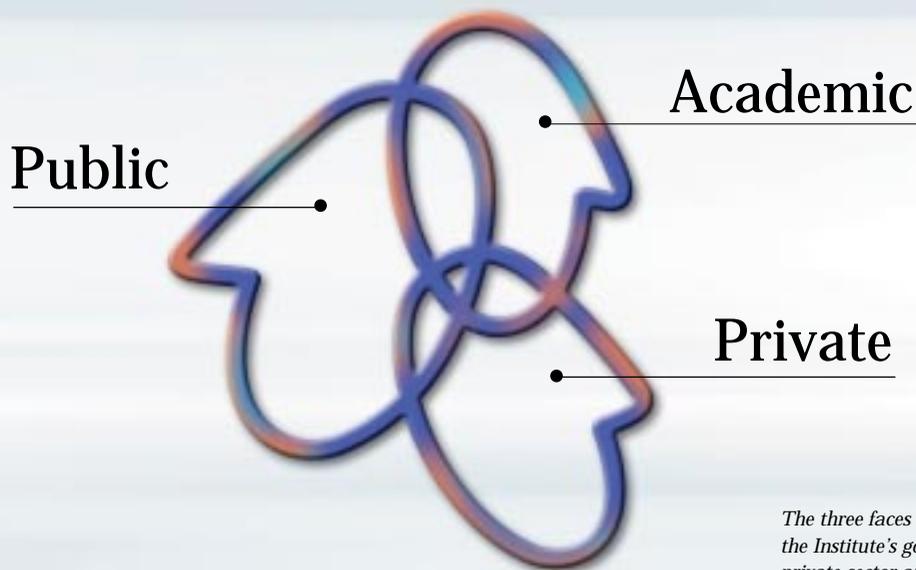


ANNUAL REPORT 2002

Fiscal Year Ended March 31, 2002
Research Institute of Economy,
Trade and Industry,
Independent Administrative Institution





The three faces in the RIETI symbol represent the Institute's goal of connecting academia, the private sector and government through various research projects.

To create a vibrant society in response to the changing circumstances in the international community, Japan must institute both structural and administrative reforms.

That, in turn, demands an organization that is able to conduct research and analysis on policies worldwide, accumulate data and propose policies, independent from government bodies, from a medium- to long-term perspective. The Research Institute of Economy, Trade and Industry was founded as an independent administrative institution to meet these needs.

It encourages discussions not only among those directly involved, such as policymakers, but also among the general public. It publishes the results of its research in an effort to influence the policymaking process.

CONTENTS

● Establishment of RIETI	1	● Independent Administrative Institution	
● Messages from the Chairman and the President ..	2	Accounting Standards	23
● Mid-Term Objectives and Plans	4	● Financial Statements	24
● Research Clusters	5	● Performance Evaluation	26
● International Activities	14	● Fiscal 2002 Plan	27
● Publicity Activities — Web Site	15	● Fellows	28
● Publicity Activities		● Organization	32
— Publications and Discussion Papers ...	16	● Contact Information	33
● Publicity Activities			
— Events and Seminars	18		



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.



Sozaburo Okamatsu
Chairman

Masahiko Aoki
President

Established in Response to the Demands of the Present Age

The Japanese economic environment is undergoing rapid and dramatic transformation, and it has now become apparent that existing systems, methodologies and ideas are inadequate to respond to these changes. The “Independent Administrative Institution” system is the fruit of years of deliberation to reform and bring efficiency to public administration. Traditionally, government-affiliated research institutions have been undertaking research on issues under the jurisdiction of their respective ministries and agencies. RIETI was established in April 2001 as a research institute independent from the Ministry of Economy, Trade and Industry (METI) to conduct high quality research activities and make policy proposals in a flexible manner under its own responsibility. Exploiting its unique status, RIETI is expected to contribute to the policy formulation process.

There are many advantages to the “independent” status for a research institution. Firstly, such institutions are capable of a more flexible budget administration. Secondly, because of their non-civil service status, they are able to make timely decisions on their own, regarding organizational and personnel matters. To accompany these advantages, a system for clear objective-setting and performance evaluation has been introduced. In addition, to enhance transparency, the program of work, financial statements, remuneration standards and other information are widely published as part of a new disclosure standard.

Research fellows at RIETI are not lifetime employees, but are appointed under fixed-term contracts that specify their annual remuneration. There are over 90 fellows at RIETI, with relevant experience from diverse backgrounds, drawn from domestic and overseas research organizations, universities, media, NGOs and NPOs. Fellows carry out high-level research and analysis based on a carefully thought out research plan that takes into account medium- to long-term issues, and formulate policy proposals. The results of their research and studies are widely disseminated worldwide through publications and through RIETI’s Web site. RIETI consequently hopes to invoke public debate on various issues, and to help formulate policies that will create new social and economic systems that contribute to the betterment of the quality of life. RIETI will continue to strive to fulfill its role as a policy platform that gathers knowledge from experts of diverse fields.

The Institute thanks you for your support.

September 2002

Sozaburo Okamatsu
Chairman, Research Institute of Economy, Trade and Industry

RIETI as a Social Experiment

Established in response to the growing demand for a respectable public-policy research institute in Japan, RIETI represents an important social experiment. RIETI's mission is to improve both the quality and relevance of policy research, and to lay a solid foundation for the formulation of policies by providing opportunities for personnel exchange and discussion between researchers and government administrators, without any party compromising its identity. To fulfill this mission, RIETI will take advantage of its location in Kasumigaseki, the seat of the Japanese government in Tokyo, to operate as an independent administrative institution with non-civil service status, maintaining a certain distance from the government.

Our research activities are centered on individual research projects from a medium- and long-term perspective, and, as such, may not produce tangible results or have an immediate impact on policymaking in their first fiscal year. Nevertheless, our proposals on university reform, to which we have been committed since we were still the Ministry of International Trade and Industry/Research Institute (MITI/RI), proved influential in the decision on the independent corporatization of national universities through our publication released in February 2001 and contributions to discussion at the Cabinet Council on Science and Technology. I believe that our mission is to produce policy proposals that are underpinned by our earnest devotion to economic reform and substantive analysis. As I have emphasized elsewhere, institutions do matter, as well as their complementarity. In conducting our analysis, we must always keep in mind the institutional aspects of our economy.

From this perspective, we have proposed nine research clusters in our first fiscal year, while enabling individual researchers to freely formulate their research projects within this framework. Among the nine is the cluster "Industry-Academia Cooperation in R&D and Technology," noted above, which covers university reform and cooperation between businesses and universities. Others include the "IT Revolution and Economic System" and "Enterprise Organization, Management, Legal System, and Employment Contracts."

Now in our second year, we have modified the clusters to derive greater benefit from synergies among individual research projects. As a new section that supports our research activities, we established an office for quantitative analysis and databases in January 2002, to produce, manage and supply a broad array of quantitative data, reinforcing a function that had not been sufficient in the first fiscal year. In the same month, we also inaugurated the International Affairs Group that can professionally respond to the needs that arise amid the internationalization of research activities. This will enable us to better disseminate our research results to the rest of the world and to engage in more collaboration with overseas researchers.

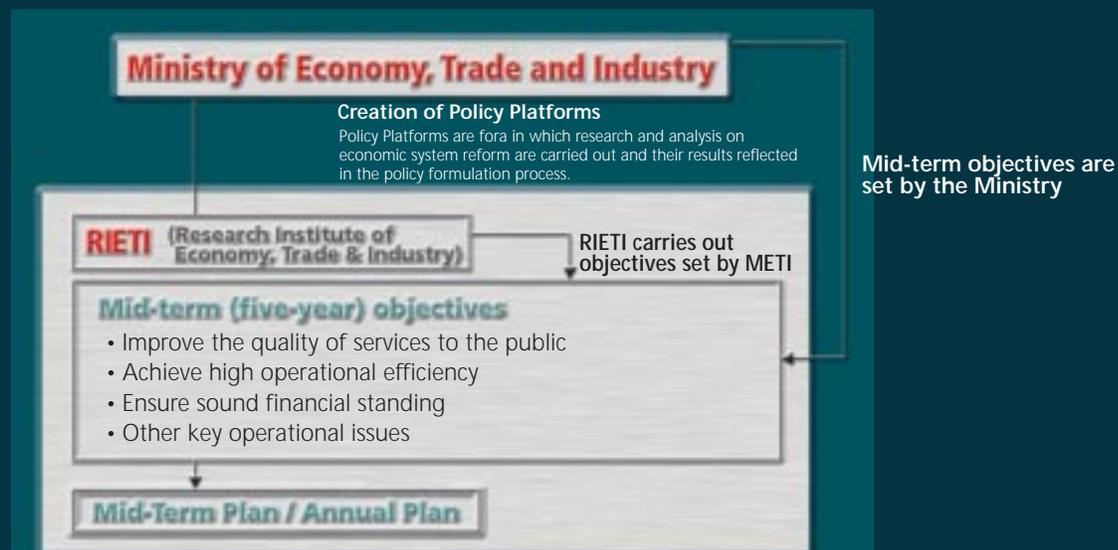
We are making satisfactory progress in the initial stages, supported by the enthusiasm and efforts of everyone involved. With the conviction that RIETI's role is growing in importance as an economic policy think tank, we will respond flexibly to an ever-changing economic realm so that we can continue to conduct research of quality and relevance.

September 2002

Masahiko Aoki
President, Research Institute of Economy, Trade and Industry

● Mid-Term Objectives and Plans

The Research Institute of Economy, Trade and Industry has been established with the objective of contributing to the formulation of policy by conducting research on medium- and long-term economic structural reforms, and presenting research results and policy recommendations based on firm theoretical and analytical grounds. We carry out our activities in accordance with the “mid-term plans” that we defined ourselves to meet the five-year “mid-term objectives.”



Outline of RIETI Mid-Term Objectives, Effective April 1, 2001

Objective 1 : Improve the quality of services to the public

Setting out subjects for study that meet the needs for medium- or long-term reform of economic systems, we will strive to improve the quality of our policy research and proposals through the following activities:

1) Studies and research

We will conduct our studies and research at a level that wins high recognition among specialist periodicals and has a guiding impact on policy debates in and outside the country.

2) Policy recommendations and dissemination

To increase awareness, we will actively demonstrate our research results and policy recommendations on the Internet, participate in international symposia, and organize our own symposia. We will create an environment for an exchange of views among specialists in a broad spectrum of fields, including government, academia and industry. We will also gather a wide range of opinions and comments from inside and outside Japan to enable sound reviews.

3) Information gathering and management, statistical processing and statistical management

We will establish an information collection and viewing system that facilitates efficient research activities and information exchange. To this end, we will gather useful information and statistics held by individual researchers and compile them into a database with a high-grade interface.

Objective 2: Achieve high operational efficiency

We will strive to achieve higher efficiency so that we can fully demonstrate our potential. As to projects funded by operational grants from the government, we aim to improve cost efficiency by an average of 1% every year in the five-year plan period.

Objective 3: Ensure sound financial standing

RIETI has not been established for the purpose of making profits. Devoting ourselves solely to commissioned research activities for the purpose of increasing profits would open our research achievements to charges of client influence, and this would undermine our original objective. This means that it is basically indispensable for the Institute to be financially dependent on public funds.

Nonetheless, to strengthen our financial position, we must strictly avoid borrowing funds and ensure that there are no lost income opportunities. We must also avoid rigid organizational management that generates fixed costs, and ensure transparent and proper use of funds for appropriate purposes.

Objective 4: Other key operational issues

It is important that RIETI is able to set research themes without any scope limitation and based on the broad perspectives of the needs deriving from economic system reforms in a mid- to long-term period. For this purpose, we must be active in accepting research personnel from a wide range of organizations, to ensure open and unrestrained debate.



Nobuo Ikeda
Senior Fellow

IT Revolution and Economic System Cluster

The Future of Telecommunications Policy

Vertical integration was the norm in the telecommunications industry. Observing the growth of the Internet, Senior Fellow Nobuo Ikeda theoretically analyzed the shift to horizontal division and proposed a need for a response to the new architecture. This became the focus of the policy debate thriving around the communications and broadcasting industries, and was cited by the Research Council on IT-related Regulatory Reform in its own literature.

Ikeda proposed a switch to a spectrum management policy consonant with market principles by abandoning the current spectrum licensing system in order to realize the optimal utilization of spectrum as public goods by means of digitization of the VHF band and establishment of tradable spectrum utilization rights. This proposal was a result of discussion through a mailing list with Senior Fellow Ichiya Nakamura, Consulting Fellow Shin Yasunobe and other experts. Ikeda's presentation at the academic conference received significant public response.



(Publications)

Economic Policy Review No.5

Designing Institutions in the Broadband Era,

written and edited by Nobuo Ikeda and Koichiro Hayashi, Toyo Keizai Inc.

Broadband Strategy: Too Close to Call,

Nobuo Ikeda, Nihon Keizai Shimbun, Inc.

Computerization and Changes in Economic Systems,

written and edited by Masahiro Okuno and Nobuo Ikeda, Toyo Keizai Inc.

(Discussion Papers)

01-J-001 "Vertical Non-Integration of the Telecommunications Industry Caused by the Internet"

02-J-001 "The Spectrum as Commons: Digital Wireless Technology and Spectrum Policy"

02-J-002 "Is IPv6 Needed?"

02-E-002 "The Spectrum as Commons"

Nobuo Ikeda

RIETI conducts theoretical and practical research from the perspectives of economic theory, knowledge science theory, and legal system theory, on issues such as the impact of the IT revolution on the evolution of corporate systems and new business models, assessment of the corresponding economic impact, methods to maximize the benefit of IT usage, and the setting of economic rules in the IT era.

The changes brought about by the computerization of economic activities and the rapid development of the Internet has created the need for policy formulation to be responsive to the IT revolution. RIETI studies the benefits of the changes in economic structure caused by IT, IT usage that maximizes these benefits, and required new rules.

Research into Knowledge Management Using IT

Faculty Fellow Ikujiro Nonaka and Visiting Fellow Hirohiko Izumida are spearheading basic research into knowledge management using IT, identifying the conditions necessary for the creation of knowledge that transcends current paradigms. *Knowledge Nation Theory* (Economic Policy Review Series) is scheduled for publication in Autumn 2002.

Nonaka and Izumida also established knowledge management systems for industrial technologies as effective means of industry-academia-government cooperation, held a symposium and conducted empirical study on the theme. They also manage the "Policy Platform," an experiment using information technology which puts into practice knowledge management in the policy formulation process.



Toshihiro Kodama
Senior Fellow

Enterprise Organization, Management, Legal System, and Employment Contracts Cluster

Research on Labor Mobility

The transfer of labor from declining sectors to growing sectors is indispensable for economic structural reform.

Senior Fellow Toshihiro Kodama, through his case study of coal mine closures, shed light on the possibility of job-change across different sectors and occupations. Kodama's research results received extensive media coverage and were adopted by Heizo Takenaka, Minister of state for Economic and Fiscal Policy, in his claim for promotion of structural reform.

(Discussion Paper)

01-J-004 "Re-Employment Status of Former Mitsui and Mi'ike Coal Mine Workers After the Mine Closure: Implications for Labor Mobility," Toshihiro Kodama



Based on an analysis of corporate and household data, Faculty Fellow Yoshio Higuchi conducted an analysis of changes in employment practices and the labor market. He conducted empirical analyses on the long-term effects of corporate restructuring on earnings, the productivity of labor, and the volume of employment as well as the impact on domestic employment of firms' shifting their operations overseas, which attracted a great deal of public attention. His policy proposal for work-sharing as a means toward alleviating unemployment was taken up for discussion by the Budget Committee of the Diet's lower house.

(Publications)

The Economics of Human Resource Management, Yoshio Higuchi, Seisansei Publishing Co.
The Economics of Employment and Unemployment, Yoshio Higuchi, Nihon Keizai Shimbun, Inc. (Winner 42nd Economist Prize)

Based on an analysis of Japan's present unemployment situation, Faculty Fellow Masahiro Abe is analyzing the role of job matching institutions from an economic perspective.



