

Major Policy Research Domains

I .Maintaining Economic Dynamism under the Adverse Demographic Conditions of Low Fertility and Aging Population

II .Promoting Innovation and Strengthening International Competitiveness

III . Formulating Japan's Strategy in Response to Globalization and Deepening Economic Interdependence in Asia

IV .Compilation of the History of Japan's Trade and Industry Policy

Adjacent Basic Research Areas

A. Institutions Related to Financial and Labor Markets as well as New Corporate Laws and Governance

B. Regulatory Reforms in such areas as Electric Power, Transportation, Health Care and Evaluation Frameworks for Deregulation

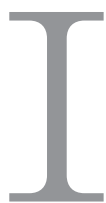
C. Compilation of Micro Panel Data of Firm Activities, Trade, Energy and the Elderly; and Model Building and Operation

The Ministry of Economy, Trade and Industry (METI) has identified Major Policy Research Domains for which RIETI should continually carry out research through the second mid-term period (FY2006-2010). Furthermore, RIETI is conducting its research in the Adjacent Basic Research Areas in which RIETI can choose newly emerging relevant policy issues from a medium- to long-term perspective in a more timely and flexible manner by responding to changes in socioeconomic conditions.

Notes: The following pages list main research projects. Fellow's titles are applicable for FY2007.

Most research results shown in the following pages are downloadable from RIETI's website.

Abbreviations are on the reverse of the front cover.



Maintaining Economic Dynamism under the Adverse Demographic Conditions of Low Fertility and Aging Population

Japan is faced with a challenging task of achieving sustainable economic growth at a time of unparalleled declining fertility and aging population. In order to help policymakers meet this challenge, RIETI will undertake comprehensive and integrated research on means of promoting structural change in the economy; increasing labor force participation rates of women, the elderly and young people; increasing productivity of both labor and capital; identifying a social security system that can secure an optimal intergenerational and intra-generational balance of benefits and contributions under the public pension system; and designing effective fiscal policy and restoring the nation's fiscal balance.

Introduction of Research Projects

I-1) Economic Growth under Conditions of Low Fertility and Aging Population

Project Leader/Sub-Leader: YOSHIKAWA Hiroshi, FF / OKAZAKI Tetsuji, FF

<Overview>

To maintain Japan's economic vitality in the face of declining fertility and aging population, it will be necessary to undertake comprehensive research on improving productivity and promoting technological innovation. Based on a keen awareness of such policy issues, this project is to analyze the mechanisms of economic growth from various angles. While existing studies of economic growth tend to be centered on total factor productivity (TFP), this project will take in a broader range of themes from both experimental and peripheral studies. The project will also research the role of product innovation, an area with few prior empirical studies.

<Major Research Results>

Discussion Papers

- Non-Self-Averaging in Macroeconomic Models: A Criticism of Modern Micro-Founded Macroeconomics (AOKI Masanao and YOSHIKAWA Hiroshi) (DP No.: 07-E-057)

I-2) Building a New Macroeconomic Model: Focusing on the Financial System

Project Leader: KOBAYASHI Keiichiro, SF

<Overview>

The purpose of this project is to create a quantitative business-cycle model (macroeconomic model) to analyze developments in the Japanese economy and developments in the U.S. economy as it is impacted by the subprime loans problem, and to use the model to run simulations to evaluate macroeconomic policies. In particular, the project will focus on the impact of news shocks (news and expectations pertaining to future economic conditions) on business conditions, and on changes in business conditions under the assumption that the economy can converge toward an infinite number of stable equilibriums. In this context, we will further refine the Business Cycle Accounting (BCA) methodology that we have been working on since fiscal 2005. Furthermore, we shall examine the policy responses needed to normalize the economic system in the event of a military emergency and other crises. This will be based on the analysis of case studies gathered from various countries and a number of hypothetical scenarios.

<Major Research Results>

Discussion Papers

- Debt-Ridden Equilibria—A Simple Theory of Great Depressions—(KOBAYASHI Keiichiro and INABA Masaru) (DP No.: 07-E-035)
- Business Cycle Accounting for the Japanese Economy Using the Parameterized Expectations Algorithm (INABA Masaru) (DP No.: 07-E-061)
- Collateralized Capital and News-Driven Cycles (KOBAYASHI Keiichiro and NUTAHARA Kengo) (DP No.: 07-E-062)
- Banking Crisis and Borrower Productivity (KOBAYASHI Keiichiro and YANAGAWA Noriyuki) (DP No.: 08-E-003)
- Emissions Standard System—A Monetary Regime for Provision of Global Public Goods—(KOBAYASHI Keiichiro) (DP No.: 08-E-004)

I-3) Empirical Analyses Relating to IT and Productivity

Project Leader/Sub-Leader: MOTOHASHI Kazuyuki, FF / MATSUURA Toshiyuki, F

<Overview>

Although Japanese firms have actively invested in information technologies (IT) since the second half of the 1990s, it is said these investments have had limited impact on productivity. IT is utilized in a broad range of industries and serves as a critical complementary technology in realizing business innovations in the non-manufacturing sector. Hence, promoting the effective use of IT can have an important impact on TFP on the macro level. The purpose of this project is to undertake international comparison and analysis of the status of IT innovation and its impact on productivity. What are the determinants of productivity in Japan's electronic and software industries? Are Japanese firms failing to make effective use of IT? If so, what are the causes of this failure? In this project, we address these questions by conducting comprehensive macro and micro empirical analysis.

<Major Research Results>

Discussion Papers

- Impact of Machinery-Manufacturing Industry on Globalization and Productivity (MATSUURA Toshiyuki, MOTOHASHI Kazuyuki and FUJISAWA Mihoko) (DP No.: 07-J-015)
- Empirical Analysis of Industrial Structure and Productivity of the Japanese Software Industry (MINETAKI Kazunori and MOTOHASHI Kazuyuki) (DP No.: 07-J-018)
- A Comparative Analysis of Japanese, U.S., and Korean Firms on IT and Management (MOTOHASHI Kazuyuki) (DP No.: 07-J-029/07-E-047)
- Comparative Analysis of IT Management and Productivity between Japanese and U.S. Firms (MOTOHASHI Kazuyuki) (DP No.: 08-E-007)
- IT Management of Chinese Firms: Quantitative Analysis by Using Survey Data (Xiaoyang FENG and MOTOHASHI Kazuyuki) (DP No.: 08-E-008)

Introduction of Research Projects

I-4) Toward a Comprehensive Resolution of Social Security Problems: A New Economics of Aging

Project Leader/Sub-Leader: ICHIMURA Hidehiko, FF / SHIMIZUTANI Satoshi, CF

<Overview>

As Japan experiences the aging of its society at a pace unprecedented worldwide, it is essential to build a sustainable social security system that ensures that the elderly do not suffer a decline in quality of life. Our research transcends the bounds of the traditional field-specific approach that addresses the health care, long-term care, and pension fields separately, and of simulation analysis with the use of macro models, and instead adopts a "new" microscopic yet comprehensive, market-oriented approach that is premised on the diversity of the elderly. Based on pilot studies already conducted as a research project in fiscal 2005, and with the intellectual support of the analogous studies of the elderly (the U.S. HRS [Health and Retirement Study], ELSA [English Longitudinal Study of Ageing] in the UK, and SHARE [Survey of Health, Ageing and Retirement in Europe] in Continental Europe), our research has inaugurated a world-standard panel study on population aged over 50. We are gathering data that is both multi-faceted, covering such aspects as health condition, economic situation, family relationships, employment status, and social participation, and that is also capable of international comparison. Our intention in doing this is to help ensure that "evidence-based policy-making" based on an abundance of microdata becomes an established feature in the sphere of social security policy in Japan, and that Japan's experience can be taken advantage of by other countries in their policy-making.

I-5) Study on Social Security: Development of a Simulation Model for Social Security Finance

Project Leader/Sub-Leader: FUKAO Mitsuhiro, FF / NAKATA Daigo, F

<Overview>

The rapid aging of the Japanese population will increase the burden of social security finance in the future, and this is a cause for concern with regard to the maintenance of Japan's economic vitality. In order to forecast the future burden of social security finance and the future benefits, it is essential to build a simulation model for social security finance that accurately reflects Japan's social security system. Accordingly, in our research we focus on pension finance analysis using a pension simulation model previously developed at RIETI, while also conducting analyses in other social security fields. In this way we will build a simulation model to make possible the comprehensive analysis of pension, health care, nursery care, and welfare finance, and study the desirable forms of the benefits and the burden of a social security system that is compatible with economic vitality in a society characterized by a declining fertility rate and aging population.

<Major Research Results>

Discussion Papers

- Declining Fertility and Aging of Society, Lifecycle, and Public Pension Finance (FUKAO Mitsuhiro, HASUMI Ryo and NAKATA Daigo) (DP No.: 07-J-019)
- Simulation Analysis of the Revision of the Survivors' Pension System (FUKAO Mitsuhiro, NAKATA Daigo and HASUMI Ryo) (DP No.: 07-J-020)

I-6) Idiosyncratic Risk and Economic Fluctuation

Project Leader: NAKAJIMA Tomoyuki, FF

<Overview>

Two types of risks exist in the economy. One is aggregate risk, which affects the entire economy, and the other is idiosyncratic risk that individual economic agents face. Because they can be fully insured, idiosyncratic risks do not pose a problem in the perfect financial market. However, in imperfect financial markets, idiosyncratic risks are significant factors that have to be taken into account in macroeconomic policies. The so-called "disparity problem" can be viewed as an issue generated by idiosyncratic risks in imperfect financial markets. The purpose of this project is to undertake theoretical and quantitative analysis of desirable macroeconomic policies in an environment where idiosyncratic risks exist.

Other Research Results in Domain IDiscussion Papers

- A Way to Resolve the Gender Inequality in Wage: Economic Irrationality of Statistical Discrimination (YAMAGUCHI Kazuo) (DP No.: 07-J-038)

Policy Symposium

"Work-Life Balance and Gender Equality" (2007/08/28)



Policy Symposium (Aug. 28, 2007)
"Work-Life Balance and Gender Equality"

Promoting Innovation and Strengthening International Competitiveness

Continuous innovation is vital for strengthening the international competitiveness of Japanese companies. However, the effects of innovation and the policies that promote it are extremely difficult to quantify. In undertaking research in this field, it is vital to have an analytical framework, both theoretical and empirical, that clarifies the correlations between innovation at the corporate and industry levels and total factor productivity (TFP). RIETI will evaluate and analyze conditions surrounding Japanese industry and specific industrial and technological policies to provide findings that the government can utilize to promote innovation policies.

Introduction of Research Projects

II-1) The Structural Characteristics of Research and Development by Japanese Companies, and Issues for the Future

Project Leader: NAGAOKA Sadao, FF

<Overview>

Effective research and development (R&D) by Japanese companies is of the greatest importance to the future growth of the Japanese economy. However, social science knowledge with respect to the fundamental factors of research such as the source of knowledge, external collaboration, spillover, financial constraints, barriers for the commercialization of research results, and the motivation of inventors is extremely limited. In our research we conduct a comprehensive survey of Japanese inventors, for the purpose of collecting information on these matters systematically at the level of research projects being implemented within companies. This is the first survey of its kind to be conducted in Japan. By means of statistical analysis of a combination of the information gathered from the survey and existing statistics, we will elucidate the structural characteristics of Japanese companies' R&D, and analyze the determinants of R&D performance and future policy issues. In addition, we will make preparations with a view to conducting international comparative analysis from the next fiscal year onwards, including exchanging views with academics in Europe and the United States with regard to the questionnaires and research methods.

<Major Research Results>

Discussion Papers

➤ Innovation Process in Japan: Findings from the RIETI Inventors Survey (NAGAOKA Sadao and TSUKADA Naotoshi) (DP No.: 07-J-046)

Policy Symposium

"Innovation Process and Performance: Findings and Lessons from Inventors Surveys in Japan, the U.S., and Europe" (2008/01/11)

II-2) Regional Innovation and Corporate Management in East Asia

Project Leader: ASAKAWA Kazuhiro, FF

<Overview>

In recent years importance has been placed on metanational management in which companies do not rely entirely on home country advantage but acquire and leverage management resources worldwide, building competitive advantage on a global scale. However, at present, the mainstream approach is, as in the past, one of global innovation in which large corporations in industrialized countries play the pivotal role. In view of this, the recent trends in the liquid crystal display (LCD) industry in East Asia are worth noting. The process of industry creation based on innovation chains in the East Asian region, centered on Japan, South Korea, and Taiwan can no longer work in conjunction with the supremacy of industrial countries or ethnocentrism. In our research we study new trends in this global innovation, focusing on (1) the LCD industry in East Asia and (2) the development of SMEs in East Asia, with the intention of analyzing the new evolution of global and regional innovation and of drawing implications for Japanese corporate management and industrial policy.

