



Fiscal 2009 is the fourth year in RIETI's five-year medium-term plan (which runs from fiscal 2006 to fiscal 2010). In the past year we have continued to focus on deepening our research efforts, but have also directed our efforts toward understanding the impact and future policy issues relating to the economic crisis that erupted in the wake of the Lehman Brothers collapse in 2008.

It has been a productive year at RIETI and our research activities have led to the publication of a similar number of discussion papers in comparison to last year. We have also further enhanced our database in a number of ways including the addition of internationally comparable statistics. Using these newly improved statistics, we released a variety of research results in areas including economic growth, productivity, and globalization.

RIETI symposiums and seminars serve to strengthen international cooperation with overseas institutes while focusing on the important issues at hand. In response to the post-Lehman economic crisis, we held a symposium focusing on domestic labor issues in April and a series of three symposiums in July that served to deepen discussions on the world economic crisis from macroeconomic and international economics perspectives, with respect to the impact the crisis has had on innovation. In addition, our symposium in December, which included experienced professionals from Europe and the United States, raised important issues such as how industrial policies should address significant changes taking place in society.

With respect to our research project entitled "Compilation of the History of Japan's Trade and Industry Policy," revision of the first draft of the final report has been ongoing since the second half of last year.

Our ties with external organizations have also been strengthened further. The joint research relationship established in 2006 between RIETI and the Development Research Center (DRC) of the State Council of the People's Republic of China has seen progress through the mutual publishing of research results and exchange of opinions. Other notable collaborations include: the symposium on intangible assets and corporate performance, which was co-hosted by RIETI and Hitotsubashi University as part of the 2009 Comparative Analysis of Enterprise Data (CAED) Conference—an international conference on corporate data analysis; a symposium on institution-building in Asia in conjunction with the JICA Research Institute; and a symposium on policies for small and medium enterprises jointly hosted with the Institute of Economic Research of Kyoto University.

RIETI remains committed to streamlining its financial and administrative efficiency, while at the same time tightening its internal security systems. We have made significant improvements to lower the ratio of our negotiated contracts and to enhance data management.

In fiscal 2010, RIETI will be taking steps to prepare for its next goals, while building on its accomplishments to date. We look forward to your continued advice and encouragement.

May 2010

OIKAWA Kozo
Chairman



The severe global economic downturn has begun to ease, and the world economy is showing signs of recovery. However, since the turnaround is relying heavily on the fiscal stimulus packages and easy monetary policies of the Chinese and other governments around the world, we are still in an unpredictable situation. In order to overcome this economic crisis and achieve sustainable economic growth, it is essential to correct global imbalances that have been caused by an over-reliance on U.S. demand and reform economic and social structures in each country.

East Asia, including Japan, needs to develop into a mature economic society by transforming itself from an export-oriented "manufacturing powerhouse" to a "creativity powerhouse" or a "world market," comparable to Europe and the U.S. This in turn requires further deepening of current East Asian production networks and developing a network that cultivates and exchanges knowledge throughout East Asia in a wider range of spheres such as economy, industry, commerce, and culture. For Japan to grow with Asia as a major hub in these networks, it's important to attract a variety of talent from around the globe and strengthen agglomeration forces to enhance it as a place for innovation.

I believe RIETI will play an important role in helping Japan achieve this transformation. Addressing a broad array of domestic and international issues as an institute where researchers can simultaneously pursue academic studies and policy research, RIETI is capitalizing on its strength of enabling studies based on reliable empirical data.

In fiscal 2009, RIETI continued to attempt incorporating the perspective of the world economic crisis solution into all of its research projects. Making the most of its inherent mobility, RIETI held a series of symposiums in July in three policy research domains that summarized the results of existing research and discussed the future direction of policy response. RIETI maintains good research and cooperative relationships with CEPR in Europe and DRC in China, and exchanges knowledge with research institutes in South Korea, Taiwan, and Vietnam through mutual workshops, and thus enjoys additional advantages in terms of the diversification and internationalization of its research.

Fiscal 2010 is the final year in RIETI's second medium-term plan. RIETI remains determined to emerge as a platform for the creation and exchange of knowledge.

May 2010

FUJITA Masahisa
President & Chief Research Officer