



Law concerning the Establishment of the Research Institute of Economy, Trade and Industry

The Research Institute of Economy, Trade and Industry (RIETI) was founded in April 2001, coinciding with the launch of the independent administrative institution system. RIETI's forerunner was the Ministry of International Trade and Industry/Research Institute (MITI/RI) established in 1987 under the aegis of the then Ministry of International Trade and Industry. It conducted basic research on trade and industrial policies as well as on the overall economic condition in Japan and overseas in both practical and theoretical areas. In the 21st century, it is difficult for Japanese society to continue to rely on its traditional standards and values for policy and decision making, given the rapid social changes wrought by globalization and the development of information technologies. There is growing demand for policymaking from a more global and medium- to long-term perspective. RIETI was established to meet that demand. The Law concerning the Establishment of the Research Institute of Economy, Trade and Industry stipulates the organizational independence and information transparency of RIETI, and defines the objective and scope of its activities.

Article 3 of the law stipulates that the objective of the Institute is “to efficiently and effectively conduct basic research and studies on economic and industrial conditions and on economic and industrial policies by actively utilizing the research results, and to promote public awareness and understanding of economy and industry, thereby assisting in the nation’s economic and industrial development and in the stable and effective provision of mineral resources and energy.” Article 12 provides for the scope of the Institute’s operations to meet this objective. Namely, the Institute is to “conduct fundamental research and study on the status of economy and industry and on policies in these areas in Japan and overseas,” to “promulgate its research results and make policy proposals,” and to “collect, manage, edit and provide publications and materials concerning economy and industry both in Japan and overseas.”

Benefiting from the discretion guaranteed under the law, RIETI recruited researchers not only from government but also from universities, research institutes, non-profit or non-governmental organizations (NPO/NGO) and media and launched its activities in fiscal 2001 to produce world-class policy research. It is the mission of RIETI to help strengthen and enhance the policymaking capacity in Japan as well as to promote lively policy debate as a platform for political dialogue and policy formulation processes.

Independent Administrative Institutions

Established in April 2001 as part of the reforms of the Japanese government, independent administrative institutions are organizations that became independent from the government to enable them to more effectively and more efficiently provide administrative services that were formerly provided by the government. Paragraph 1, Article 2 of the Law concerning the General Rules of the Independent Administrative Institutions defines independent administrative institutions as “legal entities established pursuant to this Law or other specific laws enacted for the purpose of efficiently and effectively providing services or businesses that may not necessarily be offered by private entities or that need to be exclusively offered by a single entity, from among those services or businesses that must be reliably implemented for the public benefit, such as for the stability of socioeconomic or national life, but that need not necessarily be directly implemented by the government on its own.”

It has long been believed that conventional administrative organizations cannot voluntarily streamline or enhance their services because of strong governmental regulations. To address this concern, independent administrative institutions are designed to make the most of their advantageous status in their activities. In financial terms, they are provided with “operational grants,” government subsidies that are unrestricted in use and can be carried over, to allow for flexible and effective use of funds. In terms of their organizational structure and personnel management, they can follow their own principles freely within the basic framework prescribed in the legislation, such as introducing remuneration systems based on overall and individual staff performance. A clear structure for performance appraisal is another feature of the institutions. Moreover, they are bound to disclose their financial statements, their medium-term and annual plans, the results of assessments made by their evaluation committees, the audit results and wage-related matters, to ensure transparency of operation and management.