Takahiro Fujimoto, Faculty Fellow, at the Award Ceremony for the Imperial Prize/Japan Academy Prize. Fujimoto explains his work on the Toyota System to their Majesties the Emperor and Empress of Japan.

International Competitiveness and Modularity

The research led by President Masahiko Aoki and Visiting Fellow Haruhiko Andoh took "modularity" as the keyword in cultivating venture businesses and corporate management reform, and analyzed it as a new industrial architecture.

In July 2001, RIETI held a policy symposium on modularity, inviting Professor Carliss Y. Baldwin of Harvard Business School. The proceedings of the symposium combined with research papers by Faculty Fellow Hiroyuki Chuma on the semiconductor industry and Faculty Fellow Takahiro Fujimoto on the automobile industry, both analyzing the effects of modularity in these industries, were published in the Economic Policy Review Series. This book is popular among businessmen, and has gone through several editions.

(Publication)

Economic Policy Review No.4
Modularity: A New Industrial Architecture, written and edited by Masahiko Aoki and Haruhiko Andoh, Toyo Keizai Inc.

"Competitiveness Research," serialized in Nikkei Shimbun's "Economics Classroom," analyzes the competitiveness of Japanese industry from both the macro and micro standpoints, taking modularization and globalization into account.

Corporate Governance

Faculty Fellow Hideshi Itoh's research into the future of Japanese corporations is scheduled for publication as *The Japanese Firm in Transition* in the Economic Policy Analysis Series in the autumn of 2002. In addition, the empirical analysis of Faculty Fellows Kentaro Nobeoka and Yasuhiro Arikawa, and Faculty Fellow Noriyuki Yanagawa's theoretical analysis and policy proposal activities are continuing.

In order to survive amid global competition, firms must create appropriate corporate structures as well as build and implement corporate strategies in a flexible and effective manner. RIETI conducts theoretical and empirical research which assesses the policy needs resulting from the diversification of corporate systems, environment and management systems, and the evolution of corporate governance. It also conducts research on the need for a new institutional arrangement in the labor market, labor legislation, and social safety nets.



Hiroshi Saito
Visiting Fellow

Deregulation and Competition Policy, Administrative Evaluation Cluster

Policy to Combat Global Warming

On the occasion of ratification of the Kyoto Protocol, RIETI acknowledged the need for economic analysis on global warming and held a policy symposium entitled “Kyoto Protocol and its Implementation.” In addition to Visiting Fellow Hiroshi Saito’s policy recommendation, Faculty Fellow Tatsuyoshi Saijo and Graduate Research Associate Takao Kusakawa presented the results of their experiment on emission right trading.

Faculty Fellow Yoshitsugu Kanemoto constructed a small-scale microeconomic model for the purpose of policy evaluation, examining the effectiveness of measures to combat global warming in the transportation sector.



Environmental Policy Symposium,
“Kyoto Protocol and its Implementation”

(Discussion Paper)

02-J-004 “Evaluation of Automotive Tax Policy as a Measure to Reduce Global Warming,”

Yoshitsugu Kanemoto et al.

Deregulation of the Electricity Market

The research results of Faculty Fellow Tatsuo Hatta, and other researchers taking part in the Electric Power Study Group will be published in the Economic Policy Analysis Series. The publication will include a survey on auction theory by Graduate Research Associate Kiri Sakahara.

Foreign Policy and Public Accounting Standards

Mitsuru Kitano, Visiting Fellow and Director at the Ministry of Foreign Affairs’ Loan Aid Division, carries out research on the evaluation of Official Development Assistance (ODA). Kitano also raises questions on timely foreign policy issues via his serial column entitled “Foreign Policy Review” on the RIETI Web site.

Fumiki Sakurachi, Consulting Fellow and Finance Ministry official, is conducting research aimed at the improvement of budgetary decision making through the introduction of public accounting standards.

These are concrete examples of RIETI fellows providing a theoretical and analytical backdrop to policymaking while remaining active in the frontline of policy formulation in the government, a unique asset of RIETI.

Declining incentives for cost management in the public utilities sector, such as electricity supply and telecommunications, lead to a high-cost structure and inhibit productivity growth and new start-ups.

RIETI conducts theoretical and empirical research on what the regulatory regime and competition policy in electricity supply and telecommunications markets should be, keeping in mind recent technological advances and evolution in theories on regulation and regulatory reform in the U.S. and European countries. In addition it conducts research on the evaluation of Japanese government policies in diverse fields.



Column, “Foreign Policy Review” by Mitsuru Kitano,
Visiting Fellow



Yuko Harayama
Fellow



Akihiro Sawa
Visiting Fellow

Industry-Academia Cooperation in R&D and Technology Cluster

University Reform

A publication compiled by Visiting Fellow Akihiro Sawa et al. entitled *University Reform: Issues and Controversies* was well received as a multidisciplinary study that goes beyond pedagogy and incorporates elements of economics and sociology. The work also contributed greatly to the policy discussion on university reform at the Ministry of Education, Culture, Sports, Science and Technology (MEXT) and the Association of National Universities. Also on this subject, as a specialist member of the Science and Technology Systems Reform Study Group of the Council for Science and Technology, RIETI President Masahiko Aoki is arguing for turning National Universities into independent institutions with non-civil service status. As the result of this series of policy recommendations, the final report by MEXT's Study Group on the Corporatization of National Universities, "A New National University Corporation," shows a clear path toward removing the civil service status from National Universities.

(Publication)

University Reform: Issues and Controversies, Masahiko Aoki, Akihiro Sawa and Michihiro Daito, edited by the Editorial Board, "MITI Research Review," Toyo Keizai Inc.

Industry-Academia Cooperation

Fellow Yuko Harayama organized a policy symposium on "Institutional Design of University-Industry Collaboration." The proceedings of this symposium will be published in the Economic Policy Review Series in autumn 2002. The proposals tabled at the symposium suggested the need for clarifying the respective missions of universities and industry and the importance of an intermediary between the two parties. Discussions regarding the proposals continue within a network of people including university staff and faculty, members of technology licensing organizations (TLO), officials of MEXT, METI and local governments at Brown Bag Lunch (BBL) Seminars or through a mailing list.

Science and Technology Policy

RIETI tackles research on innovation policy from a wide variety of perspectives. Recently the Japanese government introduced funding that is distributed to researchers or groups of researchers through a rigorous selection process based on examination and evaluation. Faculty Fellow Fumio Kodama, and Fellows Yuko Harayama, Atsushi Sunami and Yoshiaki Nakamura obtained the aforementioned funding and carried out research on the topic of "Science, Technology and Industry (STI) Network and Creation of New Industries." Senior Fellow Toshihiro Kodama conducted a case study titled "Technology Advanced Metropolitan Area (TAMA) Project." Fellow Ichiro Nakayama approached the innovation policy from the standpoint of intellectual property rights. Post-Doctoral Fellow Masayo Fujimoto made a comparative institutional analysis of the organizational identity of research institutions.

(Discussion Papers)

01-E-001 "Japanese Technology Policy: History and a New Perspective," Yuko Harayama

02-J-003 "Current State of Biotechnology Research and Development in Japan and its Three Challenges," Yoshiaki Nakamura et al.

RIETI conducts theoretical and empirical research aimed at contributing to product innovation and strengthening the technological capabilities of industry. Specific areas of research include creative R&D mechanism and cost-benefit analysis of R&D, technology diffusion mechanism and symbiotic industry-academia-government cooperation, human capacity development and human resource mobility, and the creation of a competitive and flexible R&D environment.

In an age when societal needs and technology are increasingly diverse and complex and the rate of innovation ever faster, there is more than ever a need for creative R&D, specialization into areas with competitive advantages, and utilization of the stock of outside technologies.



Nobuo Tanaka
Senior Fellow



Ichiro Araki
Senior Fellow

International Political Economy and International Economic Law Cluster

Safeguard Issues

In April 2001, Japan applied Safeguard Measures and imposed emergency tariffs on imports of scallions, shiitake mushrooms, and tatami straw. As a retaliatory measure, China placed high import duties on such items as Japanese automobiles, air conditioners, and mobile telephones. During the domestic debate that raged over these measures, Senior Fellow C.H. Kwan and Faculty Fellow Akira Kotera outlined an argument grounded in economic and legal theory which opposed such protectionist measures. Heated discussion also took place on our Web site with participation of the general public. The protectionist trade measures in question were subsequently revoked during the trade negotiations between Japan and China in December, demonstrating the correctness of the fellows' policy proposal.

Multilateral Trading System

The November 2001 declaration of the WTO's Fourth Ministerial Conference in Doha, Qatar stipulated, among other items, the kick-off of a new round of trade negotiations and China's accession to the WTO. Research conducted by Senior Fellow Ichiro Araki, a WTO expert, and Faculty Fellow Akira Kotera contributed to capacity-building on trade policy issues among Japanese government officials and other organizations, as well as among policymakers from other countries.

Trade and Investment Issues

Faculty Fellow Shujiro Urata is conducting empirical research on foreign direct investment by Japanese corporations, and by foreign firms toward Japan. Visiting Fellow Kenichi Kawasaki and Fellow Nozomi Sagara are using the general equilibrium model incorporating international trade to analyze the impact of trade and investment liberalization.

Japan-U.S. Economic Relations

In April of 2001, researchers from the American Enterprise Institute (AEI) participated in discussions with experts from the U.S. and Japan on topics such as the current economic situation and future direction of economic policies in both countries. They also discussed future U.S.-Japan relations from both economic and security perspectives. In October 2001, RIETI held a workshop in conjunction with researchers of the Brookings Institution to examine the ramifications of the terrorist attacks of September 11 on the future of Japan-U.S. economic relations. Senior Fellow Nobuo Tanaka, Faculty Fellow Yoshihide Soeya and a number of other researchers participated in the workshop.

The rapid development of cross-border economic activities is causing conflict of economic interests among countries and concern for national economic sovereignty, while at the same time eliciting backlash against globalism. There is more than ever, a need for international rules that govern international economic activities to keep pace with the increasingly globalized economy.

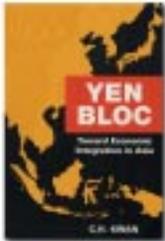
RIETI conducts multifaceted, interdisciplinary research from legal, economic and political perspectives on how to create a new politico-economic regime responsive to diversifying economic activity and values. It also conducts research on strategies conducive to the sustained growth of the Japanese economy in the face of globalization.



C.H. Kwan
Senior Fellow



Yukiko Fukagawa
Faculty Fellow



Asian Economies and Regional Integration Cluster

Studies of Asian Economies

The “China as a Threat” view is an additional cause of concern amid the Japanese economy’s already prolonged recession. Research results by Senior Fellow C.H. Kwan on the emergence of China and Japan-China relations are featured on the “China in Transition” page on RIETI’s Web site in Japanese, Chinese and English, and are highly acclaimed by readers at home and abroad. Kwan is also conducting research on foreign exchange systems in Asia. Visiting Fellow Toshiya Tsugami is engaged in research on the Chinese economy and Japan-China relations based on his four years of experience in Beijing and his practical perspective as Director for the Northeast Asia Division at METI. Faculty Fellow Jianjun Meng, who is based both in Japan and China (Tsinghua University), is engaging in empirical research on China’s economy. Fellow Atsushi Sunami is carrying out research on China’s science and technology policies, following the theme of China’s innovation system reform (“Meeting the Challenges: Becoming a Science and Education Power”). As a specialist on the Korean economy, Faculty Fellow Yukiko Fukagawa has made specific policy proposals regarding Japan-China-Korea cooperation in Northeast Asia.

(Publication)

Yen Bloc: Toward Economic Integration in Asia,

C.H. Kwan, Brookings Institution Press

Economic Partnership Agreements and Economic Integration

Based in the United States (Brookings Institution), Senior Fellow Naoko Munakata has carried out empirical analysis and made policy recommendations regarding the economic integration of East Asia, where various legal frameworks have been formed since the Asian currency crises. From the conceptualization stage, she participated in Japan-Singapore Free Trade Agreement negotiations, which represented Japan’s new direction toward deepening economic relations with East Asia as it breaks away from its exclusive commitment to the multilateral trade system.

(Publication)

Economic Policy Review No.2

Turning Point of Japan-China Relations,

written and edited by Naoko Munakata, Toyo Keizai Inc.

Asian Networking for Economic Policy Research (ANEPR)

In January 2001 our predecessor, MITI/RI, gathered economic policy researchers from Japan, China, Korea, and other Asian countries as well as economic researchers from outside the Asian region to engage in debate on cooperation, competition, and complementary relationships on an experimental basis. This forum was called Asian Networking for Economic Policy Research (ANEPR). The personal relationships that were formed at that time among the researchers as well as joint research projects have been maintained and further expanded after RIETI’s establishment.

Japan’s relationship with other Asian nations is vital to its foreign economic policy. The politico-economic map of the Asian region is changing dramatically with the rise of the Chinese economy and the closer economic relationship between North and South Korea. Japan needs to devise strategic policies based on detailed analysis in order to secure its future economic presence in the region.

RIETI conducts theoretical and empirical research on issues including Asian countries’ economic system reforms and their impact on economic performance, network-building within Asia and ways for individual countries to secure their presence, and the outlook for cooperation among Asian nations.



Kenichi Ohno, Consulting Fellow,
at the Award Ceremony for the
"Osaragi Jiro Rondan Award"

Asia Dynamism Study Group

The economies of various countries of East Asia, each of which is in a different development stage, have strong industrial links. For more than ten years, the economies of East Asia have been the driving force underlying the so-called Asian Miracle and have functioned as the "world's factory." Consulting Fellow Kenichi Ohno, together with Visiting Fellow Hirokazu Okumura and others, established the Asia Dynamism Study Group. The formation of this group was aimed at undertaking analysis and making recommendations to enable Japan, which has a deep interest and responsibilities in this East Asian dynamism, to establish a clear-cut vision and implement various strategies that are consistent with this vision. The results of these activities can be seen on the RIETI Web site.

(Publication)

Globalization of Developing Countries: Can They Accomplish it Autonomously?,

(Winner 42nd Osaragi Jiro Rondan Award)

Kenichi Ohno, Toyo Keizai Inc.

Asian Security and Other Topics

Faculty Fellow Takashi Shiraishi carried out joint research with researchers from Thailand and the United States on the separate themes of "Hegemony and Technocracy" and the "East Asian Region and Japan," based on the overall theme "Formation of the East Asian System and its Change." Faculty Fellow Yoshihide Soeya is engaging in research on such areas as Japan-U.S., U.S.-China, and Japan-China relations as well as the Northeast Asia and Southeast Asia situation, with the current focus on analysis of the new diplomatic policies of the Bush administration.



Keiichiro Kobayashi
Fellow



Sota Kato
Consulting Fellow

Developments such as the maturation of economies, the IT revolution, and the aging of the population are bringing increasing diversity and complexity to policy issues. The relationship between the government and major social institutions is shifting from mere governance by the state to one of multidimensional governance stemming from cooperation and competition among diverse organizations. There is a particular need for examining the proper forms of, and promotion policies for, regional self-government as well as NPOs and NGOs based on spontaneous participation of citizens.

RIETI conducts theoretical and practical research into politico-economic systems, urban economies, the devolution of power from central governments to local governments, and the role of NPOs and NGOs, as well as research into transitions in Japan's industrial policy to accumulate policy cases for reference.

Political Economy System Cluster

Government Activities and Policymaking Processes

The results of the Bubble Research Group headed by Faculty Fellow Michio Muramatsu were published as *Heisei Bubble Research* (Volumes I and II) by Toyo Keizai Inc. Faculty Fellow Masaru Mabuchi carried out research on actual examples of critical policy decisions over the past several years and quantitative analysis on changes in administrations. Faculty Fellow Tetsuji Okazaki reevaluates changes in systems and policy decision processes from the perspective of economic history and has announced these results at the Financial System Council. *The Trap of the Japanese Economy*, a collaborative work by Consulting Fellow Sota Kato and Fellow Keiichiro Kobayashi, makes an analysis from the political economic viewpoint of the causes underlying the sluggishness of the Japanese economy in the 1990s. This work received the Nikkei Keizai Book Culture Award.

