, just above Italy, among all the 17 DAC members. The top ranks went to Norway (13 dollars), Sweden (10 dollars), and the Netherlands (9.56 dollars). In this sense, Japan has been called on to improve her per capita ODA to enable each member of her population to really feel proud of the contributions made to the developing world.

Apart from these criticisms, there are also others: weak democratic accountability, lack of humanitarian or socialist principles, decision-making power concentrated in the hands of the bureaucrats, extremely divided aid bureaucracy, and little attempts to expand the aid volume and to improve the aid conditions unless there are strong pressures from overseas, especially the United States and the DAC members. Suffice it to say here that merely by assuming the position of NO. 1 ODA superpower, Japan can not expect to receive the uncritical admiration
of other DAC members and gratitude from people in the developing countries. On the contrary, being the World’s No. 1 ODA superpower might result in increasing criticism and loss of friendship if aid is not property handled.

In Thailand, the main criticism of Japanese ODA is the commercial motive behind aid-giving, commonly referred to by Thai people as the problem of “sincerity”. The concept of sincerity used by the Thai means the absence of any calculated desire to profit from an act of generosity. In the Thai social context, giving aid is supposed to be pure-minded, expecting in return, in accordance with the Buddhist concept of providing alms to the less fortunate. If giving is coupled with taking, it is not giving. It is business.

Criticisms of Japanese ODA to Thailand comes from various socio-economic groups. The most serious criticism comes from people in the construction business. In Thailand nowadays, the contraction of large public infra-structure is mainly financed by OECF yen loan. Construction of a small portion of socio-educational facilities and the donation of equipment come from JICA’s grant assistance. JICA’s technical cooperation may lead to the contraction and the procurement of equipment financed—by OECF. The construction business involves at least three important professional groups: contractors, engineers, and architects. The suspicion about Japanese ODA is that it is offered with conditions to ensure that the benefits return to Japan through Japanese contractors, consultants, and sogoshosha. In Thailand during the past few years we have seen negative reactions and opinions from circles in the Thai construction business. The reactions and protests have been so radical and emotional that they threaten to destroy the spirit of friendship and cooperation between the peoples of the two countries. So long as this problem remains unsolved, Japan can only expect to lose friends, and criticized by Thai construction business. The cost will be even greater it the Thai public are convinced by the associations of Thai contractors, engineering consultants and architects that the purpose of Japanese ODA to Thailand is mainly to benefit Japanese contractors, engineering consultants, architectural firms, suppliers, banks, etc.

4. Reactions and Opinions of Thai Construction Business Groups

Three groups in the construction business, namely, the Thai Contractors Associations, the Consulting Engineers Association of Thailand, and the Association of Siamese Architects, have been very critical of Japan for its policy of giving aid with strings attached. We shall take a look at the views of these associations and their reactions.

Whether or not Japanese construction firms and Japanese consulting firms should be allowed to undertake a great number of projects in Thailand is a debatable question. To government agencies that have been given aid from the Japanese government, this might not be a serious problem, because they could get better service. To the general public this might not be a serious problem either, because they are not directly affected. But to the Thai construction industry this is a serious issue. Thai construction firms who have lost business to the Japanese are perhaps the first to feel this danger. Let us look at of Thai contractors first.
1) **Reactions from Associations in the Thai Construction Industry**

The dissatisfaction among Thai contractors because of the advance into Thailand of Japanese construction firms is obvious. This was clearly expressed in the monthly journal of The Thai Contractors Association. The July 1987 issue of the monthly *Khaochang (Thai Contractors News)* featured the headline “Four Associations Join Hands to Resist Aliens”. According to this emotion-laden article, on June 16, 1987, at the Royal Engineering Institute of Thailand, representatives from the Thai Contractors Association, The Consulting Engineers Association of Thailand, The Association of Siamese Architects, and the Royal Engineering Institute of Thailand came to discuss ways and means to protest against alien construction firms coming to Thailand and usurping many construction projects. They were opposed to the conditions imposed by Japan because these conditions strengthen the position of Japanese construction firms to the disadvantage of the weaker Thai construction firms. Apart from *Khaochang*, other Thai daily and weekly newspapers have been used to launch a successive public relations campaign against Japan.⁶

