



David Roodman, Scott Standley and Sanjeev Sharma
August 2006

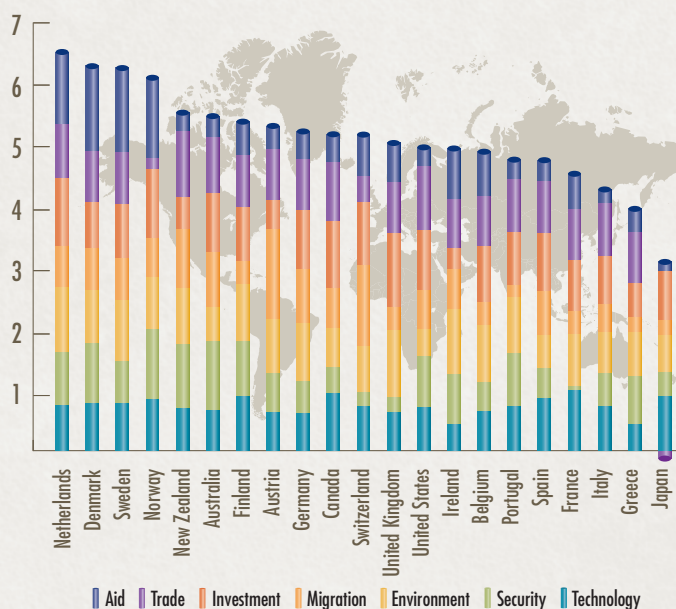
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security and technology. This report reviews Japan's performance on the 2006 CDI.

JAPAN'S 2006 CDI PERFORMANCE

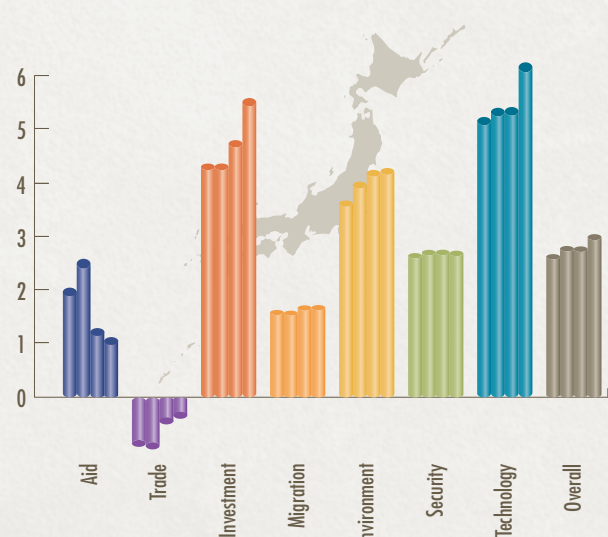
- ▶ Overall rank 2006: 21
- ▶ Overall score 2006: 3.1
- ▶ Change since 2003: +0.4 (using 2006 methodology)

Japan ranks 21st overall in 2006. Japan's barriers to exports from developing countries are the highest in the CDI (driven mainly by rice tariffs) and its foreign aid is the smallest as a share of income. Japan also has a poor environmental record from the perspective of poor countries and admits very few immigrants. Japan's strongest contributions to development come through government support for research and development and through policies that promote investment in poor countries.

COMMITMENT TO DEVELOPMENT INDEX, 2006



JAPAN'S CDI PERFORMANCE, 2003–2006



AID

Aid quality is just as important as aid quantity, so the CDI measures gross aid as a share of GNI adjusted for various quality factors: it subtracts debt service, penalizes “tied” aid that makes recipients spend aid only on donor goods and services, rewards aid to poor but relatively uncorrupt recipients, and penalizes overloading poor governments with many small projects.

► **Score: 1.1**

► **Rank: 21**

STRENGTHS

- Small share of tied or partially tied aid (6%; rank: 6)

WEAKNESSES

- Very low net aid volume as a share of the economy (0.14%; rank: 21)
- Small amount of private charitable giving attributable to tax policy (rank as a share of GNI: 16)
- Allows project proliferation; small average project size (rank: 15)

TRADE

International trade has been a force for economic development for centuries. The CDI measures trade barriers in rich countries against exports from developing countries.

► **Score: -0.4**

► **Rank: 21**

STRENGTHS

- Low agricultural subsidies (rank: 2)

WEAKNESSES

- High protection of agricultural commodities (rank: 21)
- High tariffs on agricultural products (rank: 21)
- High barriers against apparel (rank: 17)

INVESTMENT

Rich-country investment in poorer countries can transfer technologies, upgrade management and create jobs. The CDI includes a checklist of policies that support healthy investment in developing countries.

► **Score: 5.6**

► **Rank: 15**

STRENGTHS

- Provides wide official insurance against political risk
- Employs foreign tax credits to prevent double taxation of corporate profits earned abroad

WEAKNESSES

- Imposes restrictions on pension fund investments in emerging markets
- Negligent in identifying bribery and corrupt practices on the part of home country firms abroad

MIGRATION

The movement of people from poor to rich countries provides unskilled immigrants with jobs, income, and knowledge. This increases the flow of money sent home by migrants abroad and the transfer of skills when the migrants return.

► **Score: 1.7**

► **Rank: 19**

STRENGTHS

- Large share of foreign students from developing countries (96%; rank: 2)
- Tuition for foreign students the same as for nationals

WEAKNESSES

- Decline during the 1990s in the number of unskilled immigrants from developing countries living in Japan (rank by share of population: 21)
- Small number of immigrants from developing countries entering Japan in 2004 (rank by share of population: 16)
- Bears small share of the burden of refugees during humanitarian crises (rank: 21)

ENVIRONMENT

Rich countries use a disproportionate amount of scarce resources and poor countries are most vulnerable to global warming and ecological deterioration, so the CDI measures the impact of policies on the global climate, fisheries and biodiversity.

