



David Roodman and Scott Standley

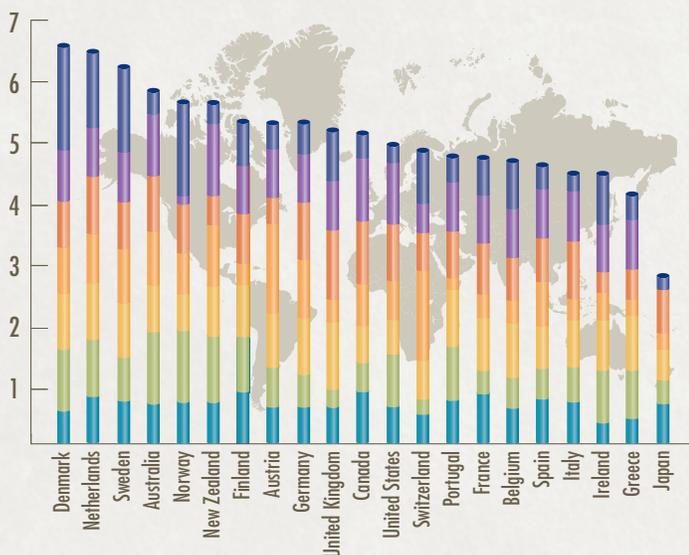
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security and technology. This report reviews Japan's performance on the 2005 CDI.

Japan's 2005 CDI performance

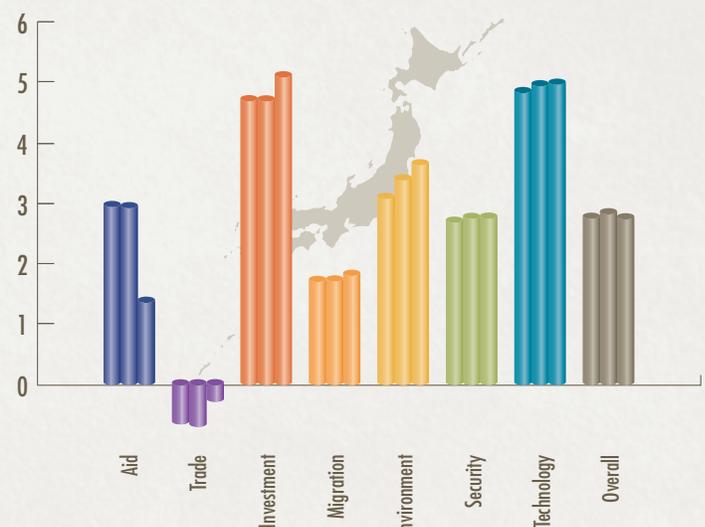
- ▶ Overall score: 2.8
- ▶ Overall rank 2005: 21
- ▶ Change since 2003: 0.0

Japan ranks 21st overall in 2005. Japan finishes last in three components and second to last in another. 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, though even in these areas Japan is only an average performer.

COMMITMENT TO DEVELOPMENT INDEX, 2005



JAPAN'S CDI PERFORMANCE, 2003-05



Aid

Aid quality is just as important as aid quantity, so the CDI measures gross aid as a share of GDP 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: 1.4**

► **Rank: 21**

STRENGTHS

- Strong on project proliferation (*less than 1% of Japanese development projects cost under \$100,000; rank: 5*)
- Small share of tied aid (*3%; rank: 7*)

WEAKNESSES

- Very low net aid volume as a share of GDP (*0.13%; rank: 21*)
- Small amount of private charitable giving, attributable to tax policy (*rank as a share of GDP: 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: -0.2**

► **Rank: 21**

STRENGTHS

- Low agricultural subsidies (*rank: 2*)

WEAKNESSES

- High total aggregate protection of agricultural commodities (*rank: 21*)
- High tariffs on agriculture (*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: 5.1**

► **Rank: 15**

STRENGTHS

NA

WEAKNESSES

- Provides limited official insurance coverage against political risk
- Imposes restrictions on pension fund investments in emerging markets

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: 1.8**

► **Rank: 20**

STRENGTHS

- Large share of foreign students from developing countries (*95%; rank: 1*)

WEAKNESSES

- Decline during the 1990s in the number of unskilled immigrants from developing countries living in Japan (*rank as a share of population: 21*)
- Small number of immigrants from developing countries entering Japan in 2003 (*rank as a share of population: 15*)
- 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 likely to be hurt by global warming and ecological deterioration, so the CDI measures the impact of environmental policies on the global climate, sustainable fisheries and biodiversity.

► **Score: 3.7**

► **Rank: 21**

STRENGTHS

- Low greenhouse gas emission rate per capita (*11 tons of carbon dioxide equivalent; rank: 8*)

WEAKNESSES

- Small decrease in greenhouse gas emission rate between 1999-2003 (*average annual growth rate/PPP GDP, -0.4%; rank: 19*)
- Low gas taxes (*rank: 17*)
- High fishing subsidies (*\$23.28 per person; rank: 18*)
- 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

WEAKNESSES

- Small financial or personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions (*overall contribution rank over last 10 years as 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: 5.0**

► **Rank: 12**

STRENGTHS

- High business expenditure on R&D as a share of GDP (*rank: 3*)
- 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

For more information

For details of the 2005 CGD/FP Commitment to Development Index, see "The Commitment to Development Index: 2005 Edition" by David Roodman, available at www.cgdev.org/cdi.

The CGD website contains reports on each of the 21 countries in the index, as well as background papers organized by 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.

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For more information about the 2005 Commitment to Development Index, visit www.cgdev.org/rankingtherich.

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