



April 2024

Japan's Approach to the Global South

It sets an example for the rest of the G7 to follow.

By Tobias Harris

April 2024

Japanese Prime Minister Fumio Kishida, in a January 2023 [speech](#) in Washington, DC, stressed that if the G7 countries and their developed-world peers neglect the “Global South,” “we will find ourselves in the minority and unable to resolve mounting policy issues.” These remarks set the stage for a major theme of Japan’s G7 presidency that year, during which Tokyo continued to highlight the importance of more “humility” to strengthen relations between the group’s members and the “Global South.”

The G7 leaders’ [communiqué](#) at their May 2023 Hiroshima summit did not refer explicitly to the Global South—the United States and other nations did not necessarily share Japan’s preference for the term, which risks treating as monolithic an [enormously diverse array of countries](#)—but the document stressed the importance of addressing the needs of middle- and low-income states, including a commitment to “continued efforts to scale up official development assistance (ODA)” and to adopting “innovative financing mechanisms”. This emphasis on outreach to the developing countries assumed greater urgency following Russia’s invasion of Ukraine, when they were often [reluctant](#) to support Western efforts to isolate and punish the Kremlin for its aggression.

Japan’s approach to the “Global South” is not merely rhetorical. The Kishida government inherited a long-standing approach to developing nations, particularly those in Asia, that seeks to leverage Japanese ODA and public and private investment. The approach has two goals: to promote growth and strengthen economic ties with developing countries, and to foster trust and political credibility that can be translated into influence. The strategy is shaped by Japan’s national interests but seeks to address developing countries’ economic needs without drawing them into an anti-Beijing bloc. The approach has worked well in Southeast Asia, where, thanks to decades of efforts by successive governments, Japan is [viewed](#) particularly favorably. Tokyo now appears increasingly determined to pursue the same strategy in other parts of the “Global South”, including South Asia, the Pacific island states, and, to a lesser extent, Africa and Latin America.

As Japan’s G7 peers seek to undertake their own initiatives to improve relations with the “Global South”, the key principles and successes of the country’s policies are worth examining.

The “New Look” Development Policy

The Kishida government used Japan’s G7 presidency as an opportunity to update the country’s development policies, some of which had not been revised since the mid-2010s, the early years of the second Shinzo Abe administration. The aim, following in the footsteps of the Kishida government’s December 2022 update to the “three strategic documents”—the [National Security Strategy](#) (NSS), the National Defense Strategy (NDS), and the Defense Buildup Program—was to prepare Japan for the challenges of the post-post-Cold-War world and update “softer” tools such as the government’s approach to development assistance. This reflected the view that such assistance is beneficial for recipient countries (and Japanese businesses) and the preservation of a free and open international order. On the latter point, a lack of economic development is seen as threatening the stability of developing countries, particularly nascent democracies, and leading to resentments that fuel international tension and support efforts by the People’s Republic of China (PRC) and Russia to challenge the rules-based international order. As the Kishida government’s 2023 revision of Japan’s Development Cooperation Charter (DCC) [stated](#), “Discontent among developing countries caused by widening economic disparities and other factors has also caused new tensions domestically as well as in international relations.”

April 2024

The Kishida government's revision of the DCC reflected another reason for Japan to update its development policy. It needed to adjust to new geopolitical developments, particularly the growing assertiveness of PRC President Xi Jinping and his Russian counterpart, Vladimir Putin. Competition with the revisionist powers they lead to shape the development of the "Global South" has grown, as have other challenges such as the aftermath of the COVID-19 pandemic, the supply shocks and disruptions of Russia's invasion of Ukraine, democratic backsliding, climate change, and other threats to human security.

The new DCC, released in June 2023, explicitly grounds Japan's development policies in the NSS of December 2022. In that document, the Kishida government said it would "strategically utilize ODA to maintain and develop a free and open international order and to realize coexistence and coprosperity in the international community". The document also stresses the importance of "building a peaceful, stable, and prosperous international community under a free and open order" for Japan's national security, and it maintains that "development cooperation has an exceptionally vital role" in the country's foreign policy. Like the NSS, the DCC refers to the "strategic use of development cooperation".

On this basis, the new charter refers to an approach based on "persistently building relationships of trust" with partner countries, promoting international rule-setting on development, building on the Abe administration's promotion of "quality infrastructure investment", and emphasizing "quality growth" that is inclusive, sustainable, and resilient. While the DCC implicitly criticizes the PRC's approach to development—it refers to debt sustainability but does not, unlike the NSS, identify the country by name—the document is more focused on articulating a positive vision for development.

