

ANNUAL REPORT 2005

Fiscal Year Ended March 31, 2005





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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.



The Research Institute of Economy, Trade and Industry (RIETI) was launched in April 2001 at the time of the establishment of the incorporated administrative agency system. Framed in response to the five-year medium-term objectives announced by the Minister of Economy, Trade and Industry, RIETI formulated its own medium-term plan and has been conducting research for the past four years on the basis of this plan. Specifically, our goal was to determine the immediate issues to be tackled, conduct studies and research on medium- and long-term reform of economic systems and then to provide research results and proposals based on theoretical and analytical foundations for the process of policy discussion and formulation. RIETI organized its research activities into nine clusters and, with the appointment of Dr. YOSHITOMI Masaru as President and CRO in 2004, identified six major common themes across the clusters and has been tackling specific research projects related to each of these themes. In addition, with the expansion of research fields, promotion of cross-disciplinary research, and vitalization of its international activities, RIETI also established the post of Research Counselor to support the President in order to enhance his overall capacity to provide guidance for RIETI's research activities.

The performances of incorporated administrative agencies are graded by the Evaluation Committee, and RIETI has fortunately been highly esteemed over the past four years. The dissemination of research results is vitally important for a policy research institution. In fiscal 2004, in addition to reporting research results on our website, we started issuing public relations newsletter *RIETI Highlight* in order to expand RIETI's research results dissemination activities. Through these channels, we hope that our research findings will attract the interest of experts such as policymakers and business leaders and that this will promote deeper understanding of RIETI's activities.

July 2005

OKAMATSU Sozaburo
Chairman



The Japanese economy today is faced with a myriad of challenges not yet experienced by other nations, which for RIETI is a goldmine full of issues to be tackled. To list just a few: the exit mechanism from deflation under a zero-interest rate climate, the critical fiscal state with an outstanding public debt to GDP ratio of nearly 200 percent, the national pension scheme and medical insurance system under declining population, the Asian currency regime including Chinese renminbi in an economically integrating Asia, the future shape of Japan's corporate governance amidst the crumbling main bank system, the sustainability of Japan's digital revolution symbolized by the new Three Sacred Treasures (flat panel TVs, DVD recorders, and digital cameras) that might be challenged by the fast product cycle in today's globalized markets, and approaches to innovation that can ensure its sustainability. To address these issues, RIETI has identified six major research areas as "Major Common Themes". RIETI strives to become Japan's intellectual headquarters by conducting overarching studies transcending traditional boundaries among ministries, and to serve as a new research platform inducing policy debates both in Japan and abroad.

July 2005

YOSHITOMI Masaru
President and Chief Research Officer

MAJOR EVENTS OF FISCAL YEAR 2004

APRIL 2004

Dr. YOSHITOMI Masaru became new President and Chief Research Officer of RIETI



JANUARY 2005

Launched *RIETI Highlight*

JULY 2004

Relaunched RIETI Website



SEPTEMBER 2004

President YOSHITOMI visited Professor HE Fangchuan, Vice President of Peking University, as part of RIETI's international public relations activities

RELEASED 8 RIETI SERIES PUBLICATIONS



ORGANIZED 9 POLICY SYMPOSIA
(Photo: November 9, 2004)



"Identifying Conditions for Women's Active Participation in Society"

HOSTED 60 BBL SEMINARS
(Photo: October 28, 2004)



Speaker (center): Mr. Peter COWHEY, Dean, Graduate School of International Relations and Pacific Studies

MAJOR COMMON THEMES

THEME I

Comprehensive Appraisal of the "Lost Decade"
— Gains and Losses during the Economic Stagnation of Japan

THEME II

New Global Imbalances in an Era of Asian Integration

THEME III

Integrated Approaches to Public Debt and Social Security including Pension, Medical Care, Nursing-Care for the Elderly, and Child-Care

THEME IV

New Financial Market Architecture and Corporate Governance

THEME V

Exploring New Systems for Innovation

THEME VI

Strengthening Database and Model Operations

Since its establishment in 2001, RIETI has established nine research clusters as a broad mapping of its areas of research coverage. Individual research projects are planned and conducted within the context of these clusters. Beginning in 2004, RIETI also set six major common themes encompassing the most important policy issues facing Japan. This framework enables the building of organic linkages between research results and the policy recommendations derived from each research project.

* The following pages list main research projects. Fellows' titles are applicable for fiscal year 2004, which ended March 31, 2005.

* Abbreviation: SF=Senior Fellow / F=Fellow / FF=Faculty Fellow / CF=Consulting Fellow



Comprehensive Appraisal of the “Lost Decade” — Gains and Losses during the Economic Stagnation of Japan

Comprehensive macro- and micro-economic appraisal of gains and losses of the Japan's 10 years of stagnation, and identifying new challenges for Japan. Systematic study on deflationary economy and the mechanism to find ways out of economic slump will provide future lessons for Japan as well as useful knowledge and information for other developed countries and countries across Asia.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. Exit mechanism unique to Japan's deflation

The connection between the dynamics of public debt, prices, and exchange rates and the real economy
(KOBAYASHI Keiichiro, F)

<Discussion Paper>

Monetary cycles (KOBAYASHI Keiichiro and INABA Masaru)

A key currency and a local currency? A simple theoretical model and its welfare implications (KOBAYASHI Keiichiro)

Transaction services and asset-price bubbles (KOBAYASHI Keiichiro)

Payment uncertainty and the productivity slowdown (KOBAYASHI Keiichiro)

Is financial friction irrelevant to the great depression? — Simple modification of the Carlstrom-Fuerst Model — (KOBAYASHI Keiichiro)

Payment uncertainty, the division of labor, and productivity declines in great depressions (KOBAYASHI Keiichiro)

Forbearance impedes confidence recovery (revised) (KOBAYASHI Keiichiro)

2. Changes in determinants of TFP

Development of a RIETI manufacturing database and study of productivity by industry
(FUKAO Kyoji, FF / MIYAGAWA Tsutomu, FF)

<Discussion Paper>

Why did Japan's TFP growth slow down in the lost decade? An empirical analysis based on firm-Level data of manufacturing firms (FUKAO Kyoji and KWON Hyeog Ug)

Do Out-In M&As bring higher TFP to Japan? An empirical analysis based on micro-data on Japanese manufacturing firms (FUKAO Kyoji, ITO Keiko and KWON Hyeog Ug)

The internationalization and performance of Korean and Japanese firms: An empirical analysis based on micro-data (AHN Sanghoon, FUKAO Kyoji and KWON Hyeog Ug)

Productivity and the business cycle in Japan — Evidence from Japanese industry data — (MIYAGAWA Tsutomu, SAKURAGAWA Yukie and TAKIZAWA Miho)

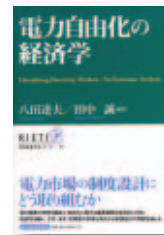
Regulation of the retail sector, market competition, and productivity
(MOTOHASHI Kazuyuki, FF)

<Discussion Paper>

Market dynamics and productivity in Japanese retail industry in the late 1990's (MATSUURA Toshiyuki and MOTOHASHI Kazuyuki)

An international comparison of productivity in East Asia (ICPA)
(MOTOHASHI Kazuyuki, FF)

Interim report is available at <http://www.rieti.go.jp/en/database/d03.html>



Research Projects & Fellows (Leader/Sub Leader)

Major Research Results

3. Case studies pertaining to deregulation

A scholarly consideration of institutional design in electricity market reform

(HATTA Tatsuo, FF / TANAKA Makoto, FF)

<Discussion Paper>

Optimal transmission capacity under nodal pricing and incentive regulation for Transco (TANAKA Makoto)

<RIETI Policy Symposium>

Electricity Market Reform: Current State and Remaining Challenges

An experimental economic approach to institutional design

(KAWAGOE Toshiji, FF)

<Discussion Paper>

An experimental study of leniency programs (HAMAGUCHI Yasuyo and KAWAGOE Toshiji)

Why lying pays: Truth bias in the communication with conflicting interests (KAWAGOE Toshiji and TAKIZAWA Hirokazu)

4. Institutional complementarities between corporate and government governance

The U.S. federal budget process

(NAKABAYASHI Mieko, F)

METI Journal, July 2004 issue

Posting a paper entitled "Fiscal issues and public awareness"

Public private partnership under decentralized fiscal system; Empirical research on the current status, role and the governance system of local government special accounts and local extragovernmental organizations

(AKAI Nobuo, FF)

Ongoing research project



RIETI policy symposium
"Electricity Market Reform: Current State and Remaining Challenges"
(2004.12.15)

I

New Global Imbalances in an Era of Asian Integration

The huge foreign currency reserves and the current account surpluses in Japan, China, and other Asian countries represent the external deficit in the United States. Under this newly generated global imbalance, research under this theme will design appropriate foreign exchange regime and macroeconomic structural adjustment policies leading to the deepened Asian integration.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. Triangular trade pattern and intra-industry vertical specialization

Study group on the internationalization of Japanese business

(URATA Shujiro, FF / KIYOTA Kozo, FF)

<Discussion Paper>

The role of multinational firms in international trade: The case of Japan (KIYOTA Kozo and URATA Shujiro)

Reconsidering the backward vertical linkage of foreign affiliates:

Evidence from Japanese multinationals

(KIYOTA Kozo, MATSUURA Toshiyuki, URATA Shujiro and WEI Yuhong)

Research on the trade structure in East Asia — Triangular trade structure (TTS) as a regional manufacturing platform —

(OKAMOTO Susumu, CF)

Creation of trade-related database (to be posted on RIETI's website)

2. Searching for Asia's smooth adjustments to global imbalances

Liberalization of trade in financial services and the effectiveness of capital regulation in China

(LIU Li-Gang, SF)

<Discussion Paper>

China's role in the current global economic imbalance (LIU Li-Gang)

An analysis of East Asia's trade and investment structure

(TANIKAWA Hiroya, SF)

<Discussion Paper>

China's integration in Asian production networks and its implications (Guillaume GAULIER, Françoise LEMOINE and Deniz UNAL-KESENCI)

Quantitative analysis of the impact of currency revaluation for East Asian economies

(Willem THORBECKE, SF)

Ongoing research project

China in transition

(C.H. KWAN, CF)

Research results and related information are available under "China in Transition" at <http://www.rieti.go.jp/en/china/index.html>

3. Relations between exchange regimes and domestic institutional development

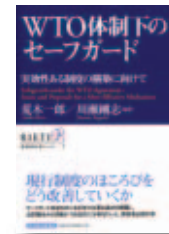
The optimum exchange rate regime for East Asia

(ITO Takatoshi, FF / OGAWA Eiji, FF)

<Discussion Paper>

A deviation measurement for coordinated exchange rate policies in East Asia (OGAWA Eiji and SHIMIZU Junko)

Pass-through of exchange rate changes and macroeconomic shocks to domestic inflation in East Asian countries (ITO Takatoshi, SASAKI N. Yuri and SATO Kiyotaka)

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

4. Exploring compatibility between free trade and environment

Trade and agriculture (food safety)
(YAMASHITA Kazuhito, SF)

<Policy Discussion Paper>

Introduction of direct payment and the reform of farmland policy including permission of entry of corporation (YAMASHITA Kazuhito)

Thought on food safety and trade (YAMASHITA Kazuhito)

Problems in the WTO agriculture agreement and the current state and prospects for agricultural negotiations: The perspective of a participant in the Uruguay Round negotiations (YAMASHITA Kazuhito)

<RIETI Policy Symposium>

Agricultural Policy Reform in the 21st Century — An Agricultural Strategy for Surviving WTO and FTA Negotiations

Current status of and prospects for the multilateral trade system
(KOTERA Akira, FF / KAWASE Tsuyoshi, FF)

<Discussion Paper>

The GATS structure relating to telecommunications services

— WTO panel report on the U.S.-Mexico telecommunications dispute: Impact and issues (KOTERA Akira)

The implementation issue in the WTO dispute settlement mechanism
(KAWASE Tsuyoshi, FF)

<Discussion Paper>

The WTO dispute settlement mechanism in cases involving “Law as Such” with a focus on U.S. cases (KAWASE Tsuyoshi)

Implementation in WTO dispute settlement: An introduction to the problems and possible solutions (William J. DAVEY)

New developments on investor-versus-state arbitration and their implications: Impact of “legalization” of investment treaties (KOTERA Akira)

Trade and the environment
(YAMASHITA Kazuhito, SF / TAIRA Satoru, FF)

<Discussion Paper>

Live with a quiet but uneasy status quo? — An evolutionary role the appellate body can play in resolution of ‘Trade and Environment’ disputes — (TAIRA Satoru)

5. Technocrat-government relationships in post-crisis Asia

Technocracy in the ASEAN democracies
(SHIRAISHI Takashi, FF / TORII Takashi, FF)

<Discussion Paper>

Evolution of “developmental” administration in Malaysia - focus on institutions and organizations (TORII Takashi)

The Asian crisis reconsidered (SHIRAISHI Takashi)



RIETI Policy Symposium
“Resolving New Global and Regional Imbalances in an Era of Asian Integration”
(2004.6.17-18)



RIETI Policy Symposium
“Agricultural Policy Reform in the 21st Century — An Agricultural Strategy for Surviving WTO and FTA Negotiations”
(2004.7.28)

III

Integrated Approaches to Public Debt and Social Security including Pension, Medical Care, Nursing-Care for the Elderly, and Child-Care

The main issues of Japan's public finances will be clarified by conducting research not only on the budget deficit and huge government debts but also in the comprehensive new field of "economics of aging," which includes social security issues such as pensions, medical care, and nursing care for the elderly.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. How can Japan sustain its huge public debt?