<Major Research Results>

Discussion Papers

➤ Japanese Competitiveness in Liquid Crystal Display Industry—Analysis of Causes of its Decline, and Proposal of 'Core National Management' (NAKATA Yukihiko) (DP No.: 07-J-017)

➤ Driving Force that Shifted the LCD Industry in Taiwan from Sustained Progress to Rapid Growth—The Metanational Management Viewpoint (Shwu-Jen WANG) (DP No.: 07-J-021)

➤ Metanational Learning in TFT-LCD Industry: An Organizing Framework (ASAKAWA Kazuhiro) (DP No.: 07-E-029)



II-1) The Structural Characteristics of Research and Development by Japanese Companies, and Issues for the Future
Policy Symposium (Jan. 11, 2008)
"Innovation Process and Performance: Findings and Lessons from Inventors Surveys in Japan, the U.S., and Europe"

Introduction of Research Projects

II-3) Productivity of Companies and Industries, and Japan's Economic Growth

Project Leader: FUKAO Kyoji, FF

<Overview>

For the Japanese economy to retain its vitality under conditions of decreasing population and the aging of society, it will be essential to achieve economic growth based on accelerated productivity growth. With this challenge in mind, this project, as a rule, annually updates the Japan Industrial Productivity Database (JIP), a basic source of data for analyzing Japan's economic growth and changes in its industrial structure, and analyzes the trends in TFP on a detailed industrial level with their determinants. In addition, by participating in "EU KLEMS," a joint international project on productivity in the European Union (EU), we compare Japan's industrial structure and productivity growth by industry with that of other industrialized countries, including the United States, the EU member countries and South Korea. Finally, we analyze the impact of the globalization of firms and their accumulation of intangible assets on their productivity. This is done using the JIP Micro Database, which covers most Japanese firms including those in the non-manufacturing sector, and microdata from government statistics.

<Major Research Results>Discussion Papers

- Entry and Exit of Companies and Establishments, and Productivity at the Industry Level (Young Gak KIM, Hyeog Ug KWON and FUKAO Kyoji) (DP No.: 07-J-022)
- Embodied Technological Progress and the Productivity Slowdown in Japan (TOKUI Joji, INUI Tomohiko and Young Gak KIM) (DP No.: 07-J-035)
- Intangible Investment in Japan: Measurement and Contribution to Economic Growth (FUKAO Kyoji, HAMAGATA Sumio, MIYAGAWA Tsutomu and TONOGI Konomi) (DP No.: 07-E-034)
- Productivity in Japan, the US, and the Major EU Economies: Is Japan Falling Behind? (FUKAO Kyoji and MIYAGAWA Tsutomu) (DP No.: 07-E-046)
- Choice for FDI and Post-FDI Productivity (ITO Yukiko) (DP No.: 07-E-049)
- International Production/Distribution Networks and Domestic Operations in terms of Employment and Corporate Organization: Microdata Analysis of Japanese Firms (ANDO Mitsuyo and KIMURA Fukunari) (DP No.: 07-E-063)

Policy Symposium

"Productivity Growth in the Global Economy: Innovation in the Service Sector and the Role of Intangible Assets" (2007/06/22)

II-4) An Integrated Approach to Raising Productivity at the Macro, Industry, and Company Levels

Project Leader/Sub-Leader: NISHIYAMA Yoshihiko, FF / ICHIMURA Hidehiko, FF

<Overview>

Referred to by terms such as the "lost decade," the 1990s are regarded as a period of declining productivity. However, it is not clear what really caused a decline in productivity at the macro level. A number of causes are conceivable, such as declines in the productivity at individual firms, the entry of firms with low productivity, and the exit of firms with high productivity, but finding the actual causes requires an empirical approach. That requires examination with a combination of an appropriate economic model and appropriate statistical methods, but among existing studies there is nothing suitable that can be applied directly in this regard. From the standpoint of seeking desirable sustainable growth for the future, an important issue to address is that of gaining a unified understanding of changes in the substructure at the company and industry level, together with changes at the macro level. In our research we adopt a comprehensive approach to this issue from both theoretical and empirical perspectives.

II-3) Productivity of Companies and Industries, and Japan's Economic Growth
Policy Symposium (June 22, 2007)
"Productivity Growth in the Global Economy: Innovation in the Service Sector and the Role of Intangible Assets"



II-5) Research into Joint Inventions by Universities and Public Research Institutions and Private-Sector Companies

Project Leader: TAMADA Schumpeter, FF

<Overview>

If companies are unable to obtain from within their own organizations the scientific or technical knowledge necessary for the development of new products, the alternative is to collaborate with universities or public research institutions. However, collaboration with other organizations incurs costs for searches and contracts. The objective of our research is a survey of joint inventions by researchers at public research institutions and private-sector firms, and through this to elucidate the roles fulfilled by the universities, other independent administrative organizations and other public research institutions, and to identify the implications for policies to further strengthen Japan's innovation system.

<Major Research Results>

Discussion Papers

- Analysis of Joint Patent Applications by Universities or Public Research Institutes and Private-Sector Firms (TAMADA Schumpeter and INOUE Hiroyasu) (DP No.: 08-J-003)

II-6) Value Acquisition through Innovation: Japanese Companies' Competitiveness in Information Devices and Digital Home Electronic Products, and Value-Added Creation

Project Leader: NOBEOKA Kentaro, FF

<Overview>

The most important issue for the Japanese economy is the creation of value added by means of innovation. Research until now has been based on the hypothesis that if technical innovation can be achieved and used as the basis for developing products that meet market and customer needs, that will lead to greater international competitiveness and productivity. However, international competition has grown more complex in recent years, and in a rapidly increasing number of cases Japanese companies have been succeeding with technical innovation and developing excellent products as a result, but this has not led to value-added creation. In terms of technology management theory, this means that even if value creation is achieved, it is not possible to achieve value acquisition. This is particularly striking in the sphere of information devices and digital home electronic products that use semiconductors, digital technologies, and communications technologies. Many aspects of this failure to achieve value acquisition that Japanese companies are facing cannot be explained within the existing theoretical framework relating to innovation systems. Our research is being conducted for the purpose of clarifying, both theoretically and empirically, the desirable form of value acquisition, and of making recommendations that will enhance the international competitiveness of Japanese companies.

<Major Research Results>

Discussion Papers

- Deep-Seated Value Creation in Japanese Manufacturing Firms: Accumulation of Organizational Capabilities and Management of Non-Functional Premium Value (NOBEOKA Kentaro) (DP No.: 08-J-006)

II-7) Research into Japanese Companies' Architecture and Design Processes

Project Leader/Sub-Leader: FUJIMOTO Takahiro, FF / OSHIKA Takashi, FF

<Overview>

As customer needs and social constraints (environment, safety, etc.) become increasingly complex and sophisticated, firms find it more difficult to take a modular approach in the products they supply to the market. In particular, in such products as automobiles, with many mechanical components remaining, require co-evolution of mechanics, electronics and software. This demands mutual coordination between the design of controlled mechanical components and the design of controlling electronic and software components. Based on this perspective, this project inquires into the contemporary problem of "complex products" from the standpoint of design theory. Specifically, we interpret products supplied to the market as being "artifacts" (designed objects), and analyze the causes of their growing complexity, and the response of firms to such developments.

<Major Research Results>

Discussion Papers

- Design-Based Comparative Advantage: An Explanatory Analysis (FUJIMOTO Takahiro and OKUMA Shingo) (DP No.: 07-J-025)
- Increasing Complexity of Artifacts and the Response of Manufacturing Firms: Design of Control Systems and Integration of Mechanism, Electronics, and Software (FUJIMOTO Takahiro) (DP No.: 07-J-047)

II-8) Research and Analysis Concerning the Innovation Process in Japan's Semiconductor Industry

Project Leader: CHUMA Hiroyuki, FF

<Overview>

To effectively realize innovation in science-based industries, it is critically important to be able to combine a broad range of highly diverse expertise (knowledge) from both inside and outside the firm. In the case of Japan, although outstanding knowledge is being created in various places, the speed at which the range of combination expands declines relatively. Thus, as is typically observed in the semiconductor industry, in some cases Japanese firms have failed to remain competitive in global markets. Based on this awareness, this project focuses on the rapid rise and fall of the general-purpose DRAMs business which Japanese semiconductor manufacturers experienced during the second half of the 1990s. This project seeks to identify the principal factors in this process by comparing the R&D, mass production and marketing strategies of Japanese, U.S. and Korean manufacturers.

<Major Research Results>

Discussion Papers

- Moore's Law, Increasing Complexity, and the Limits of Organization: The Modern Significance of Japanese Chipmakers' DRAM Business (CHUMA Hiroyuki and HASHIMOTO Norikazu) (DP No.: 08-E-001)

Introduction of Research Projects

II-9) Empirical Research into Software Innovation

Project Leader/Sub-Leader: TANAKA Tatsuo, FF / SUZUKI Jun, FF

<Overview>

Japan's competitiveness in the software industry is perceived as being weak. In the software industry as a whole there is an overwhelming import surplus, while exports are less than 10% of the value of imports. Among high-value-added high-tech industries it is rare to find any in which Japanese competitiveness is so overwhelmingly lacking. Additionally, this fact may have a negative impact on innovation in business processes that use information technology (IT). Why is this? Why has such a disparity in competitiveness arisen? Is it possible to devise policy remedies that will enhance competitiveness? The objective of our research is to empirically study various hypotheses that may answer these questions, and in so doing to identify the current state of software innovation in Japan, and to seek policies to enhance the competitiveness of software industries and promote business innovation through the use of software.

II-10) The Desirable Form of Future Pro-Patent Policy

Project Leader: KIYOKAWA Yutaka, SF

<Overview>

The promotion of innovation is indispensable to Japan's survival. One of the systems supporting the process of innovation is the intellectual property rights system. Since the establishment of the Intellectual Property Strategy Headquarters in 2003, Japan's intellectual property system has taken a more pro-patent stance and its level of protection has been upgraded. Combined with the several revisions of the Patent Law that were enacted earlier and various changes made in the application of the law and related judicial matters, it is thought that the level of protection in Japan has been significantly improved. (See Y. Kiyokawa, "Evaluation of Japan's Pro-Patent Trends and Future Issues," METI Journal, April 2007). However, given the growing complexity and speed of R&D activities, it is becoming more difficult for individual firms to successfully undertake R&D on their own. This has prompted a move toward "open innovation," particularly in the software field. Similarly, "cooperation" in R&D is now observed in various fields. On the other hand, because intellectual property rights are essentially exclusive rights and proprietary by nature, they do not easily lend themselves to concepts of common good or cooperation and collaboration. In addition, exclusive rights cause distortions in market competition and their excessive application can obstruct innovation itself (e.g., patent thickets, patent trolling, etc.). While the promotion of R&D does require the effective protection of incentives, such measures are counterproductive when they undermine innovation in general. Given that significant progress has been made in Japan's intellectual property rights system in terms of the level of protection, the aim of this project is to consider what Japan must now do to promote greater innovation.

II-11) Study on Industrial Clusters (Joint Research with Kyoto University)

Project Leader: KODAMA Toshihiro, Professor, Institute of Economic Research, Kyoto University

<Overview>

Industrial clusters are being formed in various areas throughout Japan to promote innovation and to stimulate regional economic vitalization. The purpose of this research project is to consider measures that would promote the development of industrial clusters as effective innovation systems, by featuring empirical research conducted on two regions: the Technology Advanced Metropolitan Area (TAMA) extending over the western part of the Tokyo metropolitan area as a leading case in the "Industrial Cluster Plan" of METI, and the Keiji Area (the region covering southern Kyoto Prefecture and southern Shiga Prefecture) where numerous hi-tech firms and leading universities are concentrated. During fiscal 2007, while studying theoretical aspects we also conducted a number of activities aimed at developing practical policy recommendations. These activities cover continued research on the Keiji Area including interviews with local firms, research meetings held with local government agencies, public organizations for the support of industries, and university researchers and staff. In addition, an open symposium was held on November 19, 2007 for the general public and business community.

<Major Research Results>

Advanced Policy Open Symposium

"What Type of SMEs Promote Innovation?—Forming a Cluster in the Keiji Region" (2007/11/19)



II-11) Study on Industrial Clusters (Joint Research with Kyoto University)

Advanced Policy Open Symposium (Nov. 19, 2007)

"What Type of SMEs Promote Innovation?—Forming a Cluster in the Keiji Region"

II-12) Study on Intangible Assets in Japan

Project Leader: MIYAGAWA Tsutomu, FF

<Overview>

The world economy was characterized by the "IT revolution and globalization" during the 1990s. By leading the way in incorporating the IT revolution into economic activities, the United States achieved dramatic improvements in productivity beginning in the second half of the decade. On the other hand, Japan was going through an extended period of stagnation that followed the collapse of the bubble economy. During this period, Japan focused more on the task of extricating itself from long-term stagnation rather than on global economic issues. Hayashi and Prescott analyzed this period (2002) and concluded that "declining productivity provides the backdrop for Japan's long-term stagnation." This analysis generated keen interest in the question of productivity in Japan. The Japanese economy finds itself in a vulnerable position where a return to stagnation appears unavoidable once the upward trend in world economic conditions centered on the U.S. and China comes to an end. To overcome this dependence on external demand and to create a stable and truly autonomous foundation for growth under conditions of a shrinking labor population, it is vitally important for Japan to increase productivity in its service sector, a sector that employs more than 60 percent of the workforce but continues to lag seriously behind the U.S. and Europe in productivity. There is a growing awareness that this requires the accumulation of intangible assets, which effectively utilize IT. In recent years, the roles of brand assets developed through the accumulation of advertising expenditures as well as of human capital and organization capital based on the accumulation of corporate organizational reform are drawing attention. The purpose of this project is to comprehensively research economic issues that relate to intangible assets in Japan, including micro and macro measurements of intangible assets and their impact on the entire economy.