The new DCC's predominant theme is collaboration, or what the charter refers to as "solidarity" and "co-creation". It stresses partnerships between Japan and recipient countries tailored to their needs; between the government and private companies; between the central government and public financial institutions such as the Japan Bank for International Cooperation (JBIC); between Japan and other partners, including "Global South" partners such as India; between Japan and multilateral institutions; and between civil society groups and local governments that have the necessary knowledge to implement projects on the ground.

The goal, the charter stresses, is to leverage Japan's national strengths, particularly its technological capabilities, its educated population, and its institutions, to support the development of its partners. Development assistance should go beyond building infrastructure and lending money and foster knowledge transfer.

The new DCC's most notable addition, however, is what the Japanese government calls "offer-type" cooperation. This concept allows Tokyo to develop a standing "menu" of options that enables developing countries to request discussions on assistance in specified areas of interest. A Ministry of Foreign Affairs (MOFA) [policy paper](#) from September 2023 identifies priority areas of interest including climate change; economic resilience and security in the interest of high-quality growth that also benefits Japan's economy; and building high-quality networks that foster growth in Japan and its partner countries. The paper also notes that the Japanese government will develop plans for these critical areas, identify priority partners, and convene bilateral dialogues to develop policy menus. MOFA's policy emphasizes the importance of bringing in private companies and investors to deliver development that "exceeds the resource investments by ODA [alone]".

April 2024

The language of the new DCC and the MOFA paper may understate the significant shift in Japan's approach to its developing world partners. The change does not herald as top-down an initiative as the PRC's Belt and Road Initiative (BRI), but it signifies Japan's effort to leverage its resources, and its relationships with the "Global South", to advance a particular vision of "quality" economic growth that promotes development, strengthens political and economic links, and may even deliver economic benefits to Japan directly. With Japan's ODA basically flat for more than a decade, and at a [level](#) half the peak reached in 1997, this evolving strategy has become increasingly dependent on the involvement of private business. Japan's development institutions [intend](#) to include the sector, alongside developing-country representatives, early in the process of drafting the policy menus to ensure that projects are feasible. This objective was a major theme at the first [meeting](#) of a new advisory council attached to the prime minister's office, the Council on Promoting Stronger Ties with the Countries of the Global South.

Other Kishida government [policies](#) reinforce the emphasis on leveraging the strength of Japanese business to support development goals. In April 2023, for example, the government passed a [revision](#) of the JBIC Act that enables the bank to lend to foreign companies that are in the supply chains of Japanese firms. The legislation also offers more support to such firms, including startups, engaged in overseas business related to digital and green transformation policies. Both provisions are also included in the new "offer-type" policy framework.

The Kishida government's "new look" policy for strengthening ties with the developing world did not emerge in a vacuum. Japanese governments throughout the postwar period have sought to use ODA and other financial assistance to promote development and create opportunities for Japanese businesses in developing countries, most notably in Southeast Asia. But the new DCC represents an effort to expand beyond that region, where Japan's footprint has been significant, to other parts of the "Global South". It also aims, as Japan expands its reach, to articulate a coherent approach to development that fundamentally accords with the government's national security interests.

Lessons From Japan's Approach

As the United States, the EU, and Japan's other peers in the developed world reconsider their own policies towards the "Global South", Tokyo's approach offers some lessons that may be able to deliver better results for the entire G7.

Expanding options for partners

In a March 2023 [speech](#) in New Delhi announcing his "new Free and Open Indo Pacific" strategy, Kishida, without naming the PRC, said that the goal of Japan's policy is "[to] aim for increasing each [developing] country's options, help them overcome their vulnerabilities and pursue economic growth in a way that benefits everyone". The emphasis on "increasing options" is revealing. Even as Japan has vied with the PRC to finance infrastructure and other development projects across Southeast Asia in the decade since Beijing launched its BRI, Tokyo has not sought to force partners to choose between the rivals. There was even a point at which the Abe government spoke with the PRC about limited cooperation on BRI projects.

Given the needs of the developing world, urging "Global South" countries to reject Beijing's assistance is unlikely to be successful anyway. Instead, since the Abe administration advanced its vision of "quality infrastructure",

April 2024

the Japanese government has sought to present its partners with development assistance that aspires to higher standards without forcing partners to choose between its way and the Chinese way. “The kind of connection that relies solely on one country could be a breeding ground for political vulnerability,” said Kishida in New Delhi.