(Publication)

The Trap of the Japanese Economy,

Keiichiro Kobayashi and Sota Kato, Nihon Keizai Shimbun, Inc.

(Winner 44th Nikkei Keizai Book Culture Award / Winner 1st Osaragi Jiro Rondan Award — Encouragement Prize)

Politics of Crisis

Faculty Fellows Ikuo Kume, Masaru Mabuchi, and Kuniaki Tanabe planned a project for a comparative analysis of the responses by various countries to the financial and fiscal crises of the 1990s, and held a workshop inviting such professors as Kathleen Thelen of Northwestern University. The results of this project were announced at the European Study Society in the United States.

Local Government/Citizen Empowerment

Visiting Fellow Tomitaro Kitami, a local government official who is temporarily transferred to METI, is carrying out research on fiscal policies of regional governments as well as regional government structures. He has prepared research papers on such topics as e-local government and alternative dispute resolution (ADR), and has made specific proposals. Visiting Fellows Motoko Mekata, Akiko Sugaya, and Consulting Fellow Nobutaka Murao are engaged in a project titled “Citizens for Shaping the Public.” The results of the workshop will be published in the Economic Policy Review Series.



Kotaro Tsuru
Senior Fellow

Macroeconomics, Financial and Monetary Mechanisms Cluster

Safety Nets As a System

Focusing on a wide range of safety nets covering such areas as social security, the healthcare system, and employment issues, we held a multidisciplinary symposium with the recognition that it is necessary to redesign the safety nets system that supports a vital economy and in which each component institution can reinforce one another. Plans call for the publishing around spring 2003 of *Changes in the Corporate Environment and Social Welfare* (provisional title), which comprises the results of research on corporate welfare and retirement provisions by Faculty Fellow Toshiaki Tachibanaki, Visiting Fellow Yoshihiro Kaneko, and Fellow Koichi Akaishi. Faculty Fellow Koichi Kawabuchi's policy recommendations for reform of the healthcare system were published as *Healthcare Reform* (Economic Policy Review Series) and elicited a response from the Ministry of Health, Labour and Welfare, hospitals nationwide, and various political parties.

(Publication)

Economic Policy Review No.3 *Healthcare Reform,*

Koichi Kawabuchi, Toyo Keizai Inc.

Macroeconomic and Financial Systems

Fellow Keiichiro Kobayashi is building a macroeconomic theory that incorporates financial systems. He analyzed the cause and effect factors in the non-performing asset problem in *Issues and Controversies in Macroeconomic Policy*, and *Economics of Balance-Sheet Restructuring* for the Economic Policy Review Series, co-authored with Visiting Fellow Tatsuya Terazawa and Faculty Fellow Mitsuhiro Fukao. Through such means as the RIETI policy symposium, “Non-Performing Assets, Restructuring for Japan's Economic Recovery,” he has made energetic use of the media in disseminating his ideas.

(Publications)

Issues and Controversies in Macroeconomic Policy, Hiroshi Yoshikawa, Edited by the Editorial Board, Ministry of International Trade and Industry/Research Institute, Toyo Keizai Inc.

Economic Policy Review No.1 *Economics of Balance-Sheet Restructuring,* written and edited by Mitsuhiro Fukao, Tatsuya Terazawa and Keiichiro Kobayashi, Toyo Keizai Inc.

(Discussion Paper)

02-E-004 “Japan's Lost Decade and the Complexity Externality,”

Keiichiro Kobayashi et al.

Senior Fellow Kotaro Tsuru is conducting theoretical and empirical research on main banks and financial *keiretsu*, focusing on changing relationships between Japanese companies and banks. He presents easy-to-understand analysis and commentary in “Economics Review” on the RIETI Web site, while introducing the latest economic theories for a wide range of themes that include government organizations and incentive systems.

(Discussion Papers)

01-E-004 “Bank Relationships and Firm Performance: Evidence from Selected Japanese Firms in the Electrical Machinery Industry”

01-E-005 “Careers and Incentives of Japanese Fast-Track Bureaucrats: A Career-Path Dependent Model Perspective”

Kotaro Tsuru

Consulting Fellow Yoichi Takahashi, based on his experience as an officer at the Ministry of Finance, made analysis and policy recommendations regarding non-performing asset and pension problems from economic and legal perspectives.

Taking Japan's current financial condition and future financial circumstances into consideration, the country must strive to achieve balanced economic growth, and must look ahead to structural socio-economic changes. The formulation of the optimal policies to achieve a sound financial structure is a pressing issue, and there is a need to reconsider the nature and role of fiscal management.

RIETI conducts theoretical and empirical research into tax and fiscal policy emerging from compliance with social security systems and other changes in the socio-economic structure, efficient and effective fiscal management that encompasses the division of control over financial resources between national and regional authorities, and rethinking the role of fiscal policy as an effective agent in regulating business conditions through such measures as public works investment.



Kazuyuki Motohashi
Senior Fellow



Tetsuro Toya Memorial Library

Econometrics and Databases Cluster

Pan Pacific Productivity Comparison Project

RIETI is systematically building databases at the industry and corporate levels while developing quantitative models that utilize these data.

To analyze economic growth factors in East Asian countries, as well as the international competitiveness of Japanese manufacturing industries, RIETI is developing databases for an input-output table, capital stock, and labor using its network of researchers in Japan, the United States, China, Korea, and Taiwan. In fiscal 2001, RIETI held two international conferences as part of work to achieve conformity in category concepts, including database design and industry classifications. RIETI will make necessary adjustments in accordance with the state of progress of this work in each country with the aim of completing the databases in spring 2004 and plans to announce this at an international conference. Although macroeconomic databases are being developed by such international institutions as the World Bank, the East Asia Productivity Database enabling an analysis by type of industry is unprecedented anywhere in the world and is expected to generate a significant response.

Database Development for Industry Structure Analysis

The Japanese economy underwent a significant structural transformation from the 1980s through the 1990s. However, because time-line linkages of government statistics are inadequate, sufficient empirical analyses of changes in industry structure were not made. Using an input-output table as a base, RIETI is linking industrial, trade, and various price statistics according to detailed industry classifications as well as developing a chronologically arranged database for the analysis of industry structure. We are carrying these out with the aims of completing and releasing them during 2002. We expect that this database will be used as a basic resource for policy analysis related to economic structural reforms. Using the database, we also plan to develop quantitative economic models for making various types of policy simulations.

Policy Analysis Using Firm-Level Data

RIETI is developing a firm-level database that links various questionnaire surveys with a database of corporate financial statements. We are also focusing on policy analysis using microdata, primarily those from the Ministry of Economy, Trade and Industry. For example, policy evaluation analysis of a small and medium-sized company innovation policy employing industrial statistics data by Senior Fellow Kazuyuki Motohashi is being used as a basic reference for system design for various policies at the Small and Medium Enterprise Agency.

(Discussion Papers)

01-E-006 "Use of Plant Level Micro-Data for SME Innovation Policy Evaluation in Japan"

01-E-007 "Development of Longitudinal Micro-Datasets and Policy Analysis for Japanese Industrial Sectors"

Kazuyuki Motohashi

RIETI conducts empirical analysis using its proprietary databases as well as policy impact simulations based on general equilibrium models. These activities offer valuable objective data needed in policy formulation and support the quantitative aspects of the research projects conducted by RIETI's various clusters.

The Research Institute of Economy, Trade and Industry strives to establish new international links through its research on economic policies. It is not our primary mission to simply introduce fashionable theories in academic circles worldwide, or invite internationally renowned scholars to events that we organize. Rather, our mission is to focus on important issues that may not be tackled by overseas researchers, present research results, and convey the discourse of policy debates that may be different from that presented by foreign media.

We also acknowledge the importance of maintaining long-lasting relationships and networks with researchers from overseas in fields that are pertinent to our Institute's mandate. We continue to proactively propose research subjects in the field of international economic relations, such as the issue of economic integration and security in Asia, and the WTO negotiations.



Recruitment of Foreign Researchers and Staff

To conduct international activities more vigorously, RIETI appointed an International Affairs Director in January 2002, and established the International Affairs Group. In August 2002, three American fellows and two Chinese fellows joined the Institute, providing additional impetus for our research. We have plans to further bolster our international affairs staff, and will be recruiting additional researchers from other countries. Seeking to learn from examples of overseas research institutes, we intend to invite visiting scholars - overseas researchers visiting RIETI for short periods of time - and provide them with research facilities.

Ties with Overseas Research Institutes

RIETI carries out research based on individual projects proposed by its researchers, and therefore does not establish official organization-to-organization partnerships or other relationships with overseas research institutes. Instead, RIETI encourages joint research with overseas researchers and research institutions on an individual project basis and, to date, numerous overseas researchers have participated in the many policy symposia organized by RIETI, as well as smaller workshops and study groups. During fiscal 2001, RIETI convened study groups jointly with the Brookings Institution, the American Enterprise Institute (AEI), and the Chinese Academy of Social Sciences. Researchers from RIETI are also often invited to attend symposia and study groups held by overseas research institutes.

Information Dissemination to Overseas Audiences

We have made significant progress in improving our English and Chinese Web sites, which are major elements of our publicity to overseas audiences. Our fellows are responsible not only for providing insight on various policy issues through their theoretical and empirical analysis, but also for disseminating their work. We have started publication of regular electronic newsletters in English such as "RIETI Report" and "Miyakodayori," as well as in Chinese. RIETI will be exerting additional efforts to disseminate its research results on Japanese policy issues through effective use of overseas media.

Our role as a public policy institute does not end with research activities. We believe it is equally important to convey to the general public our research activities and achievements, thereby invoking active policy debates. To that end, we disseminate information on our Web site, in our publications and on occasions for political dialogue such as seminars and symposia. We hope that our research results and policy suggestions on theoretical and analytical grounds contribute to the policy debate and the policymaking process.

<http://www.rieti.go.jp/en/>

The Web site allows fellows to address current issues in a timely fashion through weekly columns. Readers then post their opinions on the columns, making the site a lively forum for information exchange in Japanese, English, and Chinese.

Some fellows and research groups have their own columns, whereas special features and discussion papers prepared by fellows are all published on the Web site where respective policy issues are explored in depth. The proceedings and minutes of seminars and symposia can be downloaded from the Web site, and we are implementing new technologies such as streaming audio-visual data, as well as live and on-demand web-cam broadcasting.

Information is provided in English and Chinese as well as in Japanese, and content is not limited merely to translation of Japanese-language material. On matters that seem to be of interest overseas, original articles are written and widely promulgated to contribute to policy debates and research concerning Japan. Until now, there has been little published in Chinese regarding Japan's domestic affairs and research, and our activities in this regard have been particularly well received in China. In addition to research activities and results, the Institute strives for greater transparency of its activities by publishing on its Web site evaluations of RIETI's activities conducted by the Independent Administrative Institution Evaluation Committee and the Institute's financial statement.

On the Web, RIETI operates its "Policy Platform" to quickly respond to increasingly diverse policy issues, and to efficiently ensure that the views of outside experts are reflected effectively in the policy formulation process. In support of this program, the Institute has implemented a computer system called the Policy Platform System (PPS), which allows online discussion on various policy issues in separate fora. Reasoned discussion among policy-makers and researchers on the Web, looking at all sides of the issues, gives rise to synergistic effects. Our plan for fiscal 2001 called for achieving 100,000 visits to the Web site. This was greatly exceeded, though, as over 180,000 visitors accessed the site during the year.



Web Page Traffic (As of August 31, 2002)

Top Page	
Japanese	350,000
English	9,000
Chinese	16,000

*Data for the English Web page from January 2002, for the Japanese Web page from April 2001, and for the Chinese Web page from December 2001.

RIETI publishes the results of its fellows' research activities in both printed and digital formats. The "Economic Policy Review" series of books is published by Toyo Keizai Inc. Research achievements of a high academic level, which have passed the referee examination of the relevant specialized field, have been published in the "Economic Policy Analysis" series starting in fiscal 2002. The research work carried out by each of the Institute fellows is published in a timely fashion and, to invite prompt comment both at home and abroad, all discussion papers are posted on our Web site.

*Note: Publications and Discussion Papers which are dated in blue print have been published subsequent to April 1, 2002.

Economic Policy Review

ISBN4-492-31305-2 *Designing Institutions in the Broadband Era*
2002/04 (Economic Policy Review No.5)
Written and edited by Nobuo Ikeda and Koichiro Hayashi



ISBN4-492-44278-2 *Turning Point of Japan-China Relations*
2001/07 (Economic Policy Review No.2)
Written and edited by Naoko Munakata



ISBN4-492-39370-6 *Modularity: A New Industrial Architecture*
2002/02 (Economic Policy Review No.4)
Written and edited by Masahiko Aoki and Haruhiko Andoh



ISBN4-492-39341-2 *Economics of Balance-Sheet Restructuring*
2001/06 (Economic Policy Review No.1)
Written and edited by Mitsuhiro Fukao, Tatsuya Terazawa and Keiichiro Kobayashi



ISBN4-492-70076-5 *Healthcare Reform*
2002/02 (Economic Policy Review No.3)
Written by Koichi Kawabuchi



Pre-Reviews

ISBN4-492-22196-4 *University Reform: Issues and Controversies*
2001/02 Masahiko Aoki, Akihiro Sawa and Michihiro Daito
Edited by the Editorial Board, "MITI Research Review"
Toyo Keizai Inc.



ISBN4-492-39321-8 *Issues and Controversies in Macroeconomic Policy*
2000/04 Hiroshi Yoshikawa
Edited by the Editorial Board, Ministry of International Trade and Industry/Research Institute Toyo Keizai Inc.



Other Publications

ISBN4-532-19131-9 *The Changing Decade: An Abiding Perspective*
2002/06 Masahiko Aoki
Nihon Keizai Shimbun, Inc.



