

Funding Oppression? Japan's ODA Loans and the Myanmar Military

By Mekong Watch

More than three and a half years after the Myanmar military attempted to seize control of the country through a coup, the Japanese government continues to provide Official Development Assistance (ODA) and public funds that benefit the military junta. Despite sacrifices of the Myanmar people to end the Myanmar military's decades long oppression, Japan's "assistance" risks burdening survivors with enormous yen loans that potentially enable the military to continue its atrocities against the very people it is meant to aid.

Historically, Japan has been a longtime supporter of the Myanmar military since it helped establish the Burma Independence Army in the 1940s, predecessor to the current Myanmar military, which led to Myanmar's – then called Burma – independence from Britain in 1948. Following the military's violent suppression of the 1988 pro-democracy uprising, Japan became one of the first countries to recognize the military government, partially resuming ODA which it had suspended.

Since the 2021 coup, Japan's response has been limited to expressing "grave concerns" and calling for the release of detained leaders like Aung San Suu Kyi, frequently emphasizing its "special relations" claim with the military, especially during the first year of escalating violence. While western countries imposed sanctions against the generals, Japan has taken hardly any punitive measures, showing leniency even as the military increased its atrocities nationwide.

Japan's approach to aid

Japan's approach to providing aid is distinctive. Like many countries, it supports international development through grants, loans, and technical assistance. However, Japan particularly favors providing aid in the form of loans bilaterally, a method that constitutes a higher proportion compared to other donor countries that mostly offer grants. Within the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD)—a key platform where the world's major donor countries converge to discuss development aid issues—Japan stands out as the [largest provider](#) of ODA loans. According to [one study](#), from 1970 to 2020, among the 32 members of the DAC, Japan provided 71% of its bilateral aid in the form of loan aid, in stark contrast to 22% loan aid provided by other DAC members. Japan's reliance on loan aid even surpasses that of multilateral organizations, which provided 52% of their aid as loans. In 2022, which is the latest numbers available, Japan [channeled](#) 71% of its bilateral ODA as loans, which is nine times greater than the DAC average of 8%.

Japan's role as a major donor to Myanmar is a testament to its aid strategy. Over the past decade, Japan has provided an enormous amount of loan aid to Myanmar, unmatched by any other country. In 2022, Japan and Korea were the only two countries continuing to disburse ODA loan

aid to Myanmar, with Korea's contributions amounting to about 10% of Japan's volume, [according](#) to the OECD database. By 2020, Japan had lent a cumulative total of USD 2761.8 million to Myanmar.

Although no new ODA contracts have been signed since the coup, the finalization of ongoing projects will increase Myanmar's debt to Japan by an additional USD 5.12 billion.

Funding perpetrators of atrocity crimes?

Some of the projects funded by the sizable loan aid have been linked to Myanmar military's businesses.

For example, Yokogawa Bridge Corporation made [payments](#) to the Myanmar military-owned conglomerate, Myanmar Economic Corporation, for the [Bago Bridge building project](#). The UN Independent International Fact-Finding Mission on Myanmar has made it [clear](#) back in 2019 that revenues from business operations conducted by companies owned or controlled by the military are a source of funds for the military that support their atrocities.

Thilawa Special Economic Zone, backed by Japanese ODA also [risks entangling](#) Japanese funds with the military, especially since the chairperson of the zone's Management Committee was replaced by the military shortly after the coup.

Additionally, "Two-Step Loans" under which ODA funds lent by the Japanese government are held and managed by financial institutions in Myanmar, risk being managed by the military through its control over the financial institutions.

Other publicly-funded projects like the Y Complex Project have been linked to a venture that allows funds to flow to the Office of the Quartermaster General. [According](#) to the UK government which has imposed sanctions against it, the quartermaster general's office has played "a crucial role in procuring equipment for the Myanmar Armed Forces, including ammunition, bombs and jet fuel."

Since the coup, the Myanmar military's severe human rights violations include [killing](#) over 6,000 people, burning villages to ashes, committing massacres, torture, rape and sexual violence. Its intensified airstrikes across Myanmar, displacing over 3 million people.

The survivors of these atrocities will be burdened with the enormous debt that could be funding the perpetrators.

Why hasn't the Japanese government stopped the ongoing loan aid?

Despite earlier [statements](#) in 2021 suggesting a potential review of ODA if the situation in Myanmar deteriorated, the Japanese government has continued its loan aid, seemingly prioritizing concerns over potential losses for Japanese companies.

During a [hearing](#) of the Committee on Audit on May 20, 2024, Former Foreign Minister Yoko Kamikawa stated, “If existing ODA is suspended and Japanese companies unilaterally terminate business contracts they have with counterpart institutions in the recipient countries, these companies may face demands for substantial penalties or could be subject to legal action. Therefore, a cautious approach is considered necessary.”

The shameful message this sends to the people of Myanmar and the rest of the world is that Japan prefers to maintain business as usual, prioritizing the profit of Japanese businesses that are carrying out the loan aid over confronting the Myanmar military's escalating atrocities. Instead of challenging the penalties and taking a firm stand on human rights, Japan appears more concerned with the interest of the companies involved in these projects.

This is particularly a poor look for a country that currently sits as a non-permanent member of the UN Security Council which [adopted](#) Resolution 2669 calling for an end to violence in Myanmar.

Call to action

Despite its lackluster response to the crisis, many from Myanmar still [believe](#) that Japan remains a leading democracy in the region that can tip the scale to help the people of Myanmar in ending this ongoing crisis. As a former police officer who defected to join the Civil Disobedience Movement and fled Myanmar to become a refugee in Japan [states](#): “Japan is one of the major countries that can exert pressure on the military junta in Myanmar. I think it would be a problem for the military junta if Japan's ODA, including yen loans, were to disappear. I want Japan to clearly show its stance.”

Recently, a [petition](#) was submitted to the Japanese government with over 11,000 signatures collectively [reiterating calls](#) to the Japanese government to stop ODA and publicly-funded projects benefiting the Myanmar military.

The Myanmar military is losing ground in many parts of the country. The Spring Revolution which emerged in response to the military's attempt to take power in 2021 is an unprecedented movement in the history of Myanmar. The intersectional, intergenerational and interethnic resistance movement not only seeks to dismantle the military. It is also in pursuit of justice for the military's atrocities as they work to establish a federal democracy amid active conflict. Japan's potential complicity in Myanmar military's atrocities through its ODA provision would undermine these aspirations.

This year, as Japan commemorates 70 years of its ODA history, the time is long overdue for Japan to end its provision of ODA loans and public funds that support the Myanmar military.

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