



INSTITUTE OF  
DEVELOPING  
ECONOMIES

Annual Report

2006

IDE-JETRO

The Institute of Developing Economies is a government-related institution, founded in 1958 to conduct basic and comprehensive studies on economic, political, and social issues of developing countries and regions. In the years since then, the Institute has been conducting research on Asia, the Middle East, Africa, Latin America, Oceania, and Eastern Europe, mainly through field surveys and empirical studies. The Institute has also gathered materials and information on these countries and regions, made them available to the public both domestically and outside Japan, and disseminated the findings of its surveys and researches. Since 1990, the Institute has been taking an active part in the education of trainees in the areas of economic and social development of developing countries and regions.

The Institute merged with the Japan External Trade Organization (JETRO) in July 1998. JETRO was reorganized into an incorporated administrative agency in October 2003. The Institute carries on all its activities within this newly organized body, working to strengthen its research activities.



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# Contents

<b>Outline of Projects Implemented in Fiscal Year 2005</b> .....	<b>4</b>
--	----------

<b>Review of Research Activities</b> .....	<b>7</b>
--	----------

<b><i>Priority Projects</i></b> .....	<b>7</b>
---------------------------------------	----------

<b>Studies on East Asian Economic Integration (P. 7)</b>	
--	--

- East Asia's Challenges (I): Economic Integration, Economic Reform, and Institutionalization
- East Asia's Challenges (II): East Asia's Integration and Co-development of Each Economy
- Repercussions of the East Asia FTA on the Japanese and Chinese Economies
- Asian Regional Economic Integration from the Viewpoint of Spatial Economics

<b>Prospects for Economic Relationships among Asian Countries (P. 9)</b>	
--	--

- The Motorcycle Industry in Asia: Prospects for Local Capital Development in the Era of Trade Liberalization
- Evolution of International Division of Labor in East Asia: The Case of the Information Technology Hardware Industries

<b>Studies on the Development Perspectives of CLMV Countries (P. 11)</b>	
--	--

- Prospect for Industrial Development of CLMV Countries

<b><i>Major Projects</i></b> .....	<b>12</b>
------------------------------------	-----------

- Analysis of Current Affairs in Asia
- Projections for the Asian Industrializing Region (PAIR) (IX)
- The Industrial Structure of the Asia-Pacific Region (V)
- Compilation and Application of Trade Indices (III)
- Research Projects Contributing to Japan's Economic Cooperation
  - (1) China's Emergence as an Economic Giant and the World Economy
  - (2) Global Network Economy and East Asian Logistics
  - (3) Myanmar at the Crossroads: Searching for New Initiatives in Myanmar Issues

<b><i>Standby Research for Specific Development Issues</i></b> .....	<b>17</b>
--	-----------

- The New Bush Administration and the Middle East: Terrorism and Democratization
- Challenges of China's New Leadership: With Special Reference to the 11th Five-Year Plan
- Vietnam's New Socioeconomic Development Strategies toward 2010

**ASIA (P. 18)**

***Asia General* (P. 18)**

- Environmental Impact Assessments in Asian Countries
- Recycling in Asia

***East Asia* (P. 19)**

- Korea in the Postcrisis Era: Socioeconomic Challenges for the Mature Stage
- The Formation and Development of Taiwan's High-Tech Industries

***Southeast Asia* (P. 21)**

- Economic Development and National Unity in Malaysia:  
Twenty-two Years under Mahathir's Administration
- Local Enterprises and Industrialization in Vietnam
- Thailand in the Era of Reforms: Political and Administrative Reforms since the 1990s and the Thaksin Administration
- State and Society of Vietnam in the Doi Moi Period
- Impact of the Currency Crisis on the Real Sector in Indonesia

***South Asia* (P. 23)**

- Globalization in South Asia: Its Impact on Employment and Labor Issues
- Changes in Indian Agricultural Villages: A Microeconomic Analysis

**MIDDLE EAST (P. 24)**

- Cleavage Structures and Political Systems in West and Central Asia
- Law and Custom in Real Estate Transactions in Iran
- Development Strategy and Regional Economic Integration:  
The Case of Egypt
- International Relations of Afghanistan with Its Neighboring Countries