The Thai Contractors Association reacted strongly to the problem of aliens taking away construction work. In 1987 the Association appealed to the Ministry of Foreign Affairs to raise the issue with the Japanese government at the negotiating table under the framework of the White Paper on the Economic Restructuring between Japan and Thailand. The appeal was adopted. A few months later; they appealed to the Thai Chamber of Commerce, which is a member of the Government–Private Consultation Conference, to raise the issue with the Thai government at the regular monthly meeting. As if these efforts were not enough, on December 2, 1987, they appealed to the Economic Affairs Committee of the House of Representatives. Finally, during February 4–5, 1988, the Thai Contractors Association, in cooperation with the other three associations and the National Research Council of Thailand, organized a national conference, “Towards the Development of Thai Construction Industry,” at the Imperial Hotel in Bangkok. The results of the conference were later submitted to the government for consideration,⁷ in the same manner as the Consulting Engineers Association of Thailand, which we are going to discuss.

The Consulting Engineers Association of Thailand has been equally dissatisfied. It sponsored a seminar to collect information and came up with some conclusions to be proposed to the government. During May 21–24, 1987, at Pattaya Beach near Bangkok, they sponsored a seminar, “Towards the Development of Thai Consultants”. After another follow-up seminar in Chiangmai, a proposal was made submitted to the government. On July 27, 1987, the Council of Economic Ministers passed a resolution in their favor, instructing Thai government agencies receiving foreign loans to “give priority to Thai consulting firms”, or approving the so-called “lead firm” principle, with exceptions in case of high technology projects. The resolution also instructed the Finance Ministry, the Ministry of Foreign Affairs, and the Department of Technical Cooperation to negotiate with foreign aid agencies to allow more Thai participation in both the loan and grant projects.⁸
Apart from the two main associations in the construction business described above, Thai architects have been dissatisfied, with Japan for offering grant projects with the condition that bidding for the design be open to only Japanese architectural firms. Thai architects were angry to see the Thailand Cultural Center buildings, completed in early 1987 to commemorate the sixtieth birthday of His Majesty the King, designed by Japanese architects in such a way that no Thai architectural beauty was expressed either outside or inside the buildings. Moreover, there was a Japanese pavilion, with a small Japanese garden, standing inside the compound, in striking disharmony with the other buildings and in sharp contrast to the Thai pavilion standing nearby. The main building of the Center was called by some Thai architects "the elephant house," due to its clumsy appearance. The dissatisfaction grew when the Ayutthaya History Study Center Project was offered by Japan in 1987 under the same condition. Being invited to participate only as "commentator" on the drawn blue-print of this Center, they were outraged and rejected to have participation of this sort. A more appropriate way, in their view, was participation from the very initial stage, starting with the selection of the site of the project in the 417-year-old capital of Ayutthaya. The resistance campaign reached its climax on September 26, 1987, the day Prime Minister Nakasone was scheduled to visit the ancient capital to sign his name in the official document. Concerned with the emotions aroused by the issue on such an important occasion to celebrate the centennial of modern Thai-Japanese diplomatic relations, Nakasone decided to cancel his historic trip. The Association of Siamese Architects protest received much press coverage and it became an anti-climax to the centennial. After much time-consuming efforts to mediate from the Ministry of Foreign Affairs of Thailand, and after much time-consuming consensus-building efforts from the Japanese side, finally, around the middle of 1988, an ultimatum was made by the Thai side that the proposed project would not be accepted unless the architectural work was done by Thai architects. The reply from the Japanese side finally came in a positive way by accepting the strong Thai wish, clearing the cloudy sky in the minds of the Thai public. For the first time in JICA history, the grant condition was relaxed, resulting in the loss of a project by a Japanese architectural company, and the winning of infinite praise and admiration from the Thai public for the generosity.

Let us now turn to learn some of the opinions of these associations.

2) Opinion of Thai Construction Business Groups

1. The Thai Constructors Association.
During October 10–30, 1988, 141 questionnaires were sent to Thai construction firms or contractors who are members of the Thai Contractors Association. The 141 firms chosen were real Thai firms of medium size and above. Fifty-six questionnaires were returned from 56 firms. The return rate was 39.72%. Below is a summary.