The optimum national tax-and-social-insurance burden
(TACHIBANAKI Toshiaki, FF)

Ongoing research project

2. Economics of ageing aiming at a comprehensive solution to social security issues

Study on the social security system
(FUKAO Mitsuhiro, FF / NAKATA Daigo, F)

Ongoing research project

3. Incentive to labor market participation, labor mobility and overall social security issues

A study of labor mobility
(HIGUCHI Yoshio, FF / KODAMA Toshihiro, SF)

<Discussion Paper>

The effects of job entry methods on outcomes in switching jobs
(KODAMA Toshihiro, HIGUCHI Yoshio, ABE Masahiro, MATSUURA Toshiyuki and SUNADA Mitsuru)

A comparative analysis of job entry methods in Japan, the U.S. and Europe
(HIGUCHI Yoshio, KODAMA Toshihiro and ABE Masahiro)

The impact of computerization on regular employment (SUNADA Mitsuru, HIGUCHI Yoshio and ABE Masahiro)

**Employment of older workers in Japan:
Analysis on the effectiveness of employment management, employment policies, and pension systems**
(HIGUCHI Yoshio, FF / KUROSAWA Masako, FF • NAKATA Daigo, F)

Ongoing research project

Study on equal participation of men and women in society, and on increasing women's effectiveness
(TACHIBANAKI Toshiaki, FF)

<RIETI Policy Symposium>

Identifying Conditions for Women's Active Participation in Society

Sports policy
(HIROSE Ichiro, SF)

Posted an article entitled "The economics of professional sports leagues: The bottom line in the Kintetsu Buffaloes merger issue is lack of management" on RIETI's website



RIETI Policy Symposium
"Identifying Conditions for Women's Active Participation in Society"
(2004.11.9)

IV

New Financial Market Architecture and Corporate Governance

Toward the creation of a new financial market system, research will be conducted on a theoretical framework that transcends the conventional division between direct and indirect finance, focusing on securitization, liquidity, corporate governance, and the ideal form of public financial institutions.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. New analytical framework for designing financial architecture

A study of corporate finance

(WATANABE Tsutomu, FF / UESUGI Ichihiro, F)

<Discussion Paper>

Trading company finance and the relationship between trade credit and loans (UESUGI Ichihiro)

How trade credit differs from loans: Evidence from Japanese trading companies (UESUGI Ichihiro and Guy M. YAMASHIRO)

Monetary and fiscal policy in a liquidity trap: The Japanese experience 1999-2004 (IWAMURA Mitsuru, KUDO Takeshi and WATANABE Tsutomu)

A study of regional finance

(TSUTSUI Yoshiro, FF / UEMURA Shuichi, SF)

Ongoing research project

2. Institutional differences between banking systems and capital markets

A study of liquidity and liquidation/ securitization

(KOBAYASHI Takao, FF / HISATAKE Masato, SF •
YANAGAWA Noriyuki, FF)

<Discussion Paper>

Term structure of debts and assessment of credit risk — Modeling credit risk with long-term and short-term debts (KOBAYASHI Takao and IKEDA Ryoichi)

3. Where is Japanese corporate governance heading?

A study of corporate governance

(MIYAJIMA Hideaki, FF / XU Peng, FF •
ARIKAWA Yasuhiro, FF)

<Discussion Paper>

Relationship banking in post bubble Japan: Co-existence of soft-and hard budget constraint (ARIKAWA Yasuhiro and MIYAJIMA Hideaki)

Corporate finance and human resource management
(ABE Masahiro and HOSHI Takeo)

Contested boundaries: Ambiguity and creativity in the evolution of German codetermination (Gregory JACKSON)

Toward a comparative perspective on corporate governance and labour management (Gregory JACKSON)

The unwinding of cross-shareholding: Causes, effects and implications
(MIYAJIMA Hideaki and KUROKI Fumiaki)

<RIETI Policy Symposium>

Emerging Patterns of Corporate Governance among Japanese Firms — Converging to Any Specific Model?

Governance of Japanese corporations: Opening its black box

(TANAKA Kazuhiro, FF / HISATAKE Masato, SF)

Ongoing research project

Governance of banks: From a perspective of depositor discipline

(TSURU Kotaro, SF)

<Discussion Paper>

Bank regulation and market discipline around the world
(HOSONO Kaoru, IWAKI Hiroko and TSURU Kotaro)

Corporate rehabilitation in Japan and other areas of East Asia: An international comparison

(XU Peng, FF)

<Discussion Paper>

Selection between workouts and court-administered proceedings in corporate financial restructuring (XU Peng)

A study on the relationships between intangible assets and corporations' value-creating potential

(KARIYA Takeaki, FF / YAMAGUCHI Fujio, FF)

<Discussion Paper>

Conceptual framework for understanding intangible assets and problems concerning information disclosure (KARIYA Takeaki)



RIETI Policy Symposium
“Emerging Patterns of Corporate Governance among
Japanese Firms — Converging to Any Specific Model?”
(2004.10.20)



Exploring New Systems for Innovation

Research will be conducted on the linkages between science and technology and between technology and commercialization, the strengths and weaknesses of technological innovation in Japan, regional clusters, and technological innovation for digital home appliances evolving into information appliances.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. Searching for new innovation systems that strengthen competitiveness

A theoretical and empirical study of the industrial economics of product and process architecture

(FUJIMOTO Takahiro, FF / NOBEOKA Kentaro, FF • OKUNO Masahiro, FF • TAKIZAWA Hirokazu, F)

<RIETI Economic Policy Analysis Series>

"Architecture-based Analysis of Chinese Manufacturing Industries"

<Discussion Paper>

In which industries does Japan excel? The compatibility between architecture and organizational capability (FUJIMOTO Takahiro and NOBEOKA Kentaro)

Organizational capabilities of product development: International competitiveness of Japanese automakers (NOBEOKA Kentaro and FUJIMOTO Takahiro)

Competitiveness of the Chinese manufacturers in the digital appliances industry: Limits of combination capabilities for product development of modular products (NOBEOKA Kentaro and UENO Masaki)

A note on comparative advantage of architectures (FUJIMOTO Takahiro)

Survey and analysis of determinants in the international competitiveness of Japan's semiconductor industry

(CHUMA Hiroyuki, FF)

<Discussion Paper>

What Japanese workers want: Evidence from the Japanese worker representation and participation survey (CHUMA Hiroyuki, KATO Takao and OHASHI Isao)

Increasing complexity and limits of organization in the microlithography industry: Implications for Japanese science-based industries (CHUMA Hiroyuki)

Study on industrial clusters focusing on TAMA (Technology Advanced Metropolitan Area)

(KODAMA Toshihiro, SF)

Presentation of a paper entitled "The role of product-development-oriented SME's in industrial cluster formation — Based on an empirical analysis of TAMA" at the RIETI Policy Symposium "Japan's innovation system: Its strengths and weaknesses"

Study on the science-technology-industry network

(KODAMA Fumio, FF / TAMADA Schumpeter, F • GOTO Akira, FF)

<Discussion Paper>

Overcoming the technology selection dilemma — The case of Fanuc Ltd. (SHIBATA Tomoatsu and KODAMA Fumio)

Which industries are most science-based? (GENBA Kiminori, TAMADA Schumpeter and KODAMA Fumio)

Study on science - technology - industry network — Analysis of Japanese companies' return to core business and absorption of new technologies — (SUZUKI Jun, KODAMA Fumio)

Science linkages in technologies patented in Japan (TAMADA Schumpeter, NAITO Yusuke, GENBA Kiminori, KODAMA Fumio, SUZUKI Jun and GOTO Akira)

<Policy Discussion Paper>

Business-academia-government collaboration in developing human resources in science and technology: Lessons from the case of Britain (GOTO Akira and Lee WOOLGAR)

Innovation and external partnerships in research and development

(MOTOHASHI Kazuyuki, FF)

<Discussion Paper>

Industry-university collaboration and the R&D network of SMEs in changing Japan's national innovation system (MOTOHASHI Kazuyuki)

China's innovation system reform and growing industry and science linkages (MOTOHASHI Kazuyuki and XIAO Yun)

Developmental life stages of SMEs and venture businesses

(YASUDA Takehiko, FF / TACHIBANAKI Toshiaki, FF)

<Discussion Paper>

Withdrawal from business by small enterprises (HARADA Nobuyuki)

Exit or continue? An empirical analysis of SMEs in Ota-ku and Higashiosaka, Japan (HONJO Yuji and YASUDA Takehiko)

Determinants of R&D investment by start-up SMEs (OKAMURO Hiroyuki)

Determinants of regional variations in the business start-up ratio (OKAMURO Hiroyuki and KOBAYASHI Nobuo)

Corporate governance and employment adjustments at small and medium-sized enterprises (SMEs) (SAITO Takashi and TACHIBANAKI Toshiaki)



Research Projects & Fellows (Leader/Sub Leader)	Major Research Results
Strategic management of industrial policy and intellectual property rights in a global market (Andrei HAGIU, F)	Ongoing research project
Innovation and regulation in multisided markets (Andrei HAGIU, F)	<Discussion Paper> A survey of the economic role of software platforms in computer-based industries (David S. EVANS, Andrei HAGIU and Richard SCHMALENSEE) Two-sided platforms: Pricing and social efficiency (Andrei HAGIU) Two-sided platforms: Pricing and social efficiency-extensions (Andrei HAGIU)

2. Analyzing industrial agglomeration: Impact of trade & investment, and comparing strengths across agglomerations

East Asian economic integration and Japan's urban agglomeration (HATTA Tatsuo, FF / HISATAKE Masato, SF)	<Discussion Paper> Benefit of large metropolitan agglomeration — Is Tokyo unique? (HATTA Tatsuo, UEDA Kohei and KARATO Koji) The cost and benefit of relaxing floor space ratio requirements in urban centers — Including the impact of congestion charges via ITS (HATTA Tatsuo, KUME Yoshiaki and KARATO Koji) The impact of raising the maximum floor area ratio on commuting congestion (TERASAKI Tomoyoshi) <Policy Discussion Paper> Japan's past, present and future in East Asia — from the viewpoint of changes in urban agglomeration (HISATAKE Masato) <RIETI Policy Symposium> Rise and Fall of World Cities - Implications for Greater Tokyo, Japan and Asia
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3. Human capital formation most fitted for innovation systems

Innovation, organizational reform, and human-resource development in the knowledge-based economy era (SANBONMATSU Susumu, SF / HISATAKE Masato, SF)	<Discussion Paper> Innovation and organizational/management reform (SANBONMATSU Susumu)
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RIETI Policy Symposium
 "Japan's Innovation System:
 Its Strengths and Weak-
 nesses"
 (2005.2.14)



RIETI Policy Symposium
 "Rise and Fall of World Cities -
 Implications for Greater Tokyo,
 Japan and Asia"
 (2005.3.11)

V

Strengthening Database and Model Operations

Reinforcement of micro data and improvements on model operations in the fields of trade, pensions, energy, and the environment will be made. This will lead to the strengthening of the necessary infrastructure for RIETI's research.

Research Projects & Fellows
(Leader/Sub Leader)

Major Research Results

1. New micro-database related to services, ageing, and environment

Compilation of data on non-profit corporations
(Office of Quantitative Analysis and Databases)

The details and analysis of a questionnaire survey on the current status of NPOs in Japan are available in Japanese under the "Research project on NPOs" at <http://www.rieti.go.jp/jp/projects/npo/index.html>

Micro-data development
(Office of Quantitative Analysis and Databases)

The research results derived from analysis using individual data of government statistics such as basic survey on corporate activities or industry survey are available in Japanese under the "Micro-data Development" at <http://www.rieti.go.jp/jp/database/d02.html>

<Policy Discussion Paper>

Formulation of industrial statistics panel data as part of industrial structure database (SHIMPO Kazunari, TAKAHASHI Mutsuharu and OOMORI Tami)

Compilation of semi-macro industrial data
(Office of Quantitative Analysis and Databases)

Consolidated long-term inter-industry input-output tables (1980-2000) and the outline of data compilation method are available in Japanese under the "long-term inter-industry input-output database" at <http://www.rieti.go.jp/jp/database/d01.html>

<Discussion Paper>

Reconsidering the backward vertical linkage of foreign affiliates: Evidence from Japanese multinationals (KIYOTA Kozo, MATSUURA Toshiyuki, URATA Shujiro and WEI Yuhong)

Market dynamics and productivity in Japanese retail industry in the late 1990's (MATSUURA Toshiyuki and MOTOHASHI Kazuyuki)

2. Strengthening model operations related to international trade and pensions

A study of measures for improving the precision of the general energy statistics
(KAINOU Kazunari, F)

Research results are available in Japanese under "Commentary on the general energy statistics" at <http://www.rieti.go.jp/users/kainou-kazunari/download/index.html>



The top page of "Database" in the website

*Abbreviations: SF=Senior Fellow / F=Fellow / FF=Faculty Fellow / CF=Consulting Fellow

Major Common Themes / Clusters Equivalence Chart

Major Common Themes & Sub Major Issues	Project Leader / Sub Leader	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6	Cluster 7	Cluster 8	Cluster 9
Theme 1: Comprehensive Appraisal of the “Lost Decade” — Gains and Losses during the Economic Stagnation of Japan										
The connection between the dynamics of public debt, prices, and exchange rates and the real economy	KOBAYASHI Keichiro, F								○	
Development of a RIETI manufacturing database and study of productivity by industry	FUKAO Kyoji, FF / MIYAGAWA Tsutomu, FF									○
Regulation of the retail sector, market competition, and productivity	MOTOHASHI Kazuyuki, FF	○								
An international comparison of productivity in East Asia (ICPA)	MOTOHASHI Kazuyuki, FF									○
A scholarly consideration of institutional design in electricity market reform	HATTA Tatsuo, FF / TANAKA Makoto, FF		○							
An experimental economic approach to institutional design	KAWAGOE Toshiji, FF							○		
The U.S. federal budget process	NAKABAYASHI Mieke, F								○	
Public private partnership under decentralized fiscal system; Empirical research on the current status, role and the governance system of local government special accounts and local extragovernmental organizations	AKAI Nobuo, FF							○		
Theme 2: New Global Imbalances in an Era of Asian Integration										
Study group on the internationalization of Japanese business	URATA Shujiro, FF / KIYOTA Kozo, FF					○				
Research on the trade structure in East Asia — Triangular trade structure (TTS) as a regional manufacturing platform —	OKAMOTO Susumu, CF						○			
Liberalization of trade in financial services and the effectiveness of capital regulation in China	LIU Li-Gang, SF						○			
An analysis of East Asia's trade and investment structure	TANIKAWA Hiroya, SF						○			
Quantitative analysis of the impact of currency revaluation for East Asian economies	Willem THORBECKE, SF						○			
China in transition	KWAN C.H., CF						○			
The optimum exchange rate regime for East Asia	ITO Takatoshi, FF / OGAWA Eiji, FF						○			
Trade and agriculture (food safety)	YAMASHITA Kazuhito, SF					○				
Current status of and prospects for the multilateral trade system	KOTERA Akira, FF / KAWASE Tsuyoshi, FF					○				
The implementation issue in the WTO dispute settlement mechanism	KAWASE Tsuyoshi, FF					○				
Trade and the environment	YAMASHITA Kazuhito, SF / TAIRA Satoru, FF					○				
Technocracy in the ASEAN democracies	SHIRAIISHI Takashi, FF / TORII Takashi, FF					○				
Theme 3: Integrated Approaches to Public Debt and Social Security including Pension, Medical Care, Nursing-Care for the Elderly, and Child-Care										
The optimum national tax-and-social-insurance burden	TACHIBANAKI Toshiaki, FF			○						
Study on the social security system	FUKAO Mitsuhiro, FF / NAKATA Daigo, F			○						
A study of labor mobility	HIGUCHI Yoshio, FF / KODAMA Toshihiro, SF			○						
Employment of older workers in Japan: Analysis on the effectiveness of employment management, employment policies, and pension systems	HIGUCHI Yoshio, FF / KUROSAWA Masako, FF • NAKATA Daigo, F			○						
Study on equal participation of men and women in society, and on increasing women's effectiveness	TACHIBANAKI Toshiaki, FF			○						
Sports policy	HIROSE Ichiro, SF	○								
Theme 4: New Financial Market Architecture and Corporate Governance										
A study of corporate finance	WATANABE Tsutomu, FF / UESUGI Ichihiro, F								○	
A study of regional finance	TSUTSUI Yoshio, FF / UEMURA Shuichi, SF								○	
A study of liquidity and liquidation/securitization	KOBAYASHI Takao, FF / HISATAKE Masato, SF • YANAGAWA Noriyuki, FF								○	
Governance of banks: From a perspective of depositor discipline	TSURU Kotaro, SF								○	
Corporate rehabilitation in Japan and other areas of East Asia: An international comparison	XU Peng, FF	○								
A study of corporate governance	MIYAJIMA Hideaki, FF / XU Peng, FF • ARIKAWA Yasuhiro, FF	○								
Governance of Japanese corporations: Opening its black box	TANAKA Kazuhiro, FF / HISATAKE Masato, SF	○								
A study on the relationships between intangible assets and corporations' value-creating potential	KARIYA Takeaki, FF / YAMAGUCHI Fujio, FF	○								
Theme 5: Exploring New Systems for Innovation										
A theoretical and empirical study of the industrial economics of product and process architecture	FUJIMOTO Takahiro, FF / NOBEOKA Kentaro, FF • OKUNO Masahiro, FF • TAKIZAWA Hirokazu, F	○								
Survey and analysis of determinants in the international competitiveness of Japan's semiconductor industry	CHUMA Hiroyuki, FF	○								
Study on industrial clusters focusing on TAMA (Technology Advanced Metropolitan Area)	KODAMA Toshihiro, SF				○					
Study on the science-technology-industry network	KODAMA Fumio, FF / TAMADA Schumpeter, F • GOTO Akira, FF				○					
Innovation and external partnerships in research and development	MOTOHASHI Kazuyuki, FF				○					
Developmental life stages of SMEs and venture businesses	YASUDA Takehiko, FF / TACHIBANAKI Toshiaki, FF	○								
Strategic management of industrial policy and intellectual property rights in a global market	Andrei HAGIU, F				○					
Innovation and regulation in multisided markets	Andrei HAGIU, F				○					
East Asian economic integration and Japan's urban agglomeration	HATTA Tatsuo, FF / HISATAKE Masato, SF				○					
Innovation, organizational reform, and human-resource development in the knowledge-based economy era	SANBONMATSU Susumu, SF / HISATAKE Masato, SF				○					
Theme 6: Strengthening Database and Model Operations										
Compilation of data on non-profit corporations	Office of Quantitative Analysis and Databases									○
Micro-data development	Office of Quantitative Analysis and Databases									○
Compilation of semi-macro industrial data	Office of Quantitative Analysis and Databases									○
A Study of measures for improving the precision of the general energy statistics	KAINOU Kazunari, F									○