II-13) Eco-System Formation for New Technology-Based Firms (NTBFs) Creation, Growth and Agglomeration

Project Leader: NISHIZAWA Akio, FF

<Overview>

How can product innovation based on university research be achieved? The global trend is to adopt policies to facilitate the creation of many "New Technology-Based Firms" (NTBFs), and to generate hi-tech industries in the geographic vicinities of universities through growth and agglomeration of these NTBFs. However, in Japan, this approach has not yet yielded successful results. Indeed, a pioneering project referred to as the "Sapporo Valley" is said to be losing its growth momentum. Against this backdrop, this project addresses the following two questions about Japan: Why has the model for the establishment of hi-tech industries based on innovation generated through the process of NTBF creation, growth and agglomeration failed to function even in the areas with prominent research universities? What factors are obstructing the process of NTBF creation, growth and agglomeration? The purpose of this research project is to analyze these questions from both empirical and theoretical perspectives, and to formulate benchmarks for the building of eco-systems in the regions.

II-14) Analysis of Improvement of Productivity in Service Industries and Research on Policy Measures for Boosting Productivity

Project Leader/Sub-Leader: Hyeog Ug KWON, FF / MATSUURA Toshiyuki, F

<Overview>

This project focuses on Japan's non-manufacturing industries (broadly-defined service industries), which are said to be lagging behind the U.S. and Europe in productivity, and seeks to identify the following two points: (1) current levels of productivity in Japan's service industries, and (2) policy measures for boosting productivity. Regarding (1), we will review the problems related to productivity measurement in service industries, and will survey the methodologies used in various countries for this purpose. In addition, we will review the current levels of productivity in Japan's service industries by comparing the characteristics of service industries with those of the U.S. and Europe, and with those of manufacturing industries. As for (2), we will focus on regulatory reform and IT investments and analyze how industrial structures and productivity were affected in industries that experienced regulatory reform and active IT investment during the 1990s.

<Major Research Results>

Discussion Papers

- Is Productivity in the Service Industries Low? An Analysis Using Firm-Level Data on the Dispersion and the Dynamics of Productivity (MORIKAWA Masayuki) (DP No.: 07-J-048)
- What Kinds of Company Have High Productivity? Company Characteristics and TFP (MORIKAWA Masayuki) (DP No.: 07-J-049)

Policy Discussion Papers

- Survey of Productivity in the Service Sector (KATO Atsuyuki) (PDP No.: 07-P-005)

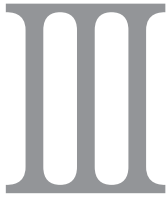
Other Research Results in Domain II

Discussion Papers

- Network Dynamics in the 12 Regional Clusters (SAKATA Ichiro, KAJIKAWA Yuya, TAKEDA Yoshiyuki, HASHIMOTO Masahiro, SHIBATA Naoki and MATSUSHIMA Katsumori) (DP No.: 07-J-023)

METI-RIETI-AIST-NEDO Symposium

"R&D Partnership under the Globalized Economy—Our Experience and the Future" (2007/09/03)



Formulating Japan's Strategy in Response to Globalization and Deepening Economic Interdependence in Asia

As the world economy becomes increasingly globalized, and particularly as Asian countries rapidly grow more economically integrated, Japan needs to establish a comprehensive strategy for implementing policies that respond to international trade rules—such as those under the WTO and FTAs—and facilitate trade and investment. RIETI will contribute to the formulation of Japan's strategy for trade and other policies by conducting analysis on the value chain of trade, direct investment, and technological development in Asia, as well as on the transformation of Asia's monetary and foreign exchange systems, thereby presenting policy proposals for Asia and the world. RIETI will investigate and sort out cases of actual implementation of trade rules, analyze the economic conditions and trade strategies of Japan's major economic partners, and conduct research on business environments and other factors that influence the successful operation of Japanese companies in the global arena.

Introduction of Research Projects

III-1) Research on Multinational Corporations, Changes in Trade Structures, and Market Institutions

Project Leader/Sub-Leader: WAKASUGI Ryuhei, FF / TOMIURA Eiichi, FF & OHASHI Hiroshi, FF

<Overview>

Notable research topics in the field of international economics include the growth of foreign direct investment, expansion of overseas production and outsourcing; technology licensing and the protection of intellectual property rights; the trade expanding effects of FTAs; and, the effectiveness of trade restrictive measures based on tariffs and anti-dumping actions. These issues have already been analyzed in the context of trade theory, theory of the firm and contract theory. However, not enough has been done in empirical examination. This applies to Japan as well as to other countries. The purpose of this project is to quantitatively analyze current issues in the above topics based on international trade data by commodity industry-level data and firm-level data for Japanese firms. In addition, we will quantitatively assess the effects of policies and systems, and discuss the implications for trade and industrial policies.

<Major Research Results>

Discussion Papers

- Does Foreign Direct Investment Have an Impact on the Growth in Labor Productivity of Vietnamese Domestic Firms? (Thanh Thuy LE) (DP No.: 07-E-021)
- The Effect of Imports and Exports on Total Factor Productivity in Korea (Sangho KIM, Hyunjoon LIM and Donghyun PARK) (DP No.: 07-E-022)
- Global Sourcing, Technology, and Factor Intensity: Firm-Level Relationships (TOMIURA Eiichi) (DP No.: 07-E-024)
- R&D and Export Intensities in Automotive Parts Firms in China, Malaysia, Philippines and Taiwan: Does Ownership Matter? (Rajah RASIAH) (DP No.: 07-E-025)
- Did U.S. Safeguard Resuscitate Harley Davidson in the 1980s?" (KITANO Taiju and OHASHI Hiroshi) (DP No.: 07-E-026)
- Enforceability in Trade Credit: Financial Aspects of Transactions with FDI (ITOH Seiro, WATANABE Mariko and YANAGAWA Noriyuki) (DP No.: 07-E-031)
- Product Cycle and Industrial Hollowing-Out—The Case of the Electrical and Electronics Sector of Taiwan (Tzu-Han YANG and Yueh-Po LIAO) (DP No.: 07-E-055)
- Dissecting Offshore Outsourcing and R&D: A Survey of Japanese Manufacturing Firms (ITO Banri, TOMIURA Eiichi and WAKASUGI Ryuhei) (DP No.: 07-E-060)
- Foreign Direct Investment, Intra-Regional Trade and Production Sharing in East Asia (Nathalie AMINIAN, K. C. FUNG and IIZAKA Hitomi) (DP No.: 07-E-064)
- Offshoring and Trade in East Asia: Statistical Evidence (WAKASUGI Ryuhei, ITO Banri and TOMIURA Eiichi) (DP No.: 08-E-009)

International Symposium

"Intellectual Property Rights and East Asian Renaissance" (2008/01/28)



III-1) Research on Changes in Multinational Corporations, Trade Structures, and Market Institutions
International Symposium (Jan. 28, 2008)
"Intellectual Property Rights and East Asian Renaissance"

III-2) The Foreign Aid Governance

Project Leader: SAWADA Yasuyuki, FF

<Overview>

International discussions on foreign aid are now at a major turning point. This reflects the transitions from support for macroeconomic growth to direct assistance for micro-level poverty reduction; from project-based to budget support aid; from loan-centered to debt reduction and grant aid; and from bilateral to multilateral aid. This research project in fiscal 2006 aimed at empirically investigating the systematic differences in the macro impacts of aid between Asia and Africa. Building on the results of these macro studies, this project will extend its scope to the following areas in fiscal 2007: (1) basic research on the development of insurance schemes for the pooling of disaster risks in international cooperation; and (2) econometric impact evaluation of technical assistance aid using firm-level micro-data.

<Major Research Results>

Discussion Papers

- The Millennium Development Goals and Aid Allocation: Which Donors Give High-Quality Aid? (KASUGA Hidefumi) (DP No.: 07-J-030/07-E-050)
- Aid Proliferation and Economic Growth: A Cross-Country Analysis (KIMURA Hidemi, SAWADA Yasuyuki and MORI Yuko) (DP No.: 07-J-031/07-E-044)
- On the Role of Technical Cooperation in International Technology Transfers (SAWADA Yasuyuki, MATSUDA Ayako and KIMURA Hidemi) (DP No.: 07-J-032/07-E-045)
- Foreign Aid and Recurrent Cost: Donor Competition, Aid Proliferation and Budget Support (ARIMOTO Yutaka and KONO Hisaki) (DP No.: 07-J-041/07-E-051)
- Intertemporal Distribution of Foreign Aid (TAKASE Koichi) (DP No.: 07-E-048)

Policy Discussion Papers

- Index of Donor Performance (2006 Edition): Selectivity and Project Proliferation Reconsidered (TOGO Ken and WADA Yoshio) (PDP No.: 07-P-002 in English/07-P-004 in Japanese)

Project URL

The Foreign Aid Governance (http://www.rieti.go.jp/jp/projects/development_aid/)

III-3) Legal Approach to Regional Economic Integration

Project Leader: KAWASE Tsuyoshi, FF

<Overview>

Amid the burgeoning of regional economic integration (FTAs, EPAs, customs unions) since the second half of the 1990s, there are some aspects that require scrutiny. This phenomenon has been arousing intense interest in many fields of the social sciences, but generally the analysis of its legal aspects has lagged behind. Similarly to the WTO, regional economic integration is conducted with large amounts of legal documentation, and this constitutes a trade "agreement" pursuant to GATT Article 24. Accordingly, legal analysis must be a core policy tool with regard to the design of the systems and to their operation after they have come into being. On this basis, in our research we make issue-specific comparative studies of the systems in the major cases of regional economic integration that have been in force up till now, and elucidate the classification of the designs of legal systems in regional economic integration, and their special characteristics. In this way we will show what options are possible for orderly integration from a legal perspective, and how these can aid the effectiveness of economic integration.

<Major Research Results>

Discussion Papers

- Denial of Benefit Provisions in FTAs Accompanying the Liberalization of Trade in Services: Does the "Backdoor" Open for Signatory Countries Faced with FTA Inflexibility? (WATANABE Shintaro) (DP No.: 07-J-036)
- Comparison of the Economic Partnership Agreements Concluded by Japan: Features Regarding Institutional Arrangement (KOBAYASHI Tomohiko) (DP No.: 07-J-037)
- Current Status of Tariff Liberalization under Regional Trade Agreements and the Implications for the Clarification of the Discipline of GATT Article XXIV (UENO Asako) (DP No.: 07-J-039)
- Relationships between Investor-State Arbitration and Local Remedy Procedures in Bilateral Investment Treaties/Economic Partnership Agreements (ABE Yoshinori) (DP No.: 07-J-040)
- Competition and Coordination in Dispute Settlement Procedures between WTO and Regional Economic Communities: Comparative Review of Forum-Choice Clauses (KAWASE Tsuyoshi) (DP No.: 07-J-050)
- Homogeneity of Law in the European Economic Area: A Case of Integration of Multiple Regional Communities and Implementation of Common Rules in the Integrated Community (OBASE Takuma) (DP No.: 07-J-051)
- Legitimacy and Transparency of the WTO Dispute Settlement Procedures: An Analysis of the Present State of the DSU Negotiations Using Private-Interest/Public-Interest Models (KOBAYASHI Kenichi) (DP No.: 08-J-002)
- Assessment and Prospects of Intellectual Property Rights Provisions in RTAs (SUZUKI Masabumi) (DP No.: 08-J-005)

Policy Symposium

"Quo Vadis the WTO? The Future of the Doha Round and the Management of the International Trade Regime" (2007/08/06)

Introduction of Research Projects

III-4) Comprehensive Research on WTO Subsidy Rulings

Project Leader: KAWASE Tsuyoshi, FF

<Overview>

Subsidies are widely used throughout the world as a standard tool for the achievement of domestic policy goals. However, subsidies can create distortions in resource allocation as seen in the impact of export subsidies on international trade. For this reason, subsidies are subject to regulation under the WTO Subsidies and Countervailing Measures (SCM) Agreement and Agriculture Agreement. Since the establishment of the WTO, more than 30 adjudications have been handed down on the issue of subsidies by WTO Panels and Appellate Body. Moreover, the number of subsidy-related disputes referred to the WTO is expected to increase with the expiration of provisions temporarily suspending the application of related agreements ("Peace Clause"). This project has the following three objectives: to research the interpretations and applications of relevant rulings made under the SCM Agreement and Agriculture Agreement; to examine the problems that may exist in the subsidy systems of Japan and Japan's major trading partners from the perspective of the WTO Agreement; and to gain insight into how Japan can develop its subsidy and countervailing duty systems while assuring compliance with the WTO Treaty.