Thai contractors blamed Japanese ODA as one of the causes of their suffering; much of their construction work has been taken away by Japanese contractors or Japanese–Thai joint venture construction firms. ODA has produced a negative impact on them.
Regarding the OECF yen loan, Thai contractors felt they were placed in a disadvantageous position since practically all the biddings for engineering consulting projects were won by Japanese consultants as "lead firms" (80.00% of those who responded). Japanese contractors could bring in tax-free construction machinery (74.54%) and Thai loan-recipient government agencies tended to feel gratitude to Japan (72.73%). Regarding Japanese grant aid, whose grant conditions were completely tied, the majority of Thai contractor respondents felt the same, that Thai contractors were placed in a disadvantageous situation. Apart from the aid mechanism, the overwhelming majority of the respondents felt that there existed some kinds of state support in promoting overseas bidding by Japanese construction firms (87.04%), bestowing further advantages on the Japanese side. These advantages included low interest-rate funding (94.44%), the ability to survive at the extremely low bidding price (85.19%), overseas construction experiences and other qualifications (70.37).\(^{10}\)

Asked what to do with the problems, Thai contractors made several demands to solve their problems.

Regarding the OECF yen loan, the respondents wanted Thai engineering consulting firms to participate as "lead firms" in the construction projects for which Thai engineers are technically competent (75.47%). In OECF-financed construction projects, they wanted the real Thai contractors, who owned 100% or almost 100% of the firms' shares, to participate in the construction projects as joint venture not less than 40% of the construction value (73.55%). Regarding Japanese grant aid, the respondents wished Thai contractors could participate as lead firms (61.11%). Similarly, in regard to the architectural design, they wanted the Thai architectural firms to participate as lead firms (55.56%). In both the construction and designing work, they demanded that Thai firms be allowed to participate in the joint venture (55.56%).

2. The Consulting Engineers Association of Thailand. A questionnaire survey was not made in the case of Thai engineering consulting firms. Instead, interviews were conducted with members of the Consulting Engineers Association of Thailand (CEAT), which had only eighteen members in 1986–1987.

According to Thai law, foreign engineers are not allowed to work in Thailand except in foreign aid projects. Therefore, the opinions of Thai engineering consultants are mostly directed towards the problem of consulting work under the OECF loan. Their views on this can be summarized as follows.

Why did Japan offer lower interest loan, of about three percent, as compared to 7–8% in the cases of the World Bank and The Asian Development Bank? Is it worth receiving, since we have to lose something? These are basic questions asked by members of the CEAT Board. It requires serious research to answer these two questions. Loan projects from The ADB and The World Bank do not have conditions and they have agreed to allow Thai consultants to be lead firms, whereas the OECF loan has conditions and has not accepted Thai demand. In CEAT's opinion, OECF engineering consulting service should go general united. It is more worthwhile and beneficial to work with western engineering consultants, because western engineering technology is higher than Japan's. Technology transfer is more pos-
sible, since there are fewer language barriers and they are more open-minded, and because Japanese consultants have been too dominating in Thailand. Pacific Consultants International, Nippon Koei, and Sanyu are some of those Japanese engineering consulting firms which have received consultant work in Thailand continuously for more than ten years. Fifteen Japanese consultants maintain their joint venture offices in Thailand nowadays.

Secondly, OECD's acceptance to allow Thai engineering consultants' participation up to 40% of the total man/month is not appreciated by CEAT board members. If it were 40% of the total cost of the consultant service this would be better and more equal. If the ability of Thai engineers to carry out the work is not inferior to the Japanese, why should we receive approximately only about 15% of the total cost? CEAT board members interviewed also pointed out the problem that Thai engineers have to work in an inferior position under the Japanese consultants, a kind of relationship which will never enable us to develop our technology. Only competing to beg for subcontracting works from them, is the situation today, like a bone being thrown for the dogs to compete taking the share. It only causes disunity and quarrels among Thai consulting firms.

Thirdly, in pushing for change for the better, CEAT rejected the idea of trying to negotiate with Japan, suggesting instead that we should solve the problems by ourselves. That is, Thai government should announce a policy of "lead firms" in all foreign aid projects' engineering consulting services. CEAT has convinced the government that engineering consultancy is an important profession which needs to be developed, and that other countries all push towards its development. In projects like the construction of the Rama IX Bridge, the longest suspension bridge, the Bangkok International Airport, and others requiring not too high a level of engineering technology, Thai engineers should be encouraged to do the work. If experts are to be hired from Germany, France, Japan, or the USA., we could hire them. If experts are needed in the future, we could send our engineers to study abroad. Once we have this experience, we could go international bidding for projects in neighbouring countries and the Middle East. Of course, in our own country, if another suspension bridge or another international airport is to be constructed, Thai engineers should be the ones who do the engineering consulting work for the entire project. Are we not short-sighted in swallowing Japanese foreign aid with its attached conditions, despite the fact that the level of Japanese engineering technology is much lower than that of America and European countries? How serious would the impact be on the construction stage, when the engineering, designing, and supervision works are in the hands of the Japanese? We have been suffering for a long time since our government yielded to the conditions for Japanese loans.11