ISBN4-532-14856-1 *The Trap of the Japanese Economy*
2001/03 Keiichiro Kobayashi and Sota Kato
Nihon Keizai Shimbun, Inc.
Winner 44th Nikkei Keizai Book Culture Award
Winner 1st Osaragi Jiro Rondan Award — Encouragement Prize



Discussion Papers			
02-J-017	2002/09	"Structural Trends in Japan's Balance of Payments: Empirical Analysis Through the I-S Balance Approach"	Kyoji Fukao et al.
02-J-016	2002/09	"Policy Response to the Crisis in the Banking System: Empirical Research, Case Study and Lessons Extracted"	Keiichiro Kobayashi
02-J-015	2002/09	"Treatment of WTO Trade Bail-Out Procedures Under Regional Trade Agreements"	Nozomi Sagara
02-J-014	2002/09	"Comparison of Purchasing Power Parity and Real Consumption Levels Among Japan, Korea and Taiwan in the 1930's"	Kyoji Fukao et al.
02-J-013	2002/08	"Property Rights and the Commons in Networks"	Nobuo Ikeda et al.
02-J-012	2002/07	"University-Industry Collaboration and Business Partnership in Technology Advanced Metropolitan Area (TAMA)"	Toshihiro Kodama
02-J-011	2002/07	"China's Industrial and Trade Structure and Foreign Direct Investment: Is China a Threat to Japan?"	Kyoji Fukao
02-J-010	2002/07	"Economic Analysis of NPOs Using the Input-Output Table"	Daisuke Takayanagi, Mutsuharu Takahashi, and Masashi Imase
02-J-009	2002/06	"Economics of Modularity"	Kotaro Tsuru
02-J-008	2002/06	"Notes on the Concept, Measurement and Strategy of Product Architecture"	Takahiro Fujimoto
02-J-007	2002/06	"Japanese Venture Businesses in Biotechnology: Their Potential and Current Problems"	Yoshiaki Nakamura
02-J-006	2002/06	"The Rise of China and the Progress of IT Revolution: Empirical Data on the Competitiveness of Chinese-Manufactured Goods in the U.S. Market"	C.H. Kwan
02-J-005	2002/06	"Fiscal Consequences of Inflationary Policies"	Keiichiro Kobayashi
02-J-004	2002/02	"Evaluation of Automotive Tax Policy as a Measure to Reduce Global Warming"	Yoshitsugu Kanemoto et al.
02-J-003	2002/02	"Current State of Biotechnology Research and Development in Japan and its Three Challenges"	Yoshiaki Nakamura et al.
02-J-002	2002/01	"Is IPv6 Needed?"	Nobuo Ikeda et al.
02-J-001	2002/01	"The Spectrum as Commons: Digital Wireless Technology and Spectrum Policy"	Nobuo Ikeda
01-J-004	2001/09	"Re-Employment Status of Former Mitsui and Mi'ike Coal Mine Workers After the Mine Closure: Implications for Labor Mobility"	Toshihiro Kodama
01-J-003	2001/09	"Foreign Direct Investment and the Hollowing Out of Japanese Industry"	Kyoji Fukao et al.
01-J-002	2001/08	"Productivity of the Automobile Industry: Empirical Analysis Based on the Census on Manufacturing's Individual Survey Data"	Kyoji Fukao et al.
01-J-001	2001/07	"Vertical Non-Integration of the Telecommunications Industry Caused by the Internet"	Nobuo Ikeda
02-E-010	2002/09	"Fiscal Consequences of Inflationary Policies"	Keiichiro Kobayashi
02-E-009	2002/07	"The Rise of China and Asia's Flying-Geese Pattern of Economic Development: An Empirical Analysis Based on U.S. Import Statistics"	C.H. Kwan
02-E-008	2002/07	"China and the Agreement on Technical Barriers to Trade"	Ichiro Araki
02-E-007	2002/06	"Whither East Asian Economic Integration?"	Naoko Munakata
02-E-006	2002/06	"Evolution of Japan's Policy toward Economic Integration"	Naoko Munakata
02-E-005	2002/06	"Forbearance Impedes Confidence Recovery"	Keiichiro Kobayashi
02-E-004	2002/03	"Japan's Lost Decade and the Complexity Externality"	Keiichiro Kobayashi et al.
02-E-003	2002/03	"Why Does the Problem Persist?: 'Rational Rigidity' and the Plight of Japanese Banks"	Kiyohiko Nishimura et al.
02-E-002	2002/03	"The Spectrum as Commons"	Nobuo Ikeda
02-E-001	2002/02	"Incentives and Option Value in the Silicon-Valley Tournament Game"	Masahiko Aoki et al.
01-E-007	2001/12	"Development of Longitudinal Micro-Datasets and Policy Analysis for Japanese Industrial Sectors"	Kazuyuki Motohashi
01-E-006	2001/12	"Use of Plant Level Micro-Data for SME Innovation Policy Evaluation in Japan"	Kazuyuki Motohashi
01-E-005	2001/12	"Careers and Incentives of Japanese Fast-Track Bureaucrats: A Career-Path Dependent Model Perspective"	Kotaro Tsuru
01-E-004	2001/12	"Bank Relationships and Firm Performance: Evidence from Selected Japanese Firms in the Electrical Machinery Industry"	Kotaro Tsuru
01-E-003	2001/10	"Road Transport and Environmental Policies in Japan"	Yoshitsugu Kanemoto et al.
01-E-002	2001/10	"Foreign Direct Investment in Japan: Empirical Analysis Based on Establishment and Enterprise Census"	Kyoji Fukao et al.
01-E-001	2001/09	"Japanese Technology Policy: History and a New Perspective"	Yuko Harayama

RIETI holds seminars and symposia for the purpose of encouraging discussion across the broad range of policy issues in which its fellows have carried out research. In fiscal 2001 there were five such policy symposia focusing on structural reform issues, such as social safety nets, bad loans, broadband communications, cooperation between academia and industry, and environmental policy. The Institute often holds Brown Bag Lunch (BBL) Seminars. So far, 84 such lunch-time fora have been held, inviting renowned policy researchers and practitioners in Japan and overseas as lecturers and holding active debates among participants including legislators, bureaucrats, researchers, business people and journalists. RIETI is also active in convening research seminars at which RIETI fellows and outside researchers debate specialized research themes, as well as policy seminars to which those at the forefront of policymaking are invited as lecturers to invoke in-depth discussions on the latest policy issues.

*Note: Participants' titles as of dates of symposia.

Policy Symposia

“Kyoto Protocol and its Implementation”

Date: March 19, 2002
Place: RIETI, International Seminar Room
Keynote Speech: Michael Toman, *Senior Fellow, Resources for the Future*
Lawrence H. Goulder, *Professor, Stanford University*
Panel Discussion: Hu Angang, *Professor, Tsinghua University/Director, Center for China Study*
Peter Bohm, *Professor, Stockholm University*
Teruaki Masumoto, *Chairman of Subcommittee on Global Environment, Japan Federation of Economic Organizations (Keidanren)/ Deputy Chairman, Tokyo Electric Power Company*
Sozaburo Okamatsu, *Chairman, RIETI*
Hiroshi Saito, *Visiting Senior Fellow, RIETI*
Tatsuyoshi Saijo, *Faculty Fellow, RIETI*
Takao Kusakawa, *Graduate Research Associate, RIETI*
Others

Discussion was held from the standpoint of exploring what is needed as a first step toward the long-term reduction of CO₂ on a global scale under the Kyoto Protocol.

“Institutional Design of University-Industry Collaboration”

Date: December 11, 2001
Place: Science Council of Japan Auditorium
Speech: Koji Omi, *Minister of State for Science and Technology Policy*
Keynote Speech: Richard Nelson, *Professor, Columbia University*
David Hodges, *Professor, University of California, Berkeley*
Panel Discussion: Kiyoshi Kurokawa, *Dean and Professor of Medicine, Tokai University School of Medicine/Member IAC Board Vice President Science Council of Japan*
Hitoshi Ogata, *Vice President, Corporate R&D, Mitsubishi Electric Corporation*
Keisuke Isogai, *Director, Office of Technology Transfer Promotion, MEXT*
Masahiko Aoki, *President, RIETI*
Yuko Harayama, *Fellow, RIETI*
Hidetaka Fukuda, *Visiting Senior Fellow, RIETI*
Others

Discussed the current status of business-academia collaboration in Japan and relevant issues, together with the track record of U.S. research universities, which contribute to U.S. technological innovation, and the possibility of their application in Japan.

“Designing Institutions in the Broadband Era”

Date: October 13, 2001
Place: Mita Conference Hall
Keynote Speech: Lawrence Lessig, *Professor, Stanford University*
Panel Discussion: Hiroshi Mano, *President, Mobile Internet Services, Inc.*
Naoki Inose, *Writer*
Masato Shinagawa, *Chairman, Japan ITU Association*
Koichiro Hayashi, *Professor, Keio University*
Nobuo Ikeda, *Senior Fellow, RIETI*
Ichiya Nakamura, *Senior Fellow, RIETI*
Shin Yasunobe, *Consulting Fellow, RIETI/Executive Director, Stanford Japan Center-Research, Stanford University*
Others

Launching the broadband era is not merely a matter of constructing infrastructure. There is a need to consider and make proposals for overall systems, including intellectual property rights and competition policy. Stanford University's Professor Lawrence Lessig, one of the Internet world's most distinguished polemicists, was invited to speak about suitable systems for the broadband era.



“Non-Performing Assets, Restructuring for Japan’s Economic Recovery”

Date: September 25, 2001
Place: Tsuda Hall
Keynote Speech: L. William Seidman, *Principal Economics Commentator for CNBC, Former Chairman of the RTC*
 Heizo Takenaka, *Minister of State for Economic and Fiscal Policy*
 R. Glenn Hubbard, *Chairman, the Council of Economic Advisers (CEA)*
 Tadashi Nakamae, *President, Nakamae International Economic Research*
Panel Discussion: David C. Cooke, *Managing Director, KPMG Consulting, Inc*
 Nobuyuki Kinoshita, *Financial Services Agency (FSA), Director, Supervising Coordination Division*
 Robert H. Dugger, *Managing Director, Tudor Investment Corporation*
 Yasuhisa Shiozaki, *Member of the House of Representatives*
 Masamoto Yashiro, *Chairman, President and CEO, Shinsei Bank, Limited*
 Tatsuya Terazawa, *Visiting Senior Fellow, RIETI*
 Richard A. Gitlin, *Partner, Bingham Dana Law Firm*
 Keiichiro Kobayashi, *Fellow, RIETI*
 Others

Discussed the significance of economic policy in solving the bad-debt problem through disposing of non-performing assets and loans, taking a lesson from the U.S. experience in terms of concrete techniques for disposing of non-performing loans, and looked at the future direction of the Japanese economy.

“Safety Net that Supports Vital Economy —Redesign and Systematize Safety Net”

Date: September 7, 2001
Place: RIETI, International Seminar Room
Speech: Takeo Hiranuma, *Minister of Economy, Trade and Industry*
Speakers: Masahiko Aoki, *President, RIETI*
 Toshiaki Tachibanaki, *Faculty Fellow, RIETI*
 Yoshihiro Kaneko, *Visiting Senior Fellow, RIETI*
 Koichi Kawabuchi, *Faculty Fellow, RIETI*
 Yoshio Higuchi, *Faculty Fellow, RIETI*
 Toshihiro Kodama, *Senior Fellow, RIETI*
 Others
Panel Discussion: Akiko Oishi, *National Institute of Population and Social Security Research, Director, Section 2, Department of Theoretical Social Security Research*
 Yasuyuki Nanbu, *Group CEO, Pasona Inc.*
 Koichi Akaishi, *Fellow, RIETI*
 Others

Discussed the redesign of the safety net system so that social security, the healthcare system, unemployment compensation, and other safety nets support a dynamic economy and reciprocally reinforce each other.

“Modularity—Impact on Japan’s Industry” (Opening Conference of Research Institute of Economy, Trade and Industry)

Date: July 13, 2001
Place: Hitotsubashi Memorial Hall
Keynote Speech: C. Y. Baldwin, *Former Assistant Dean, Harvard Business School*
 Masahiko Aoki, *President, RIETI*
Speakers: Takahiro Fujimoto, *Faculty Fellow, RIETI*
 Hiroyuki Chuma, *Faculty Fellow, RIETI*
 Others
Panel Discussion: Jiro Kokuryo, *Professor, Graduate School of Business Administration, Keio University*
 Keiichi Enoki, *Managing Director, NTT DoCoMo*
 Hiroshi Hashimoto, *CEO, Kyoden Corporation*
 Others

Modularity is the key to America’s economic vigor led by the digital economy, which is crisscrossed with flourishing venture companies. The importance of modularity in bringing changes to corporate and industrial structures was demonstrated.

Other Symposia

“The Present and Future of the U.S. and Japan Economies — A New U.S.-Japan Relationship for the 21st Century”

Date: April 27, 2001
Place: RIETI, International Seminar Room
Speakers: Christopher DeMuth, *President, American Enterprise Institute for Public Policy Research*
 Katsusada Hirose, *Vice Minister, METI*
Panel Discussion: John Makin, *Resident Scholar, American Enterprise Institute for Public Policy Research*
 David Asher, *Associate Director for Asian Studies, AEI*
 Akira Kojima, *Managing Director and Chief Editor, Nihon Keizai Shimbun, Inc.*
 Junichi Hattori, *Chairman & CEO, Seiko Instruments Inc.*
 Masahiko Aoki, *President, RIETI*
 Others

Discussed the current state of the economies of Japan and the U.S., the future direction of their economic policies and the economic and security aspects of the Japan-U.S. relationship in the 21st century. Participants comprised Japanese and U.S. experts, including researchers from the American Enterprise Institute (AEI), which is influential with the current U.S. administration.

“The Sino-Japanese Relationship in East Asia During the 21st Century—Seizing the Opportunity for Economic Integration”

Date: April 13, 2001
Place: International Meeting Hall, METI
 In cooperation with the Chinese Academy of Social Sciences
Speakers: Xiaojuan Jiang, *Deputy Director, Institute of Finance and Trade Economics, Chinese Academy of Social Sciences*
 Yizhou Wang, *Deputy Director, Institute of World Economics and Politics, Chinese Academy of Social Sciences*
 Chew Tai Soo, *Ambassador, Embassy of the Republic of Singapore in Japan*
 Sozaburo Okamatsu, *Chairman, RIETI*
 Masahiko Aoki, *President, RIETI*
 Nobuo Tanaka, *Senior Fellow, RIETI*
 Naoko Munakata, *Senior Fellow, RIETI*
 Kotaro Tsuru, *Senior Fellow, RIETI*
 C. H. Kwan, *Senior Fellow, RIETI*
 Others

In recent years, Japan and China have intensified their efforts to achieve regional economic integration. Explored factors lending momentum to and hindering those efforts. Debated the best policies to ensure peace and security in East Asia—Japan’s and China’s policies with regard to each other and the rest of Asia—from both political and economic aspects.

