

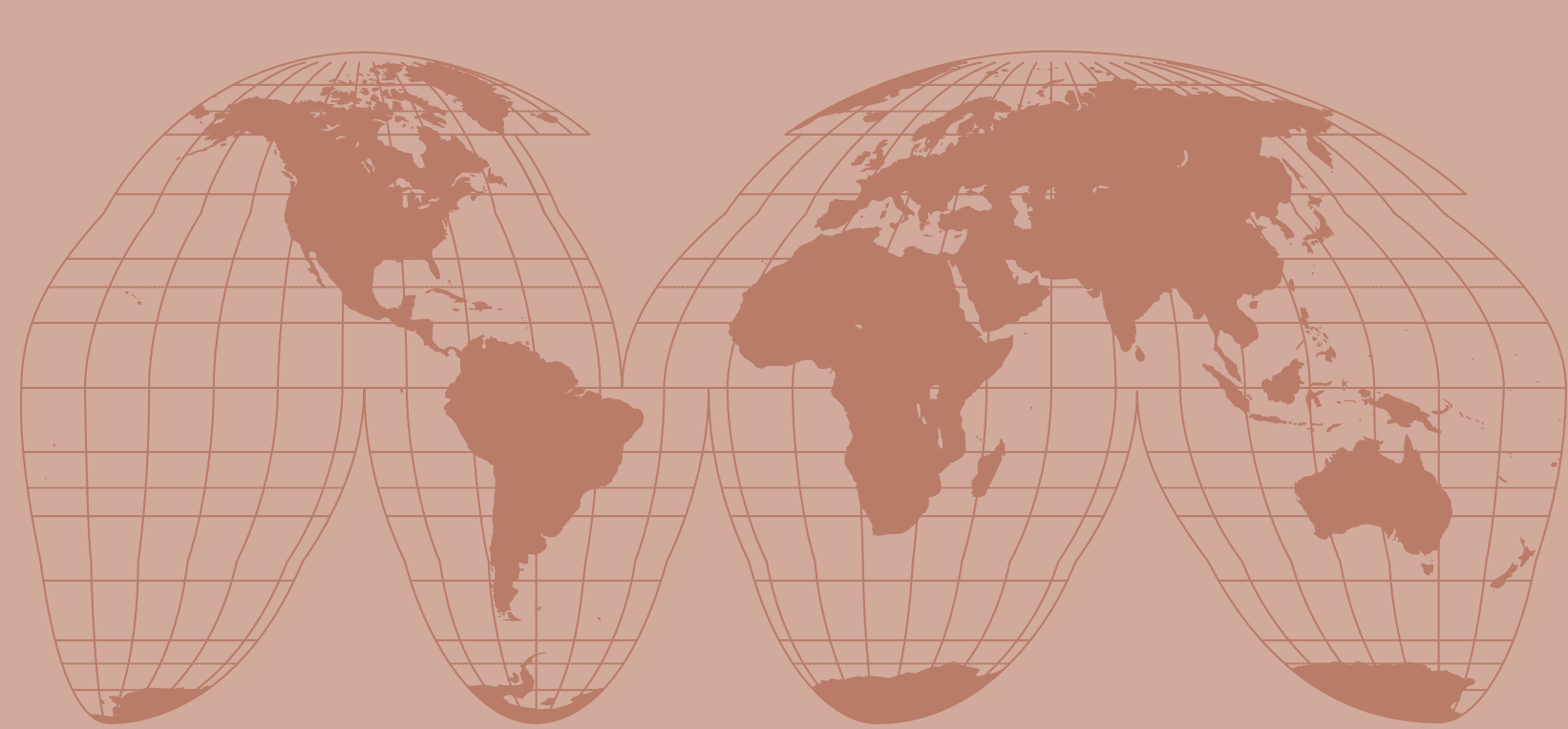
ANNUAL REPORT 2005

Fiscal Year Ended March 31, 2005

# RIETI

Research Institute of Economy, Trade & Industry, IAA





## CONTENTS

- 1** MESSAGES FROM THE CHAIRMAN AND THE PRESIDENT
- 2** MAJOR EVENTS OF FISCAL YEAR 2004
- 3** RESEARCH ACTIVITIES
- 15** PUBLIC RELATIONS ACTIVITIES
- 28** FINANCIAL STATEMENTS
- 31** PERFORMANCE EVALUATION FOR FISCAL YEAR 2004
- 32** LIST OF FELLOWS
- 35** ORGANIZATION

## ABOUT RIETI

The Research Institute of Economy, Trade and Industry (hereinafter referred to as RIETI), an incorporated administrative agency, was founded in April 2001, at the time of the launch of the incorporated administrative agency system. RIETI was established upon the foundations laid by its forerunner, the Ministry of International Trade and Industry/Research Institute (MITI/RI, established in April 1987), an internal branch of what was then the Ministry of International Trade and Industry. Under the aegis of the ministry, MITI/RI primarily conducted fundamental research on trade policy as well as on the overall economic situations in Japan and abroad from both theoretical and empirical viewpoints.

With the 21st century comes an era of change. In order to ensure its future as a mature and vibrant society in this rapidly changing international environment, Japan must proceed with bold reform of its economic structure as well as its administrative and fiscal systems. Against this backdrop, there have been growing calls for strengthening the government's ability to formulate vigorous and innovative policies in a variety of fields, going beyond the traditional confines of policymaking processes and leading Japan to proactively deploy policies that respond to increasingly global dynamics and influences.

In response to such calls, RIETI was established as a policy research institute with a certain degree of independence from the administrative authorities to carry out study, analysis and research on various policy issues at an internationally reputable level from a medium- to long-term perspective, thereby accumulating the necessary knowledge to formulate and recommend policy options. RIETI has set up an overall framework of research themes to respond to the policymaking needs. Within this overall framework, fellows undertake their own research in a free atmosphere, building organic linkages with other current research. Furthermore, RIETI incorporates the knowledge and insights of outside experts into its research, through symposia and other fora. RIETI thus contributes to policy debates and formulation through the built-in synergy in its research and its proactive dissemination of its research, leading to policy recommendations. Additionally, RIETI not only recruits its researchers from government ministries and agencies but also appoints specialists from a great variety of backgrounds outside the government — including university professors and researchers at private-sector research institutes both in Japan and abroad — to engage in research activities during their fixed-term contracts.

As a platform for formulating economic and industrial policies, RIETI seeks to provide an efficient and effective theoretical foundation and knowledge network to the policymaking authorities. To this end, RIETI strives to fulfill its mission of helping invigorate policy debate by strengthening its capacity to formulate policy and improve the quality of its policy recommendations.