Cluster 1: Corporate Governance, Organization and Strategy **Cluster 2:** Regulation, Deregulation and Competitiveness **Cluster 3:** Employment and Safety Net **Cluster 4:** Innovation and University-Industry Cooperation **Cluster 5:** International Economic Relations **Cluster 6:** Asian Economies and Regional Integration **Cluster 7:** Political Economy and Public Policy Process **Cluster 8:** Macroeconomic Policy and Performance **Cluster 9:** Quantitative Analysis and Databases

The role of a policy research institute does not end with the completion of research itself. The Institute has an obligation to stimulate policy debate by broadly disseminating the results of its research. RIETI actively circulates its research results via its website in ways that include posting papers and columns written by researchers, running feature articles written by website and editorial staff, and creating sub-sites representing the research projects. In addition to holding symposia and seminars to stimulate policy debates, RIETI provides records of these activities on its website. RIETI also publishes the Economic Policy Review Series and the Economic Policy Analysis Series in an effort to provide in-depth policy information as well as to ensure that such knowledge is maintained for future generations. *RIETI Highlight*, a bimonthly public relations newsletter featuring RIETI's recent events and activities, was launched in January 2005 in order to broaden RIETI's public relations coverage. RIETI emphasizes interaction with its audience, conducting surveys to grasp readers' needs, and developing the reader's column on the website.

Website

The core of RIETI's public relations activities is its website which is available in Japanese, Chinese and English (<http://www.rieti.go.jp/en/index.html>). The number of page views for each language has been growing steadily (see table). Columns on timely and policy-related topics written by researchers are updated weekly, and a reader's column has been set up to create a forum for active discussion. Contents in pages set up by individual researchers and study groups were enhanced, and pooled stories and special feature articles were frequently posted. All discussion papers, written by researchers as the result of their research (http://www.rieti.go.jp/en/publications/act_dp.html), and all policy discussion papers, also written by researchers featuring timely policy issues currently facing Japan (http://www.rieti.go.jp/en/publications/act_pdp_jp.html) are posted on the website to transmit and provide easy access to in-depth research results. The results of database strengthening projects for policy analysis undertaken by RIETI, such as a long-term inter-industry relations database and a foreign direct investment database, are also available on the website in Japanese (<http://www.rieti.go.jp/en/database/index.html>). In enhancing the English and Chinese websites, custom-made contents were created and added for issues of special interest overseas, and electronic newsletters such as "RIETI Report" (in English) and "Dianzixinxi" (电子信息

in Chinese) were published to circulate Japanese policy information to RIETI's broad international audience.

In fiscal year 2004, RIETI launched a thoroughly reengineered website. A newly equipped function enabling searches by researcher and/or project greatly increased usability. The "e-Life Blog" was created in conjunction with METI's Commerce and Information Policy Bureau to examine Internet dialogue among industry, academia and end users. This has attracted media attention as a pioneering initiative.

Symposia & Seminars

During fiscal year 2004, RIETI organized 9 symposia and 60 Brown Bag Lunch (BBL) seminars which have contributed to an increase in RIETI's visibility. Policy administrators, academics and business experts were invited to the symposia as discussants, with a total of nearly 1,000 participants. In the meantime, the BBL seminar participants numbered over 2,900. The average level of satisfaction shown in questionnaire surveys of participants conducted after each symposium was above 85% indicating an extremely positive response.

Output of symposia, including recorded video clips, conference notes and handouts are continually made available on the RIETI website. Fiscal year 2004 also saw RIETI's distribution by print media of symposium proceedings.

Publications

In terms of print publications, "*Pros and Cons of RMB Revaluation: Interests and Agreements of China, Japan, and the United States*", "*Universities that Outperform Competitors*" were published as part of the Economic Policy Review Series and "*Safeguards under the WTO Agreement: Issues and Proposals for a More Effective Mechanism*", "*Liberalizing Electricity Markets: An Economic Analysis*", "*Agricultural Policy Reform for Japan and Its Consumers: To Better Steer WTO and FTA Negotiations*", "*Fiscal Reforms of Japan: Redesigning the Frame of the State*", "*Empirical Analysis of IT Innovation: Has IT Changed Long-term Japanese Economic Performance?*", and "*The Collapse of the 1990s Bubble: Research on the Non-Performing Loan Problem*" were published as part of the Economic Policy Analysis Series from Toyo Keizai Shinposha. Many of these publications received positive publicity and reviews in national newspapers and magazines. (<http://www.rieti.go.jp/en/publications/index.html>).

Web page traffic (Jan.22, 2002 - Mar.31, 2005)	
Japanese	1,346,973
English	107,966
Chinese	133,371



RIETI Report



Symposium Proceedings
"Japan's Innovation System:
Its Strengths and Weaknesses"



RIETI Highlight

*Titles and affiliations of participants are current as of the date of the event.

Joint conference — RIETI, Bank for International Settlements (BIS), and Bank of China (BOC)
Globalization of financial services in China — Implications for capital flows, supervision and monetary policy
<http://www.rieti.go.jp/en/events/05031901/handout.html>

Date	March 19th, 2005
Venue	China World Hotel
Program	
Opening remarks	Robert SLEEPER (Head of Banking Department, BIS)

Morning session

Session chair	Gerard DAGES (Vice President, Federal Reserve Bank of New York)
Speaker	LIU Li-Gang (Senior Fellow, RIETI)
Discussant	KONO Masamichi (Director, General Coordination Division, Financial Services Agency)
Speaker	KIM Hyun Eui (Deputy Director, Head of Finance Studies Team, Institute for Monetary & Economic Research, Bank of Korea)
Discussant	Gerard DAGES (Vice President, Federal Reserve Bank of New York)
Speaker	Karl CORDEWENER (Deputy Secretary General, BCBS, BIS)
Discussant	ITO Takatoshi (Faculty Fellow, RIETI / Professor, the University of Tokyo)
	Q&A

Luncheon speech: “China’s banking sector reform strategy: From market opening to ownership diversification”

Speaker	ZHU Min (Assistant Executive President, BOC)
Moderator	Eli REMOLONA (Deputy Chief Representative, Representative Office for Asia and the Pacific, BIS)

Afternoon session

Session chair	YOSHIKUNI Shinichi (Chief Representative, Representative Office for Asia and the Pacific, BIS)
Speakers	ITO Takatoshi (Faculty Fellow, RIETI / Professor, the University of Tokyo) OGAWA Eiji (Faculty Fellow, RIETI / Professor, Hitotsubashi University)
Discussants	GONG Frank (Managing Director, JP Morgan Securities (Asia Pacific) Limited) WANG Yuanlong (Senior Economist, BOC)
Speaker	MA Guonan (Senior Economist, Representative Office for Asia and the Pacific, BIS)
Discussant	Ray BROOK (Resident Representative, International Monetary Fund)
Speaker	OTANI Ichiro (Economic Policy Consultant, Otani Economic Policy Consultancy)
Discussant	ZHANG Tao (Deputy Director General, People’s Bank of China)

Panel discussion

Panel chair	YOSHITOMI Masaru (President and CRO, RIETI)
Panelists	ZHU Min (Assistant Executive President, BOC) ITO Takatoshi (Faculty Fellow, RIETI / Professor, the University of Tokyo) HORII Akinari (Director General, International Department, Bank of Japan) Eli REMOLONA (Deputy Chief Representative, Representative Office for Asia and the Pacific, BIS) GONG Frank (Managing Director, JP Morgan Securities (Asia Pacific) Limited) Jonathan ANDERSON (Managing Director, Head of Asia Pacific Economics, UBS)
	Q&A
Closing remarks	YOSHITOMI Masaru (President and CRO, RIETI)

RIETI Policy Symposium
Rise and fall of world cities — Implications for greater Tokyo, Japan and Asia
<http://www.rieti.go.jp/en/events/05031801/info.html>

Date	March 18th, 2005
Venue	U Thant Hall, United Nations University
Program	
Symposium moderator	HISATAKE Masato (Senior Fellow, RIETI)
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)

Session 1: Rise and fall of world / global cities

Speakers	Allen J. SCOTT (Distinguished Professor of Public Policy and Geography, the School of Public Affairs, University of California) Saskia SASSEN (Professor, Department of Sociology, the University of Chicago / Centennial Visiting Professor, London School of Economics)
	HISATAKE Masato (Senior Fellow, RIETI)

Session 2: Whether greater Tokyo will be the champion, or will Japan have multiple core cities

Session chair	HISATAKE Masato (Senior Fellow, RIETI)
Speakers	HATTA Tatsuo (Faculty Fellow and Research Counselor, RIETI / Professor, Division of International Studies, International Christian University) KANEMOTO Yoshitsugu (Faculty Fellow, RIETI / Professor, Graduate School of Economics and Graduate School of Public Policy, the University of Tokyo)
Commentator	TAKAHASHI Takehide (Director-General, Kanto Bureau of Economy, Trade and Industry, METI)
	Q&A

Session 3: Role of urban infrastructure development — Its hard and soft aspects

Session chair	NEZU Risaburo (Director, RIETI / Senior Managing Director, Fujitsu Research Institute)
Speakers	KAWAGUCHI Yuichiro (Professor, Graduate School of Finance, Accounting and Law, Waseda University) KUSAKABE Satoshi (Director, Industrial Organization Division, Economic and Industrial Policy Bureau, METI) Ralph CHOW (Director, Japan, Hong Kong Trade Development Council)
Commentators	AOYAMA Yasushi (Professor, Graduate School of Governance Studies, Meiji University) SAITO Jun (Executive Staff, Nikon Corporation / Research Fellow, RCAST, the University of Tokyo)
	Q&A

Session 4: Implications for greater Tokyo, Japan and Asia

Panel chair	HISATAKE Masato (Senior Fellow, RIETI)
Panelists	AOYAMA Yasushi (Professor, Graduate School of Governance Studies, Meiji University) KANEMOTO Yoshitsugu (Faculty Fellow, RIETI / Professor, Graduate School of Economics and Graduate School of Public Policy, the University of Tokyo) Saskia SASSEN (Professor, Department of Sociology, the University of Chicago/Centennial Visiting Professor, London School of Economics) Allen J. SCOTT (Distinguished Professor of Public Policy and Geography, the School of Public Affairs, University of California)
	Q&A
Closing remarks	OKAMATSU Sozaburo (Chairman, RIETI)

RIETI Policy Symposium

Japan's innovation system: Its strengths and weaknesses
<http://www.rieti.go.jp/en/events/05021401/info.html>

Date	February 14th, 2005
Venue	Keidanren Kaikan
Program	
Symposium moderator	KODAMA Toshihiro (Senior Fellow, RIETI)
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)
Session 1: Linkages among science, technology and industrial innovation	
Session chair	GENBA Kiminori (Associate Professor, Graduate School of Engineering Management, Shibaura Institute of Technology)
Speakers	TAMADA Schumpeter (Fellow, RIETI) KODAMA Fumio (Faculty Fellow, RIETI / Professor, Shibaura Institute of Technology / Professor Emeritus, the University of Tokyo)
Commentator	GOTO Akira (Faculty Fellow, RIETI / Professor, Research Center for Advanced Science and Technology, the University of Tokyo)
	Q&A
Session 2: Industrial clusters and research development networks: The rise of new- type small- and medium-sized enterprises as innovators	
Session chair	HOSOYA Yuji (Director of Research, RIETI)
Speakers	KODAMA Toshihiro (Senior Fellow, RIETI) MOTOHASHI Kazuyuki (Faculty Fellow, RIETI / Associate Professor, Research Center for Advanced Science and Technology, The University of Tokyo)
Commentators	YAMASAKI Akira (Professor, Graduate School of Economics, Kyushu University) KATO Takeo (Advisor, Fuji Electric Holdings Co., Ltd.)
	Q&A
Session 3: Corporate strategy in the digital home appliance industry: The role of software platforms	
Session chair	SANBONMATSU Susumu (Senior Fellow, RIETI)
Speaker	Andrei HAGIU (Fellow, RIETI)
Commentators	MURAKAMI Keisuke (Deputy Director, Information Policy Division, Commerce and Information Policy Bureau, METI) MATSUDA Hisakazu (Representative, Japan Consumer Marketing Research Institute)
	Q&A
Session 4: The architecture of product systems and coordination	
Session chair	TAKIZAWA Hirokazu (Fellow, RIETI)
Speakers	FUJIMOTO Takahiro (Faculty Fellow, RIETI / Professor, Faculty of Economics, the University of Tokyo) CHUMA Hiroyuki (Faculty Fellow, RIETI / Professor, Institute of Innovation Research, Hitotsubashi University)
Commentators	OKUNO (FUJIWARA) Masahiro (Faculty Fellow, RIETI / Professor, Graduate School of Economics, Faculty of Economics, the University of Tokyo) MAEDA Yasuhiro (Director, MONOZUKURI Policy Planning, Manufacturing Industries Bureau, METI)
	Q&A
Closing remarks	OKAMATSU Sozaburo (Chairman, RIETI)

RIETI Policy Symposium

Electricity market reform: Current state and remaining challenges
<http://www.rieti.go.jp/en/events/04121501/info.html>