BBL Seminars

2002/03/28	"Can Diversified Business Survive?"	Kazumoto Yamamoto (President, Asahi Kasei Corporation)
2002/03/27	"Institutional Design of University-Industry Collaboration"	Tadao Ando (Professor / President Aide, Hiroshima University)
2002/03/22	"From Mold to High-Sensitivity CO Sensor"	Masaaki Sakaguchi (CEO, Sakaguchi Giken Co., Ltd.)
2002/03/15	"IT Strategy and Regulatory Reform"	Koichi Suzuki (President, Internet Initiative Japan, Inc.)
2002/03/13	"Can Embedded Liberalism Survive the Challenges of the 21st Century"	John H. Jackson (Professor of Law, Georgetown University Law Center)
2002/03/08	"Competitiveness Originates from Field Work"	Norio Ogasawara (President, Ohtsuki Seiko Co., Ltd.)
2002/03/06	"Diversification of Women in the Workforce and the Declining Birth Rate"	Ryuko Fujii (Information Disclosure Review Board, Cabinet Office)
2002/03/01	"Japan's Aging Society: From the Latest Future Population Estimate"	Shigesato Takahashi (Director, Population Dynamics Research Department, National Institution of Population and Social Security Research)
2002/02/27	"Worksharing: Toward Structural Reform of Work and Daily Life"	Yoshio Higuchi (Faculty Fellow, RIETI)
2002/02/22	"Three-Dimensional CAD"	Masahiro Akiyama (CEO, ARMONICOS Co., Ltd.)
2002/02/21	"Redefining Foreign Assistance and U.S.-Japan Cooperation in Economic and Humanitarian Development"	Patrick Cronin (Assistant Administrator, U.S. Agency for International Development), James Clad (Professor, Georgetown University)
2002/02/15	"Entertainment Industry Integration Strategies"	Cynthia Meyer (Lecturer, Department of Film, Video & Broadcasting, NYU)
2002/02/12	"The Divided China Problem"	Ramon H. Myers (Senior Fellow, Hoover Institution)
2002/02/08	"The Irrelevance of the Restructuring Debate"	Andrew Smithers (Chairman, Smithers & Co.)
2002/02/07	"IPv6: Myth & Reality"	Hajime Yamada (Professor, Center for Global Communications, International University of Japan)
2002/02/04	"Economic Policy under Deflationary Conditions"	Ryutaro Kohno (Chief Economist, BNP Paribas)
2002/02/01	"Assessing Today's Supplies to Fuel Tomorrow's Growth: Implications of Global Energy Supply Outlook"	Fatih Birol (Head Economic Analysis Division, International Energy Agency)
2002/01/30	"Future Direction for Banks' Independent Management"	Yuko Kawamoto (Senior Expert, McKinsey & Company, Inc. Japan)
2002/01/29	"Development of High-Tech Industry in China"	Liu Xielin (Deputy Director, Research Center for the Promotion of Science and Technology Development, the Ministry of Science and Technology, PRC), Zhang Fengtong (Deputy Director, Science and Technology Development Division (TLO), Tsinghua University), Wang Jianhua (Secretary-General, the Association for the Promotion of Non-Governmental Science and Technology, PRC)
2002/01/28	"How to Deal with Bankrupt Banks: U.S.-Japan Comparison"	Akitoshi Takatsuki (Professor, Meikai University)
2002/01/25	"The Doha Round and the Stakes for Business: What's Next?"	Amelia Porges, Andrew Shoyer (Powell, Goldstein, Frazer & Murphy)
2002/01/24	"Latest Technology of Wireless Communication"	Ryuji Kohno (Professor, Yokohama National University)
2002/01/23	"Understanding Tomorrow's Japan"	Gregory F. Treverton (Senior Fellow, Policy Council on International Policy)
2002/01/21	"U.S.-Japan Relations and 9-11: Taking Stock of U.S.-Japan Security and Economic Relations"	Steven C. Clemons (Executive Vice President, New America Foundation)
2002/01/18	"EU Enlargement, European Unification and Structure Reform"	Kazuaki Tezuka (Professor, Chiba University)
2002/01/17	"Environment Facilitation for Growing NPO Activities"	Kenichiro Ohtake (Director-General, Tax Bureau, Ministry of Finance)
2002/01/15	"The Information Technology Industries and the U.S. Economy"	Dale Jorgenson (Professor, Harvard University)
2002/01/11	"Trade Policy Capacity Building"	William Dymond (Director, Centre for Trade Policy and Law, Carleton University)
2002/01/09	"Japan in the Process of Institutional Transformation"	Masahiko Aoki (President, RIETI)
2001/12/21	"Broadband Strategy: Too Close to Call"	Nobuo Ikeda (Senior Fellow, RIETI)
2001/12/20	"Struggling Forward: China Comes Up"	Fan Gang (National Economic Research Institute, China Reform Foundation)
2001/12/17	"Structural Reforms in China"	Jinping Zhao (Deputy Director, Development Research Center of the State Council of PRC)
2001/12/13	"Outlook and Issues in the Distribution Industry During a Time of Great Change"	Takuya Okada (Honorary Chairman, AEON)
2001/12/12	"Japan's Financial System in the Future"	Speaker: Takeo Hoshi (Professor, University of California, San Diego), Commentator: Yuko Kawamoto (Senior Expert, McKinsey & Company, Inc. Japan)
2001/12/06	"Beyond Bilateralism: Japanese and U.S. Cooperation and Conflict in Multilateral Asia"	TJ Pempel (Professor, UC Berkeley), Ellis Krauss (Professor, UC San Diego)
2001/12/05	"Managing Knowledge for Better Value Healthcare"	Speaker: J.A. Muir Gray (Institute of Health Sciences, Oxford University), Commentator: Kiichiro Tsutani (Professor, University of Tokyo)
2001/11/30	"Decoding and Learning From the Doha Game"	Hidehiro Konno (Adviser, METI /Adviser, Japan Economic Foundation)
2001/11/27	"The Power of Islam"	Amin Kimiaki Tokumasu (Secretary General, Japan-Saudi Arabia Society, Japan-Kuwait Society)
2001/11/26	"Healthcare Problems Not Known to the Public"	Hiroshi Akiyama (Director, Toranomon Hospital)

2001/11/20	"Recovering from the Slump in the IT Sector"	Satoshi Kusakabe (Visiting Fellow, RIETI)
2001/11/16	"Heart Insurance"	Hayao Kawai (Academic Advisor, Kyoto Bunkyo University)
2001/11/08	"A Comparison of Venture and IT Industries in Korea and Japan"	Yoo Soo Hong (Research Director, Korea Institute for International Economic Policy)
2001/11/06	"Can FDI Raise Japan's Growth Rate?"	Robert Fauver (Consulting Fellow, RIETI)
2001/11/02	"The Yen and the Yuan: Exchange Rate Fluctuations and Asian Economies"	C.H. Kwan (Senior Fellow, RIETI)
2001/11/01	"Corporate Governance in Japan"	Speaker: Hiroyuki Yanai (President, Epiphany Corp.), Commentator: Robert F. Grondine (ACCJ Chairman, Partner, White & Case LLP)
2001/10/15	"No More Bashing: Building a New Japan-United States Economic Relationship"	C. Fred Bergsten (Director, Institute for International Economics), Marcus Noland (Senior Fellow, Institute for International Economics), Takatoshi Ito (Professor, Hitotsubashi University)
2001/10/10	"The Next Billion"	James Morgan (Chairman and CEO, Applied Materials)
2001/10/05	"The Global Strategy of Saint-Gobain: Experiences of a French Global Company"	Jean-Louis Beffa (Chairman and CEO, the Saint-Gobain Group)
2001/09/26	"The Competitiveness of China's IT Sector"	Liu Dong (President, Beijing Internet Networking Institute), Ni Jianzhong (Vice Chairman, China Mobile Communications Association)
2001/09/11	"Community Businesses that Invigorate Regions"	Nobutaka Hosouchi (President, Community Business Network)
2001/09/05	"Singapore's RTA Strategy"	Linda Low (Associate Professor, National University of Singapore)
2001/08/30	"Into the Response Quadrant: Koizumi and the CRIC Cycle"	Robert Alan Feldman (Chief Economist, Morgan Stanley Dean Witter Japan)
2001/08/29	"Hedge Funds By and For Japanese"	Akira Sunaga (CEO, NDC Investment)
2001/08/27	"Japan's Structural Demand and Debt Problem"	Andrew Smithers (Chairman, Smithers & Co.)
2001/08/02	"Growth, Productivity, IT, Mobility, and Some New Science and Technology Indicators that Relate to these Topics"	Andrew W. Wyckoff (Head of Economic Analysis and Statistics Division, OECD), Dominique Guellec (Principal Administrator, Economic Analysis and Statistics Division, OECD)
2001/07/25	"The Impact of Genome Science on Industry, Society, and University"	Yutaka Kirino (Professor, University of Tokyo)
2001/07/24	"The Feasibility of Wireless Internet Service"	Hiroshi Mano (President, Root Inc.)
2001/07/19	"An Urgent Recommendation from the Human Resources Industry"	Yasuyuki Nanbu (Group CEO, Pasona Inc.)
2001/07/18	"Investigate! Why Doesn't Japan's Wind-Power Sector Make any Progress?"	Toshio Hori (Chief Executive Officer, Power & Utility Projects Division, Tomen Corporation), Toshio Katano (CEO, Eco Power)
2001/07/17	"Challenges for the U.S. and Japan in the Regional Economy"	Jane Skanderup (Assistant Director for Programs and Development, Pacific Forum Center for Strategic and International Studies)
2001/07/10	"The U.S.-Japan Security Alliance"	Yoshihide Soeya (Faculty Fellow, RIETI)
2001/07/04	"Comments on our Experience in Japan"	Jean-Christophe Goarin (CEO, Carrefour Japan)
2001/06/29	"Japanese Labor Mobility: Toward a Skills-Based Labor Market"	Sakie Fukushima Tachibana (Japan Director, Korn Ferry), Sean Ryan (The Princeton Review, Japan), Larry Kiefer (Executive Recruiter, AsiaNet)
2001/06/26	"The Journey of Japan's Synchronized Swimmers"	Masako Kaneko (Director, Japan Amateur Swimming Federation)
2001/06/25	"The Place of India in the Reconfiguring of U.S. Policy in Asia"	James Clad (Professor, Georgetown University)
2001/06/20	"The China Investment Strategies of Japanese, U.S., and European Firms"	Jin Jianmin (Fujitsu Research Institute)
2001/06/19	"Current Situation and Future Prospects for Zhongguancun Science Park"	Duan Yongji (Chairman, Stone Group; President, Zhongguancun Science Park), Lu Hao (Zhongguancun Science Park)
2001/06/18	"The Role of Graduate Schools in the American Innovation System"	Nathan Rosenberg (Professor, Stanford University)
2001/06/08	"The Secret of UNIQLO's Overwhelming Success and Japan's Textile Industry"	Tadashi Yanai (CEO, Fast Retailing Co.), Hiroshi Tsukiizumi (CEO, Seeds Co., Ltd.)
2001/06/07	"New Developments in Public-Private Partnership (PPP)"	Shinichi Ueyama (Research Professor, Georgetown University)
2001/06/05	"Regarding the Sino-U.S.-Japanese Relationship"	Richard Cooper (Professor, Harvard University)
2001/06/01	"The Bush Administration's Asia Policy"	Daniel Okimoto (Professor, Stanford University)
2001/05/30	"Ethical Investment for Pension Funds"	Sabine Doebeli (Head of Environmental and Social Research, Zurich Kantonalbank)
2001/05/29	"The Current State of Asia"	Toshio Watanabe (Professor, Takushoku University)
2001/05/24	"The New U.S.-Japan Relationship: Security and Economy"	Ralph A. Cossa (President, Pacific Forum, CSIS)
2001/05/23	"U.S. Energy Situation, and the Bush Administration's Energy Policy"	Lucio A. Noto (ex-Vice Chairman, Exxon Mobil)
2001/05/21	"FDI, Shareholder Power and Competition"	Richard Katz (Senior Editor, The Oriental Economist)
2001/05/18	"Effects of Activities of University-Industry Collaboration on Reinvigorating Local Economies"	Nobuo Sasaki (Technology Advisor, Hokkaido TLO)

● Publicity Activities — Events and Seminars

2001/05/14	"U.S. Foreign Policy Toward East Asia"	Michael Mochizuki (Professor, George Washington University)
2001/05/10	"Reforming Local Governments: A Proposal From the Front"	Nobutaka Murao (Consulting Fellow, RIETI) Takayuki Matsuo (Director of Europe, Middle East and Africa Division, METI)
2001/04/20	"Innovation and Reward Contributing to a Healthy Economy"	Antony A. Butler (Japan Representative, PhRMA)
2001/04/17	"IT, Innovation, Entrepreneurship and Economic Growth"	Risaburo Nezu (Former Director for Science, Technology and Industry, OECD)
2001/04/10	"The Environment for New Ventures in Korea, and Implications for Japan"	Yuji Akaba (Partner, Techfarm Asia Ventures)
2001/04/06	"Survey Results on the Influence of University Research on Industrial R&D"	John Walsh (Professor, University of Illinois at Chicago)
2001/04/03	"Debt Disorganization"	Keiichiro Kobayashi (Fellow, RIETI)

Research Seminars

2002/03/28	"University-Industry Collaboration and Business Partnerships in Technology Advanced Metropolitan Area (TAMA)"	Toshihiro Kodama
2002/03/14	"Coordination Costs and the Optimal Partition of a Designing Organization"	Hirokazu Takizawa (Toyo University)
2002/03/12	"The Political Economy and Social Costs of Agricultural Protectionism"	Masayoshi Honma (Seikei University)
2002/02/28	"Reform of China's Innovation System"	Atsushi Sumani
2002/02/21	"Structural Adjustments in Korea and Implications for Japan"	Yukiko Fukagawa
2002/02/14	"A Prologue to Diachronic Comparative Institutional Analysis of the Conversion of National Research Institutions to Independent Administrative Institutions"	Masayo Fujimoto
2002/02/08	"The Spectrum as Commons"	Nobuo Ikeda
2002/01/10	"Correction of Trade Relief Measures such as Anti-Dumping and Treatment of Regional Agreements"	Nozomi Sagara
2001/12/21	"Comparative Institutional Analysis of the Japan-Korea Economic System"	Kazuhito Ikeo, Kyuchan Hwang, Takao Iijima (Keio University)
2001/12/14	"Liability Experiments: Seller's or Buyer's"	Tatsuyoshi Saijo
2001/12/13	"Complementary Japan-China Relationship"	C.H. Kwan
2001/11/30	"The Role of Fiscal Policy in Price Stability"	Takeshi Kimura (Bank of Japan)
2001/11/22	"Use of Plant-Level Micro-Data for SME Innovation Policy Evaluation in Japan"	Kazuyuki Motohashi (METI)
2001/11/15	"Measurement of Price Adhesion"	Tsutomu Watanabe (Hitotsubashi University)
2001/11/01	"Dr. Krugman's Inflation Policy Proposal and Fiscal Policy for Price Levels"	Keiichiro Kobayashi
2001/10/25	"Careers and Incentives of Japanese 'Fast-Track' Bureaucrats"	Kotaro Tsuru
2001/10/18	"Current Situation and Problems of Research and Development in Bio-Technology in Japan"	Yoshiaki Nakamura
2001/10/11	"Measuring the Liquidity Effect: The Case of Japan"	Ichiro Uesugi (METI)
2001/10/04	"Corporate Selection and Management Efficiency in the Banking Sector"	Tetsuji Okazaki
2001/09/27	"Tournament of Multiple Venders in Face of the Hold-Up Problem"	Takuya Nakaizumi
2001/09/19	"Bank Relationships and Firm Performance"	Kotaro Tsuru
2001/09/14	"Sources of Machine-tool Industry Leadership in the 1990s, Overlooked Intra Firm Factors"	Hiroyuki Chuma
2001/09/06	"Debt Disorganization"	Keiichiro Kobayashi

Policy Seminars

2002/03/18	"Recycling Policy"	Terunobu Yamauchi (Industrial Science and Technology Policy and Environment Bureau, METI)
2002/03/04	"Policies to Cope with Deflation and Stimulate the Economy"	Nobuaki Terasaka (Economic and Industrial Policy Bureau, METI)

Independent administrative institutions, as a rule, follow the principles of corporate accounting (in conformance with Article 37 of the Law concerning the General Rules of the Independent Administrative Institutions), adopting accrual based and double entry accounting conventions.

In addition, the Independent Administrative Institution Accounting Standards, established in consideration of the public nature of institutions whose operations are neither aimed at attaining profits nor meant to be financially self-supporting, call for the sufficient disclosure of financial information on economic resources entrusted for the execution of their missions. To ensure that each independent administrative institution as a trustee fulfills its disclosure obligation to the general public as the trustor, the standards provide specific accounting procedures for grant for operating expenditure from the government and other details such as the disclosure of free-leasing of state-owned assets on a statement of costs of providing administrative services.

RIETI's financial statements for its first fiscal year, from April 1, 2001 through March 31, 2002, have been compiled in line with such principles and are provided on the subsequent pages.

These statements, along with internal auditors' report on the financial statements, have been approved by the Independent Administrative Institution Evaluation Committee.

Key Points Pertaining to Independent Administrative Institution Accounting Principles

1. Improvement of efficiency and service quality through the adoption of corporate accounting standards

Up until now, accounting methodologies for public entities focused chiefly on cash inflows and outflows during any given fiscal year. But in an effort to achieve greater efficiency and higher quality of service, independent administrative institutions have adopted accounting methodologies more similar to those of corporate enterprises, adopting the double entry bookkeeping system and establishing a formula for financial statements that includes a balance sheet and a statement of income. The introduction of corporate accounting principles facilitates the enhancement of the efficiency and quality of services.

- (1) The condition of assets and liabilities held by an independent administrative institution can be seen at a glance, while the institution's incurred expenses and revenues from operations are clearly presented, and
- (2) It has become easier to grasp how independent administrative institutions utilize economic resources to execute operations, enabling more accurate evaluation of their operations and subsequently leading to greater efficiency and quality of their services.

2. Disclosure of the overall costs of administrative services

In addition to the ordinary set of financial statements, independent administrative institutions have a mandate to compile a statement of costs of providing administrative services that presents, in an easy-to-understand manner, the overall picture of costs relating to each institution's operations that must be financed by taxpayers' money. Marking the first attempt of this kind, the additional statement aims to clarify the cost of administration covered by the state (general public), as the conventional set of financial statements does not provide a clear picture.

