

PRIME MINISTER'S
PERSONAL MESSAGE
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Dear Prime Minister,

It is my firm belief that Japan should strengthen its cooperation to securing peace and promoting international cultural exchange as our contribution to the international community. Moreover, now that Japan has acquired substantial national strength, it is capable and firmly determined to make major contributions in the field of Official Development Assistance. This was the message of my speech in London last month.

Japan is about to become the largest donor in the world next year, if not this year. At such a juncture, it is natural that the future level, content and direction of Japan's ODA become a focus of attention of the rest of the world, which was impressed on me, for example, through my recent visits to European countries.

Against this background, I decided to adopt the Fourth Medium-Term Target of ODA a few days ago, in order to clarify, at home and abroad, Japan's future ODA in terms of its quantity, content and direction. While I believe that the details of the Medium-Term Target has already been explained to your Government by official channels, I wish to personally convey its outlines to you:

1. With a view to providing our ODA on a scale commensurate to its national strength, Japan will provide

more than US\$50 billion during the five year period from 1988 to 1992. In addition, it will continue its efforts to improve steadily the ratio of its ODA to GNP.

2. Grant aid will be further expanded in view of its importance in the ODA. In particular Japan will increase its ODA to the Least Developed Countries (LLDCs).

In this connection, on the question of debt relief to the poorest developing countries, which is one of the major agenda items of the forthcoming Economic Summit, Japan will take measures for relieving both sub-Saharan and large Asian LLDCs from their debt repayment burden incurred from the past ODA loans of Japan.

To be more specific, grant aid to the total amount of about US\$1 billion, corresponding to the amount of their repayment against Japan's ODA loans due in the period of 1989 to 1992, will be extended to these countries in the course of the same period. This decision was taken because, under its existing system, the Japanese Government is not able to cancel altogether, or reduce the principal or interest rate of, the ODA loans already disbursed. In addition, the interest rate of Japan's future ODA loans to major Asian and other LLDCs, which may continue to be extended, will be reduced, in principle, to 1%.

3. Japan will continue to improve the quality of ODA loans, and general untying of the loans will further be promoted.

4. In view of the fact that expanding ODA imposes considerable burden on the system and staff in charge of administering aid, the Government will set out concrete measures to strengthen its aid administration.

Furthermore, Japan intends to make its ODA more effective by strengthening its coordination efforts with other donor countries and international organizations.

I look forward to having opportunities to further discuss these matters in the forthcoming Summit.

Noboru Takeshita
Prime Minister of Japan