Date	December 15th, 2004
Venue	U Thant Hall, United Nations University
Program	
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)
Session 1: Electricity market reform: Recent development in Europe and the U.S., and Japan's situation	
Session chair	TANABE Yasuo (Vice President, RIETI)
Speaker	Noé van HULST (Director, Long-Term Co-Operation and Policy Analysis Office, International Energy Agency (IEA))
Commentator	HATTA Tatsuo (Faculty Fellow and Research Counselor, RIETI / Professor, Division of International Studies, International Christian University)
	Q&A
Session 2: Searching for the best liberalization case	
Session chair	TANABE Yasuo (Vice President, RIETI)
Speaker	HATTA Tatsuo (Faculty Fellow and Research Counselor, RIETI / Professor, Division of International Studies, International Christian University)
Commentator	Noé van HULST (Director, Long-Term Co-Operation and Policy Analysis Office, International Energy Agency (IEA))
	Q&A
Session 3: Lessons learned from the power outage in North America and Europe	
Speaker	Noé van HULST (Director, Long-Term Cooperation and Policy Analysis Office, International Energy Agency (IEA))
	Q&A
Session 4: Remaining policy challenges for Japan	
Session chair	KAWAMOTO Akira (Consulting Fellow, RIETI)
Speaker	TSURUTA Toshimasa (Professor Emeritus, Senshu University / Member of the Electricity Industry Committee, Advisory Committee for Natural Resources and Energy)
Panelists	TSURUTA Toshimasa (Professor Emeritus, Senshu University / Member of the Electricity Industry Committee, Advisory Committee for Natural Resources and Energy) KOJO Makoto (Professor, Department of Legal Studies of Global Environment, Faculty of Law, Sophia University / Member of the Electricity Industry Committee, Advisory Committee for Natural Resources and Energy) SUETSUGU Katsuhiko (Secretary General, Asia-Pacific Energy Forum (APEF) / Member of the Electricity Industry Committee, Advisory Committee for Natural Resources and Energy) MASUMOTO Teruaki (Vice Chairman, the Federation of Electric Power Companies)
	Q&A
Conclusion:	
Speaker	ADACHI Kenyu (Director-General, Electricity and Gas Industry Department, Agency for Natural Resources and Energy)
Closing remarks	OKAMATSU Sozaburo (Chairman, RIETI)

Japan-China Economic Conference 2004
<http://www.iist.or.jp/jc2004/index2-e.html>

Date	November 10th-12th, 2004
Venue	Osaka International Convention Center
Program	
November 10th, 2004	
General lecture — The future of Japan and China	
Opening remarks	MATSUSHITA Masayuki (Vice Chairman of the Board, Matsushita Electric Industrial Co., Ltd.)
Speakers	NAKAGAWA Katsuhiko (Executive Vice Chairman, Toyota Motor Corporation) XU Guan Ju (Board Chairman, Transfer Group Co., Ltd.)
Moderator	SANO Tadakatsu (Former Vice Minister for International Affairs, Ministry of Economy, Trade and Industry / Advisor, the Japan-China Economic Conference Organizing Committee)
November 11th, 2004	
Opening ceremony & panel session — Free trade agreements of Japan, China, and East Asia	
Opening remarks	AKIYAMA Yoshihisa (Chairman, Kansai Economic Federation) JIANG Xiao Song (Vice Chairman, Boao Asian Forum / Chairman, BOAO Investment Holdings Ltd.)
Speakers	NISHIMURO Taizo (Chairman of the Board, TOSHIBA Corporation) HATAKEYAMA Noboru (Chairman and CEO, Japan Economic Foundation) ZHANG Yun Ling (Director, Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences)
Moderator	WATANABE Osamu (Chairman, Japan External Trade Organization)
A session organized by the Research Institute of Economy, Trade and Industry (RIETI) — Integration of East Asia and the role of Japan and China	
Speaker	YOSHITOMI Masaru (President and CRO, RIETI)
Special session	
Speakers	ZHU Yan Feng (President and CEO, China Faw Group Corporation) CAI Rang (Vice President, Central Iron & Steel Research Institute / Vice Chairman & President, Advanced Technology & Materials Co., Ltd.)
	Subcommittee meetings in 16 groups

RIETI Policy Symposium

Identifying conditions for women's active participation in society

<http://www.rieti.go.jp/en/events/04110901/info.html>

Date	November 9th, 2004
Venue	TEPIA Hall, TEPIA
Program	
Symposium moderator	KODAMA Toshihiro (Senior Fellow, RIETI)
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)
Introductory remarks	TACHIBANAKI Toshiaki (Research Counselor and Faculty Fellow, RIETI / Professor, Graduate School of Economics / Faculty of Economics, Kyoto University)

Session 1: Raising children and women's employment

Session chair	TAKEISHI Emiko (Head Senior Analyst, Social Development Research Group, NLI Research Institute)
Speakers	SHIRAHASE Sawako (Associate Professor, Institute of Policy and Planning Sciences, University of Tsukuba) MATSUDA Shigeki (Senior Research Associate, Research and Development Center, Life Design Research Unit, Dai-ichi Life Research Institute Inc.)
Commentators	NAGASE Nobuko (Associate Professor, Graduate School of Humanities and Sciences, Ochanomizu University) OCHIAI Emiko (Professor of Sociology, Graduate School of Letters, Kyoto University)
	Q&A

Session 2: Women's active participation in society in relation to the issue of education

Session chair	SHIRAHASE Sawako (Associate Professor, Institute of Policy and Planning Sciences, University of Tsukuba)
Speakers	HONDA Yuki (Associate Professor, Interfaculty Initiative in Information Studies, the University of Tokyo) KIMURA Ryoko (Associate Professor, Graduate School of Human Sciences, Osaka University)
Commentators	OJIMA Fumiaki (Professor, Department of Sociology, Doshisha University) SHIMIZU Akira (Director, Gender Equality Learning Division, Life-Long Learning Policy Bureau, Ministry of Education, Culture, Sports, Science and Technology)
	Q&A

Session 3: Women's professional career and economic efficiency

Session chair	HONDA Yuki (Associate Professor, Interfaculty Initiative in Information Studies, the University of Tokyo)
Speakers	TAKEISHI Emiko (Head Senior Analyst, Social Development Research Group, NLI Research Institute) NAKATA Daigo (Research Fellow, Venture Business Laboratory, Yokohama National University) KANEKO Yoshihiro (Director, Department of Empirical Social Security Research, National Institute of Population and Social Security Research)
Commentators	TOMITA Yasunobu (Professor, Osaka Prefecture University) KODAMA Naomi (Deputy Director, Policy Planning Office, Minister's Secretariat, METI)
	Q&A

Session 4: Conclusions and panel discussion

Panel chair	TACHIBANAKI Toshiaki (Research Counselor and Faculty Fellow, RIETI / Professor, Graduate School of Economics / Faculty of Economics, Kyoto University)
Panelists	NATORI Haniwa (Director General, Gender Equality Bureau, Cabinet Office) SHINOTSUKA Eiko (Professor, Dept of Letters and Education, Ochanomizu University) TACHIBANAKI Toshiaki (Research Counselor and Faculty Fellow, RIETI / Professor, Graduate School of Economics / Faculty of Economics, Kyoto University)
	Q&A
Closing remarks	OKAMATSU Sozaburo (Chairman, RIETI)

RIETI Policy Symposium

Emerging patterns of corporate governance among Japanese firms — Converging to any specific model? —

<http://www.rieti.go.jp/en/events/04102001/info.html>

Date	October 20th, 2004
Venue	Elizabeth Rose Hall, United Nations University
Program	
Symposium moderator	HOSOYA Yuji (Director of Research, RIETI)
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)
Introductory remarks	MIYAJIMA Hideaki (Faculty Fellow, RIETI / Professor, School of Commerce, Waseda University / Vice Director, Waseda Institute of Finance / Visiting Scholar, Harvard University)

Session 1: Bank-firm relationships and financial distress

Session chair	MIYAJIMA Hideaki (Faculty Fellow, RIETI / Professor, School of Commerce, Waseda University / Vice Director, Waseda Institute of Finance / Visiting Scholar, Harvard University)
Speakers	ARIKAWA Yasuhiro (Faculty Fellow, RIETI / Associate Professor, Graduate School of Finance, Accounting & Law, Waseda University) XU Peng (Faculty Fellow, RIETI / Professor, Faculty of Economics, Hosei University)
Commentator	HORIUCHI Akiyoshi (Professor, Faculty of Policy Studies, Chuo University)
	Q&A

Session 2: Changing ownership structure

Session chair	ARIKAWA Yasuhiro (Faculty Fellow, RIETI / Associate Professor, Graduate School of Finance, Accounting & Law, Waseda University)
Speakers	MIYAJIMA Hideaki (Faculty Fellow, RIETI / Professor, School of Commerce, Waseda University / Vice Director, Waseda Institute of Finance / Visiting Scholar, Harvard University) Christina L. AHMADJIAN (Professor, Graduate School of International Corporate Strategy, Hitotsubashi University)
Commentator	OSANO Hiroshi (Professor, Kyoto Institute of Economic Research, Kyoto University)
	Q&A

Session 3: Corporate board reform

Session chair	XU Peng (Faculty Fellow, RIETI / Professor, Faculty of Economics, Hosei University)
Speakers	SHISHIDO Zenichi (Professor of Law, School of Law, Seikei University) MIYAJIMA Hideaki (Faculty Fellow, RIETI / Professor, School of Commerce, Waseda University / Vice Director, Waseda Institute of Finance / Visiting Scholar, Harvard University)
Commentator	YANAI Hiroyuki (Executive Director and Representative Director, Japan Association of Corporate Directors)
	Q&A

Session 4: Corporate governance and employment system

Session chair	HOSOYA Yuji (Director of Research, RIETI)
Speakers	ABE Masahiro (Faculty Fellow, RIETI / Assistant Professor, Faculty of Economics, Dokkyo University) Gregory JACKSON (Visiting Fellow, RIETI / Senior Lecturer, Kings College London)
Commentator	MIYAMOTO Mitsuharu (Professor, Graduate School of Economics, Senshu University)
	Q&A

Session 5: Conclusions

Session chair	YOSHITOMI Masaru (President and CRO, RIETI)
Speakers	Gregory JACKSON (Visiting Fellow, RIETI / Senior Lecturer, Kings College London) MIYAJIMA Hideaki (Faculty Fellow, RIETI / Professor, School of Commerce, Waseda University / Vice Director, Waseda Institute of Finance / Visiting Scholar, Harvard University)
Commentators	ITOH Hideshi (Professor, Graduate School of Commerce and Management, Hitotsubashi University) TERANISHI Juro (Professor of Economics, Institute of Economic Research, Hitotsubashi University)
	Q&A

RIETI Policy Symposium

**Agricultural policy reform in the 21st century
— An agricultural strategy for surviving WTO and FTA negotiations —**
<http://www.rieti.go.jp/en/events/04072801/info.html>

Date	July 28th, 2004
Venue	TEPIA Hall, TEPIA
Program	
Opening remarks	YOSHITOMI Masaru (President and CRO, RIETI)
Keynote Speech	Ken ASH (Deputy Director, Directorate for Food, Agriculture and Fisheries, OECD)
Comments	YAMASHITA Kazuhito (Senior Fellow, RIETI)

Session 1: Necessity for agricultural policy reform and its direction

Session chair	KONNO Hidehiro (Visiting Professor, Graduate School of Asia-Pacific Studies, Waseda University)
Panelists	Ken ASH (Deputy Director, Directorate for Food, Agriculture and Fisheries, OECD) KIMURA Fukunari (Professor, Keio University) TAKAGI Yuki (Governor, Agriculture, Forestry and Fishers Finance Corporation) YAGI Hironori (Professor, the University of Tokyo / Chairman, Council of Food, Agriculture and Rural Area Policies) YAMASHITA Kazuhito (Senior Fellow, RIETI)
	Q&A

Session 2: Concrete scheme and issues of agricultural policy reform

Lead-off speaker	YAMASHITA Kazuhito (Senior Fellow, RIETI)
Session chair	KAMIYA Mitsugi (President, Food and Agriculture Policy Research Center)
Panelists	OIZUMI Kazunuki (Professor and Dean, Department of Project Planning, Miyagi University) KANEKO Hiromichi (Professor, Tottori University of Environmental Studies) TACHIBANA Hiroshi (Managing Director, Japan Business Federation) BABA Toshio (Senior Executive Director, JA Zenchu (Central Union of Agricultural Cooperatives)) YAMASHITA Kazuhito (Senior Fellow, RIETI)
	Q&A
Closing remarks	OKAMATSU Sozaburo (Chairman, RIETI)

RIETI Policy Symposium

Resolving new global and regional imbalances in an era of Asian integration
<http://www.rieti.go.jp/en/events/04061701/info.html>

Date	June 17th-18th, 2004
Venue	Keidanren Kaikan
Program	
Day 1: June 17th, 2004	
Opening remarks	OKAMATSU Sozaburo (Chairman, RIETI)

Session 1: Determinants of the sustainability of the U.S. external deficit and the right policy mixes for adjustments

Session chair	YOSHITOMI Masaru (President and CRO, RIETI)
Speakers	OGAWA Eiji (Professor, Graduate School of Commerce and Management, Hitotsubashi University) Anne-Marie L. BROOK (Economist, Money and Finance Division, Economics Department, Organization for Economic Cooperation and Development)
Discussant	TOJO Yoshiaki (Special Assistant to the Vice Minister for International Affairs and Director, International Economic Affairs Division, Trade Policy Bureau, Ministry of Economy, Trade and Industry)
	Q&A

Session 2: The triangular trade pattern and its implications for global and regional imbalances

Session chair	TANIKAWA Hiroya (Senior Fellow, RIETI)
Speaker	Françoise LEMOINE (Senior Economist, Centre d'études prospectives et d'information internationales)
Discussants	FUKAO Kyoji (Faculty Fellow, RIETI / Professor, Institute of Economic Research, Hitotsubashi University) Peter GARBER (Global Risk Strategist, Global Market Research, Deutsche Bank Securities)
	Q&A

Day 2: June 18th, 2004

Session 3: Competition and collaboration among economic agglomerations and fragmentation of corporate functions — What lies beneath the increasing economic integration in Asia

Session chair	KURAMOCHI Haruhiko (Vice President, RIETI)
Speakers	KIMURA Fukunari (Professor, Faculty of Economics, Keio University) HISATAKE Masato (Senior Fellow, RIETI)
Discussants	HATTA Tatsuo (Faculty Fellow and Research Counselor, RIETI / Professor, Division of International Studies, International Christian University) FUJITA Masahisa (Professor, Institute of Economic Research, Kyoto University / President, Institute of Developing Economies, JETRO)
	Q&A

Session 4: Designing appropriate adjustment policies in Asia — Searching for the right policy mix of currency adjustments, monetary and fiscal policies, and structural reforms

Session chair	YOSHITOMI Masaru (President and CRO, RIETI)
Speakers	Peter GARBER (Global Risk Strategist, Global Market Research, Deutsche Bank Securities) OTANI Ichiro (Economic Policy Consultant / former Head, IMF Resident Representative Office in China) LIU Li-Gang (Assistant Professor of Public Policy and Finance, School of Public Policy, George Mason University) Piti DISYATAT (Senior Economist, Monetary Policy Group, Bank of Thailand)
Discussants	YU Yongda (Professor, School of Public Policy and Management and Development Research Center for 21st Century, Director of Institute of Economic Cooperation, Tsinghua University) KURODA Haruhiko (Professor, Hitotsubashi University / ex-Vice Minister of MOF of Japan)
	Q&A

Session 5: Optimal exchange rate regime for Asia

Session chair	OTANI Ichiro (Economic Policy Consultant / former Head, IMF Resident Representative Office in China)
Speakers	TANAKA Soko (Professor of International Finance, Faculty of Economics, Chuo University) Albert KEIDEL, III (Deputy Director, Office of East Asian Nations, U.S. Department of the Treasury)
Discussants	WANG Yunjong (Vice President, SK Research Institute for SUPEX Management) YU Yongda (Professor, School of Public Policy and Management and Development Research Center for 21st Century, Director of Institute of Economic Cooperation, Tsinghua University)
	Q&A

Session 6: Panel discussion — Searching for optimal adjustment policies in both the U.S. and Asia

Moderator & panelist	YOSHITOMI Masaru (President and CRO, RIETI)
Panelists	ITO Takatoshi (Professor, the Graduate School of Economics and Research Center for Advanced Science and Technology, the University of Tokyo) LIU Li-Gang (Assistant Professor of Public Policy and Finance, School of Public Policy, George Mason University) Peter GARBER (Global Risk Strategist, Global Market Research, Deutsche Bank Securities) SANO Tadakatsu (Vice-Minister for International Affairs, Ministry of Economy, Trade and Industry)

PUBLIC RELATIONS ACTIVITIES ② SEMINARS

*Titles and affiliations of participants are current as of the date of the event.