Example: Disclosure of free leasing of state-owned assets

When an independent administrative institution is allowed to use certain state-owned assets free of charge, it does not appear on any of the ordinary set of financial statements. A statement of costs of providing administrative services, however, lists this as an opportunity cost imposed on the state.

3. Modifications reflecting peculiarities of independent administrative institutions

Because the mechanistic application of corporate style accounting principles fails to present an accurate picture of certain aspects of the financial and management conditions of independent administrative institutions, some modifications have been made to reflect the peculiarities of those institutions.

Although the Independent Administrative Institution Accounting Standards are basically in accordance with the principles of corporate accounting, there are some differences. An accounting system suitable for profit-seeking entities is not suitable for independent administrative institutions, as independent administrative institutions must account for the receipt of grant for operating expenditure and other items not assumed under corporate accounting principles.

Example: Accounting principles for grants for operating expenditure

Upon receiving a grant for operating expenditure, an independent administrative institution should account for the full amount as a liability, as the particular project for which the money was granted has yet to be undertaken, and the institution is obligated to execute the project. As the project proceeds, the value amounts of completed portions of the project are removed from liabilities on the balance sheet and reflected as revenues in the income statement along with the matching expenses.

4. Conformance with International Accounting Standards

In fiscal 1999 it became mandatory under International Accounting Standards to compile and disclose a statement of cash flows. A statement of cash flows prepared by a profit-seeking corporation consists of three sections: cash flows from operating activities, cash flows from investing activities, and cash flows from financial activities. An independent administrative institution replaces the first of these—cash flows from operating activities—with a section entitled cash flows from operational activities, which includes the receipt of grant for operating expenditure.

Balance Sheet (March 31, 2002)

Assets		● Assets	
Assets listed in corporate accounts consist of three types: current assets, fixed assets and deferred assets. Deferred assets, however, are not recognized under independent administrative institution accounting standards, and so assets in these statements are comprised of only current and fixed assets. Taking into consideration that the necessary financial resource measures are undertaken for the independent administrative institution each fiscal year, it is not appropriate for independent administrative institutions to record deferred assets. These will be handled as expenses incurred during the appropriate fiscal year.			
I Current Assets			
Cash and Bank Deposits	1,263,894,505		
Unrealized Income from Research Activities	118,016,010		
Inventories	109,032		
Prepayments	7,776,780		
Others	73,438		
Current Assets Total	1,389,869,765		
II Fixed Assets			
1. Tangible Fixed Assets			
Equipment	9,204,900		
Accumulated Allowance for Depreciation	1,321,351		
Tangible Fixed Assets Total	7,883,549		
Fixed Assets Total	7,883,549		
Total Assets	1,397,753,314		
● Liabilities		● Liabilities	
The liabilities section includes two items that represent distinct features of the independent administrative institution standards. The first of these is reserved grants for operating expenditure. This item consists of the amount equivalent to the grants for operating expenditure total at the time it was received, less the amount recognized as income in that it reflects the current state of operations.			
Liabilities invested in capital assets are posted in the long-term liabilities section. This entry represents, in line with the assumptions contained in the medium-term business plan, depreciable assets purchased by grant for operating expenditure or money donated in accordance with the intentions of donors, or for pre-defined applications.			
I Current Liabilities			
Reserved Grants for Operating Expenditure	716,724,669		
Deposits Received	5,792,255		
Accounts Payable	655,143,716		
Accrued Expenses Payable	11,649,470		
Current Liabilities Total	1,389,310,110		
II Long Term Liabilities			
Liabilities Invested in Capital Assets			
Reserved Grants	538,853		
Value of Donated Goods Put in Reserve	7,344,696		
Long Term Liabilities Total	7,883,549		
Total Liabilities	1,397,193,659		
● Equity		● Equity	
Under the independent administrative institution standards, when earnings are received they must be used to cover deficits held over from the previous year, while any leftover funds must be allotted to an appropriated reserve, or as a reserve to cover future deficit. As a result, RIETI does not pay dividends as does an ordinary company.			
I Unappropriated Retained Earnings		559,655	
(Of which, total current-term earnings 559,655)			
Total Equity	559,655		
Total Liabilities/Equity	1,397,753,314		

Statement of Income (April 1, 2001 to March 31, 2002)

Ordinary Expenses Ordinary Income		● I Ordinary Expenses	
In the independent administrative institution standard organization of earnings statements, expenses are listed at the top, followed by income.			
Ordinary expenses include operating expenses, general administrative expenses, financial expenses and miscellaneous losses. Ordinary income includes, in addition to grant for operating expenditure, money donated, commissions, financial revenues, and miscellaneous income.			
1. Research Expenses			
(1) Operational Expenses	675,922,570		
(2) Personnel Expenses	434,356,952		
(3) Others	406,619,632		
Total	1,516,899,154		
2. General Administrative Expenses			
(1) Personnel Expenses	123,092,110		
(2) Depreciation Allowance	1,321,351		
(3) Others	200,891,522		
Total	325,304,983		
Ordinary Expenses Total	1,842,204,137		
● II Ordinary Income			
1. Grant for Operating Expenditure		1,331,645,181	
2. Income from Dissemination of Material			
(1) Editing Fees	292,950		
(2) Document Sales	121,000		
Total	413,950		
3. Commissioned Research			
(1) Government Commissions	118,016,010		
(2) Other Commissions	297,240,000		
Total	415,256,010		
4. Donated Goods		93,931,968	
5. Offsetting Revenues from Reserved Grants		10,297	
6. Offsetting Amount Corresponding to Depreciation of Donated Goods		1,311,054	
7. Financial Activity Interest Received		181,416	
8. Miscellaneous Income		13,916	
Ordinary Income Total	1,842,763,792		
● III Net Ordinary Income		559,655	
● IV Net Income		559,655	
V Total Earnings		559,655	

Net Income and Total Earnings

Net income is calculated by adjusting net ordinary income for extraordinary expenses or extraordinary gains, such as losses or income on sales of fixed assets.

Total earnings are calculated by adding the total liquidated amount of reserves for specific purposes to net income.

Statement of Cash Flow (April 1, 2001 to March 31, 2002)

		(¥)
I	Cash Flows from Operational Activities	
	Expenditures for Purchases of Products and Services	(125,958,274)
	Personnel Expenses	(583,191,765)
	Other Operational Expenses	(373,165,919)
	Grant for Operating Expenditure	2,048,919,000
	Income from Dissemination of Material	413,950
	Income from Commissioned Research	297,240,000
	Miscellaneous Income	13,916
	Subtotal	1,264,270,908
	Interest Received	172,747
	Net Cash Provided by Operational Activities	1,264,443,655
II	Cash Flows from Investing Activities	
	Expenditures for Acquisition of Tangible Fixed Assets	(549,150)
	Net Cash Used in Investing Activities	(549,150)
III	Cash Flows from Financial Activities	0
IV	Increases in Cash and Cash Equivalents	1,263,894,505
V	Cash and Cash Equivalents at the Beginning of the Year	0
VI	Cash and Cash Equivalents at the End of the Year	1,263,894,505

Cash Flows

Financial statements showing increases and decreases in the assets and liabilities of special public corporations must be made open to public inspection under the laws of incorporation, and under Article 28 of the Public Finance Code a statement of income and expenditures must also be submitted to the Japanese Diet.

Cash flow statements for independent administrative institutions must be included as one part of the financial statements, and similarly to those of private-sector companies, these statements are divided into the three areas of cash flows from operational activities (for private-sector companies, operating activities for the purpose of commercial gain), investing activities and financial activities.

Statement of Appropriation of Retained Earnings

(March 31, 2002)

		(¥)
I	Unappropriated Retained Earnings	559,655
	Total Earnings	559,655
II	Total Appropriations	
	Reserve	559,655

Statement of Costs of Providing Administrative Services

(April 1, 2001 to March 31, 2002)

		(¥)
I	Operational Expenses	1,426,338,845
	Expenses Listed on Income Statement	
	Research Expenses	1,516,899,154
	General Administrative Expenses	325,304,983
	Total	1,842,204,137
	(Deductions)	
	Income from Dissemination Activities	(413,950)
	Income from Commissioned Research	(415,256,010)
	Income from Financial Activities	(181,416)
	Miscellaneous Income	(13,916)
	Total	(415,865,292)
II	Expected Retirement Bonus Increases Not Covered by Reserves	20,254,911
III	Opportunity Costs	
	Opportunity Costs for Gratuitous Use of Government Assets	154,233,800
IV	Total Cost of Providing Administrative Services	1,600,827,556

Costs of Providing Administrative Services

The Statement of Costs of Providing Administrative Services is a financial statement required under independent administrative institution accounting standards. Its purpose is to combine in one statement the costs (grant for operating expenditure, etc.) borne by taxpayers for the operation of an independent administrative institution, and by means of thorough information disclosure contribute to the evaluation and decision making processes regarding the service provided for the taxpayers. The specific contents of this statement are as follows:

- (1) Expenses listed on the independent administrative institution's income statement, less income other than that based on grant for operating expenditure
- (2) Depreciation amount of depreciable assets that has been calculated in accordance with Section 77 - Depreciation Accounting Procedures for Specific Depreciable Assets
- (3) Estimated increases in retirement bonuses when reserves are not recorded, in accordance with Section 78 - Accounting Procedures for Retirement Benefits
- (4) Opportunity costs arising from use of government assets

Article 12 of the Law concerning the General Rules of the Independent Administrative Institutions stipulates that the performance of independent administrative institutions shall be evaluated by a third party organization, which is the Independent Administrative Institution Evaluation Committee. The Independent Administrative Institution Evaluation Committee, placed under the Ministry of Economy, Trade and Industry, evaluated our institute on a scale of A to D. We were rated A, the highest rating, for our overall performance in fiscal 2001, our first fiscal year. We understand that the rating reflected the fact that we were able to benefit from the independent administrative institution system. We will further endeavor to operate effectively and improve our performance through flexible revision of our targets and plans.

A Evaluation Item 1: Improvement in the quality of services offered to the public

As a result of the evaluation on the steady implementation of the system and approaches prescribed in the medium-term plan and the annual plan, including the achievement of the output indices, we were given a rating of A.

We were given high marks for setting a broad array of research topics to meet the needs for structural reform, but there were also areas cited as needing improvement, including the better prioritizing of subjects in which policy proposals are to be made and the presentation of the general framework. In terms of research results and their level of quality, the evaluation gave high marks to our policy directions and our solid foundation in both practical and theoretical terms. Also appreciated were our policy suggestions through publications and on our Web site, which are steadily attracting attention, but the evaluation pointed out that we should continue these attempts to increase their impact on actual policies. We met the targets in all output indices in our first year but the evaluation pointed out that the indices themselves need to be revised.

A Evaluation Item 2: Improvement in efficiency of project management

In this respect as well, we were given an A rating because our effective personnel deployment, which takes advantage of the system of independent administrative institutions with non-civil service status, meets its objective. We were also given high marks in our use of information systems, including timely information disclosure on our Web site not merely in Japanese but in English and Chinese as well. The evaluation underlined the need for us to make further improvement in personnel positioning and to continue our efforts for greater efficiency in activity management.

B⁺ Evaluation Item 3: Budget, income-expenditure plan and funding plan

The closing balance of more than ¥1.84 billion and the realized revenues of more than ¥1.3 billion represented a slight divergence from the plan, with a budget size of more than ¥2.21 billion and operational grant receipt of more than ¥2.0 billion, although they were within the budgeted range. In view of the potential for better results with the given resources, we were given a rating of B⁺. The analysis revealed that key factors included limitations imposed by the fact that this was the inaugural year of the institution and therefore of our efforts for efficient management. The comments advised us to introduce an incentive system that pools the cost-cutting results achieved through managerial efforts and that operates with more powerful discretion. We will also look at introducing a paid admission system for future conferences, in response to another suggestion that we take advantage of such conferences as earning opportunities, setting a price that does not discourage the dissemination of our results while also not missing any natural earning opportunities.

A Evaluation Item 4: Other operational management matters and personnel planning

We received a rating of A for our operational management compliance with the plan, as exemplified by our focused deployment of diverse human resources in research-related sections, which has been enabled by the flexible employment system allowed for independent administrative institutions with non-civil service status. The ratio of those on a fixed-term contract was 81%, exceeding the 50% target in the initial plan. But in terms of personnel management, we were advised to create a relationship with supervising government organizations that is free from any suspicion of favored positions being provided to former government officials (the practice known in Japan as *amakudari*.)

For the fiscal year 2002, we have reorganized our research activities into the following nine clusters to respond flexibly to the need for medium- to long-term reform of the economic system as well as to further enhance synergy within our research program.

Research projects previously included in "IT Revolution and Economic System" in 2001, proved to be related to other research clusters. This cluster has therefore been divided and reorganized into the "Corporate Governance, Organization and Strategy" cluster as well as the "Regulation, Deregulation and Competitiveness" and the "Political Economy and Public Policy Process" clusters. Moreover, research projects on social safety nets, formerly incorporated into the clusters on "Enterprise Organization, Management, Legal System, and Employment Contracts" and "Macroeconomics, Financial and Monetary Mechanisms," have been merged into a new cluster on "Employment and Social Safety Nets."

In addition, results of a number of studies conducted during the previous fiscal year will be published and numerous policy debate symposia will be held.

1 Corporate Governance, Organization and Strategy

- "Potential for Corporate Governance by Japanese Institutional Investors"
- "The Organizational Form of Japanese Corporate Governance Since the Mid-1990's"
- "Defining Factors of International Competitiveness in the Manufacturing Industry"
- "Fiscal Discipline and Independence of Local Governments"

2 Regulation, Deregulation and Competitiveness

- "Study of IT Projects"
- "Political Economy of the Kyoto Protocol: Managing the Economy and the Environment"
- "Policy-Level Evaluation of ODA"
- "Deregulation of the Electric Power Generation Industry"
- "Establishment and Theoretical Foundation of Public Accounting Systems"

3 Employment and Social Safety Nets

- "Labor Mobility, Human Capital Development and Economic Growth"
- "Environment Surrounding Corporate Management and Safety Nets"
- "Designing a Medical Services' Report Card"
- "Sustainability of Government Debt Including Pensions"

4 Innovation and University-Industry Cooperation

- "New Business Creation Capabilities in Technology Advanced Metropolitan Area (TAMA)"
- "Role of Universities in China's Industry-Academia Cooperation and its Innovation System"
- "Japanese Science and Technology Network Based on Science Linkage of Japanese Patents"
- "Significance and Problems of Pro-Patent Policies"

5 International Economic Relations

- "Analysis of the WTO Panel and Appellate Body Reports"
- "Investigation of the Possibility of Multilateral Agreement on Investment"
- "Political Economy of WTO's New Agricultural Negotiation Process"

6 Asian Economies and Regional Integration

- "Business Conditions in China"
- "East Asian Economic Integration and Institutional Convergence"
- "Security Environment in Asia-Pacific"
- "New Concept for Development and Economic Cooperation: Asian Dynamism and Economic Cooperation Dichotomy"

7 Political Economy and Public Policy Process

- "Informatization and Civil Society Empowerment in Japan"
- "Role of Transnational Civil Society in the Formulation and Implementation of the Aarhus Convention"
- "Establishing a Playing Field for Knowledge Creation, Its Enlargement and the Role of Government"
- "Heuristic Study of Competition Policy Based on Trust and Safety"

8 Macroeconomic Policy and Performance

- "Theories in Financial Macroeconomics"
- "Japanese and U.S. Budgetary Systems"
- "Empirical Analysis of Bank Behavior and Bank-Corporation Relationship"
- "Factors of Price Fluctuation"

9 Quantitative Analysis and Databases

- "International Competitiveness of Japanese Industry"
- "Industrial Structure Analysis"
- "Organizational Capability and Competitiveness of Japanese and U.S. Corporations"
- "Development of Multi-Sector General Equilibrium Model for Policy Evaluation"

Conferences, Symposia, and Other Events Scheduled for Fiscal 2002

April 22-23, 2002	ANEPR Symposium Series "Asian Economic Integration: Present State and Outlook"
September 1, 2002	RIETI International Conference in Johannesburg, South Africa Special Panel Discussion "Growth Driven by Trade, Investment and Economic Cooperation —The East Asian Experience in Economic Development and Cooperation"
September 23, 2002	RIETI Policy Symposium "The First Business Support Library—Broadening Business Opportunities at the Library"
November 6-7, 2002	Japan-China Economic Conference 2002 (in Osaka) "Japan and China Revisited: China's Dynamism, Japan's Strength, Fully Exploited?"