3. The Association of Siamese Architects. As in the case of the engineering consultant, a questionnaire survey was not made of Thai architectural firms. Interviews were made instead with members of Board of the Association of Siamese Architects (ASA), an organization with some 3,100 individual members.

As is the case with engineers, foreign architects are not allowed by Thai law to
work in Thailand except in foreign aid projects. The opinions of ASA members are mostly directed towards JICA grant aid projects. Their views on this can be summarized as follows.

The ASA has been angry to see JICA’s grant projects in Thailand designed by Japanese architects. Their attitudes on this “cultural infiltration” by Japan were very sensitive, emotional and nationalistic. At least in cultural grant projects. Like the Thailand Cultural Center and the Ayuthaya History Study Center, Thai architectural beauty must be expressed. Only Thai architects were qualified to handle such work—not the Japanese architects. It involves national art and culture and the “face” of Thai people. In this sense, the Thailand Cultural Center is a shame, a national shame, with Thai architectural beauty expressed only in a small pavilion, not in the main buildings. Who in the world were Japanese architects? How cable were Japanese architects? It they were world—renowned architects like Frank Lloyd Wright, we would accept them.

The ASA has been skeptical about the actual cost of construction of JICA projects. They raised the question of “dango” practice (nominated contractors’ preparatory joint—consultations for adjustment and distribution of public orders). About one half of the cost of the Thailand Cultural Center and The Japanese Studies Center, of Thammasat University could be eliminated. What is the necessity of importing expensive basic equipments from Japan? Some Japanese architectural firms and consulting firms did not even leave the so—called as—built behind when construction was completed. Finally, the ASA has been suspicious that Japanese architects were abusing Thai law by working in Thailand on non—JICA grant projects. In the past, one foreign architect who broke The Law was arrested on the spot. Thai law enforcement officers should be more strict in monitoring the activities of foreign architects who come to Thailand.12

4. Recommendations : Towards a Participatory ODA

Foreign aid form the developed countries to developing countries should respect the right of the recipient countries to participate in the entire ODA process. This is a call to all DAC members, not only Japan. America, Australia, West Germany, France, England, Italy and Belgium are more or less the same in giving aid with strings attached to ensure that benefits come back to their countries. It will not help the recipient country if it turns out to be a situation in which “you borrow money from me at a lower interest rate, and we will give you something free, but you should buy from me.” The mechanism ensuring that “you buy from me” is logically built in. Aid will be stopped if the ensuring mechanism ceases to work.

Thai participation, a positive active and equitable manner, is called for in Japanese grant and loan projects in Thailand, as follows.

For JICA grant assistance and technical cooperation, the following four types of participation should be encouraged. First the development survey which is the first stage of a project and is vital to its success, should not be done only by the Japanese. The new JICA regulation announced in 1988 allowing foreigners to join the development survey team should be promptly implemented in a positive way.13 Second, Thai architectural firms should be eligible to participate in the
bidding for the design and the bidding should take place in Thailand, not Tokyo. Japan’s willingness to compromise is shown in the case of the Ayuthaya History Study Center, should further encouraged. Third, at the construction stage, since grant projects usually involve simple construction technology, Thai construction firms should be allowed to participate in the bidding which should be carried out in Bangkok, not Tokyo. At least, the Japanese–Thai joint venture firms, which have often been labelled as pseudo Thai firms, should be allowed to enter the construction bidding. Fourth, the procurement of equipment should no longer be restricted only to Japanese firms. Common and basic appliance, equipment, tools, and parts should be procured in Thailand, not from Japan.

As for OECF yen loan, which does not have as many strings attached as the JICA grant, Thai participation should be encouraged even more. Thai participation is called for in the following three aspects.