BBL seminars

BBL seminars are held during lunch hours. We invite Japanese and foreign guest lecturers and provide a venue for candid exchanges of opinions on a variety of policy issues, transcending industry-government-academia boundaries. 60 BBL seminars were held during FY 2004, and the number of total runs is above 300 as of March 31, 2005 (<http://www.rieti.go.jp/en/events/bbl/index.html>).

2005/03/28	Foreign direct investment and international trade patterns in China	TAMURA Akiko (Associate Professor, Faculty of Economics, Hosei University) XU Peng (Faculty Fellow, RIETI / Professor, Faculty of Economics, Hosei University)
2005/03/25	Should the Singapore issues, initially on the Doha Round, be revived? If so, when? Does Japan need a trade barriers regulation?	Jacques BOURGEOIS (Partner, Akin Gump Strauss Hauer & Feld LLP) Marco C.E.J. BRONCKERS (Partner, Wilmer Cutler Pickering Hale and Dorr LLP)
2005/03/22	Chinese model of catching-up in a new development paradigm	LIU Xielin (Research Fellow and Professor, National Center for Science and Technology for Development, Ministry of Science and Technology, Beijing, China)
2005/03/15	Japan's economic stagnation and policy options: The supply-side view	FUKAO Kyoji (Faculty Fellow, RIETI / Professor, Institute of Economic Research, Hitotsubashi University)
2005/03/03	The Post-Kyoto framework	YAMAGUCHI Mitsutsune (Professor, Faculty of Economics, Keio University)
2005/03/01	Program for further financial reform	KAWAKAMI Naotaka (Director for Policy and Communications Division, Planning and Coordination Bureau, Financial Services Agency)
2005/02/25	Shinsei Bank's management reforms	YASHIRO Masamoto (Chairman, President and CEO, Shinsei Bank, Limited)
2005/02/23	East Asian community	YAMADA Takio (Director, Regional Policy Division, Asian and Oceanian Bureau, Ministry of Foreign Affairs)
2005/02/16	Challenges for the hydrogen economy: Fuel cell and its architecture	ANDO Haruhiko (Director, Hydrogen & Fuel Cell Promotion Office, ANRE, METI / Visiting Professor, the University of Electro-Communications (UEC))
2005/02/01	The debate over 'Death Valley' innovation issues	KODAMA Fumio (Faculty Fellow, RIETI / Professor, Shibaura Institute of Technology)
2005/01/25	A historical analysis of international agricultural negotiations: Suggestions for Japanese strategies on trade and development assistance	ENDO Yasuo (Director, Liaison Office in Japan, Food and Agriculture Organization of the United Nations)
2005/01/19	Future prospects for Japanese trade policy	HASEGAWA Eiichi (Deputy Director-General for International Trade Policy, Trade Policy Bureau, METI)
2005/01/17	Regional revitalization and local government management reform: Structural reform of people, goods and money	UEYAMA Shinichi (Professor, Keio University)
2005/01/12	Responding to future global environmental issues	FUKANO Hiroyuki (Deputy Director-General for Environment Affairs, Industrial Science and Technology Policy and Environment Bureau, METI)
2004/12/22	China's fiscal problems and regional disparity: What is the role for bond market?	LIU Li-Gang (Senior Fellow, RIETI)
2004/12/16	World Energy Outlook 2004	Noé van HULST (Director, Long-Term Cooperation and Policy Analysis Office, International Energy Agency (IEA))
2004/12/13	Recent financial and economic conditions and monetary policy management	UEDA Kazuo (Member of the Policy Board, Bank of Japan)
2004/12/06	Innovation and competitiveness: The role of trade and industry ministries	Robin YOUNG (Permanent Secretary, Department of Trade and Industry, British Government)
2004/12/02	Recent developments in Iraq	MIYAKE Kunihiko (Deputy Director-General, Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs)
2004/11/30	Asian bond market and Asian currency	YAMASAKI Tatsuo (Director, Research Division, International Bureau, Ministry of Finance)
2004/11/26	Local government reform through new public management	OSUMI Soshiro (Professor, Kanto Gakuin University)
2004/11/25	Enhancing the profitability of the digital home appliance industry	Speaker: MURAKAMI Keisuke (Deputy Director, Information Policy Division, Commerce and Information Policy Bureau, METI) Commentator: MATSUDA Hisakazu (Representative Director, Japan Consumer Marketing Research Institute) Commentator: ONO Seiichi (Group Manager, e-Net Business Headquarters, Matsushita Electric Industrial Co., Ltd.)
2004/11/18	Changes in the environment for deposit insurance and related issues	NAGATA Shunichi (Governor, Deposit Insurance Corporation of Japan (DICJ))
2004/11/16	International strategy of Japanese anime and manga	KUBO Masakazu (Chief Creative Director, Character Business Center, Shogakukan Inc.)
2004/11/11	Assessing the U.S. elections: Changes in U.S. policy toward Japan and Asia	Barry M. HAGER (President, Hager Associates) Paige COTTINGHAM-STREATER (Deputy Executive Director, The Maureen and Mike Mansfield Foundation)
2004/11/10	Catching up with the rest of Europe: Challenges and opportunities from the EU enlargement	Paola SUBACCHI (Head, International Economics Programme, Chatham House)
2004/11/08	Getting the best from knowledge workers: How does human resources management contribute?	Craig A. MARSH (Professor, HR and Organizational Behaviour, Theseus International Management Institute, Sophia Antipolis)
2004/11/05	European point of view on globalization	Jacques ATTALI (President, PlaNet Finance)
2004/11/04	Current situation and issues surrounding the Japanese tax system — From the aspect of national burden rate	FURUYA Kazuyuki (Director, Co-Ordination Division, Tax Bureau, Ministry of Finance) YANO Koji (Director, Budget Bureau, Ministry of Finance)
2004/11/02	The continuing evolution of corporate governance in the United States	Thomas A. COLE (Chairman, Executive Committee, Sidley Austin Brown & Wood LLP)

2004/11/01	Promise and pitfalls of the WTO and FTAs: Investment and trade in services	Pierre SAUVE (Consultant, World Bank Institute in Paris)
2004/10/28	The impact of the US presidential election on United States trade policy	Peter COWHEY (Dean, Graduate School of International Relations and Pacific Studies)
2004/10/26	Realignment of professional baseball teams and design of institutional arrangements	Speaker: HIROSE Ichiro (Senior Fellow, RIETI) Commentator: HONMA Kosuke (Director, Y's Sports Inc.)
2004/10/21	The outlook for Japanese-Chinese relations	Reinhard DRIFTE (Visiting Professor, Okuma School of Public Management, Waseda University)
2004/10/06	Currency and monetary cooperation in East Asia	NEMOTO Yoichi (Director, Regional Financial Cooperation Division, International Bureau, Ministry of Finance)
2004/09/30	Japan's incipient transformation	Robert A. MADSEN (Senior Fellow, Center for International Studies, Massachusetts Institute of Technology)
2004/09/09	Current challenges faced by Japanese enterprises and their responses — Japanese corporate theory in a knowledge based economy	SANBONMATSU Susumu (Senior Fellow, RIETI)
2004/09/08	Japanese-style-management: Has it survived? Will it survive?	Ronald DORE (Visiting Fellow, RIETI)
2004/09/02	Energy supply-demand outlook in 2030 and possible scenario for Japan	AKAISHI Koichi (Director, General Policy Division, Director-General's Secretariat, Agency for Natural Resources and Energy, METI)
2004/08/27	White paper on Japanese economy and public finance, 2004	UMETANI Kenji (Director for Macroeconomic Analysis, Director-General for Economic Research, Cabinet Office)
2004/08/24	Evaluation of WTO's framework for establishing modalities in agriculture and of the report on agricultural policy reform by the council of food, agriculture and rural area policies	YAMASHITA Kazuhito (Senior Fellow, RIETI)
2004/08/18	Safeguards under the WTO agreement	Speaker: ARAKI Ichiro (Associate Professor, Yokohama National University) Moderator and Speaker: KAWASE Tsuyoshi (Fellow, RIETI)
2004/08/10	The outline of WTO framework agreement	OGAWA Tsunehiro (Director-General, Multilateral Trade System Department, Trade Policy Bureau, METI)
2004/08/05	International oil market: Politics and economics	Michael LYNCH (President, Strategic Energy & Economic Research Inc. (SEER))
2004/07/27	China's energy and environmental issues	Li Zhidong (Associate Professor, Department of Management and Information Systems Science, Nagaoka University of Technology)
2004/07/14	New currents in the United States	HAYASHI Ryoza (Advisor, Japan Industrial Policy Research Institute)
2004/07/09	Alternative scenarios for Russian economic development	Peter RUTLAND (Professor, Government Department, Wesleyan University)
2004/07/01	Nakagawa report — Toward a sustainable and competitive industrial structure	ISHIGURO Norihiko (Director, Policy Planning and Coordination Division, Minister's Secretariat, METI / ex-Director, Industrial Revitalization Division, Economic and Industrial Policy Bureau, METI)
2004/06/30	Legal decision-making in the Bush White House: Enron, the war on terror, and homeland security	Bradford A. BERENSON (Partner, Sidley Austin Brown & Wood, LLP)
2004/06/11	Background of competitiveness of small and medium-sized enterprises in Italy — The case of the textile and fashion industries	OGAWA Hideki (Director-General for Consumer Policy Department, Commerce and Information Policy Bureau, METI)
2004/06/09	New challenges for Japanese manufacturing industry gearing up for the improved competitiveness — White paper on manufacturing industries of 2004	YOSHIDA Yasuhiko (Special Assistant to Director-General, Manufacturing Industries Bureau, METI)
2004/06/03	North Korea's nuclear arsenal — Is a Libyan solution possible?	Kenneth QUINONES (Director, Korean Peninsula Program, International Action)
2004/05/26	The 2004 presidential campaign and what it means for U.S.-Japan relations	Edward LINCOLN (Senior Fellow, Asia and Economic Studies, Council on Foreign Relations)
2004/05/19	Leadership characteristics for global executives	David BASKERVILLE (President, Baskerville International Limited)
2004/05/18	Comparing institutional reform of NPO in Japan and China	Speaker: Karla W. SIMON (Professor and Co-Director, Center for International Social Development, Catholic University of America) Speaker: Leon E. IRISH (Visiting Professor, Catholic University of America / President, International Center for Civil Society Law) Commentator: DEGUCHI Masayuki (Professor, National Museum of Ethnology)
2004/05/12	Choice as regulatory reform: The case of Japanese corporate governance	Curtis MILHAUPT (Professor of Law, Columbia Law School)
2004/04/26	What is the impact of academic science on industrial R&D in Japan? New evidence from co-publication and patent citation data	Lee BRANSTETTER (Visiting Fellow, RIETI / Associate Professor of Finance and Economics, Columbia Business School)
2004/04/22	Canadian views on the Doha Round and perspectives on building a national trade policy consensus	Speaker: John GERO (Canadian Chief Trade Negotiator, WTO / Assistant Deputy Minister, Trade and Economic Policy, Department of International Trade) Commentator: ARAKI Ichiro (Associate Professor, International Graduate School of Social Sciences, Yokohama National University)
2004/04/20	The Washington consensus and current approaches to development in Asia	Peter McCRAWLEY (Dean, Asian Development Bank Institute)
2004/04/14	Is President Bush destroying the American empire? An update on America's inadvertent empire	Robert DUJARRIC (Visiting Scholar, RIETI)
2004/04/08	Economic reform in North Korea	Marcus NOLAND (Senior Fellow, Institute for International Economics)

Discussion Papers

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

05-E-019	2005/3	Reconsidering the backward vertical linkage of foreign affiliates: Evidence from Japanese multinationals	KIYOTA Kozo, MATSUURA Toshiyuki, URATA Shujiro and WEI Yuhong
05-E-018	2005/3	Why lying pays: Truth bias in the communication with conflicting interests	KAWAGOE Toshiji and TAKIZAWA Hirokazu
05-E-017	2005/3	A deviation measurement for coordinated exchange rate policies in East Asia	OGAWA Eiji and SHIMIZU Junko
05-E-016	2005/3	Live with a quiet but uneasy status quo? — An evolutionary role the appellate body can play in resolution of 'Trade and Environment' disputes	TAIRA Satoru
05-E-015	2005/3	Relationship banking in post bubble Japan: Co-existence of soft and hard budget constraint	ARIKAWA Yasuhiro and MIYAJIMA Hideaki
05-E-014	2005/3	The Asian crisis reconsidered	SHIRAIISHI Takashi
05-E-013	2005/3	Implementation in WTO dispute settlement: An introduction to the problems and possible solutions	William J. DAVEY
05-E-012	2005/3	The role of multinational firms in international trade: The case of Japan	KIYOTA Kozo and URATA Shujiro
05-E-011	2005/3	China's innovation system reform and growing industry and science linkages	MOTOHASHI Kazuyuki and YUN Xiao
05-E-010	2005/3	China's role in the current global economic imbalance	LIU Li-Gang
05-E-009	2005/3	Monetary and fiscal policy in a liquidity trap: The Japanese experience 1999-2004	IWAMURA Mitsuru, KUDO Takeshi and WATANABE Tsutomu
05-E-008	2005/3	The internationalization and performance of Korean and Japanese firms: An empirical analysis based on micro-data	AHN Sanghoon, FUKAO Kyoji and KWON Hyeog Ug
05-E-007	2005/3	Increasing complexity and limits of organization in the microlithography industry: Implications for Japanese science-based industries	CHUMA Hiroyuki
05-E-006	2005/2	The unwinding of cross-shareholding: Causes, effects, and implications	MIYAJIMA Hideaki and KUROKI Fumiaki
05-E-005	2005/2	Do out-in M&As bring higher TFP to Japan? — An empirical analysis based on micro-data on Japanese manufacturing firms	FUKAO Kyoji, ITO Keiko and KWON Hyeog Ug
05-E-004	2005/2	Why did Japan's TFP growth slow down in the lost decade? — An empirical analysis based on firm-level data of manufacturing firms	FUKAO Kyoji and KWON Hyeog Ug
05-E-003	2005/2	An experimental study of leniency programs	HAMAGUCHI Yasuyo and KAWAGOE Toshiji
05-E-002	2005/2	Forbearance impedes confidence recovery (revised)	KOBAYASHI Keiichiro
05-E-001	2005/1	Market dynamics and productivity in Japanese retail industry in the late 1990's	MATSUURA Toshiyuki and MOTOHASHI Kazuyuki
04-E-037	2004/12	Payment uncertainty, the division of labor, and productivity declines in great depressions	KOBAYASHI Keiichiro
04-E-036	2004/12	Two-sided platforms: Pricing and social efficiency (extensions)	Andrei HAGIU
04-E-035	2004/12	Two-sided platforms: Pricing and social efficiency	Andrei HAGIU
04-E-034	2004/11	Science linkages in technologies patented in Japan	TAMADA Schumpeter, NAITO Yusuke, GENBA Kiminori, KODAMA Fumio, SUZUKI Jun and GOTO Akira
04-E-033	2004/11	China's integration in Asian production networks and its implications	Guillaume GAULIER, Françoise LEMOINE and Deniz UNAL-KESENCI
04-E-032	2004/10	A survey of the economic role of software platforms in computer-based industries	David S. EVANS, Andrei HAGIU and Richard SCHMALENSEE
04-E-031	2004/10	Bank regulation and market discipline around the world	HOSONO Kaoru, IWAKI Hiroko and TSURU Kotaro
04-E-030	2004/9	Is financial friction irrelevant to the great depression? — Simple modification of the Carlstrom-Fuerst Model	KOBAYASHI Keiichiro