Symposia on Business Management and Safety Nets, Security in Asia, and Corporate Governance are scheduled.

Scheduled for Publication in 2002

- **Economic Policy Review Series** (These are all working titles)
A Reintroduction to China's Economy for Japanese, written by Chi Hung Kwan
Knowledge Nation Theory, written and edited by Ikujiro Nonaka and Hirohiko Izumida
University-Industry Cooperation: Issues and Controversies, written and edited by Yuko Harayama
- **Economic Policy Analysis Series** (These are all working titles)
The Japanese Firm in Transition, written and edited by Hideshi Itoh
The WTO and Non-Trade Interests and Considerations, written and edited by Akira Kotera
The Political Economy of the Japanese Financial Big Bang, written by Tetsuro Toya
International Treaties and the Role of NGOs, written by Motoko Mekata

RIETI has 92 researchers, or “fellows,” as of August 2002. Fellows are recruited from such realms as government agencies, research organizations, universities, NGOs and NPOs. There are basically four types of fellows: full-time fellows, faculty fellows, visiting fellows, and consulting fellows. Faculty fellows participate in RIETI’s research activities while continuing their full-time status as university faculty members. Visiting fellows are government officials who continue their full-time duties while contributing to RIETI activities outside their duty hours on an unpaid volunteer basis. Consulting fellows are specialists who offer policy advice or suggestions in certain areas. Within the framework of RIETI’s nine research clusters as set forth in its annual plan, each fellow sets his or her own research themes and proceeds on related research projects. To ensure the clarity of individual fellows’ views, research results are published under the names of their respective authors.

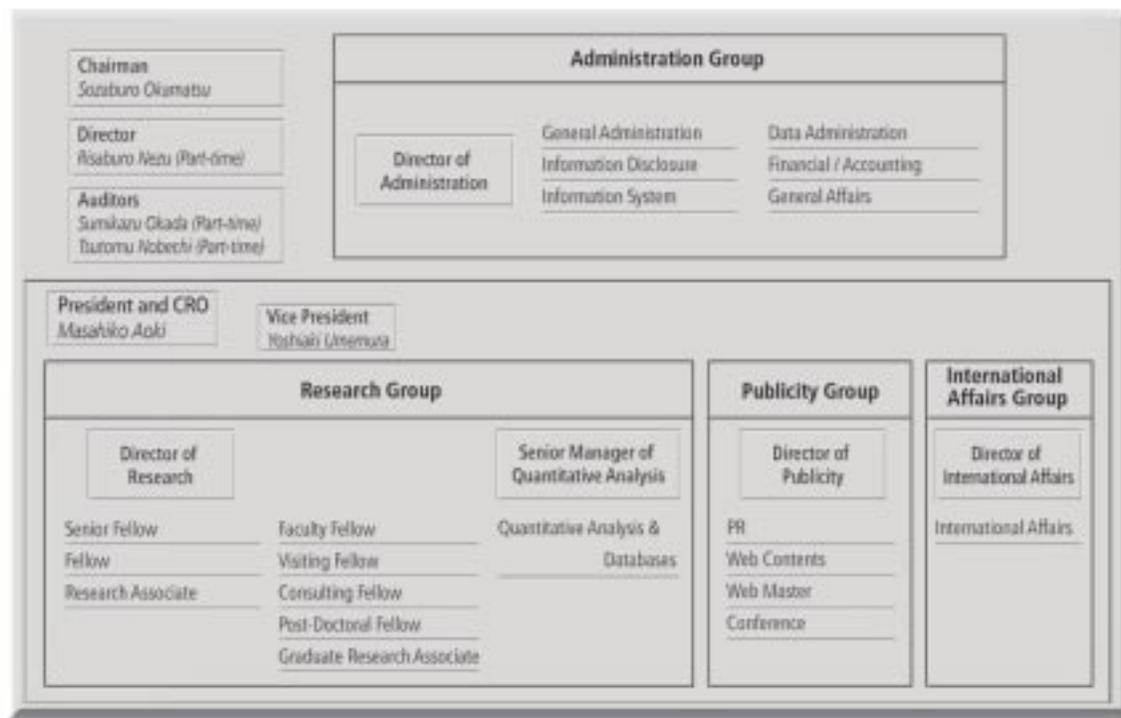
Status	Name	RIETI Research Themes	As of August 31, 2002
CRO			
President and Chief Research Officer, RIETI Professor, Stanford Institute of Economic Policy Research	Masahiko Aoki aoki-masahiko@rieti.go.jp		
Corporate Governance, Organization and Strategy			
Senior Fellow	Toshihiro Kodama kodama-toshihiro@rieti.go.jp	New Business Creation Capabilities in Technology Advanced Metropolitan Area (TAMA) Labor Mobility, Human Capital Development and Economic Growth	
Senior Fellow	Yoshinori Yokoyama info@rieti.go.jp	Improving Labor and Capital Productivity Designing a New Societal System	
Fellow Special Assistant to the President	Koichi Akaishi akaishi-koichi@rieti.go.jp	Potential for Corporate Governance by Japanese Institutional Investors Merits of Outside Directors in Japan	
Fellow	Gregory Jackson gregory-jackson@rieti.go.jp	The Organizational Form of Japanese Corporate Governance Since the Mid-1990’s	
Research Associate	Kiyoshi Sawaki sawaki-kiyoshi@rieti.go.jp	Study on the Policy Process Surrounding the Japanese Coal Mining Industry	
Research Associate Part-time Lecturer, Ferris University	Riina Toya toya-riina@rieti.go.jp	Japanese Pop Culture Abroad: A Consideration of Industrial Culture	
Faculty Fellow Assistant Professor, Dokkyo University	Masahiro Abe maabe@dokkyo.ac.jp	Empirical Study on Japanese Corporate Governance Labor Mobility, Human Capital Development and Economic Growth	
Faculty Fellow Lecturer, Faculty of Literature and Social Sciences, Yamagata University	Yasuhiro Arikawa arikawa@human.kj.yamagata-u.ac.jp	Corporate Finance and Corporate Governance Study of Corporate Governance of Financial Institutions	
Faculty Fellow Professor, Hitotsubashi University Institute of Innovation Research	Hiroyuki Chuma chuma-hiroyuki@rieti.go.jp	Defining Factors of International Competitiveness in the Manufacturing Industry	
Faculty Fellow Professor, Graduate School of Economics, University of Tokyo	Takahiro Fujimoto fujimoto-takahiro@rieti.go.jp	Survey of Modularization in the Chinese Manufacturing Industry Empirical Analysis of Component Architecture in the Automobile Industry	
Faculty Fellow Professor, University of California, San Diego (UCSD)	Takeo Hoshi thoshi@ucsd.edu	Transformation of Japanese-Style Corporate Governance	
Faculty Fellow Professor, Graduate School of Commerce and Management, Hitotsubashi University	Hideshi Itoh h.itoh@srv.cc.hit-u.ac.jp	Structural Reform of Diversified Corporations	
Faculty Fellow Graduate School of Commerce, Waseda University	Hideaki Miyajima miyajima@waseda.ac.jp	Changes in the Japanese Corporate System. Efficiency of the Internal Capital Markets in Japanese Corporations: Operational and Organizational Strategies	
Faculty Fellow Professor, Research Institute for Economics & Business Administration of Kobe University	Kentaro Nobeoka nobeoka-kentaro@rieti.go.jp	Organizational Capability and Competitiveness of Japanese and U.S. Corporations	
Faculty Fellow Professor, Graduate School of Economics, University of Tokyo	Tetsuji Okazaki okazaki@e.u-tokyo.ac.jp	Historical Evolution of Industry Structure and Corporate Governance, and the Role of Public Policy in the Banking Industry	
Faculty Fellow Professor, School of Social Sciences, Waseda University	Shujiro Urata surata@mn.waseda.ac.jp	Globalization and the Japanese Economy. Factors for Growth and Competitiveness of Small- and Medium-Sized Enterprises and SME Policy	
Faculty Fellow Associated Professor Graduate School of Economics, University of Tokyo	Noriyuki Yanagawa yanagawa@e.u-tokyo.ac.jp	International Comparison of Corporate Legal Systems and Corporate Governance Complementarity Between Institution and Management	
Visiting Fellow Director, Economic and Fiscal Management, Cabinet Office	Haruhiko Andoh ando-haruhiko@rieti.go.jp	Modularization. International Competitiveness Venture Business International Comparison of Energy and National Security Policy	
Visiting Fellow Director, IT-Industry Office, Commerce and Information Policy Bureau, METI	Hidetaka Fukuda fukuda-hidetaka@meti.go.jp	Business Restructuring in the Semiconductor Industry Nurturing Venture Businesses in the Semiconductor Industry	
Visiting Fellow Deputy Director, Information Policy Division, Commerce and Information Policy Bureau, METI	Tomitaro Kitami kitami-tomitaro@meti.go.jp	Fiscal Discipline and Independence of Local Governments Waning Localism in Prefectural and Municipal Governments	
Visiting Fellow Fuyo Professor of Law, Columbia Law School	Curtis J. Milhaupt info@rieti.go.jp	Law and the Transformation of East Asia: Redesigning States, Markets and Communities After High Growth	
Visiting Fellow Information Economy Division, Commerce and Information Policy Bureau, METI	Hiroaki Niihara info@rieti.go.jp	Japan’s Excellent Companies	
Visiting Fellow Director, Research Office, Small and Medium Enterprise Agency	Takehiko Yasuda yasuda-takehiko@meti.go.jp	Mechanisms of New Business Development	

Consulting Fellow Executive Director, YAS-Create INC.	Shin Yasunobe info@rieti.go.jp	IT Policy and Institutional Design Changes in Corporate and Industry Structure Brought About by Information Technology
Regulation, Deregulation and Competitiveness		
Senior Fellow	Nobuo Ikeda ikeda-nobuo@rieti.go.jp	Study of IT Projects
Senior Fellow Visiting Scientist, MIT Media Lab, Executive Director, Stanford Japan Center-Research	Ichiya Nakamura ichiya@aol.com	IT Policy in General Policies for the Development of Creativity, and Expression Capability of Children Policies on the Digital Distribution of Music. Policies Surrounding Popular Culture
Research Associate Lecturer, College of Economics, Kanto Gakuin University	Takuya Nakaizumi nakaizumi-takuya@rieti.go.jp	Developing Methodology for Analyzing Impact of Regulation and its Application
Faculty Fellow Professor, Center for Spatial Information Science, University of Tokyo	Tatsuo Hatta hatta@csis.u-tokyo.ac.jp	Deregulation of the Electric Power Generation Industry Institutional Design for the Liberalization of Electric Power Generation in Japan
Faculty Fellow Professor, Graduate School of Economics, Faculty of Economics, University of Tokyo	Yoshitsugu Kanemoto kanemoto@e.u-tokyo.ac.jp	Small-Scale Microeconomic Modeling for Policy Evaluation
Faculty Fellow Professor, ISER, Osaka University	Tatsuyoshi Saijo saijo@iser.osaka-u.ac.jp	Theoretical and Empirical Analysis of the Characteristics of Derivative Markets Designing Derivative Markets. Institutional Design After the Kyoto Protocol
Faculty Fellow Associate Professor, Faculty of Economics, Niigata University	Fumiki Sakurachi VYC07645@nifty.com	Establishment and Theoretical Foundation of Public Accounting Systems Empirical Analysis of Public Accounting Systems. Construction of a General Equilibrium Model and its Empirical Analysis using Public Accounting Methodologies
Faculty Fellow Professor, Graduate School of Law and Politics, Faculty of Law, University of Tokyo	Kuniaki Tanabe tanabe@j.u-tokyo.ac.jp	A New Governance System in Public Administration Political Economy of the Pension System
Visiting Fellow Director, Loan Aid Division, Economic Cooperation Bureau, MOFA	Mitsuru Kitano mitsuru.kitano@mofa.go.jp	Policy-Level Evaluation of ODA Review of Current Foreign Policies
Visiting Fellow Director, Information Economy Division, Commerce and Information Policy Bureau, METI	Satoshi Kusakabe info@rieti.go.jp	Information and Communication Policy in the Broadband Era Institutional Reform of Markets and Organizations
Visiting Fellow Director, Environmental Policy Division, Industrial Science and Technology Policy and Environment Bureau, METI	Keita Nishiyama info@rieti.go.jp	International Comparison of Personnel Policies of Government Officials Under a New Policy Formulation Process
Visiting Fellow Director, Environmental Policy Division, Industrial Science and Technology Policy and Environment Bureau, METI	Akihiro Sawa sawa-akihiro@rieti.go.jp	Political Economy of the Kyoto Protocol: Managing the Economy and the Environment
Consulting Fellow Director, Special Coordination Division, National and Regional Planning Bureau, Ministry of Land, Infrastructure and Transport	Yoichi Takahashi yoichi.takahashi@nifty.com	Macroeconomic Policy to Contain Deflation Sustainability of Government Debt Including Pensions Reform of Special Public Corporations. Legal Consideration of Non-Performing Loans
Consulting Fellow AT Kearney Associate	Hironobu Yamanaka info@rieti.go.jp	Overview of Corporate Management Focusing on the Manufacturing Industry Policy Evaluation
Graduate Research Associate Graduate School of Economics, Osaka University	Takao Kusakawa kusakawa@iser.osaka-u.ac.jp	System of Trading Gas Emission Rights
Graduate Research Associate Graduate School of Economics, University of Tokyo	Kiri Sakahara irik-ara@netjoy.ne.jp	Auction Theory
Employment and Social Safety Nets		
Senior Fellow	Toshihiro Kodama kodama-toshihiro@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Fellow Special Assistant to the President, RIETI	Koichi Akaishi akaishi-koichi@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Faculty Fellow Assistant Professor, Dokkyo University	Masahiro Abe maabe@dokkyo.ac.jp	See under "Corporate Governance, Organization and Strategy"
Faculty Fellow Professor, Faculty of Business and Commerce, Keio University	Yoshio Higuchi higuchi-yoshio@rieti.go.jp	Labor Mobility, Human Capital Development and Economic Growth
Faculty Fellow Professor, Tokyo Medical and Dental University	Koichi Kawabuchi kawabuchi.hce@tmd.ac.jp	Designing a Medical Services' Report Card
Faculty Fellow Professor, Institute of Economic Research, Kyoto University	Toshiaki Tachibanaki tachibanaki@kier.kyoto-u.ac.jp	Environment Surrounding Corporate Management and Safety Nets
Visiting Fellow Senior Researcher, Department of Empirical Social Security Research, National Institute of Population and Social Security Research	Yoshihiro Kaneko y-kaneko@ipss.go.jp	Environment Surrounding Corporate Management and Safety Nets
Consulting Fellow Director, Special Coordination Division, National and Regional Planning Bureau, Ministry of Land, Infrastructure and Transport	Yoichi Takahashi yoichi.takahashi@nifty.com	See under "Regulation, Deregulation and Competitiveness"
Innovation and University-Industry Cooperation		
Senior Fellow	Toshihiro Kodama kodama-toshihiro@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Fellow Visiting Associate Professor, Research Center for Advanced Science and Technology, University of Tokyo	Ichiro Nakayama nakayama-ichiro@rieti.go.jp	Significance and Problems of Pro-Patent Policies
Fellow Visiting Researcher, Research Center for Advanced Science and Technology, University of Tokyo Visiting Fellow, School of Public Policy & Management, Tsinghua University	Atsushi Sunami sunami-atsushi@rieti.go.jp	Role of Universities in China's Industry-Academia Cooperation and its Innovation System Comparison of New Industry Creation in Japan and China Society and Technology
Fellow	Schumpeter Tamada info@rieti.go.jp	Japanese Science and Technology Network Based on Science Linkage of Japanese Patents
Faculty Fellow Lecturer, Department of Sociology, Faculty of Letters, Doshisha University	Masayo Fujimoto fujimoto-masayo@rieti.go.jp	Case Studies in Diachronic Comparative Institutional Analysis Research Themes Arising from the Analysis of Research Institutes
Faculty Fellow Professor, School of Engineering, Tohoku University	Yuko Harayama harayama-yuko@rieti.go.jp	Building an Evaluation System for Research Institutes Technology Policy. Regional Cluster Theory