III-5) East Asian Production Networks, Exchange Rate Changes, and Global Imbalances

Project Leader: Willem THORBECKE, SF

<Overview>

The work this year has sought to understand the relationship between East Asian Production Networks, Exchange Rate Changes, and Global Imbalances. The paper "How Would an Appreciation of the RMB and Other East Asian Currencies Affect China's Exports?" looks at how appreciation in China and other supply chain countries would affect China's exports. The paper "The Effects of Exchange Rate Changes on Fragmentation in East Asia: Evidence from the Electronics Industry" presents evidence that exchange rate volatility decreases the flow of electronic components within East Asia. The paper "Trade Interdependence and Exchange Rate Coordination in East Asia" presents an analytical description of these production networks and examines empirical evidence concerning the factors that affect triangular trading patterns. The paper "Production Sharing, Exchange Rate Changes, and the Trade Balance: Evidence from the East Asian Electronics Industry" reports that exchange rates appreciation in countries supplying intermediate electronics goods inputs would decrease final electronics goods exports from East Asia, but appreciation in assembly economies would not.



III-3) Legal Approach to Regional Economic Integration
Policy Symposium (Aug. 6, 2007)
"Quo Vadis the WTO? The Future of the Doha Round and
the Management of the International Trade Regime"

III-6) Financial Cooperation in East Asia and the Optimal Currency Basket

Project Leader/Sub-Leader: ITO Takatoshi, FF / OGAWA Eiji, FF

<Overview>

This project takes the position that the adoption of a common currency basket constitutes a desirable and highly promising choice for the Asian region in the future. Given this point of departure, this project focuses on matters linked directly to policy, such as foreign exchange policies and monetary policy management leading up to a transition to a common currency basket, and the desired composition and structure of the basket. One of the research products of this project is the Asian Monetary Unit (AMU) Data, which has been posted on the RIETI website since September 2005 and is being visited from Japan and overseas (768 average monthly visits during fiscal 2007). Among various issues emerged from the above themes, we have researched the pass-through problem or the impact of currency fluctuations on domestic prices, and the problem of the invoicing currency or the choice of the currency of denomination in export and import trade. In addition to conventional methods based on macroeconomic models, we did microeconomic analysis during fiscal 2007 featuring interviews with Japanese-affiliated companies concerning their foreign exchange strategies (invoicing currency, risk management) in export and import trade. For fiscal 2008, the project aims to obtain microeconomic and macroeconomic results pertaining to the optimal currency basket and the pass-through and invoicing currency problems, and to use these in formulating policy recommendations that are consistent with administrative needs.

<Major Research Results>

Discussion Papers

- Macroeconomic Implications of Declines in Nominal Exchange Rate Pass-Through Rates (SHIOJI Etsuro, Vu Tuan KHAI and TAKEUCHI Hiroko) (DP No.: 07-J-024)
- Bank Restructuring in Asia: Crisis Management in the Aftermath of the Asian Financial Crisis and Prospects for Crisis Prevention - Korea - (ITO Takatoshi and HASHIMOTO Yuko) (DP No.: 07-E-038)
- Bank Restructuring in Asia: Crisis Management in the Aftermath of the Asian Financial Crisis and Prospects for Crisis Prevention - Malaysia - (ITO Takatoshi and HASHIMOTO Yuko) (DP No.: 07-E-039)
- Exchange Rate Pass-Through and Domestic Inflation: A Comparison between East Asia and Latin American Countries (ITO Takatoshi and SATO Kiyotaka) (DP No.: 07-E-040)
- Widening Deviation among East Asian Currencies (OGAWA Eiji and YOSHIMI Taiyo) (DP No.: 08-E-010)

Project URL

AMU (Asian Monetary Unit) and AMU Deviation Indicators (<http://www.rieti.go.jp/users/amu/en/>)

III-7) FTA Study

Project Leader: URATA Shujiro, FF

<Overview>

In recent years, there has been a rapid increase in the number of free trade agreements (FTAs) in which trade is liberalized between designated countries. While FTAs expand the level of trade between member countries, they are very likely to divert and suppress trade with non-members. FTAs affect the economies of member and non-member countries through these two effects. The purpose of this project is to examine the impact of FTAs on trade and domestic economic activities by undertaking pre- and post-FTA analysis. Pre-FTA analysis is based on data from the period prior to the establishment of an FTA and features the running of simulations using general equilibrium models. Post-FTA analysis is based on actually observed data and uses gravity models to examine the determinants of bilateral trade. This project covers the FTAs established by Japan and other FTAs established throughout the world. For Japan's FTAs, the project also analyzes the level of use of the FTA by firms. Drawing on the results of these analyses, this project aims to determine the impact of FTAs on trade and domestic economic activities, and to provide useful information for the design of FTA policies by the Japanese government.

<Major Research Results>

Discussion Papers

- Impacts of Japanese FTAs/EPAs: Post Evaluation from the Initial Data (ANDO Mitsuyo) (DP No.: 07-E-041)
- The Impacts of Free Trade Agreements on Trade Flows: An Application of the Gravity Model Approach (URATA Shujiro and OKABE Misa) (DP No.: 07-E-052)
- Assessing the Economic Impacts of Free Trade Agreements: A Computable Equilibrium Model Approach (ABE Kazutomo) (DP No.: 07-E-053)
- On the Use of FTAs by Japanese Firms (TAKAHASHI Katsuhide and URATA Shujiro) (DP No.: 08-E-002)

III-8) The Rise of China and the Transformation of the East Asian Regional Order

Project Leader: SHIRAIISHI Takashi, FF

<Overview>

The emergence of China as an economic powerhouse has been transforming the regional order in East Asia, particularly in the areas of economy, politics and security. The project will address the question of how to manage these transformations. Project members will examine Japan's and other countries' engagement with China from the "realist" (which emphasizes balance of power politics) and "liberal" (which emphasizes economic interdependence and institution-building) perspectives. The project will underline the importance of balancing and regional cooperation for managing the regional transformations.

<Major Research Results>

Discussion Papers

- The Rise of China and the Transformation of Southeast Asia—A Preliminary Study (SHIRAIISHI Takashi) (DP No.: 07-J-034)

Introduction of Research Projects

III-9) The Desirable Form of Legal Protection for Overseas Investments

Project Leader/Sub-Leader: KOTERA Akira, FF / MATSUMOTO Kayo, F

<Overview>

Foreign investments are exposed to considerable risk, depending on factors such as the conditions in the recipient countries. Among these risks, those (political and social risks) that may cause business failure as a direct result of acts by the recipient country need to be addressed through a public framework, and in recent years investment agreements have been attracting attention as a type of public framework. Of particular note is that the procedure for resolving disputes between investors and states (investment agreements arbitration) provided in investment agreements functions as real investor protection. In our research we will analyze the legal principles of arbitration awards and will study legal protection for overseas investment. The analysis of legal principles will have considerable implications for the drafting of the investment-related provisions in future investment agreements or economic partnership agreements that Japan concludes in the future. At the same time, it will serve as a reference for company management when choosing investment targets or investment methods. In addition, this will influence the design of investment insurance schemes offering similar functions.

III-10) Trade, the Environment, and Food Safety

Project Leader: JINJI Naoto, FF

<Overview>

"Trade and the environment" and "food safety and trade" have emerged as critical issues in international trade. The purpose of this project is to approach these issues from the perspectives of both economics and law and to conduct comprehensive and interdisciplinary research. The following research will be conducted in the area of trade and the environment: empirical study on the effects of trade liberalization on the environment; theoretical study on illegal logging; and, theoretical study on voluntary corporate environmental action. The following research will be conducted in the area of food safety and trade: legal and economic analysis of the application of provisions of the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement); case studies on WTO disputes related to the SPS Agreement. In addition, the consumer benefits of food safety regulations will be estimated in the case of Japan's BSE countermeasures.

<Major Research Results>

Discussion Papers

► MEAs in WTO Dispute Settlement Proceedings: Can They Become Applicable Law? (TAIRA Satoru) (DP No.: 07-J-014)

III-11) Study on International Strategies for Improving Productivity in the Context of Economic Globalization

Project Leader: SHIRAISHI Shigeaki, SF

<Overview>

The aim of this project is to develop effective policy recommendations for improving productivity in the context of economic globalization by interpreting the process of economic globalization to be a multiple game involving the following types of players acting on different sets of principles:

(1) firms acting to maximize profits whose behavior can be explained in terms of a "2R-2R model" (cyclical model of "resources and risks as the strategic basis" and "redefinition and relocation as the strategic action"); (2) governments acting to maximize national interests based on the principle of realism; and (3) international organizations acting to maximize overall interests transcending the framework of nations based on the principle of liberalism. This framework is used for analyzing current conditions and identifying salient issues in globalization and productivity. Particular attention is paid to cross-border M&As as a specific form of economic globalization, and the reorganization of Europe's electric power and gas industries is analyzed as a case study. This project is conducted jointly with the OECD.

Other Research Results in Domain III

RIETI/ADB Symposium

"Ten Years After: Learning from the Asian Financial Crisis—Are Prevention Mechanisms Sufficient to Avoid Another Financial Crisis?" (2007/06/29)

Japan-China Economic Conference

7th Japan-China Economic Conference (2007/10/23-24)

CEPR-RIETI International Seminar

"Global Network and Outsourcing" (2007/11/26)

Compilation of the History of Japan's Trade and Industry Policy

Knowledge of the history of trade and industry policy provides the foundation for formulating future economic and industrial policy. RIETI is undertaking comprehensive, systematic research to compile Japan's history of trade and industry policy, seeking cooperation from external experts including economists and historians.

Introduction of Research Projects

IV-1) Compilation of the History of Japan's Trade and Industry Policy

Project Leader: ODAKA Konosuke, Editor in Chief, HJTIP

<Overview>

This research project will compile the history of trade and industry policy in the late-20th century, with a particular focus on the period from 1980 to 2000, incorporating not only objective facts but also such areas as analytical and evaluative observations concerning the policy-making and implementation processes, effects on industrial and economic conditions that necessitated the formulation of certain policy, realization of intended policy goals, and industrial and economic conditions following policy implementation.

This history of trade and industry policy will consist of 12 volumes. Volume 1 will present a general overview with chapters dedicated to specific time periods, while the remaining 11 volumes (arranged similarly to the organizational structure of Ministry of International Trade and Industry) will provide detailed accounts of different policy fields with chapters organized by policy theme. The compilation is slated for completion by March 2011.

<Project Leadership and Staff>

The project will be carried out under the leadership of the Committee on the History of Japan's Trade and Industry Policy (HJTIP Committee, Chairman: Editor in Chief; Committee Members: Deputy Chief Editors; Coordinating Lead Authors; Representative from METI) set up within RIETI.

List of HJTIP Committee Members

Editor in Chief

ODAKA Konosuke (Professor Emeritus, Hitotsubashi University / Professor Emeritus, Hosei University)

Deputy Chief Editors

TAKEDA Haruhito (Professor, Graduate School of Economics, the University of Tokyo)

NAKATA Tetsuo (Professor, Graduate School of Business, Doshisha University)

MATSUSHIMA Shigeru (Professor, Graduate School of Business Administration, Hosei University)

Coordinating Lead Authors (one designated for each volume)

Vol. 1 General Overview

ODAKA Konosuke (Professor Emeritus, Hitotsubashi University / Professor Emeritus, Hosei University)

Vol. 2 Trade Policy

ABE Takeshi (Professor, Graduate School of Economics, Osaka University)

Vol. 3 Industrial Policy

OKAZAKI Tetsuji (Professor, Graduate School of Economics, the University of Tokyo)

Vol. 4 Distribution Policy / Consumer Administration

ISHIHARA Takemasa (Professor, School of Business Administration, Kwansai Gakuin University)

Vol. 5 Environment, Location, and Safety Policy

TAKEDA Haruhito (Professor, Graduate School of Economics, the University of Tokyo)

Vol. 6 Basic Industries

YAMAZAKI Shiro (Professor, Faculty of Urban Liberal Arts, Tokyo Metropolitan University)

Vol. 7 Machinery and Information Industries

HASEGAWA Shin (Professor, School of Business, Aoyama Gakuin University)

Vol. 8 Consumer Goods Industries

MATSUSHIMA Shigeru (Professor, Graduate School of Business Administration, Hosei University)

Vol. 9 Industrial Science and Technology Policy

SAWAI Minoru (Professor, Graduate School of Economics, Osaka University)

Vol. 10 Natural Resources and Energy Policy

KIKKAWA Takeo (Professor, Graduate School of Commerce and Management, Hitotsubashi University)

Vol. 11 Intellectual Property Policy

NAKAYAMA Nobuhiro (Professor, Graduate School for Law and Politics, the University of Tokyo)

Vol. 12 Small- and Medium-sized Enterprise Policy

NAKATA Tetsuo (Professor, Graduate School of Business, Doshisha University)

<Major Activities in fiscal 2007>

- Held meetings of the HJTIP Committee
- Designed writing plans for each volume
- Exchanged opinion with METI's related departments
(collected opinions for the writing plans, gathered information on policy transition during the specified period of 1980-2000)
- Exchanged opinions with those who were engaged in the planning and implementation of trade and industrial policy
- Collected data, prepared chronological table, etc.