04-E-029	2004/9	Payment uncertainty and the productivity slowdown	KOBAYASHI Keiichiro
04-E-028	2004/9	Trading company finance and the relationship between trade credit and loans	UESUGI Ichiho and Guy M. YAMASHIRO
04-E-027	2004/8	Corporate finance and human resource management	ABE Masahiro and HOSHI Takeo
04-E-026	2004/8	Transaction services and asset-price bubbles	KOBAYASHI Keiichiro
04-E-025	2004/8	A key currency and a local currency? A simple theoretical model and its welfare implications	KOBAYASHI Keiichiro
04-E-024	2004/7	Monetary policy in the great recession	ARAI Yoichi and HOSHI Takeo
04-E-023	2004/7	Toward a comparative perspective on corporate governance and labour management	Gregory JACKSON
04-E-022	2004/6	Contested boundaries: Ambiguity and creativity in the evolution of German codetermination	Gregory JACKSON
04-E-021	2004/5	The restructuring of Japanese research and development: The increasing impact of science on Japanese R&D	Lee BRANSTETTER and KWON Hyeog Ug
04-E-020	2004/4	Monetary cycles	KOBAYASHI Keiichiro and INABA Masaru
04-E-019	2004/4	What Japanese workers want: Evidence from the Japanese worker representation and participation survey	CHUMA Hiroyuki, KATO Takao and OHASHI Isao
05-J-016	2005/3	The cost and benefit of relaxing floor space ratio requirements in urban centers — Including the impact of congestion charges via ITS	HATTA Tatsuo, KUME Yoshiaki and KARATO Koji
05-J-015	2005/3	Determinants of R&D investment by start-up SMEs	OKAMURO Hiroyuki
05-J-014	2005/3	Determinants of regional variations in the business start-up ratio	OKAMURO Hiroyuki and KOBAYASHI Nobuo
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05-J-012	2005/3	Selection between workouts and court-administered proceedings in corporate financial restructuring	XU Peng
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05-J-010	2005/3	Study on science-technology-industry network: Analysis of Japanese companies' return to core business and absorption of new technologies	SUZUKI Jun and KODAMA Fumio
05-J-009	2005/3	Which industries are most science-based?	GENBA Kiminori, TAMADA Schumpeter and KODAMA Fumio
05-J-008	2005/3	Evolution of "developmental" administration in Malaysia — Focus on institutions and organizations	TORII Takashi
05-J-007	2005/3	Exit or continue? An empirical analysis of SMEs in Ota-ku and Higashiosaka-shi, Japan	HONJO Yuji and YASUDA Takehiko
05-J-006	2005/3	Small enterprise's business exit	HARADA Nobuyuki
05-J-005	2005/3	The WTO dispute settlement mechanism in cases involving "Law as Such" with a focus on U.S. cases	KAWASE Tsuyoshi
05-J-004	2005/3	Competitiveness of the Chinese manufacturers in the digital appliances industry: Limits of combination capabilities for modular product development	NOBEOKA Kentaro and UENO Masaki
05-J-003	2005/3	Innovation and organizational/management reform	SANBONMATSU Susumu
05-J-002	2005/2	Industry-university collaboration and R&D network of SMEs in a transition era of Japan's national innovation system	MOTOHASHI Kazuyuki
05-J-001	2005/1	The GATS structure relating to telecommunications services — WTO panel report on the U.S.-Mexico telecommunications dispute: Impact and issues	KOTERA Akira
04-J-047	2004/12	Overcoming the selection dilemma between existing technology and new technology — The case of Fanuc Ltd.	SHIBATA Tomoatsu and KODAMA Fumio
04-J-046	2004/12	A small-scale microeconomic model for policy evaluation — Evaluating measures to combat global warming in the passenger vehicle sector	FUJIWARA Toru, HASUIKE Katsuhito and KANEMOTO Yoshitsugu

04-J-045	2004/12	Determining factors and countermeasures for the declining fertility rate — The roles of husbands, workplaces, the government and society	YAMAGUCHI Kazuo
04-J-044	2004/12	The realities of “Lifetime Employment” and its changes: Trends from 1945 to 1995	YAMAGUCHI Kazuo
04-J-043	2004/11	The impact of computerization on regular employment	SUNADA Mitsuru, HIGUCHI Yoshio and ABE Masahiro
04-J-042	2004/9	Policy evaluation using a consumer surplus approach	KANEMOTO Yoshitsugu
04-J-041	2004/8	Trading firm finance: The relationship between trade credit and loans	UESUGI Ichiho
04-J-040	2004/8	In which industries does Japan excel? The compatibility between architecture and organizational capability	FUJIMOTO Takahiro and NOBEOKA Kentaro
04-J-039	2004/8	Organizational capabilities of product development: International competitiveness of Japanese automakers	NOBEOKA Kentaro and FUJIMOTO Takahiro
04-J-038	2004/7	Japanese companies operating in South Vietnam	SEKI Mitsuhiro
04-J-037	2004/7	Evolution of the globalization of SMEs: Factors and accomplishments	KAWAI Hiroki
04-J-036	2004/7	A comparative analysis of job entry methods in Japan, the U.S. and Europe	HIGUCHI Yoshio, KODAMA Toshihiro and ABE Masahiro
04-J-035	2004/7	The effects of job entry methods on outcomes in switching jobs	KODAMA Toshihiro, HIGUCHI Yoshio, ABE Masahiro, MATSUURA Toshiyuki and SUNADA Mitsuru
04-J-034	2004/6	Fiscal rules and public expenditure management — Case study (2): New Zealand	TANAKA Hideaki
04-J-033	2004/5	Fiscal rules and public expenditure management — Case study (1): Australia	TANAKA Hideaki
04-J-032	2004/4	Constraints on liquidity for start-ups: Entrepreneurial motivation and the effect of government funding schemes	YASUDA Takehiko
04-J-031	2004/4	Coordination as a political issue: Changing labor-employer relations in a coordinated market economy	KUME Ikuo and Kathleen THELEN
04-J-030	2004/8	Incentive structure of environmental self-compliance of Japanese firms — Empirical analysis based on case studies and questionnaires	TANIKAWA Hiroya

Policy Discussion Papers

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

05-P-001	2005/3	Construction of industrial statistics panel data as part of the Industrial Structure Database	SHIMPO Kazunari, TAKAHASHI Mutsuharu and OOMORI Tami
04-P-008	2004/7	An overview of pop-culture policies	NAKAMURA Ichiya
04-P-007	2004/4	Introduction of direct payment and the reform of farmland policy including permission of entry of corporation	YAMASHITA Kazuhito
04-P-006	2004/4	Thought on food safety and trade	YAMASHITA Kazuhito

METI Journal

METI Journal is a monthly public relations magazine published by the Ministry of Economy, Trade and Industry. RIETI has two regular columns respectively named "Research & Review", written by our researchers about policy issues from professional perspectives, and "Leading edge of Brainstorming", wrap-up of one of the BBL seminars with the highest concerns (<http://www.rieti.go.jp/en/papers/research-review/index.html>).

Mar.05

Leading Edge of Brainstorming	Innovation and competitiveness: The role of trade and industry ministries	Robin YOUNG (Permanent Secretary, Department of Trade and Industry, British Government)
Research & Review	A reading guide to "Fiscal Reforms of Japan: Redesigning the Frame of the State"	TSURU Kotaro (Senior Fellow, RIETI)

Feb.05

Leading Edge of Brainstorming	Local government reform through new public management	OSUMI Soshiro (Professor, Kanto Gakuin University)
Research & Review	Why do government policies fail to promote female participation?	TACHIBANAKI Toshiaki (Faculty Fellow & Research Counselor, RIETI / Professor, Graduate School of Economics / Faculty of Economics Kyoto University)

Jan.05

Leading Edge of Brainstorming	European point of view on globalization	Jacques ATTALI (President, PlaNet Finance)
Research & Review	Source of patented technologies	TAMADA Schumpeter (Fellow, RIETI)
Special Report	The patent system: status and issues	GOTO Akira (Faculty Fellow, RIETI / Professor, Research Center for Advanced Science and Technology, the University of Tokyo)

Dec.04

Leading Edge of Brainstorming	Japan's incipient transformation	Robert A. MADSEN (Senior Fellow, Center for International Studies, Massachusetts Institute of Technology)
Research & Review	Measuring science linkage in four priority technology categories	TAMADA Schumpeter (Fellow, RIETI)

Nov.04

Leading Edge of Brainstorming	International oil market: Politics and economics	Michael LYNCH (President, Strategic Energy & Economic Research Inc. (SEER))
Research & Review	The state and change in the "lifetime employment" in Japan: From the end of war through 1995	YAMAGUCHI Kazuo (Visiting Fellow, RIETI / Professor of sociology, the University of Chicago)

Oct.04

Leading Edge of Brainstorming	Energy and environmental issues in China	LI Zhidong (Associate Professor, Department of Management and Information Systems Science, Nagaoka University of Technology)
Research & Review	Realization of a genuine agricultural structural reforms	YAMASHITA Kazuhito (Senior Fellow, RIETI)

Sep.04

Leading Edge of Brainstorming	New currents in the United States	HAYASHI Ryozo (Advisor, Japan Industrial Policy Research Institute)
Research & Review	Empirical analysis of small business financing	UESUGI Ichihiro (Fellow, RIETI)

Aug.04

Leading Edge of Brainstorming	The 2004 presidential campaign and what it means for U.S. -Japan relations	Edward LINCOLN (Senior Fellow, Asia and Economic Studies, Council on Foreign Relations)
Research & Review	New global and regional imbalances in an era of Asian integration	TANIKAWA Hiroya (Senior Fellow, RIETI) HISATAKE Masato (Senior Fellow, RIETI)

Jul.04

Leading Edge of Brainstorming	What is the impact of academic science on industrial R&D in Japan? New evidence from co-publication and patent citation data	Lee BRANSTETTER (Visiting Fellow, RIETI / Associate Professor of Finance and Economics, Columbia Business School)
Research & Review	Fiscal issues and public awareness	NAKABAYASHI Mieko (Fellow, RIETI)

Jun.04

Leading Edge of Brainstorming	U.S. presidential election and the future of security and foreign policy	WATANABE Tsuneo (Senior Fellow, Office of the Japan Chair, CSIS)
Research & Review	Safeguards under the WTO regime — Realities and problems	KAWASE Tsuyoshi (Fellow, RIETI)

May 04

Leading Edge of Brainstorming	University-industry collaboration as a driving force of university reform?	ISOGAI Keisuke (Director, Earthquake Research Division, Research and Development Bureau, MEXT)
Research & Review	Japanese corporations' incentive structure for voluntary environmental protection activities	TANIKAWA Hiroya (Senior Fellow, RIETI)

Apr.04

Leading Edge of Brainstorming	Economic security: From technology policy perspectives	MURAYAMA Yuzo (Professor, Division of America, Department of Area Studies, Faculty of Foreign Studies, Osaka University of Foreign Studies)
Research & Review	Corporate restructuring and its impact on added-value, productivity, employment and wages	HIGUCHI Yoshio (Faculty Fellow, RIETI / Professor, Faculty of Business and Commerce, Keio University) MATSUURA Toshiyuki (Staff, RIETI)

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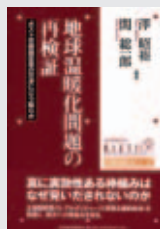
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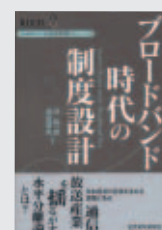
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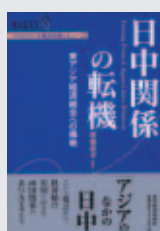
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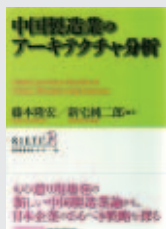
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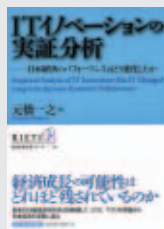
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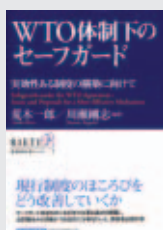
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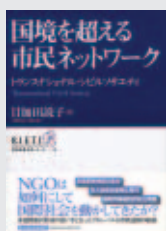
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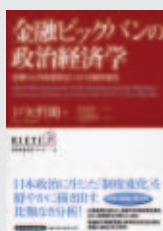
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Written by TOYA Tetsuro
Translation supervised by AOKI Masahiko



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2002/09
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Written and edited by ITOH Hideshi

FINANCIAL STATEMENTS

Review of Financial Reporting for Fiscal 2004

Assets

(1) Depreciation of tangible and intangible fixed assets is computed by using the straight-line method. Estimated useful life of major assets is as follows:

- Building: 15 years
- Equipment: 4 - 8 years
- Software: 5 years

(2) With regard to software, an amount equivalent to the cost of software acquisition for corporate use is reported as part of intangible fixed assets.

Liabilities

(1) In accordance with the Incorporated Administrative Agency Accounting Standards, grants from the government are first recognized as "Reserved Grants for Operational Expenditure" in the Current Liabilities section upon receipt, which are then recognized as revenue in accordance with the progress of specific projects or operations for which the grants are designated. The amount reported in the financial statements represents the remaining outstanding balance—with the amount recognized as revenue deducted—as of term end.

With respect to grant revenue recognition, a percentage-of-completion method based on results accomplished is adopted except for personnel expenses and general administration expenses which adopt a percentage-of-completion method based on term.

(2) Employee retirement bonuses are to be covered by grants for operating expenditures and therefore, in accordance with the Incorporated Administrative Agency Accounting Standards, provisions for employee retirement bonuses are not separately reported. Estimated outstanding obligations for employee retirement bonuses as of the end of the reporting term stand at ¥304,725,899.

Equity

Retained earnings as of the end of fiscal 2004, including ¥10,068,188 in total earnings for the year, totaled ¥21,557,246.

Notes for Incorporated Administrative Agency Accounting Standards

Liabilities

The liabilities section includes two items that represent distinct features of the incorporated administrative agency standards. The first of these is "reserved grants for operating expenditure" in current liabilities. This item consists of the amount equivalent to the grants for operating expenditure total at the time it was received, less the amount recognized as income reflecting the current state of operations.