**AFRICA (P. 27)**

- Reconsidering Personal Rulership in Sub-Saharan Africa
- Dynamism of Foreign Firms in Sub-Saharan Africa

**LATIN AMERICA (P. 28)**

- Latin American New Primary-Goods Export Economy:  
Structure and Strategy

**GENERAL (P. 29)**

- Changing the Villagers' Economy in Developing Countries through Globalization
- Employment and Social Security in the Newly Industrialized Countries
- Universalization of Primary Education: Mechanism and Policy Tasks
- Globalization and Economic Law Reforms in Developing Countries
- Theories and Realities of Rural Development
- Financial Markets and Money in Developing Countries
- Poverty Reduction through Generating Employment Opportunities
- Macroeconomic Implications of Imperfect Markets in Developing Countries
- Comparison of Industrial Clusters in Asia with Other Regions
- New Issues around Development Studies and Social Welfare Studies
- Decentralization and Local Environmental Policies in Developing Countries
- International Environmental Regime and Developing Countries
- Globalization and Food Safety: Impact on Developing Countries

<b><i>All-JETRO Projects</i></b> .....	<b>36</b>
• Taskforce for Japan-China Economic and Business Cooperation	
<b><i>Collaborative Research</i></b> .....	<b>37</b>
• Japanese Experiences in Local Industrial Development: Lessons for Developing Countries	
• Regional Development Strategy in Southwestern China	
<b><i>Overseas Joint Studies on Economic Development Issues</i></b> .....	<b>38</b>
• Actors in Poverty Reduction in Vietnam	
• Agricultural and Rural Development in Malawi	
<b><i>Commissioned Research</i></b> .....	<b>39</b>
• UNIDO Strategic Research Programme: Optimizing the Impact of Industrial Development on Poverty Alleviation	
• Comparative Study on East Asian and Latin American IT Industries	
• China's Coal Supply Potential and Influence on the World's Coal Market	
• Industrial Waste Management and Recycling in Asia	
• Basic Data Preparation for an Improved Emission Inventory Used for a Forecast Model for Change in Atmospheric Composition	
<b>International Conferences</b> .....	<b>42</b>
<b>IDE Library</b> .....	<b>46</b>
<b>IDE Advanced School (IDEAS)</b> .....	<b>49</b>
<i>Curriculum for the IDEAS Program</i>	
<b>International Research Exchange Promotion Activities</b> .....	<b>56</b>
<b>Seminars and Lectures</b> .....	<b>57</b>
<b>Commendation for Outstanding Publications</b> .....	<b>58</b>
<b>Publications</b> .....	<b>59</b>
<b>Organization</b> .....	<b>64</b>
<i>Organization Chart</i>	
<i>Budget</i>	
<i>Executive Board and Staff</i>	
<b>Appendices</b> .....	<b>70</b>
<i>Visiting Research Fellows during Fiscal Year 2005</i>	
<i>Research Fellows Sent Abroad during Fiscal Year 2005</i>	
<i>Research Projects and Organizers for Fiscal Year 2006</i>	

# Outline of Projects Implemented in Fiscal Year 2005

Research activities are the core activities of the Institute, and every year we are endeavoring to improve these activities. In FY2005 (April 2005–March 2006), approximately 50 research projects were implemented. Most projects are carried out jointly by IDE research staff and outside specialists. The research outcomes are not only disseminated in the form of publications, research papers, and reports, but are also presented at lectures, symposiums, and workshops, posted on the website, and used in lectures in the IDE Advanced School (IDEAS) as well as in research cooperation with other institutions.

At present, the Institute has 153 research staff (as of April 1, 2006). By field of specialization, the majority is in the field of economics, and about 17 percent are engaged in political science. By region of study, one-third of the researchers concentrates on ASEAN countries as their field of study, and the next largest group specializes in the countries and regions of East Asia. In addition, as the IDE is expanding the focuses of its research activities on developing countries throughout the world, there are also staff researchers specializing in regions such as the Middle East, Africa, and Latin America (see the table below).