"The Fifth HJTIP Committee Meeting"
(March 17, 2008)

Adjacent Basic Research Area

Institutions Related to Financial and Labor Markets as well as New Corporate Laws and Governance

RIETI will research the development of new economic institutions which allow for both risk-taking and stable growth.

A

Introduction of Research Projects

A-1) Study Group on Changes in Financial and Industrial Structures

Project Leader/Sub-Leader: WATANABE Tsutomu, FF / UESUGI Iichiro, CF

<Overview>

(1) Study Group on Financial and Industrial Networks

Japan's financial networks (financial-transaction and capital-transaction relations between firms and financial institutions) and industrial networks (commercial-transaction and capital-transaction relations among firms) underwent major changes as the economy emerged from a prolonged period of stagnation followed by a mild paced recovery. The purpose of this project is to empirically analyze this process of transformation based on financial data from major corporations, small and medium-sized enterprises and financial institutions, and transaction-related data from firms and financial institutions. The findings will be used to identify the structures of financial and industrial networks that will be conducive to Japan's achievement of stable growth in the future. In addition, appropriate policies and systems for the realization of this objective will be examined.

(2) Study Group on Price and Wage Dynamics

The relation between the rate of inflation and business conditions (Phillips curve) has become unstable since the 1980s. Specifically, during the bubble years of the late 1980s, prices remained stable notwithstanding overheated economic conditions. On the other hand, when the economy rapidly lost steam after the start of the 1990s, this did not result in a major decline in prices. The destabilization of the Phillips curve relationship is not unique to Japan and has also been observed in the U.S. and Europe. The aim of this project is to gain a better understanding of this phenomenon and to gain insights that will be useful in policy management. The most important feature of this project lies in its use of microdata. Past studies on price levels generally used the consumer price index and other aggregated data. However, there are clear limits to research based on aggregated data. In this project, the price-setting behavior of firms will be analyzed in detail on the micro level. This will serve as a point of departure for explaining the destabilization of the Phillips curve from a macro perspective.

<Major Research Results>

Discussion Papers

- Determinants of Japanese Companies' Financial Attitudes and Behavior—Analysis Based on a Survey of Companies in the Kansai Region (YAMORI Nobuyoshi) (DP No.: 07-J-016)
- Multiple Bank Relationships and the Main Bank System: Evidence from a Matched Sample of Japanese Small Firms and Main Banks (OGAWA Kazuo, Elmer STERKEN and TOKUTSU Ichihiro) (DP No.: 07-E-027)
- Do Larger Firms Have More Interfirm Relationships? (SAITO [UMENO] Yukiko, WATANABE Tsutomu and IWAMURA Mitsuru) (DP No.: 07-E-028)
- Lending Competition, Relationship Banking, and Credit Availability for Entrepreneurs (OGURA Yoshiaki) (DP No.: 07-E-036)
- Bank Consolidation and Soft Information Acquisition in Small Business Lending (OGURA Yoshiaki and UCHIDA Hirofumi) (DP No.: 07-E-037)
- Credit Contagion and Trade Credit Supply: Evidence from Small Business Data in Japan (TSURUTA Daisuke) (DP No.: 07-E-043)

A-2) Empirical Analysis of Japan's Labor Market

Project Leader: KAWAGUCHI Daiji, FF

<Overview>

The issues of wage and income disparities have attracted keen interest in recent years. However, very little research has been conducted using large-scale government statistics on wage and income disparities that are representative of all of Japan. The purpose of this project is to survey the changes in wage distribution between 1982 and 2002 using microdata from the "Employment Status Survey." Based on these findings, time-series changes in the speed of income mobility in lifecycle are observed to understand how the lifetime income distribution has been changing. In addition, microdata from the "Basic Survey of Japanese Business Structure and Activities" will be used to analyze the structure of labor demand with special emphasis on the difference between regular and non-regular labor.

<Major Research Results>

International Seminar

"Minimum Wage and Employment" (2007/11/16)



A-2) Empirical Analysis of Japan's Labor Market
International Seminar (Nov. 16, 2007)
"Minimum Wage and Employment"

A-3) Economic Analysis of Organizations and Institutions: The Design of Organizations and Institutions to Enhance Corporate Performance and Growth

Project Leader: TSURU Kotaro, SF

<Overview>

The Japanese economy experienced a 15-year period of adjustment following the collapse of the bubble economy. As it now attempts to take off toward new frontiers, Japan needs to adopt organizational and institutional designs that will heighten and promote the potential growth and the process of innovation. In so doing, as a more essential requirement for the improvement of corporate innovation and therefore corporate performance, it is important to fundamentally review corporate organizational structures, the status of human resources, and the systems and institutions that function as the infrastructure of markets. This project starts by focusing on corporate mergers and acquisitions, which have intensified in recent years, to more fully examine the following questions: (1) What are the motives and intent of M&A activities? and (2) Are the initially anticipated effects of M&A realized, and does corporate performance actually improve after the completion of corporate reorganization? In addition, countermeasures to hostile take-over bids and their implications will also be analyzed.

<Major Research Results>

Discussion Papers

- Motivation for Adopting Takeover Defense Measures: Testing of Entrenchment Hypothesis for Corporate Managers (TAKIZAWA Miho, TSURU Kotaro and HOSONO Kaoru) (DP No.: 07-J-033)
- Consolidation of Banks in Japan: Causes and Consequences (HOSONO Kaoru, SAKAI Koji and TSURU Kotaro) (DP No.: 07-E-059)

A-4) Research into Measures to Provide Efficient Public Services by Means of Government and Private-Sector Collaboration, Premised on Small Government

Project Leader/Sub-Leader: YAMAUCHI Naoto, FF / MORIYAMA Hiromichi, CF

<Overview>

Given the advent of an aging society with a declining population, plus major structural changes in the form of globalization and the intensification of international competition, in order to maintain economic vitality and to keep the size of the public sector within a scope that is sustainable, it is essential to implement reform toward establishing "small government." In our research, our activities will include the categorization of the forms of public-private partnership (PPP) such as private finance initiative (PFI), the designated administrator system, and market testing; the conduct of quantitative verification of the effects of reductions in fiscal expenditure; and the conduct of analyses of introduction incentives, including by means of surveys of local government bodies and non-profit organizations (NPOs). In this way we will put forward suggestions on how to shape policies for achieving efficient public services in Japan through PPP.

A-5) The Frontier of Corporate Governance Analysis: Economic Analysis of M&A and Corporate Governance

Project Leader: MIYAJIMA Hideaki, FF

<Overview>

As the result of macroeconomic environmental changes as well as rapid progress of deregulation and institutional reform in the second half of the 1990s, Japanese firms have participated in a large-scale experiment involving the transformation of their businesses, organizational structures and corporate governance. This has attracted keen attention both in Japan and overseas. This project, in the past, studied the actual status of governance structure reforms of Japanese firms and analyzed the impact of these changes on corporate performance. Japanese firms used to be characterized by their close ties with main banks, the cross-holding of shares, and inside directors. Nowadays, Japanese firms have come to rely more heavily on capital markets with regard to their external relations, while they maintain the features of the Japanese model in their internal structures. In this sense, Japanese firms have begun to move toward a hybrid structure, which was the point most emphasized in our findings. Based on this finding, the aim of this project during fiscal 2007 will be the following issues that previously were not fully studied.

- (1) Theoretical re-examination of institutional complementarity
- (2) Theoretical re-examination of owning stocks and empirical study of cross-holding of shares
- (3) Significance of public listing and the economic functions of publicly listed subsidiaries
- (4) Re-examination of condition-dependent governance
- (5) Interrelation of business portfolios, decentralization and corporate governance
- (6) Role of inter-firm competition as a precondition for autonomous governance and internal governance

While focusing on these issues, this project will seek to develop new methodologies for empirical analysis and to develop data needed for such approaches. Finally, this project will attempt to open new research frontiers in corporate governance with strong policy implications.

<Major Research Results>

Discussion Papers

- Economic Analysis of M&A in Japan: International Characteristics and Economic Role (MIYAJIMA Hideaki) (DP No.: 07-J-026)
- Does Corporate Culture Matter? An Empirical Study on Japanese Firms (HIROTA Shinichi, KUBO Katsuyuki and MIYAJIMA Hideaki) (DP No.: 07-E-030)
- Understanding the M&A Boom in Japan: What Drives Japanese M&A? (ARIKAWA Yasuhiro and MIYAJIMA Hideaki) (DP No.: 07-E-042)
- Varieties of Capitalism, Varieties of Markets: Mergers and Acquisitions in Japan, Germany, France, the UK and USA (Gregory JACKSON and MIYAJIMA Hideaki) (DP No.: 07-E-054)
- The Comparative Features and Economic Role of Mergers and Acquisitions in Japan (MIYAJIMA Hideaki) (DP No.: 07-E-056)
- The Adoption of Poison Pills and Managerial Entrenchment: Evidence from Japan (ARIKAWA Yasuhiro and MITSUSADA Yosuke) (DP No.: 08-E-006)

Project URL

Developing the Research Frontier in Corporate Governance Analysis (<http://www.rieti.go.jp/en/projects/cgp/>)

Introduction of Research Projects

A-6) Empirical and Internationally Comparative Institutional Analysis of the Forms of Administrative and Financial Systems for Utilizing Infrastructure Assets to Invigorate Local Economies in an Era of Decentralization and International Competition: A Study of the Administrative and Financial Systems and Governance Systems in Operation at Regional Airports

Project Leader: AKAI Nobuo, FF

<Overview>

As Japanese society matures and social needs become increasingly diverse, institutional reforms are needed that will enable local governments to conduct efficient administrative and fiscal management at their own discretion. This requires the efficient allocation and use of administrative resources. In this context, airports constitute a key element in infrastructure assets. However, for airports to play a full role in invigorating local economies, it will be necessary to incorporate due flexibility in related institutional arrangements. Against this backdrop, this project has a two-fold purpose: to undertake financial analysis of the government's Airport Development Special Account, and to analyze the relation between airport governance structures and local invigoration initiatives by undertaking case studies and by examining factor analyses of the demand for charter services and the budget of airport terminal buildings. Research indicates that the realization of appropriate airport governance urgently requires the adoption of institutional designs that heighten local incentives.

<Major Research Results>

Discussion Papers

➤ Empirical Analysis of Administrative and Financial Systems for Utilizing Infrastructure Assets of Local Governments: A Study of the Governance Systems in Operation at Regional Airports (AKAI Nobuo, UEMURA Toshiyuki, SAWANO Koichiro, TAKEMOTO Toru and YOKOMI Muneki) (DP No.: 07-J-045)

A-7) Socio-Economic Structural Changes and Tax Reform

Project Leader/Sub-Leader: IWAMOTO Yasushi, FF / HASHIMOTO Kyoji, FF

<Overview>

Japan faces the challenges of the aging of the population, globalization, global warming and growing economic disparity even while it is undergoing significant changes in its socio-economic structure. In this project, we take the position that these ongoing changes necessitate corresponding and fundamental changes in the taxation system. Adopting various findings from tax theory and taking a medium- to long-term perspective, this project examines the features of a taxation system that would correspond to Japan's ongoing socio-economic structural changes. Specifically, the following issues will be addressed: analysis of the shifting and incidence of corporate income taxes; simulation analysis of tax reform using dynamic general equilibrium models; analysis of social security and taxation using generational accounting methodology; and economic impact of environmental taxes.

A-8) Reform of Labor Market Institutions

Project Leader: TSURU Kotaro, SF

<Overview>

In order to study a new "form" for Japan's labor market institutions, and types of reform, we will organize a study group that will conduct theoretical and empirical research from various perspectives such as law, economics and management. While looking broadly at labor market institutions as a whole, we will also look into the interrelationships of each constituent part, and in particular will make suggestions regarding a comprehensive system of labor laws from a standpoint that transcends vertical segmentation and boundaries. When conducting our analysis we will fully embrace international viewpoints and methods of analysis, including experiences from Europe and elsewhere, and will attempt to elucidate the relationships between labor laws and institutions and the labor market and employment systems, and in turn the relationship (including the issue of non-regular employment) with economic performance.