The second of these is "liabilities invested in capital assets" posted in the long-term liabilities section which represents depreciable assets purchased by grants for operating expenditure in line with the assumptions in the medium-term business plan.

Equity

According to the incorporated administrative agency's accounting standard, the balance between current-term earnings and the carry-forward loss can be utilized for the purposes of surplus funds predetermined in the medium-term objectives with approval from the competent minister. If there is surplus after utilizing for such purposes, the surplus must be treated as reserve.

Balance Sheets (March 31, 2004 and 2005)

(¥)

	FY2003	FY2004
Assets		
I Current Assets		
Cash and Bank Deposits	1,079,313,483	1,055,715,799
Unrealized Income from Research Activities	84,770,000	2,033,356
Inventories	220,458	411,054
Prepayment	511,780	608,770
Consumption Tax Refund Unreceivable	—	943,500
Others	1,365,155	439,174
Current Assets Total	1,166,180,876	1,060,151,653
II Fixed Assets		
1. Tangible Fixed Assets		
Building	15,101,822	15,101,822
Accumulated Allowance for Depreciation	(528,563)	(1,434,672)
Tools, Appliance, and Equipment	16,658,220	18,321,420
Accumulated Allowance for Depreciation	(5,100,759)	(7,744,462)
Tangible Fixed Assets Total	26,130,720	24,244,108
2. Intangible Fixed Assets		
Software	471,744	7,604,890
Intangible Fixed Assets Total	471,744	7,604,890
Fixed Assets Total	26,602,464	31,848,998
Total Assets	1,192,783,340	1,092,000,651
Liabilities		
I Current Liabilities		
Reserved Grants for Operating Expenditure	892,563,295	705,599,423
Deposits Received	5,275,884	7,653,899
Account Payable	246,367,918	318,613,465
Accrued Consumption Tax	1,976,300	—
Accrued Expenses Payable	8,505,324	6,727,620
Others	3,097	—
Current Liabilities Total	1,154,691,818	1,038,594,407
II Long-term Liabilities		
Liabilities Invested in Capital Assets		
Reserved Grants	21,879,876	28,437,464
Value of Donated Goods Put in Reserve	4,722,588	3,411,534
Long-term Liabilities Total	26,602,464	31,848,998
Total Liabilities	1,181,294,282	1,070,443,405
Equity		
I Retained Earnings		
Reserve	1,650,107	11,489,058
Unappropriated Retained Earnings	9,838,951	10,068,188
(Of which, total current-term earnings)	9,838,951	10,068,188
Retained Earnings Total	11,489,058	21,557,246
Total Equity	11,489,058	21,557,246
Total Liabilities / Equity	1,192,783,340	1,092,000,651

Review of Financial Reporting for Fiscal 2004

Ordinary Income

- (1) In fiscal 2004, ¥1.808 billion out of the budgeted ¥1.918 billion was recognized as revenue.
- (2) During fiscal 2004, RIETI undertook a commissioned project: "Case study of support projects for revival of SMEs done by the Council of SMEs revival support in FY 2004" commissioned by the Small and Medium Enterprise Agency, the Ministry of Economy, Trade and Industry.

Net Income and Total Earnings

Net income and total earnings for fiscal 2004 totaled ¥10,068,188 each as compared to ¥1,815,194,484 in total ordinary income which includes ¥1,808,851,012 in grants for operating expenditures and ¥2,033,356 in commissions.

Earnings Statement

Ordinary Expenses Ordinary Income

In the incorporated administrative agency standard organization of earnings statements, expenses are listed at the top, followed by income.

Ordinary expenses include operating expenses and general administrative expenses. Ordinary income includes, in addition to grant for operating expenditure, commissions and financial revenues.

Statements of Income (Years Ended March 31, 2004 and 2005)

(¥)

	FY2003	FY2004
I Ordinary Expenses		
1. Research Expenses:		
(1) Operating Expenses	533,882,864	519,725,419
(2) Personnel Expenses	466,175,344	366,789,174
(3) Depreciation Expenses	203,600	247,814
(4) Others	405,487,280	487,054,250
Total	1,405,749,088	1,373,816,657
2. General Administrative Expenses:		
(1) Personnel Expenses	110,972,868	137,679,492
(2) Depreciation Expenses	2,757,779	3,570,512
(3) Others	267,585,386	289,939,636
Total	381,316,033	431,189,640
3. Miscellaneous Loss	—	119,999
Ordinary Expenses Total	1,787,065,121	1,805,126,296
II Ordinary Income:		
1. Grant for Operating Expenditure	1,704,430,016	1,808,851,012
2. Income from Dissemination of Material		
(1) Editing Fees	1,268,754	429,209
(2) Document Sales	106,000	23,700
Total	1,374,754	452,909
3. Commissioned Research	87,920,000	2,033,356
4. Offsetting Revenues from Reserved Grants	1,650,325	2,507,272
5. Offsetting Amount Corresponding to Depreciation of Donated Goods	1,311,054	1,311,054
6. Financial Revenue		
Interest Received	12,003	13,055
7. Miscellaneous Income	205,920	25,826
Ordinary Income Total	1,796,904,072	1,815,194,484
III Net Ordinary Income	9,838,951	10,068,188
IV Net Income	9,838,951	10,068,188
V Total Earnings	9,838,951	10,068,188

Notes for Incorporated Administrative Agency Accounting Standards

Cash Flows

Cash flow statements for incorporated administrative agencies constitutes a part of the financial statements, and as is the case with private-sector companies, these statements are divided into three areas of cash flows from operational activities (for private-sector companies, operating activities for the purpose of commercial gain), investing activities and financial activities.

Review of Financial Reporting for Fiscal 2004

Costs of Providing Administrative Services

- (1) "Expected Retirement Bonus Increases Not Covered by Reserves" is reported in an amount increased during each reporting year in the pro forma employee retirement bonus obligations based on voluntary retirement.
- (2) An amount listed as "Opportunity Costs for Gratuitous Use of Government Assets," which primarily arises from the use of government building facilities, has been calculated based on rents charged for the use of nearby buildings.

Notes for Incorporated Administrative Agency Accounting Standards

Costs of Providing Administrative Services

The Statement of Costs of Providing Administrative Services is a financial statement required under incorporated administrative agency accounting standards. Its purpose is to combine in one statement the costs (grant for operating expenditure, etc.) borne by taxpayers for the operation of an incorporated administrative agency for thorough information disclosure, and thus to contribute to the appraisal of the service provided to taxpayers. The specific contents of the costs are as follows:

- (1) Expenses listed on the incorporated administrative agency's income statement, less income other than that based on grant for operating expenditure
- (2) Depreciation amount of depreciable assets that has been calculated in accordance with "depreciation accounting procedures for specific depreciable assets"
- (3) Estimated increases in retirement bonuses when reserves are not recorded, in accordance with "accounting procedures for retirement benefits"
- (4) Opportunity costs arising from use of government assets

Statements of Cash Flows (Years Ended March 31, 2004 and 2005)

(¥)

	FY2003	FY2004
I Cash Flows from Operational Activities:		
Expenditures for Purchases of Products and Services	(736,931,191)	(566,836,867)
Personnel Expenses	(635,509,524)	(557,452,156)
Other Operational Expenses	(560,566,221)	(612,807,469)
Grant for Operating Expenditure	1,722,947,000	1,630,952,000
Income from Dissemination of Material	1,374,754	452,909
Income from Commissioned Research	113,145,405	84,770,000
Miscellaneous Income	205,920	25,826
Subtotal	(95,333,857)	(20,895,757)
Interest Reserved	12,003	12,323
Net Cash Provided by Operational Activities	(95,321,854)	(20,883,434)
II Cash Flows from Investing Activities:		
Expenditures for Acquisition of Tangible Fixed Assets	(21,114,122)	(2,714,250)
Net Cash Used in Investing Activities	(21,114,122)	(2,714,250)
III Cash Flows from Financial Activities	0	0
IV Increases in Cash and Cash Equivalents	(116,435,976)	(23,597,684)
V Cash and Cash Equivalents at the Beginning of the Year	1,195,749,459	1,079,313,483
VI Cash and Cash Equivalents at the End of the Year	1,079,313,483	1,055,715,799

Statements of Costs of Providing Administrative Services

(Years Ended March 31, 2004 and 2005)

(¥)

	FY2003	FY2004
I Operating Expenses	1,697,552,444	1,802,601,150
Expenses Listed on Income Statement		
Research Expenses	1,405,749,088	1,373,816,657
General Administrative Expenses	381,316,033	431,189,640
Miscellaneous Loss	0	119,999
Total	1,787,065,121	1,805,126,296
(Deductions)		
Income from Dissemination Activities	(1,374,754)	(452,909)
Income from Commissioned Research	(87,920,000)	(2,033,356)
Income from Financial Activities	(12,003)	(13,055)
Miscellaneous Income	(205,920)	(25,826)
Total	(89,512,677)	(2,525,146)
II Expected Retirement Bonus Increases Not Covered by Reserves	19,956,196	20,755,598
III Opportunity Costs		
Opportunity Costs for Gratuitous Use of Government Assets	143,098,200	143,098,200
IV Total Cost of Providing Administrative Services	1,860,606,840	1,966,454,948

Statements of Appropriation of Retained Earnings (March 31, 2004 and 2005)

(¥)

	FY2003	FY2004
I Unappropriated Retained Earnings	9,838,951	10,068,188
Total Earnings	9,838,951	10,068,188
II Total Appropriations		
Reserve	9,838,951	10,068,188

An Incorporated Administrative Agency (IAA) is required by law to submit itself to evaluation by a third-party organization (as stipulated by Article 12 of the law concerning the General Rules of the Incorporated Administrative Agencies). The Incorporated Administrative Agency Evaluation Committee, which evaluates the activities of IAAs affiliated with the Ministry of Economy, Trade and Industry, assessed RIETI's performance for fiscal 2004. The result of the Committee's general evaluation was that "RIETI fulfilled its mission effectively and energetically. Its research results had made brilliant accomplishments. The quality of research, research results, and utilization of research results had been given higher marks from different stakeholders", and they rated RIETI with A on a scale from AA to D. The A-rating signifies that we are on track to accomplishing our mid-term plan that was set as a goal to be achieved within the first 5 years from establishment.

Evaluation Item 1

Improvement in the quality of service [A]

As for research activities, the number of published discussion papers and publications exceeded the targeted number, and the rate of residential fellows' contribution in such research results increased. It was pointed out that RIETI's research capability in quantity as well as in quality has improved.

Evaluation Item 3

Finance [B+]

A system that can maintain transparency and efficiency of budget use had been established. Regarding recognition of reserved grants for operational expenditure, the rate of budget implementation was higher than the previous year.

Evaluation Item 2

Efficiency improvement in project management [A-]

It was evaluated that information systems such as the electronic conferencing system for policy research was effectively utilized.

Evaluation Item 4

Other operational management matters and personnel planning [A]

In terms of personnel management, it was highly evaluated that appropriate human resources were acquired and distributed efficiently as well as the effort to develop young researchers.

<Evaluation process>

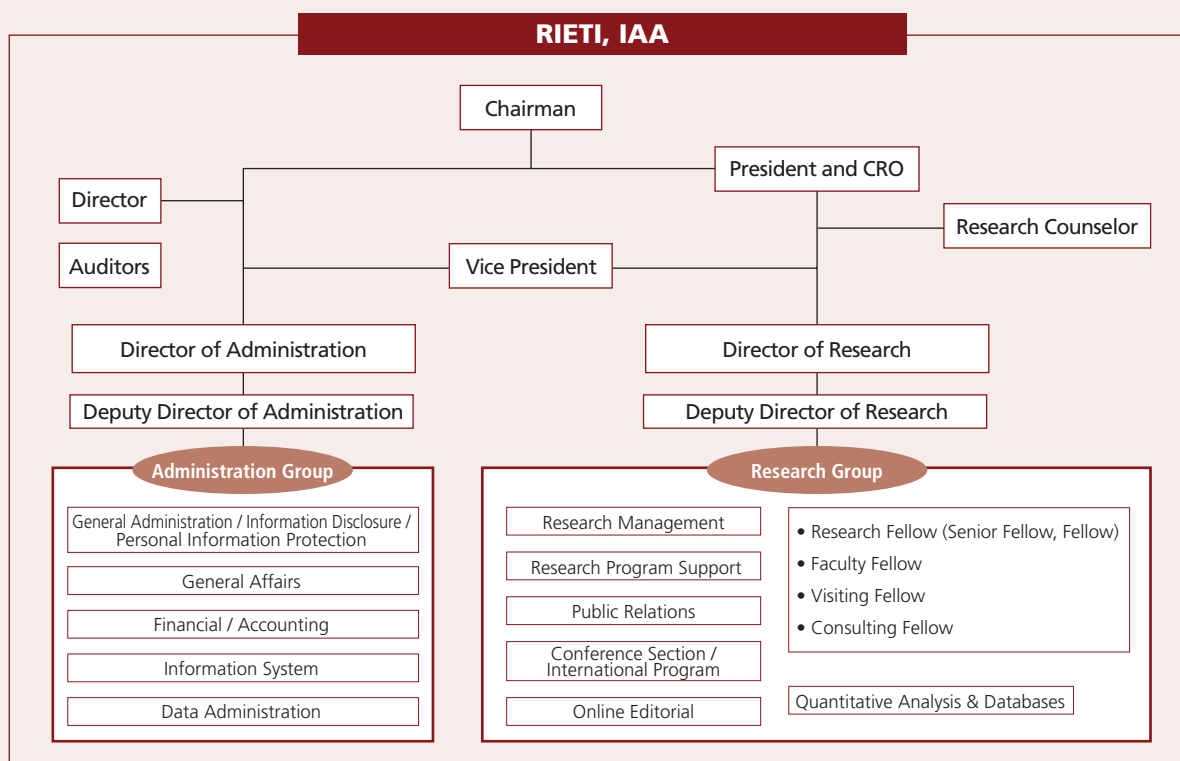
January 14, 2005:	The 12th meeting, the Incorporated Administrative Agency Evaluation Committee's Subcommittee for RIETI
February - May 2005:	A questionnaire survey for RIETI's performance was conducted
April - May 2005:	Self-evaluation within RIETI was carried out
June 1, 2005:	The 13th meeting, the Incorporated Administrative Agency Evaluation Committee's Subcommittee for RIETI
July 8, 2005:	The 14th meeting, the Incorporated Administrative Agency Evaluation Committee's Subcommittee for RIETI