First, in development surveys, some of which are financed by Japanese yen loans. Thai engineers and economic planners should be allowed to join the survey teams. Second, the new decision announced in early 1988, allowing engineering consulting firms from developed countries to participate in the bidding, should be immediately enforced. It was not correct from the beginning to have long rejected those western consultants who may offer better work at lower prices. The Thai government’s resolution in July 1987 making Thai consultant as “lead firm” in all foreign loan projects, should also be immediately put into effect. The World Bank and The Asian Development Bank have already agreed, so why not OECF? The generosity to charge only 3% interest rate, instead of 7–8%, is actually the quick pro quo for the continuation of this very condition. Third, at the stage of construction and procurement of equipment, it is a serious battle when the value of the project is very high. We can say that from the past experience the larger the project is, the less chance will be given to Thai contractors. If Thai contractors can not receive projects using a higher level of technology than they are used to, they will never have the opportunity to grow and become stronger. Their participation should be encouraged in various ways, at least to be in the short list passing the pre-qualification (P.Q).

Participation in the construction process may be a new concept for aid–donor countries. The more commercialized the ODA policy is, the more unacceptable the idea will be. The concept of ODA as a kind of reciprocal gift–giving in which the recipient buys from the donor, should be changed. The number of ODA projects could be cut, but the right of the recipient countries to participate should be respected. Efficiency in aid administration is understandable but not justifiable in the light of the necessity and efforts to develop the construction industry in the developing countries. It is now time for Japanese ODA to lead the developed world in reforming the philosophy of foreign aid. The ODA superpower status has imposed upon Japan the obligation to wreak a qualitative innovation. Only by doing so can Japan win both admiration and appreciation from the developing world.
Footnote

1 The effect of yen appreciation against the dollar is very great indeed. The ODA increase in 1987 from the previous year was 32.3% in dollar terms, but only 13.5% in yen terms. In 1987 the ODA total budget was only 7.45 billion dollars. See Matsuura Koichiro, Director-General of The Economic Cooperation Department, Ministry of Foreign Affairs, “Waga Kuni no ODA : Ryo no kakujyu—Shitsu no kaizen wo,” (Our Country’s ODA : Quantity Expansion and Quality Improvement), Minyu, Autumn 1980, Tokyo, Japan, p. 34.


9 The members of the Thai Contractors Association are said to number 314, according to the report of the association’s board of directors, 1987–1988. But this figure might be reduced by half if we exclude non-contractor members such as producers and dealers of construction materials, equipment, machinery, sanitary wares and others. And if we take away Japanese–Thai joint venture firms, the number might be reduced again by about one third. The relationship between these “pseudo–Thai” and “real Thai” contractors has not been good. TCA’s Board of Directors, under the chairmanship of Mr. Prasit Petchtrakoon, is under the control of the real Thai firms for the first time.
10 Interview Conducted with Japan Federation of Construction Contractors, Inc. (Nikkenren). On this very question—whether there exists a kind of compensation or subsidy to the member firms that bid very low to win contracts—Nikkenren’s answer is no. It is Korea that is actively practicing this system under the support of the state. If there is any such bidding, it is part of the long-range strategy of the firms or their associations. Competition is the rule of the game as far as Nikkenren’s position is concerned. The only supporting system provided is the export insurance scheme in time of war, turmoil and international crisis. Nikkenren maintains no research institutes and receives no financial support from the Ministry of Construction. Nikkenren does, however, dispatch missions to investigate construction-related problems overseas, such as labor situations and taxation systems, and present recommendation reports to the government in order to influence government policies. Interview with Nikkenren officers at Nikkenren Office, Tokyo, May 31, 1988.


13 See the list of 99 development studies in the appendix.

14 Interview conducted with the International Engineering Consultants Association (IECA) in Tokyo. Their views on Japanese ODA are very revealing, giving us a hint of strong pressure–group politics on ODA. Concerning the problem of tied aid and other protests from aid-recipient countries, it is quite natural that, in view of their business orientation, they are not in favor of the idea of yielding to foreign pressures: “Since it concerns taxes paid by the people, it is difficult to let grants go untied. The country is rich, not the people. If there are conflicts, we’d better stop giving grants.” Regarding the Japanese Government’s recent decision to change the OECF regulation on engineering consulting services from LDC united to general united, IECA was not happy. IECA viewed the protests from various recipient countries, for example. The Philippines, as a demand inspired by western consulting firms, especially America IECA also though that, under the present regulation, the native firms should be satisfactory, since they do get some benefits from the participation, even though not as lead firms. Interview with officers of IECA, at the IECA Office in Tokyo, May 26, 1988.