A-9) Research on Sustainable Local Economic Systems

Project Leader: NAKAMURA Ryohei, FF

<Overview>

Although the Japanese economy remains on a recovery path, local economies are experiencing growing interregional disparities and this makes the recovery trend a mottled picture. The purpose of this project is to undertake the following four analyses with an intention to establish sustainable local economic systems: (1) analysis of recycling systems in local economies; (2) prerequisite for sustainable local economies: capital and concentration; (3) prerequisite for sustainable local economies: local economic scale; and (4) overview and examination of theory of interregional disparities. Regarding (1), we have investigated Kurashiki City as a sample locality. The next step will be to develop a non-competitive entry type urban input-output table to be used in analyzing what constitutes a desirable industrial structure. Regarding (2), we are studying the relationship between urban compactness and sustainability. This study is based on detailed data from the Population Census and Census of Commerce, and takes into account our analysis of urban layout. Regarding (3) and (4), we are currently developing a disparity analysis model designed to use microdata for empirical analysis. The model under development draws on endogenous growth theories and new economic geography models.

A-10) Enterprise Law as an Incentive Structure

Project Leader: SHISHIDO Zenichi, FF

<Overview>

We have frequently discussed the question, "To whom does the company belong?" in corporate governance theories. However, henceforth, it will be necessary to engage in this discussion from a different perspective: that is, what is the optimal incentive mechanism for the providers of the essential resources needed in corporate activities (managers and employees as human capital providers and shareholders and creditors as monetary capital providers). The legal system is a key part of the infrastructure that affects the outcome of incentive bargaining. However, because the legal system consists of numerous sub-divisions, no attempt has been made in the past to deal with "enterprise law" as an integrated incentive structure. In this project, Japanese and foreign experts are brought together to undertake a restatement of enterprise law, covering corporate law, insolvency law, securities law, labor law and tax law.

<Major Research Results>

Policy Discussion Papers

➤ Conflicts of Interest with Directors and Officers in Management Buyouts (MBOs) and their Regulations (KITAGAWA Toru) (PDP No.: 07-P-001)

Project URL

Enterprise Law as a Structure for Incentives (http://www.rieti.go.jp/en/projects/enterprise_law/index.html)

A-11) Universities of the Future from Social and Economic Perspectives

Project Leader/Sub-Leader: TAMAI Katsuya, FF / AKAI Nobuo, FF

<Overview>

Japanese universities have undergone important changes in recent years, such as the incorporation of national universities as independent administrative institutions beginning in April 2005. However, it can hardly be said that all problems have been solved through these institutional reforms. The following are some of the issues and problems that remain to be addressed: the raison d'être of national universities; the interrelation between "education" and "research" and the allocation of resources; the allocation of operating grants and competitive research funds; a framework for university governance conducive to competition and constructive rivalry among national universities; and, the management of national university hospitals. These issues not only affect the future of Japan's ivory towers, but also have an important bearing on the future of Japan's economy and society in the 21st century. The purpose of this project is to develop a framework for considering these issues. Currently, we are engaged in researching the following themes: (1) current conditions and outlook for the performance of national universities and the allocation of funds; (2) current conditions and issues related to the governance of national universities; and (3) universities and local economies.

<Major Research Results>

Policy Discussion Papers

- Structural Analysis of the Competitive Environment for Education and Research Provided by Universities in Japan (DOI Ryoji) (PDP No.: 07-P-003)

A-12) Study of Entrepreneurs and Latent Entrepreneurs

Project Leader: YASUDA Takehiko, FF

<Overview>

The level of entrepreneurial activity in Japan, as measured in terms of the start-up ratio, has increased slightly since the start of the 21st century, but still remains at the lowest level in international comparisons. Given the important link between entrepreneurial activity and innovation, the current situation needs to be rectified as quickly as possible. With this in mind, the government has introduced policy lending programs and various other measures to increase the start-ups. Though such policy measures should presumably be based on the information like conditions affecting entrepreneurship and obstacles to the start-ups, not enough is known in Japan compared to the U.S. and Europe due to data constraints. In particular, almost nothing is known about "latent entrepreneurs" whose behavior determines the future level of a country's entrepreneurial activities. The purpose of this project is to investigate the current conditions of entrepreneurs and latent entrepreneurs in Japan. The microdata obtained from the investigation will be used in statistical analysis to determine how the level of entrepreneurial activity can be raised and where current problems and obstacles lie.

Other Research Results in Adjacent Basic Research Area A

Discussion Papers

- Debt Structure and Bankruptcy of Financially Distressed Small Businesses (TSURUTA Daisuke and Peng XU) (DP No.: 07-E-032)
- Traditional and Innovative Approaches to Legal Reform: 'The New Company Law' (Joseph A. McCAHERY, Erik P.M. VERMEULEN, HISATAKE Masato and SAITO Jun) (DP No.: 07-E-033)
- How Do Relationship Lenders Price Loans to Small Firms?: "Hold-Up" Costs, Transparency, and Private and Public Security (WATANABE Wako) (DP No.: 07-E-058)

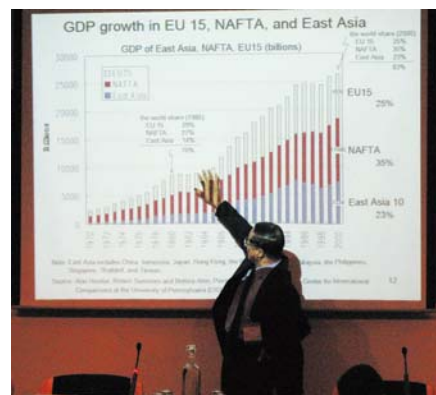
CEPR-RIETI Workshops

"Financial Globalization and Stability" (2007/09/06)

"Regional Integration, Financial Stability and Competitiveness: Perspectives from Europe and East Asia" (2008/03/28)



CEPR-RIETI Workshop (Sept. 6, 2007)
"Financial Globalization and Stability"



CEPR-RIETI Workshop (March 28, 2008)
"Regional Integration, Financial Stability and Competitiveness: Perspectives from Europe and East Asia"

Adjacent Basic Research Area

B

Regulatory Reforms in such areas as Electric Power, Transportation, Health Care, and Evaluation Frameworks for Deregulation

RIETI will research the remaining regulatory reforms to be tackled and develop microeconomic models for objective assessment of government policies.

Introduction of Research Projects

B-1) Economic Analysis of Markets and Networks in Electricity Power Reform

Project Leader/Sub-Leader: HATTA Tatsuo, FF / TANAKA Makoto, FF

<Overview>

This project is aimed at providing academic support to the process of electric power industry reform in Japan. For this purpose, the latest available transactions data will be used to conduct economic analyses of institutional and systemic designs for electric power markets and power transmission networks as well as performance assessment. In past years, this project focused on developing and refining a number of models for conducting quantitative evaluation and analysis. Combining these models with the actual transactions data that is now being accumulated, the project will successively undertake detailed quantitative evaluation and analysis of such practices as retail bidding and wholesale electric power transactions. Regarding problems related to specific institutional and systemic designs pertaining to markets and networks, the project will conduct surveys and applied research with an emphasis on applicability to reality while taking maintenance of reliable supplies of electric power into consideration. The scope of research will be further expanded to include quantitative evaluation and analysis of gas markets, which are closely related to electric power markets.

<Major Research Results>

Discussion Papers

- Regional Electric Power Demand in Japan (AKIYAMA Shuichi and HOSOE Nobuhiro) (DP No.: 07-J-028)
- Evaluation and Analysis of Economic Welfare in the Wholesale Electric Power Market Using an Optimal Model of the Composition of Electric Power Sources (KAINOU Kazunari) (DP No.: 07-J-044) (This also belongs to B-2's research results)
- Quantitative Evaluation and Analysis of the Internal Price Gap in the Town Gas Industry in Japan (KAINOU Kazunari) (DP No.: 08-J-001)
- Measuring Effects of Competition on Retail Power Charges in Public Procurement Bidding (TAKAGI Shingo and HOSOE Nobuhiro) (DP No.: 08-J-004)
- Oligopolistic Competition in the Japanese Wholesale Electricity Market: A Linear Complementarity Approach (TANAKA Makoto) (DP No.: 07-E-023)
- Regional Electric Power Demand in Japan (HOSOE Nobuhiro and AKIYAMA Shu-ichi) (DP No.: 08-E-005)

B-2) Simulation Models for Policy Evaluation

Project Leader: KANEMOTO Yoshitsugu, FF

<Overview>

The aim of this project is to develop evaluation methodologies (tool boxes) that can be used on the frontlines of the policy-making process. Specifically, we aim to assess the benefits and costs of each policy option, by using small-scale microeconomic models that are understandable, actionable, and facilitate the policy-making process. As in fiscal 2006, during fiscal 2007 the project will primarily focus on countermeasures to global warming and the Japanese-style electric power market liberalization. Regarding countermeasures to global warming, we will analyze the effects of such policies in the consumer sector and other designated fields. Regarding the liberalization of the electric power markets, we will develop models reflecting the characteristics of Japan's institutional and systemic designs and use these in evaluating various policy options.

<Major Research Results>

Discussion Papers

- Choice of Capacity and Wholesale Transactions in an Electric Power Market Using the Third Party Access Method (KANEMOTO Yoshitsugu) (DP No.: 07-J-027)
- Quantitative Policy Evaluation of the Energy-Conservation Judgement Standards Regulations for Commercial Buildings under the Energy Conservation Act in Japan by Cost-Benefit Analysis (KAINOU Kazunari) (DP No.: 07-J-042)
- Evaluation and Analysis of Economic Welfare in the Wholesale Electric Power Market Using an Optimal Model of the Composition of Electric Power Sources (KAINOU Kazunari) (DP No.: 07-J-044) (This also belongs to B-1's research results)

B-3) Background and Impact of the Surge in Oil Prices in Recent Years

Project Leader: HASEGAWA Eiichi, SF

<Overview>

Oil prices gradually moved downward after the events of September 11, 2001 and fell below the \$20 per barrel mark in 2002. Thereafter, this trend was reversed and oil prices began to rise rapidly and broke through the \$100 mark at the outset of 2008. The study aims to identify the background of these developments, the impact both on oil producing and oil importing countries as well as on the global economy, and the political impact on the Middle East and the entire world. The destabilization of Middle Eastern countries, the resurgence of Russia, marked increase in oil consumption in China and India, and the status of the U.S. dollar as a key currency are all parameters with far-reaching global consequences. Japan, heavily dependent on foreign sources of energy and committed to being a participant in the international economy, has an extremely important stake in these developments.

B-4) Consumer Policy and Market Norms

Project Leader: TANI Midori, SF

<Overview>

It appears that Japan has been experiencing a weakening of "market norms" in recent years as a result of the diversification of consumer transactions. Jointly created and supported through the efforts of the government and market participants such as consumers and businesses, "market norms" contribute to the development and stability of the entire economy and society by directing the activities of businesses in a direction that will add to the welfare of society as a whole. This project addresses the questions of what are "market norms" and what types of consumer policies will contribute to the development and stability of such "market norms." Using these questions and recent consumer-related problems as a starting point, this project will undertake an analysis of laws and economics based on game theory. In addition, related literature in the fields of law, economics, sociology, political science, philosophy and others will be surveyed, and recent policy cases pertaining to consumer fraud and product safety issues will be examined.

Adjacent Basic Research Area



Compilation of Micro Panel Data of Firm Activities, Trade, Energy, and the Elderly; and Model Building and Operation

Microdata will be reinforced and improvements will be made on model operation in the fields of trade, pensions, energy, and the environment. This will strengthen the necessary infrastructure for RIETT's research.

C-1) Development of Support Systems for Economic and Industrial Policy Analysis and Evaluation

Project Leader: KAINOU Kazunari, F

<Overview>

Due to the termination of economic information system of RIETI, we try to establish a brand-new system to support quantitative policy analysis, evaluation, planning and design. Taking into account the demand of economic and industrial policy makers, we set the goal of this project to develop a systematically organized and integrated database that incorporates useful statistical data and processed data, as well as knowledge learned from research activities. We aim to develop user support systems enabling policy-makers without expert knowledge, and researchers without prior knowledge of policies, to use the database effectively.

C-2) Building a GCE Model for East Asia that Introduces Economies of Scale

Project Leader/Sub-Leader: BAN Kanemi, FF / HISATAKE Masato, CF

<Overview>

The rapid pace of economic development and integration in East Asia has had a major impact on the entire Japanese economy as well as its local economies. The purpose of this project is to develop an applied general equilibrium model for both the national and local levels, and to quantitatively evaluate how economic development is affecting local economies in Japan and other countries. In the model to be developed, we will put emphasis on analyzing the changes in industrial structure that occur in the context of economic integration, while taking into account the economies of scale and imperfect competition. Particular attention will be paid to the analysis of the increase in regional disparities resulting from decentralization policies being pursued in various countries. This project ultimately aims to provide a highly transparent framework for facilitating consensus-building on the national and local levels. For this purpose, the project will examine how policy responses in individual countries affect the economic structure of the East Asian region in the context of a dual structure of national and local economies. This examination will use welfare criteria based on the perspective of local economies.