LIST OF FELLOWS

Name/Title/ Concurrent post	Research Areas	Research Projects at RIETI < > means the fellow is a leader of the project, () means the fellow is a participant of the project (April 2004 - March 2005)
President / Chief Research Officer		
YOSHITOMI Masaru	International macroeconomics, International finance, Regional integration, Currency adjustment	—
Research Counselor		
YOSHIKAWA Hiroshi	Macroeconomics, Japanese economy	—
HATTA Tatsuo	Microeconomics, Public economics, Urban economics	<A scholarly consideration of institutional design in electricity market reform> <East Asian economic integration and Japan's urban agglomeration>
TACHIBANAKI Toshiaki	Labor economics, Public economics	<The optimum national tax-and-social-insurance burden> <Study on equal participation of men and women in society, and on increasing women's effectiveness> <Developmental life stages of SMEs and venture businesses>
ITAMI Hiroyuki	Business administration, Corporate economics	—
TANAKA Akihiko	Theoretical and empirical analysis of the global system, International political relation in modern-day East Asia	—
Vice President		
TANABE Yasuo	Energy policy, Environment policy, Trade policy	—
Senior Fellow		
UEMURA Shuichi	Macroeconomic policy, Financial system, Aging society and decreasing birth rate, Regional economics, Real estate market	<A study of regional finance>
KODAMA Toshihiro	Industrial clusters focusing on "TAMA" (Technology Advanced Metropolitan Area) , Labor mobility, Japanese industrial policy	<A study of labor mobility> <Study on industrial clusters focusing on TAMA (Technology Advanced Metropolitan Area)>
SANBONMATSU Susumu	Asian economy, Corporate management	<Innovation, organizational reform, and human-resource development in the knowledge-based economy era> (Study on the science-technology-industry network)
TANIKAWA Hiroya	Asian policy and economy, Regional economic integration, Environment & energy policy, Transition economies and development economics	<An analysis of East Asia's trade and investment structure>
TSURU Kotaro	Corporate governance, Financial system (e.g. banking), Employment system, Political economics	<Governance of banks: From a perspective of depositor discipline>
HISATAKE Masato	Trade policy, Urban and industrial agglomerations, Securitization	<A study of liquidity and liquidation/securitization> <East Asian economic integration and Japan's urban agglomeration> <Innovation, organizational reform, and human-resource development in the knowledge-based economy era> (Governance of Japanese corporations: Opening its black box) (Study on the science-technology-industry network)
HIROSE Ichiro	Sports industrial policy	<Sports policy>
YAMASHITA Kazuhito	Agricultural policy	<Trade and agriculture (food safety)> <Trade and the environment>
LIU Li-Gang	International trade, International finance, Decentralization of finance, East Asian economy	<Liberalization of trade in financial services and the effectiveness of capital regulation in China>
THORBECKE, Willem Hendrik	Monetary economics, Public finance economics, International economics	<Quantitative analysis of the impact of currency revaluation for East Asian economies>
Fellow		
UESUGI Iichiro	Monetary policy, Financial market, Macroeconomics, Corporate finance	<A study of corporate finance> (A study of corporate governance)
KAINOU Kazunari	Econometrics, Institutional design engineering, Sustainable development issues (climate change, energy, food supply, etc.)	<A study of measures for improving the precision of the general energy statistics>
KOBAYASHI Keiichiro	Endogenous growth theory, the General equilibrium, Business cycles, Bad debt problem, Debt-control policy, Macro-political economy	<The connection between the dynamics of public debt, prices, and exchange rates and the real economy>
TAKIZAWA Hirokazu	Comparative institutional analysis, Game theory (especially with boundedly rational agents), Experimental game theory	<A theoretical and empirical study of the industrial economics of product and process architecture>
TAMADA Schumpeter	Science and technology policy, Science linkage of Japanese patents, University-industry relationships	<Study on the science-technology-industry network>
NAKATA Daigo	Macroeconomics, Endogenous economic growth, Social security, Numerical simulation, Sustainable pay-as-you-go pension system, Gender-equal society	<Study on the social security system> <Employment of older workers in Japan: Analysis on the effectiveness of employment management, employment policies, and pension systems>
NAKABAYASHI Mieko	International comparison of budgeting, fiscal policy issues, and legislative infrastructure, Policy-making and Politics in the U.S.	<The U.S. federal budget process>
HAGIU, Andrei	Industrial organization and applied theory, Behavioral economics, Law and economics, International trade and finance, Corporate finance	<Strategic management of industrial policy and intellectual property rights in a global market> <Innovation and regulation in multisided markets>
Research Associate		
TOYA Riina	Comparative cultural history	<Study on the role of culture in international competitiveness>
Faculty Fellow		
AKAI Nobuo	Public economics, Public finance, Local public finance, Urban economics	<Public private partnership under decentralized fiscal system; Empirical research on the current status, role and the governance system of local government special accounts and local extragovernmental organizations>
ABE Masahiro	Labor economics	(A study of labor mobility) (A study of corporate governance)

Name/Title/ Concurrent post	Research Areas	Research Projects at RIETI <> means the fellow is a leader of the project, () means the fellow is a participant of the project (April 2004 - March 2005)
Faculty Fellow		
ARIKAWA Yasuhiro	Theoretical and empirical analysis of corporate finance and corporate governance	<A study of corporate governance>
ITAMI Hiroyuki	Business administration, Corporate economics	—
ITO Takatoshi	Monetary policy, Japanese economy, International finance	<The optimum exchange rate regime for East Asia>
URATA Shujiro	International economics, Development economics, Industrial organizational theory	<Study group on the internationalization of Japanese business>
OGAWA Eiji	International currency, International finance	<The optimum exchange rate regime for East Asia>
OKUNO (FUJIWARA) Masahiro	Applied microeconomics, Microeconomic theory, Game theory	<A theoretical and empirical study of the industrial economics of product and process architecture>
KANEMOTO Yoshitsugu	Urban economics, Public economics, Transportation economics	<Micro-model for policy evaluation>
KARIYA Takeaki	Financial engineering	<A study on the relationships between intangible assets and corporations' value-creating potential>
KAWAGOE Toshiji	Empirical economics, Bounded rationality, Game theory, Comparative institutional analysis, Mechanism design theory	<An experimental economic approach to institutional design>
KAWASE Tsuyoshi	International economic law, Trade policy	<Current status of and prospects for the multilateral trade system> <The implementation issue in the WTO dispute settlement mechanism>
KIYOTA Kozo	Applied general equilibrium model and its application, Effects of bilateral and multilateral FTA, Intra-firm trade and direct investment & productivity growth, Spillover of R&D and productivity growth	<Study group on the internationalization of Japanese business> (Development of a RIETI manufacturing database and study of productivity by industry)
KUROSAWA Masako	Labor economics, Applied econometrics	<Employment of older workers in Japan: Analysis on the effectiveness of employment management, employment policies, and pension systems>
KODAMA Fumio	Innovation studies, Technology management, Science and technology policy	<Study on the science-technology-industry network>
KOTERA Akira	International law, International economic law, WTO system	<Current status of and prospects for the multilateral trade system> (The implementation issue in the WTO dispute settlement mechanism)
GOTO Akira	Economic analysis of technology innovation, Economic analysis of competition policy	<Study on the science-technology-industry network>
KOBAYASHI Takao	Monetary economics	<A study of liquidity and liquidation/securitization>
XU Peng	Corporate finance, Corporate governance, Law and economics	<A study of corporate governance> <Corporate rehabilitation in Japan and other areas of East Asia: An international comparison> (A study of corporate finance)
SHIRAIISHI Takashi	Government and politics in East Asia, International relations	<Technocracy in the ASEAN democracies>
TAIRA Satoru	International Economic Law	<Trade and the environment>
TACHIBANAKI Toshiaki	Labor economics, Public economics	<The optimum national tax-and-social-insurance burden> <Study on equal participation of men and women in society, and on increasing women's effectiveness> <Developmental life stages of SMEs and venture businesses>
TANAKA Kazuhiro	Corporate governance, Leadership	<Governance of Japanese corporations: Opening its black box>
TANAKA Makoto	Competition & regulation policies in power industry, Industrial organization theory	<A scholarly consideration of institutional design in electricity market reform>
CHUMA Hiroyuki	Labor economics, Theoretical economics, Role of skilled production workers in innovation processes, Sources of international competitiveness in manufacturing industries	<Survey and analysis of determinants in the international competitiveness of Japan's semiconductor industry>
TSUTSUI Yoshiro	Financial & behavioral economics	<A study of regional finance>
TORII Takashi	Comparative politics in Southeast Asian countries, Political party and electoral system, Islamic politics, Center-local relations	<Technocracy in the ASEAN democracies>
NOBEOKA Kentaro	Evaluation for new industry, Product development, Corporate strategy, Organization management	<A theoretical and empirical study of the industrial economics of product and process architecture>
HATTA Tatsuo	Microeconomics, Public economics, Urban economics	<A scholarly consideration of institutional design in electricity market reform> <East Asian economic integration and Japan's urban agglomeration>
HIGUCHI Yoshio	Econometrics, Labor economics	<A study of labor mobility> <Employment of older workers in Japan: Analysis on the effectiveness of employment management, employment policies, and pension systems>
FUKAO Kyoji	International economics, Macroeconomics, Economic analysis of direct investment	<Development of a RIETI manufacturing database and study of productivity by industry> (Study group on the internationalization of Japanese business)
FUKAO Mitsuhiro	International finance theory, Finance theory, Corporate governance	<Study on the social security system>
FUJIMOTO Takahiro	Technology and production management, Evolution of manufacturing system, Humanization of assembly operations, Dynamics and inter-industrial comparison	<A theoretical and empirical study of the industrial economics of product and process architecture>
MIYAGAWA Tsutomu	Analysis of corporate behavior and industry structure, Asian economy	<Development of a RIETI manufacturing database and study of productivity by industry>
MIYAJIMA Hideaki	Economic history of Japan, Corporate finance, Corporate governance	<A study of corporate governance>
MOTOHASHI Kazuyuki	Applied microeconomics, Economic statistics, Econometrics, International comparison of productivity, Economic analysis of information technology, Innovation and growth of economy, Innovation system theory, Industrial input-output analysis	<Regulation of the retail sector, market competition, and productivity> <An international comparison of productivity in East Asia (ICPA)> <Innovation and external partnerships in research and development> (Study on the science-technology-industry network)

Name/Title/ Concurrent post	Research Areas	Research Projects at RIETI < > means the fellow is a leader of the project, () means the fellow is a participant of the project (April 2004 - March 2005)
Faculty Fellow		
YASUDA Takehiko	Analysis of decisive factors for firm-creation and results in the SME sector	<Developmental life stages of SMEs and venture businesses> (A study of corporate governance) (Corporate rehabilitation in Japan and other areas of East Asia: An international comparison)
YANAGAWA Noriyuki	Contract theory, Financial contract, Economic analysis of laws, Economics of liquidity, Game industry	<A study of liquidity and liquidation/securitization> (The connection between the dynamics of public debt, prices, and exchange rates and the real economy) (A study of corporate governance) (A theoretical and empirical study of the industrial economics of product and process architecture)
YAMAGUCHI Fujio	Research on intangible assets and format for performance evaluation and its disclosure for corporations, Performance evaluation of NPOs	<A study on the relationships between intangible assets and corporations' value-creating potential>
WATANABE Tsutomu	Monetary policy under low inflation, Liquidity trap, Currency composition of foreign debts, Impacts of fiscal policy	<A study of corporate finance> (The connection between the dynamics of public debt, prices, and exchange rates and the real economy)
Consulting Fellow		
ADACHI Nobiru	Economic analysis, Economic policy	
ISHIMIZU Yoshio	Social policy, Population theory	
ITO Gakuji	New technology innovation system for reinforcing competitiveness	
IMAMURA Hideaki	Sustainability of public burden	
IWANARI Hiroo	Airline industry, Bidding system	
UENO Asako	Trade policy (regional economic integration)	(The implementation issue in the WTO dispute settlement mechanism)
OKAMOTO Susumu	International economics, Finance	<Research on the trade structure in East Asia - Triangular trade structure (TTS) as a regional manufacturing platform ->
KANEKO Yoshihiro	Pension system, Corporate pension, Medical economics	<Social security research project - Toward an economics of population aging>
KAWASAKI Kenichi	Computable general equilibrium model, Macroeconometric model, Trade and investment liberalization and facilitation, Regulatory reform, Macroeconomic policy, Business cycles, Economic outlook, Household saving behavior, Determination of wages and prices	<Computable general equilibrium model>
KAWABE Eiichiro	Economics, Japanese economy	
KAWAMOTO Akira	Social insurance, Financial issues, Structural reform	
C.H. KWAN	China's economic reform, Regional integration in Asia, Yen bloc	<China in transition>
KURODA Atsuo	Industries and economies of China and Asia, Strategy for Asia for Japanese corporations	
KOBAYASHI Hirokazu	Trade policy (WTO, FTA), Regional integration	
SAITO Keisuke	Chinese economy, Industry-university cooperation in China, Technology policy	
SAKATA Ichiro	Regional cluster, Innovation policy, Tax system, Regional economics	
SHINOHARA Katsutake	Public debts	
SUGAHISA Shuichi	Japanese corporate governance	
TAGUCHI Yasushi	Regional innovation systems	
TANAKA Shigeaki	Japan-China relations, Security issues	
CHIYO Koichi	International economy, Social insurance, Macroeconomics	
TOJO Yoshiaki	Sustainability of economic balance between Japan and the USA, and its adjustment process	<The U.S. current-account deficit-sustainability and adjustment process>
NISHIOKA Takashi	Social insurance	
NISHIMIZU Mieko	Gross national happiness, World economy	<Gross national happiness>
NISHIYAMA Keita	Intellectual assets	
FUJII Toshihiko	Corporate social responsibility, Product related environment regulations	
MORI Kiyoshi	Political, economic, and energy situation analysis in Europe, Middle East, Africa, and Former Soviet Union	
MORIKAWA Masayuki	Economic policy, Industrial organization theory, Labor economics	
YAMAGATA Hiroshi	Research on effective PR method, Research on citizen-participation-type of governmental decision making system, Policy evaluation for environment & energy	<Public input and public information in administrative government: Theory and practice>
YAMAZAKI Nobuhiko	Public pension scheme and private pension scheme in Japan and abroad, Future prospects of pension program	<Social security research project - Toward an economics of population aging>
Visiting Fellow		
JACKSON, Gregory	Corporate governance, Economic sociology, Industrial relations	(A study of corporate governance)
YAMAGUCHI Kazuo	Methods and models for quantitative data analysis (event history analysis, categorical data analysis), Models of purposive social action	



RESEARCH COUNSELOR

To respond to the expansion of the field of research, the promotion of an interdisciplinary approach, and the internationalization of activities, the positions of Research Counselors were created to strengthen the guidance capacity of the President to each fellow. Research Counselors give advice to the President not only in their own areas of expertise listed below, but for cross-disciplinary studies from the perspective of their own fields.

Research Counselor		Field of Expertise
YOSHIKAWA Hiroshi	Professor, Faculty of Economics, the University of Tokyo	Macroeconomics
HATTA Tatsuo	Professor, Division of International Studies, International Christian University	Microeconomics
TACHIBANAKI Toshiaki	Professor, Graduate School of Economics / Faculty of Economics, Kyoto University	Labor Economics, Public Economics
TANAKA Akihiko	Director, Institute of Oriental Culture, the University of Tokyo	International Relations, International Politics

(As of July 2005)

EVALUATION SUBCOMMITTEE FOR THE RESEARCH INSTITUTE OF ECONOMY, TRADE AND INDUSTRY

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

Subcommittee Head: ONO Toshihiko, President and Chief Executive Officer, Nisshin Steel Co., Ltd.

Subcommittee Members: OGASAWARA Naoshi, Partner, Taiyo Audit Corporation

Paul SHEARD, Chief Economist for Asia, Lehman Brothers Japan

NISHIOKA Koichi, Deputy Chief Editorial Writer, Nihon Keizai Shimbun, Inc.

HAYAMI Yujiro, Professor, GRIPS-FASID Joint Programme

FUJIGAKI Yuko, Associate Professor, Graduate School of Arts and Sciences, the University of Tokyo

(As of July 2005)



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