Strategic development policy

Japan has consistently showed an ability to think strategically about its development policies to an extent that has not been present in other G7 countries. This may be due to its more unitary system of government, which contrasts with the United States’ separation of powers and the EU’s messy distribution of competences between Brussels and the member states. There is a high level of concord among Tokyo’s 2022 NSS, its 2023 DCC, the policies to implement the new DCC, the agendas for Japan’s G7 presidency and bilateral and minilateral summits throughout 2023, and its fiscal year 2024 budget. In each, the Japanese government identified the importance of strengthening ties with “Global South” countries as a priority for national security and development policy, and gave that issue the high-level attention and cross-government coordination needed for a new approach.

The introduction of [Overseas Security Assistance](#) (OSA) is another sign of Tokyo’s ability to use overseas assistance to support strategic goals is outlined in the NSS. The Japanese government will use OSA funding, distinct from ODA, to provide equipment and supplies to militaries and build infrastructure, including dual-use facilities, for strategically important countries, as is consistent with Japan’s national security laws. The Kishida government has explicitly communicated that Japan’s needs will drive any OSA provided. The [assistance](#) will be targeted to states where “the improvement of security capacities is considered important in terms of creating a desirable security environment for [Japan]”. OSA is still a work in progress, but the speed with which the Kishida government has moved to implement this new tool and the clarity of its strategic purpose highlight the extent to which Japan’s approach to the “Global South”, particularly in South and Southeast Asia and among Pacific island nations, is embedded in Tokyo’s broader national strategy.

Crowding in private investment

Japan’s government has long sought to use development assistance to create overseas business opportunities for the country’s companies. As noted above, Tokyo is increasingly explicit about pursuing development programs that meet the goals of “Global South” countries while creating long-term domestic economic opportunities. As the priorities for the “offer-type” development policy initiative suggest, these opportunities relate to advancing domestic policy goals such as the green and digital transformations. It is an approach that reflects a strong sense of realism. The long-term decline in ODA budgets is unlikely to change in the near term, so Tokyo must leverage the private sector and its eagerness to invest in fast-growing markets in the developing world if Japan is to pursue its development policy goals.

Building and maintaining trust

Japan’s development assistance policies have over time produced what might be considered virtuous cycles of trust. The country’s commitment to support the growth of Southeast Asia partners has, for example, enhanced its credibility among them and created opportunities for political and economic cooperation. This may be a reason for Japan to maintain relations with regimes, such as Myanmar’s, from which other G7 countries have distanced

April 2024

themselves due to human rights violations and a military coup that reversed progress on democratization. But Japan's approach has also been grounded in patience and a willingness to listen rather than dictate to its partners in Southeast Asia and, to an increasing extent, South Asia.

Japan's emphasis on collaboration among many actors and the building of trust between donor and recipient countries also stands in contrast with the PRC's approach to ODA. Beijing has a more hierarchical strategy toward recipient countries, businesses, and NGOs. It is precisely this contrast that created an opportunity for Japan to advance its vision of "quality infrastructure" and "quality growth" as Beijing rolled out its BRI. Japan's collaboration-centered approach also involves more knowledge transfer than the PRC's strategy, which usually relies on Chinese companies, materials and equipment, and labor. This approach enables Beijing to build infrastructure more quickly and cheaply, appealing aspects for recipient countries despite their toll on political, fiscal, and social sustainability that has prompted a [backlash](#) against Chinese projects in many recipient countries. The PRC conceded the strength of Japan's approach when it quietly [embraced](#) the "high quality" terminology to characterize the BRI.

Do As Japan Does

It may not be easy for Japan's G7 partners to fully embrace lessons from Tokyo's approach to development assistance. Some of its characteristics are unique to the country's history and institutions, and replicated only with difficulty in the United States and Europe. Japan's approach also has its shortcomings. These include a slow review and approval process, infrastructure exports that are costlier than the PRC's, and limited experience in Africa and Latin America.

Nevertheless, the Japanese approach can serve as a model for improving relations with the "Global South". It offers an effort to embed development policy in a broader national strategy, it draws on private-sector participation, and it involves close cooperation with developing-country partners to establish mutually beneficial cooperation.

Japan's approach to combining ODA with business opportunities shows that the United States and Europe need not be wholly altruistic in their approach to development. Japan is, of course, committed to the UN Sustainable Development Goals and other humanitarian aims, but it insists on a development policy that advances its national interest while involving recipient nations.

This may be a difficult and subtle balance to strike, but the developed world must learn to be equally inclusive if it is to win the trust of the "Global South" in the coming decades. The timing to start implementing such a strategy is now. The PRC's heavy-handed approach and its slowing economy offer the G7 opportunities to make inroads in the developing world—if the group is flexible and humble enough to try Japan's approach.

Tobias Harris is GMF Indo-Pacific's former deputy managing director.