<Major Research Results>

Discussion Papers

- Development of a Multiregional Dynamic Applied General Equilibrium Model for the Japanese Economy—Regional Economic Analysis Based on a Forward-Looking Perspective (BAN Kanemi) (DP No.: 07-J-043)

Note: Discussion Papers listed below were published from April 2007 to March 2008.

Discussion Paper

Discussion Papers are research results formed in the shape of treatise which principally went through an internal review process. To stimulate active debate, they are posted on our website (http://www.rieti.go.jp/en/publications/act_dp.html).

DP No.	Date	Title	Authors	Research Project No.
In Japanese				
08-J-006	Mar-08	Deep-Seated Value Creation in Japanese Manufacturing Firms: Accumulation of Organizational Capabilities and Management of Non-functional Premium Value	NOBEOKA Kentaro (RIETI/Kobe Univ.)	II-6
08-J-005	Mar-08	Assessment and Prospects of Intellectual Property Rights Provisions in RTAs	SUZUKI Masabumi (Nagoya Univ.)	III-3
08-J-004	Feb-08	Measuring Effects of Competition on Retail Power Charges in Public Procurement Bidding	TAKAGI Shingo (Hokkaido Univ.) HOSOE Nobuhiro (GRIPS)	B-1
08-J-003	Feb-08	Analysis of Joint Patent Applications by Universities or Public Research Institutes and Private-Sector Firms	TAMADA Schumpeter (RIETI/Kwansei Gakuin Univ.) INOUE Hiroyasu (Doshisha Univ.)	II-5
08-J-002	Feb-08	Legitimacy and Transparency of the WTO Dispute Settlement Procedures: An Analysis of the Present State of the DSU Negotiations Using Private-Interest/Public-Interest Models	KOBAYASHI Kenichi (RIETI/METI)	III-3
08-J-001	Feb-08	Quantitative Evaluation and Analysis of the Internal Price Gap in the Town Gas Industry in Japan	KAINOU Kazunari (RIETI)	B-1
07-J-051	Dec-07	Homogeneity of Law in the European Economic Area: A Case of Integration of Multiple Regional Communities and Implementation of Common Rules in the Integrated Community	OBASE Takuma (RIETI)	III-3
07-J-050	Dec-07	Competition and Coordination in Dispute Settlement Procedures between WTO and Regional Economic Communities: Comparative Review of Forum-Choice Clauses	KAWASE Tsuyoshi (RIETI/SOFIA Univ.)	III-3
07-J-049	Dec-07	What Kinds of Company Have High Productivity? Company Characteristics and TFP	MORIKAWA Masayuki (RIETI)	II-14
07-J-048	Dec-07	Is Productivity in the Service Industries Low? An Analysis Using Firm-Level Data on the Dispersion and the Dynamics of Productivity	MORIKAWA Masayuki (RIETI)	II-14
07-J-047	Nov-07	Increasing Complexity of Artifacts and the Response of Manufacturing Firms: Design of Control Systems and Integration of Mechanism, Electronics, and Software	FUJIMOTO Takahiro (RIETI/Univ. of Tokyo)	II-7
07-J-046	Nov-07	Innovation Process in Japan: Findings from the RIETI Inventors Survey	NAGAOKA Sadao (RIETI/Hitotsubashi Univ.) TSUKADA Naotoshi (RIETI/Hitotsubashi Univ.)	II-1
07-J-045	Nov-07	Empirical Analysis of Administrative and Financial Systems for Utilizing Infrastructure Assets of Local Governments: A Study of the Governance Systems in Operation at Regional Airports	AKAI Nobuo (RIETI/Osaka Univ.) UEMURA Toshiyuki (Toyo Univ.) SAWANO Koichiro (Nagoya City Univ.) TAKEMOTO Toru (Meikai Univ.) YOKOMI Muneki (Osaka Univ. of Commerce)	A-6
07-J-044	Nov-07	Evaluation and Analysis of Economic Welfare in the Wholesale Electric Power Market Using an Optimal Model of the Composition of Electric Power Sources	KAINOU Kazunari (RIETI)	B-1&2
07-J-043	Nov-07	Development of a Multiregional Dynamic Applied General Equilibrium Model for the Japanese Economy—Regional Economic Analysis Based on a Forward-Looking Perspective	BAN Kanemi (RIETI/Osaka Univ.)	C-2

07-J-042	Oct-07	Quantitative Policy Evaluation of the Energy-Conservation Judgement Standards Regulations for Commercial Buildings under the Energy Conservation Act in Japan by Cost-Benefit Analysis	KAINOU Kazunari (RIETI)	B-2
07-J-041	Oct-07	Foreign Aid and Recurrent Cost: Donor Competition, Aid Proliferation and Budget Support	ARIMOTO Yutaka (Japan Society for the Promotion of Science/Univ. of Tokyo) KONO Hisaki (Institute of Developing Economies)	III-2
07-J-040	Oct-07	Relationships between Investor-State Arbitration and Local Remedy Procedures in Bilateral Investment Treaties/Economic Partnership Agreements	ABE Yoshinori (Gakushuin Univ.)	III-3
07-J-039	Sep-07	Current Status of Tariff Liberalization under Regional Trade Agreements and the Implications for the Clarification of the Discipline of GATT Article XXIV	UENO Asako (RIETI/METI)	III-3
07-J-038	Sep-07	A Way to Resolve the Gender Inequality in Wage: Economic Irrationality of Statistical Discrimination	YAMAGUCHI Kazuo (RIETI/Chicago Univ.)	I -Others
07-J-037	Sep-07	Comparison of the Economic Partnership Agreements Concluded by Japan: Features Regarding Institutional Arrangement	KOBAYASHI Tomohiko (Kyoto Univ.)	III-3
07-J-036	Sep-07	Denial of Benefit Provisions in FTAs Accompanying the Liberalization of Trade in Services: Does the "Backdoor" Open for Signatory Countries Faced with FTA Inflexibility?	WATANABE Shintaro (Nagashima Ohno & Tsunematsu Law Office)	III-3
07-J-035	Sep-07	Embodied Technological Progress and the Productivity Slowdown in Japan	TOKUI Joji (Shinshu Univ.) INUI Tomohiko (Nihon Univ.) Young Gak KIM (RIETI/Hitotsubashi Univ.)	II-3
07-J-034	Sep-07	The Rise of China and the Transformation of Southeast Asia—A Preliminary Study	SHIRAIISHI Takashi (RIETI/GRIPS)	III-8
07-J-033	Aug-07	Motivation for Adopting Takeover Defense Measures: Testing of Entrenchment Hypothesis for Corporate Managers	TAKIZAWA Miho (Japan Society for the Promotion of Science) TSURU Kotaro (RIETI) HOSONO Kaoru (Gakushuin Univ.)	A-3
07-J-032	Jul-07	On the Role of Technical Cooperation in International Technology Transfers	SAWADA Yasuyuki (RIETI/Univ. of Tokyo) MATSUDA Ayako (Univ. of Tokyo) KIMURA Hidemi (RIETI)	III-2
07-J-031	Jul-07	Aid Proliferation and Economic Growth: A Cross-Country Analysis	KIMURA Hidemi (RIETI) SAWADA Yasuyuki (RIETI/Univ. of Tokyo) MORI Yuko (Hitotsubashi Univ.)	III-2
07-J-030	Jul-07	The Millennium Development Goals and Aid Allocation: Which Donors Give High-Quality Aid?	KASUGA Hidefumi (Kansai Univ.)	III-2
07-J-029	Jul-07	A Comparative Analysis of Japanese, U.S., and Korean Firms on IT and Management	MOTOHASHI Kazuyuki (RIETI/Univ. of Tokyo)	I-3
07-J-028	Jul-07	Regional Electric Power Demand in Japan	AKIYAMA Shuichi (Kushiro Public Univ.) HOSOE Nobuhiro (GRIPS)	B-1
07-J-027	Jun-07	Choice of Capacity and Wholesale Transactions in an Electric Power Market Using the Third Party Access Method	KANEMOTO Yoshitsugu (RIETI/Univ. of Tokyo)	B-2
07-J-026	Jun-07	Economic Analysis of M&A in Japan: International Characteristics and Economic Role	MIYAJIMA Hideaki (RIETI/Waseda Univ.)	A-5
07-J-025	Jun-07	Design-Based Comparative Advantage: An Explanatory Analysis	FUJIMOTO Takahiro (RIETI/Univ. of Tokyo) OKUMA Shingo (Univ. of Tokyo/Fujitsu Research Institute)	II-7

07-J-024	May-07	Macroeconomic Implications of Declines in Nominal Exchange Rate Pass-Through Rates	SHIOJI Etsuro (Hitotsubashi Univ.) Vu Tuan KHAI (Yokohama National Univ.) TAKEUCHI Hiroko (Yokohama National Univ.)	III-6
07-J-023	May-07	Network Dynamics in the 12 Regional Clusters	SAKATA Ichiro (RIETI/Univ of Tokyo) KAJIKAWA Yuya (Univ. of Tokyo) TAKEDA Yoshiyuki (Univ. of Tokyo) HASHIMOTO Masahiro (NEDO) SHIBATA Naoki (Univ. of Tokyo) MATSUSHIMA Katsumori (Univ. of Tokyo)	II-Others
07-J-022	May-07	Entry and Exit of Companies and Establishments, and Productivity at the Industry Level	Young Gak KIM (Hitotsubashi Univ.) Hyeog Ug KWON (Nihon Univ. College of Economics) FUKAO Kyoji (RIETI/Hitotsubashi Univ.)	II-3
07-J-021	May-07	Driving Force that Shifted the LCD Industry in Taiwan from Sustained Progress to Rapid Growth—The Metanational Management Viewpoint	Shwu-Jen WANG (Univ. of Kitakyushu)	II-2
07-J-020	May-07	Simulation Analysis of the Revision of the Survivors' Pension System	FUKAO Mitsuhiro (RIETI/Keio Univ.) NAKATA Daigo (RIETI) HASUMI Ryo (RIETI /Keio Univ./Japan Center for Economic Research)	I-5
07-J-019	May-07	Declining Fertility and Aging of Society, Lifecycle, and Public Pension Finance	FUKAO Mitsuhiro (RIETI/Keio Univ.) HASUMI Ryo (RIETI /Keio Univ./Japan Center for Economic Research) NAKATA Daigo (RIETI)	I-5
07-J-018	May-07	Empirical Analysis of Industrial Structure and Productivity of the Japanese Software Industry	MINETAKI Kazunori (Fujitsu Research Institute) MOTOHASHI Kazuyuki (RIETI/Univ. of Tokyo)	I-3
07-J-017	Apr-07	Japanese Competitiveness in Liquid Crystal Display Industry—Analysis of Causes of its Decline, and Proposal of "Core National Management"	NAKATA Yukihiko (Ritsumeikan Asia Pacific Univ.)	II-2
07-J-016	Apr-07	Determinants of Japanese Companies' Financial Attitudes and Behavior—Analysis Based on a Survey of Companies in the Kansai Region	YAMORI Nobuyoshi (Nagoya Univ.)	A-1
07-J-015	Apr-07	Impact of Machinery-Manufacturing Industry on Globalization and Productivity	MATSUURA Toshiyuki (RIETI) MOTOHASHI Kazuyuki (RIETI/Univ of Tokyo) FUJISAWA Mihoko (RIETI/Univ. of Tokyo)	I-3
07-J-014	Apr-07	MEAs in WTO Dispute Settlement Proceedings: Can They Become Applicable Law?	TAIRA Satoru (Osaka City Univ.)	III-10
In English				
08-E-010	Mar-08	Widening Deviation among East Asian Currencies	OGAWA Eiji (RIETI/Hitotsubashi Univ.) YOSHIMI Taiyo (Hitotsubashi Univ.)	III-6
08-E-009	Mar-08	Offshoring and Trade in East Asia: Statistical Evidence	WAKASUGI Ryuhei (Kyoto Univ./RIETI) ITO Banri (RIETI) TOMIURA Eiichi (RIETI/Yokohama National Univ.)	III-1
08-E-008	Mar-08	IT Management of Chinese Firms: Quantitative Analysis by Using Survey Data	Xiaoyang FENG (Tianjin Univ.) MOTOHASHI Kazuyuki (RIETI/Univ. of Tokyo)	I-3
08-E-007	Mar-08	Comparative Analysis of IT Management and Productivity between Japanese and U.S. Firms	MOTOHASHI Kazuyuki (RIETI/Univ. of Tokyo)	I-3
08-E-006	Feb-08	The Adoption of Poison Pills and Managerial Entrenchment: Evidence from Japan	ARIKAWA Yasuhiro (Waseda Univ.) MITSUSADA Yosuke (Sanno Univ.)	A-5
08-E-005	Feb-08	Regional Electric Power Demand in Japan	HOSOE Nobuhiro (GRIPS) AKIYAMA Shu-ichi (Kushiro Public Univ.)	B-1