► **Score: 4.3**

► **Rank: 18**

STRENGTHS

- Low greenhouse gas emissions rate per capita (*11 tons of carbon dioxide equivalent; rank: 7*)

WEAKNESSES

- Small decrease in greenhouse gas emissions rate in 1994–2004 (*average annual growth rate/PPP GDP, -0.7%; rank: 18*)
- Low gas taxes (*rank: 17*)
- No ratification of UN Fisheries Agreement
- High tropical wood imports (*rank: 21*)

Security

Since security is a prerequisite for development, the CDI rewards contributions to internationally sanctioned peacekeeping operations and forcible humanitarian interventions, rewards military protection of global sea lanes, and penalizes arms exports to poor and undemocratic governments.

► **Score: 2.8**

► **Rank: 18**

STRENGTHS

- No arms exports to poor and undemocratic governments (*rank by share of GDP: 1*)

WEAKNESSES

- Small financial or personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions (*overall contribution rank over last 10 years by share of GDP: 21*)
- No protection of global sea lanes

TECHNOLOGY

Rich countries contribute to development through the creation and dissemination of new technologies. The CDI captures this by measuring government support for R&D and penalizing strong intellectual property rights regimes that limit the dissemination of new technologies to poor countries.

► **Score: 6.3**

► **Rank: 3**

STRENGTHS

- Large tax subsidy rate to businesses for R&D (*rank: 7*)
- No attempt to incorporate “TRIPS-Plus” policies in bilateral free trade agreements with developing countries

WEAKNESSES

- Allows patents on plant and animal varieties
- Allows patents on software programs
- Imposes strict limitations on anti-circumvention technologies that can defeat encryption of copyrighted digital materials

BACKGROUND PAPERS AND CONTRIBUTORS

See “The Commitment to Development Index: 2006 Edition” by David Roodman, available at www.cgdev.org/cdi. The website also has background papers for each policy area: David Roodman on foreign aid, William R. Cline on trade, Theodore H. Moran on investment, Elizabeth Grieco and Kimberly A. Hamilton on migration, Amy Cassara and Daniel Prager on environment, Michael E. O’Hanlon and Adriana Lins de Albuquerque on security, and Keith Maskus on technology.

Commitment to Development Index 2006

Scores in CDI Policy Areas										
Country	Rank	Aid	Trade	Investment	Migration	Environment	Security	Technology	Overall Score	Change since 2003
Netherlands	1	8.5	6.2	7.8	4.8	7.5	6.1	5.3	6.6	-0.1
Denmark	2	10.0	5.9	5.3	5.0	6.1	6.9	5.5	6.4	-0.6
Sweden	3	9.8	6.1	6.2	4.8	7.0	4.9	5.4	6.3	+0.4
Norway	4	9.3	1.2	8.0	4.6	6.1	8.1	5.9	6.2	+0.3
New Zealand	5	2.2	7.6	3.7	6.9	6.4	7.4	4.9	5.6	-0.3
Australia	6	2.5	6.4	6.9	6.4	3.9	8.1	4.6	5.5	-0.3
Finland	7	3.9	6.1	6.2	2.7	6.7	6.3	6.3	5.4	+0.2
Austria	7	2.7	5.9	3.3	10.5	6.2	4.5	4.5	5.4	+0.1
Germany	9	3.3	5.9	6.8	6.2	6.7	3.7	4.3	5.3	-0.1
Canada	10	3.3	6.8	7.7	4.7	4.5	3.0	6.6	5.2	+0.3
Switzerland	10	4.8	3.1	7.2	9.5	5.3	1.6	5.1	5.2	-0.1
United Kingdom	12	4.6	5.9	8.6	2.6	7.8	1.6	4.5	5.1	+0.5
United States	13	2.2	7.4	6.9	4.6	3.2	5.9	5.0	5.0	+0.5
Ireland	13	5.9	5.7	2.5	4.6	7.5	5.9	3.0	5.0	+0.3
Belgium	15	5.1	5.9	6.5	2.6	6.6	3.4	4.5	4.9	+0.1
Portugal	16	2.3	6.1	6.2	1.4	6.4	6.2	5.1	4.8	+0.4
Spain	16	2.5	6.0	6.7	5.2	3.8	3.5	6.1	4.8	+0.9
France	18	4.1	6.0	5.9	2.6	6.1	0.5	6.9	4.6	-0.1
Italy	19	1.6	6.1	5.5	3.2	4.8	3.9	5.1	4.3	+0.3
Greece	20	2.7	5.9	4.0	1.7	5.2	5.6	3.0	4.0	+0.3
Japan	21	1.1	-0.4	5.6	1.7	4.3	2.8	6.3	3.1	+0.4

This table ranks the 21 countries in the CDI, showing their scores in seven policy areas. A country's overall score is the average of its seven policy scores. The final column shows the change in each country's overall score since the CDI began in 2003, using 2006 methodology.

The CGD website (www.cgdev.org/cdi) has reports on each of the 21 countries in the CDI, as well as graphs, maps, spreadsheets and background papers.

The Commitment to Development Index is designed by the Center for Global Development, an independent think tank that works to reduce global poverty and inequality by encouraging policy change in the United States and other rich countries through rigorous research and active engagement with the policy community.

David Roodman, the architect of the Commitment to Development Index, is a Research Fellow at the Center for Global Development.

www.cgdev.org

Center for Global Development

Independent Research and Practical Ideas for Global Prosperity

1776 Massachusetts Ave., NW • Third Floor • Washington, D.C. 20036

Tel: (202) 416-0700 • Fax: (202) 416-0750