Faculty Fellow Director, Research Center for Advanced Economic Engineering (AEE), University of Tokyo	Fumio Kodama kodama@fklab.aee.u-tokyo.ac.jp	Analysis of the Science, Technology and Industry (STI) Network Recommendation for Science and Technology Policy
International Economic Relations		
Senior Fellow Director of Research and Director of International Affairs, RIETI	Ichiro Araki araki-ichiro@rieti.go.jp	Analysis of the WTO Panel and Appellate Body Reports Japan-China-Korea WTO Symposium
Senior Fellow	Masahiko Hosokawa hosokawa-masahiko@rieti.go.jp	Japan-U.S. Comparison of Management Training
Senior Fellow Visiting Scholar, the Sigur Center for Asian Studies, George Washington University	Naoko Munakata munakata-naoko@rieti.go.jp	Economic Integration of East Asia and the Roles of Japan and the U.S.
Fellow	Nozomi Sagara sagara-nozomi@rieti.go.jp	Investigation of the Possibility of Multilateral Agreement on Investment China's Domestic Institutional Reform and Conformity to WTO Rules Decision-Making System at the WTO
Faculty Fellow Professor, Faculty of Economics, Seikei University	Masayoshi Honma honma@econ.seikei.ac.jp	International Comparison and Quantitative Analysis of Agriculture Protection Policy Political Economy of WTO's New Agricultural Negotiation Process
Faculty Fellow Professor, Graduate School of Arts and Sciences, University of Tokyo	Akira Kotera koter@waka.c.u-tokyo.ac.jp	Sustainability of WTO International Economic System in East Asia
Faculty Fellow Professor, School of Social Sciences, Waseda University	Shujiro Urata surata@mn.waseda.ac.jp	See under "Corporate Governance, Organization and Strategy"
Visiting Fellow Special Assistant to Director Multilateral Trade System Department, Trade Policy Bureau, METI	Tsuyoshi Kawase kawase-tsuyoshi@rieti.go.jp	Present Picture of Safeguard Measures in the WTO Regime, Its Transformation and the Resurrection of Voluntary Export Restrictions
Visiting Fellow Director-General, Multilateral Trade System Department, Trade Policy Bureau, METI	Nobuo Tanaka tanaka-nobuo@rieti.go.jp	Japan-U.S. Relations Analysis of WTO Strategies
Consulting Fellow Fauver Associates, LLC (former senior advisor, U.S. Undersecretary of State)	Robert Fauver robert-fauver@rieti.go.jp	Possibility of a Super Free Trade Agreement Between Japan and the U.S.
Asian Economies and Regional Integration		
Senior Fellow	Chi Hung Kwan (C.H. Kwan) kan-si-yu@rieti.go.jp	Business Conditions in China The True Power of "Made in China"
Senior Fellow Visiting Scholar, the Sigur Center for Asian Studies, George Washington University	Naoko Munakata munakata-naoko@rieti.go.jp	See under "International Economic Relations"
Senior Fellow	Toshiya Tsugami tsugami-toshiya@rieti.go.jp	Economic Integration in Northeast Asia
Fellow Visiting Researcher, Research Center for Advanced Science and Technology, University of Tokyo Visiting Fellow, School of Public Policy & Management, Tsinghua University	Atsushi Sunami sunami-atsushi@rieti.go.jp	See under "Innovation and University-Industry Cooperation"
Faculty Fellow Associate Professor, Department of Economics, Aoyama Gakuin University	Yukiko Fukagawa yukikofu@cc.aoyama.ac.jp	East Asian Economic Integration and Institutional Convergence
Faculty Fellow Professor, School of Public Policy & Management, Tsinghua University	Jianjun Meng mengjj@tsinghua.edu.cn	Market Preeminence, Resource Allocation, and Macroeconomic Policy in the Chinese Market Economic Integration in East Asia Empirical Analysis of Resource Allocation Mechanisms in China During Transition
Faculty Fellow Professor, Graduate School of Commerce and Management, Hitotsubashi University	Mitsuhiro Seki info@rieti.go.jp	Possibilities for Industrial Cooperation in Northeast Asia, and the Promotion of Domestic Regional Industry
Faculty Fellow Professor, The Center for Southeast Asian Studies, Kyoto University	Takashi Shiraishi siraisi@cseas.kyoto-u.ac.jp	Japan and Asia
Faculty Fellow Professor, Political Science, Faculty of Law, Keio University	Yoshihide Soeya soeya-yoshihide@rieti.go.jp	Security Environment in Asia-Pacific Bush Administration's Diplomatic Policy Toward Asia. U.S. Environment Policy
Visiting Fellow Senior Research Fellow, Economic and Social Research Institute, Cabinet Office	Kenichi Kawasaki Kenichi.Kawasaki@esri.cao.go.jp	WTO and the Formation of a Free Trade Area in Asia Investment Liberalization in Foreign Direct Investment Economic Cooperation and Development
Visiting Fellow Visiting Professor, Center for Law and Policy Studies, Graduate School of Law, Kyoto University	Hirokazu Okumura hirokazu-okumura@com-asia.com	Measures and Institutions for an Asian Free Trade Agreement Merits and Drawbacks of Government Policy Intervention in the Market
Visiting Fellow	Shigeaki Tanaka tanaka-shigeaki@rieti.go.jp	Outlook for Sales Strategies of Japanese Firms in China Automobile Industry and Market Outlook in China. Debt Management Between China's Firms and Financial Institutions and its Macroeconomic Evaluation
Consulting Fellow Professor, National Graduate Institute for Policy Studies (GRIPS)	Kenichi Ohno kohno@grips.ac.jp	New Concept for Development and Economic Cooperation: Asian Dynamism and Economic Cooperation Dichotomy
Political Economy and Public Policy Process		
Senior Fellow	Kotaro Tsuru tsuru-kotaro@rieti.go.jp	The Economics of Change and Transition Political Economy of Governmental Organization and Economic Policy Empirical Analysis of Bank Behavior and Bank-Corporation Relationship The Economics of Modularization
Fellow Associate Professor, Research Center for Advanced Science and Technology, University of Tokyo	Motoko Mekata info@rieti.go.jp	Role of Transnational Civil Society in the Formulation and Implementation of the Aarhus Convention
Fellow Part-Time Lecturer, Research Center for Advanced Science and Technology, University of Tokyo	Akiko Sugaya AkikoSugaya@aol.com	Informatization and Civil Society Empowerment in Japan
Faculty Fellow Professor of Government, National Graduate Institute for Policy Studies (GRIPS)	Jun Iio iio@grips.ac.jp	Heuristic Study of Competition Policy Based on Trust and Safety

Faculty Fellow Professor, Graduate School of Law, Kobe University	Ikuo Kume info@rieti.go.jp	Politics of Crisis The Political Process of Fiscal Policy
Faculty Fellow Professor, Graduate School of Law, Kyoto University	Masaru Mabuchi mabuchi@law.kyoto-u.ac.jp	Transformation in the Policy Network
Faculty Fellow Professor, Graduate School of Law, Kyoto University	Michio Muramatsu muramatu@law.kyoto-u.ac.jp	Analysis of Local Governance Reform in the 1990's Postponing of Post-Bubble Clean-Up
Faculty Fellow Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Ikujiro Nonaka nonaka-ikujiro@rieti.go.jp	Theory of Knowledge Creation
Faculty Fellow Professor, Graduate School of Law and Politics, Faculty of Law, University of Tokyo	Kuniaki Tanabe tanabe@j.u-tokyo.ac.jp	See under "Regulation, Deregulation and Competitiveness"
Visiting Fellow Senior Coordinator, Advanced Cargo Transport Systems Promotion, Ministry of Land, Infrastructure and Transport	Hirohiko Izumida izumida-hirohiko@rieti.go.jp	Establishing a Playing Field for Knowledge Creation, Its Enlargement and the Role of Government Foundations for an Electronic Nation and Modern Social Institutions
Visiting Fellow Director, Treasury Division, Financial Bureau, Ministry of Finance	Shuhei Kishimoto shuhei.kishimoto@mof.go.jp	Regional Economic Partnership and International Financial Cooperation in East Asia
Visiting Fellow Deputy Director, Information Policy Division, Commerce and Information Policy Bureau, METI	Tomitaro Kitami kitami-tomitaro@meti.go.jp	See under "Corporate Governance, Organization and Strategy"
Consulting Fellow University of Michigan	Sota Kato info@rieti.go.jp	Democratic Risk Management: Investigating Aristotle and Machiavelli Through Modeling and Simulation. Information Asymmetry and Public Opinion Toward Economic Policy
Consulting Fellow Director, Policy and Coordination Division, Environmental Policy Bureau, Ministry of the Environment	Nobutaka Murao info@rieti.go.jp	Potential for Proactive Civic Activities in Japan
Macroeconomic Policy and Performance		
Senior Fellow Vice President	Yoshiaki Umemura umemura-yoshiaki@rieti.go.jp	Macroeconomic Policy
Senior Fellow	Kotaro Tsuru tsuru-kotaro@rieti.go.jp	See under "Political Economy and Public Policy Process"
Senior Fellow	Yoshinori Yokoyama info@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Fellow	Keiichiro Kobayashi kobayashi-keiichiro@rieti.go.jp	Theories in Financial Macroeconomics Bankruptcy Procedures of Financial Institutions and the Future of the Financial Services Sector's Structure. Historical Survey of Long-Term National Debt Management Policy Economics of Information Technology
Fellow Visiting Scholar, Johns Hopkins University	Mieko Nakabayashi nakabayashi-mieko@rieti.go.jp	Japanese and U.S. Budgetary Systems
Faculty Fellow Professor, Institute of Economic Research, Hitotsubashi University	Tsutomu Watanabe tsutomu.w@srv.cc.hit-u.ac.jp	Factors of Price Fluctuation
Visiting Fellow Executive Managing Director, Tokyo Branch, Société Générale	Mikiko Fujiwara info@rieti.go.jp	Japanese Problems From the Viewpoint of Development Economics Why Japan Cannot Change
Visiting Fellow Senior Research Fellow, Economic and Social Research Institute, Cabinet Office	Kenichi Kawasaki Kenichi.Kawasaki@esri.cao.go.jp	See under "Asian Economies and Regional Integration"
Visiting Fellow Director, Treasury Division, Financial Bureau, Ministry of Finance	Shuhei Kishimoto shuhei.kishimoto@mof.go.jp	See under "Political Economy and Public Policy Process"
Visiting Fellow Information Economy Division, Commerce and Information Policy Bureau, METI	Hiroaki Niihara info@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Visiting Fellow Director for Industrial Research, Japan External Trade Organization (JETRO)	Tatsuya Terazawa info@rieti.go.jp	Study on Corporate Governance. Study on Universities Study on Corporate Reconstruction
Consulting Fellow Director, Special Coordination Division, National and Regional Planning Bureau, Ministry of Land, Infrastructure and Transport	Yoichi Takahashi yoichi.takahashi@nifty.com	See under "Regulation, Deregulation and Competitiveness"
Quantitative Analysis and Databases		
Senior Fellow Associate Professor, Institute of Innovation Research, Hitotsubashi University	Kazuyuki Motohashi motohashi-kazuyuki@meti.go.jp	Innovation Policies in Relation to R&D Promotion, University-Industry Cooperation, and Intellectual Property Rights International Competitiveness of Japanese Industry
Fellow	Kazunari Kainou kainou-kazunari@rieti.go.jp	Development of Multi-Sector General Equilibrium Model for Policy Evaluation
Faculty Fellow Professor, Institute of Economic Research, Hitotsubashi University	Kyoji Fukao fukao-kyoji@rieti.go.jp	Foreign Direct Investment, International Trade and the Hollowing Out of the Manufacturing Industry Inspection Capability of Japanese Banks
Visiting Research Fellow , Economic and Social Research Institute, Cabinet Office		
Faculty Fellow Associate Professor, Economics, Keio University	Hiroki Kawai kawai-hiroki@rieti.go.jp	Comparison of Productivity of Pacific-Rim Countries
Faculty Fellow Professor, Economics, University of Tokyo	Kiyohiko Nishimura nishimura-kiyohiko@rieti.go.jp	IT Revolution and its Relation to Japan's Productivity Inspection Capability of Japanese Banks Analysis of Corporate Dynamics of Japanese Firms
Advisor , Fujitsu Research Institute, Ltd.		
Faculty Fellow Professor, Research Institute for Economics & Business Administration, Kobe University	Kentaro Nobeoka nobeoka-kentaro@rieti.go.jp	See under "Corporate Governance, Organization and Strategy"
Faculty Fellow Associate Professor, Faculty of Business and Commerce, Keio University	Kazushige Shimpo shimpo@fbc.keio.ac.jp	Industrial Structure Analysis Labor Mobility, Human Capital Development and Economic Growth
Visiting Fellow Senior Research Fellow, Economic and Social Research Institute, Cabinet Office	Kenichi Kawasaki Kenichi.Kawasaki@esri.cao.go.jp	See under "Asian Economies and Regional Integration"

Organization



(As of August 31, 2002)

Evaluation Subcommittee for Research Institute of Economy, Trade and Industry

An independent administrative institution sets definite targets and plans for its activities. It is evaluated by a third party organization to ensure the adequacy of these plans and the transparency of its performance. This third party organization is called the Independent Administrative Institution Evaluation Committee. A subcommittee established for each institution undertakes an objective evaluation of the effectiveness and adequacy of the institution's operations.

Subcommittee Head: **Miyauchi, Yoshihiko**, *Chairman, Orix Corporation*

Sheard, Paul, *Chief Economist for Asia, Lehman Brothers Japan*

Nishioka, Koichi, *Deputy Chief Editorial Writer, Nihon Keizai Shimbun, Inc.*

Yoshitomi, Masaru, *Dean, Asian Development Bank Institute*

Academic Advisory Board

We have established the Academic Advisory Board as an advisory organization in our medium- or long-term research system that provides recommendations on our direction and research subjects. The first meeting was held in May 2002 and the Board offered us much useful advice as to how we proceed on our research activities in the future.

Hayami, Yujiro, *Professor, National Graduate Institute for Policy Studies*

Imai, Kenichi, *Chairman of the Board, Stanford Japan Center*

Inoki, Takenori, *Professor, International Research Center for Japanese Studies*

Kuroda, Masahiro, *Trustee, Keio University*

Nonaka, Ikujiro, *Professor, Graduate School of International Corporate Strategy, Hitotsubashi University*

Okuno-Fujiwara, Masahiro, *Professor, Faculty of Economics, University of Tokyo*

Sato, Koji, *Professor, Faculty of Law, Kinki University (Professor Emeritus of Kyoto University)*

(Listed in alphabetical order, as of August 2002)

Research Institute of Economy, Trade and Industry

<http://www.rieti.go.jp/en/>

Address

11th Floor, Annex, Ministry of Economy, Trade & Industry (METI),
1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo, 100-8901 JAPAN

Phone

+81-3-3501-1363

Facsimile

+81-3-3501-8577

E-mail

info@rieti.go.jp

Location of RIETI Office