08-E-004	Feb-08	Emissions Standard System—A Monetary Regime for Provision of Global Public Goods—	KOBAYASHI Keiichiro (RIETI)	I-2
08-E-003	Feb-08	Banking Crisis and Borrower Productivity	KOBAYASHI Keiichiro (RIETI) YANAGAWA Noriyuki (RIETI/Univ. of Tokyo)	I-2
08-E-002	Jan-08	On the Use of FTAs by Japanese Firms	TAKAHASHI Katsuhide (Kobe Univ.) URATA Shujiro (RIETI/Waseda Univ.)	III-7
08-E-001	Jan-08	Moore's Law, Increasing Complexity, and the Limits of Organization: The Modern Significance of Japanese Chipmakers' DRAM Business	CHUMA Hiroyuki (RIETI/Hitotsubashi Univ.) HASHIMOTO Norikazu (Alumni, Hitachi Central Research Laboratory)	II-8
07-E-064	Dec-07	Foreign Direct Investment, Intra-Regional Trade and Production Sharing in East Asia	Nathalie AMINIAN (Univ. of Le Havre) K. C. FUNG (Univ. of California/Univ. of Hong Kong) IIZAKA Hitomi (Univ. of Hong Kong)	III-1
07-E-063	Dec-07	International Production/Distribution Networks and Domestic Operations in terms of Employment and Corporate Organization: Microdata Analysis of Japanese Firms	ANDO Mitsuyo (Keio Univ.) KIMURA Fukunari (Keio Univ.)	II-3
07-E-062	Dec-07	Collateralized Capital and News-Driven Cycles	KOBAYASHI Keiichiro (RIETI) NUTAHARA Kengo (Univ. of Tokyo/Japan Society for the Promotion of Science)	I-2
07-E-061	Nov-07	Business Cycle Accounting for the Japanese Economy Using the Parameterized Expectations Algorithm	INABA Masaru (RIETI)	I-2
07-E-060	Nov-07	Dissecting Offshore Outsourcing and R&D: A Survey of Japanese Manufacturing Firms	ITO Banri (RIETI) TOMIURA Eiichi (RIETI/Yokohama National Univ.) WAKASUGI Ryuhei (Kyoto Univ./RIETI)	III-1
07-E-059	Oct-07	Consolidation of Banks in Japan: Causes and Consequences	HOSONO Kaoru (Gakushuin Univ.) SAKAI Koji (Japan Society for the Promotion of Science) TSURU Kotaro (RIETI)	A-3
07-E-058	Oct-07	How Do Relationship Lenders Price Loans to Small Firms?: "Hold-Up" Costs, Transparency, and Private and Public Security	WATANABE Wako (Keio Univ.)	A-Others
07-E-057	Sep-07	Non-Self-Averaging in Macroeconomic Models: A Criticism of Modern Micro-Founded Macroeconomics	AOKI Masanao (Univ. of California) YOSHIKAWA Hiroshi (RIETI/Univ. of Tokyo)	I-1
07-E-056	Sep-07	The Comparative Features and Economic Role of Mergers and Acquisitions in Japan	MIYAJIMA Hideaki (RIETI/Waseda Univ.)	A-5
07-E-055	Sep-07	Product Cycle and Industrial Hollowing-Out—The Case of the Electrical and Electronics Sector of Taiwan	Tzu-Han YANG (National Taipei Univ.) Yueh-Po LIAO (Deloitte & Touche)	III-1
07-E-054	Sep-07	Varieties of Capitalism, Varieties of Markets: Mergers and Acquisitions in Japan, Germany, France, the UK and USA	Gregory JACKSON (King's College London) MIYAJIMA Hideaki (RIETI/Waseda Univ.)	A-5
07-E-053	Aug-07	Assessing the Economic Impacts of Free Trade Agreements: A Computable Equilibrium Model Approach	ABE Kazutomo (Tokyo Denki Univ.)	III-7
07-E-052	Aug-07	The Impacts of Free Trade Agreements on Trade Flows: An Application of the Gravity Model Approach	URATA Shujiro (RIETI/Waseda Univ.) OKABE Misa (Kyoto Gakuen Univ.)	III-7

07-E-051	Aug-07	Foreign Aid and Recurrent Cost: Donor Competition, Aid Proliferation and Budget Support	ARIMOTO Yutaka (Japan Society for the Promotion of Science/Univ. of Tokyo) KONO Hisaki (Institute of Developing Economies)	III-2
07-E-050	Aug-07	The Millennium Development Goals and Aid Allocation: Which Donors Give High-Quality Aid?	KASUGA Hidefumi (Kansai University)	III-2
07-E-049	Aug-07	Choice for FDI and Post-FDI Productivity	ITO Yukiko (Tokyo Keizai Univ.)	II-3
07-E-048	Aug-07	Intertemporal Distribution of Foreign Aid	TAKASE Koichi (Waseda Univ.)	III-2
07-E-047	Aug-07	A Comparative Analysis of Japanese, U.S., and Korean Firms on IT and Management	MOTOHASHI Kazuyuki (RIETI/Univ. of Tokyo)	I-3
07-E-046	Aug-07	Productivity in Japan, the US, and the Major EU Economies: Is Japan Falling Behind?	FUKAO Kyoji (RIETI/Hitotsubashi Univ.) MIYAGAWA Tsutomu (RIETI/Gakushuin Univ.)	II-3
07-E-045	Jul-07	On the Role of Technical Cooperation in International Technology Transfers	SAWADA Yasuyuki (RIETI/Univ. of Tokyo) MATSUDA Ayako (Univ. of Tokyo) KIMURA Hidemi (RIETI)	III-2
07-E-044	Jul-07	Aid Proliferation and Economic Growth: A Cross-Country Analysis	KIMURA Hidemi (RIETI) SAWADA Yasuyuki (RIETI/Univ. of Tokyo) MORI Yuko (Hitotsubashi Univ.)	III-2
07-E-043	Jun-07	Credit Contagion and Trade Credit Supply: Evidence from Small Business Data in Japan	TSURUTA Daisuke (GRIPS/CRD Association)	A-1
07-E-042	Jun-07	Understanding the M&A Boom in Japan: What Drives Japanese M&A?	ARIKAWA Yasuhiro (Waseda Univ.) MIYAJIMA Hideaki (RIETI/Waseda Univ.)	A-5
07-E-041	Jun-07	Impacts of Japanese FTAs/EPAs: Post Evaluation from the Initial Data	ANDO Mitsuyo (Keio Univ.)	III-7
07-E-040	Jun-07	Exchange Rate Pass-Through and Domestic Inflation: A Comparison between East Asian and Latin American Countries	ITO Takatoshi (RIETI/Univ. of Tokyo) SATO Kiyotaka (Yokohama National Univ.)	III-6
07-E-039	Jun-07	Bank Restructuring in Asia: Crisis Management in the Aftermath of the Asian Financial Crisis and Prospects for Crisis Prevention - Malaysia -	ITO Takatoshi (RIETI/Univ. of Tokyo) HASHIMOTO Yuko (Toyo Univ.)	III-6
07-E-038	Jun-07	Bank Restructuring in Asia: Crisis Management in the Aftermath of the Asian Financial Crisis and Prospects for Crisis Prevention - Korea -	ITO Takatoshi (RIETI/Univ. of Tokyo) HASHIMOTO Yuko (Toyo Univ.)	III-6
07-E-037	Jun-07	Bank Consolidation and Soft Information Acquisition in Small Business Lending	OGURA Yoshiaki (Hitotsubashi Univ.) UCHIDA Hirofumi (Wakayama Univ.)	A-1
07-E-036	Jun-07	Lending Competition, Relationship Banking, and Credit Availability for Entrepreneurs	OGURA Yoshiaki (Hitotsubashi Univ.)	A-1
07-E-035	Jun-07	Debt-Ridden Equilibria —A Simple Theory of Great Depressions—	KOBAYASHI Keiichiro (RIETI) INABA Masaru (RIETI)	I-2
07-E-034	May-07	Intangible Investment in Japan: Measurement and Contribution to Economic Growth	FUKAO Kyoji (RIETI/Hitotsubashi Univ.) HAMAGATA Sumio (Central Research Institute of Electric Power Industry) MIYAGAWA Tsutomu (RIETI/Gakushuin Univ.) TONOGI Konomi (RIETI/Hitotsubashi Univ.)	II-3
07-E-033	May-07	Traditional and Innovative Approaches to Legal Reform: 'The New Company Law'	Joseph A. McCAHERY (Tilburg Univ.) Erik P.M. VERMEULEN (Tilburg Univ.) HISATAKE Masato (RIETI/METI) SAITO Jun (Nikon Corporation)	A-Others

07-E-032	May-07	Debt Structure and Bankruptcy of Financially Distressed Small Businesses	TSURUTA Daisuke (GRIPS/CRD Association) Peng XU (RIETI/Hosei Univ.)	A-Others
07-E-031	May-07	Enforceability in Trade Credit: Financial Aspects of Transactions with FDI	ITO Seiro (Institute of Developing Economies) WATANABE Mariko (Institute of Developing Economies) YANAGAWA Noriyuki (RIETI/Univ. of Tokyo)	III-1
07-E-030	May-07	Does Corporate Culture Matter? An Empirical Study on Japanese Firms	HIROTA Shinichi (Waseda Univ.) KUBO Katsuyuki (Waseda Univ.) MIYAJIMA Hideaki (RIETI/Waseda Univ.)	A-5
07-E-029	May-07	Metanational Learning in TFT-LCD Industry: An Organizing Framework	ASAKAWA Kazuhiro (RIETI/Keio Univ.)	II-2
07-E-028	May-07	Do Larger Firms Have More Interfirm Relationships?	SAITO (UMENO) Yukiko (Fujitsu Research Institute) WATANABE Tsutomu (RIETI/Hitotsubashi Univ.) IWAMURA Mitsuru (Waseda Univ.)	A-1
07-E-027	Apr-07	Multiple Bank Relationships and the Main Bank System: Evidence from a Matched Sample of Japanese Small Firms and Main Banks	OGAWA Kazuo (Osaka Univ.) Elmer STERKEN (Univ. of Groningen) TOKUTSU Ichiro (Konan Univ.)	A-1
07-E-026	Apr-07	Did U.S. Safeguard Resuscitate Harley Davidson in the 1980s?	KITANO Taiju (Univ. of Tokyo) OHASHI Hiroshi (RIETI/Univ. of Tokyo)	III-1
07-E-025	Apr-07	R&D and Export Intensities in Automotive Parts Firms in China, Malaysia, Philippines and Taiwan: Does Ownership Matter?	Rajah RASIAH (Univ. of Malaya)	III-1
07-E-024	Apr-07	Global Sourcing, Technology, and Factor Intensity: Firm-Level Relationships	TOMIURA Eiichi (RIETI/Yokohama National Univ.)	III-1
07-E-023	Apr-07	Oligopolistic Competition in the Japanese Wholesale Electricity Market: A Linear Complementarity Approach	TANAKA Makoto (RIETI/GRIPS)	B-1
07-E-022	Apr-07	The Effect of Imports and Exports on Total Factor Productivity in Korea	Sangho KIM (Honam Univ.) Hyunjoon LIM (Univ. of Rochester) Donghyun PARK (Nanyang Technological Univ.)	III-1
07-E-021	Apr-07	Does Foreign Direct Investment Have Impacts on the Growth in Labor Productivity of Vietnamese Domestic Firms?	Thanh Thuy LE (Foreign Trade Univ., Hanoi)	III-1

Note: Policy Discussion Papers listed below were published from April 2007 to March 2008.

Policy Discussion Paper

Policy Discussion Papers have very close relevance to timely policy issues that Japan is facing. Available only in Japanese unless otherwise specified.

PDP No.	Date	Title	Authors	Research Project No.
07-P-005	Nov-07	Survey of Productivity in the Service Sector	KATO Atsuyuki (RIETI)	II-14
07-P-004	Aug-07	Index of Donor Performance (2006 Edition): Selectivity and Project Proliferation Reconsidered	TOGO Ken (Musashi Univ.) WADA Yoshio (GRIPS)	III-2
07-P-003	Aug-07	Structural Analysis of the Competitive Environment for Education and Research Provided by Universities in Japan	DOI Ryoji (RIETI/METI)	A-11
07-P-002	Aug-07	Index of Donor Performance (2006 Edition): Selectivity and Project Proliferation Reconsidered-in English	TOGO Ken (Musashi Univ.) WADA Yoshio (GRIPS)	III-2
07-P-001	Jul-07	Conflicts of Interest with Directors and Officers in Management Buyouts (MBOs) and their Regulations	KITAGAWA Toru (RIETI)	A-10