## Number of Researchers by Region and Field

As of April 1, 2006

	Economy	Politics	Society	Law	Statistics	Environment	Others	Total
<b>East Asia</b>	18	5	2	1	3	2	1	32
<b>Southeast Asia</b>	26	7	4	5	7	1	0	50
<b>South Asia</b>	12	1	1	1	0	0	1	16
<b>Middle East</b>	5	5	3	0	0	0	1	14
<b>Africa</b>	5	3	2	0	0	0	0	10
<b>Latin America</b>	7	2	2	0	0	0	1	12
<b>CIS / Central Asia / Eastern Europe</b>	1	1	1	0	1	0	0	4
<b>Oceania</b>	0	1	1	0	0	0	0	2
<b>Others</b>	9	1	2	0	1	0	0	13
<b>Total</b>	83	26	18	7	12	3	4	153

The Institute carries out a variety of research activities in response to both academic and social needs. We present here research activities carried out in FY2005 in the categories of Priority Projects, Major Projects, Standby Research for Specific Development Issues, Basic and Comprehensive Studies, All-JETRO Projects, Collaborative Research, Overseas Joint Studies on Economic Development Issues, and Commissioned Research.

### *Priority Projects*

The Priority Projects, in view of the importance of their themes, are taken up by the entire Institute. First among these is the three-year project entitled "Studies on East Asian Economic Integration" that started in FY2004. In this project, we completed a study on the institutionalization of regional cooperation, structural reform of each economy, the effects of economic partnership, and the prospects of FTAs in East Asia. Meanwhile, we have also set up research groups to study Asian regional economic integration from the viewpoint of spatial economics as well as to examine the impact of regional integration on each economy.

Second, a project entitled "Prospects for Economic Relationships among Asian Countries" began in FY2003. It consisted of a study on economic cooperation in the area of trade and investment between China and South Asia and between China and ASEAN as well as a study on the international division of labor and local industries in the motorcycle industry and IT industry in the Asian region. The latter study ended this fiscal year, marking the end of the project.

Finally, in the project on "Studies on the Development Perspectives of CLMV Countries," country studies were concluded last year on Vietnam, Cambodia, Laos, and Myanmar. A research group examined the prospects for industrialization of those countries this fiscal year, finalizing all the activities of this project.

- Studies on East Asian Economic Integration (4 themes)
- Prospects for Economic Relationships among Asian Countries (2 themes)
- Studies on the Development Perspectives of CLMV Countries (1 theme)

### ***Major Projects***

The Major Projects are long-term projects carried out by the Institute on an ongoing basis. In FY2005, we continued to work on a project to analyze current affairs in Asia, which is being conducted as a means to grasp the political and economic situations in the various countries. Also, to quantitatively grasp the economic situation of Asian countries and other developing countries, we continued to update data for economic projections on industrial structures and on trade. We also carried out research projects intended to contribute to Japan's economic cooperation.

- Analysis of Current Affairs in Asia
- Projections for the Asian Industrializing Region (PAIR) (IX)
- The Industrial Structure of the Asia-Pacific Region (V)
- Compilation and Application of Trade Indices (III)
- Research Projects Contributing to Japan's Economic Cooperation (3 themes)

### ***Standby Research for Specific Development Issues***

Projects in Standby Research for Specific Development Issues are implemented in order to make prompt and adequate responses to fluid international situations or urgent matters that cannot be incorporated into other research categories, which are set up at the beginning of each fiscal year. In FY2005, analyses were carried out on issues such as "The New Bush Administration and the Middle East: Terrorism and Democratization" and "Challenges for China's New Leadership: With Special Reference to the 11th Five-Year Plan." The ongoing research on "Vietnam's New Socioeconomic Development Strategies toward 2010," which started in February 2006, will publish its report in 2006.

### ***Basic and Comprehensive Studies***

Basic and Comprehensive Studies are research projects delving deeply into a variety of themes being faced by the developing countries and regions in a wide area, ranging from Asia to the Middle East, Africa, and Latin America as well as other regions. In FY2005, we conducted basic and comprehensive studies on 31 themes.

## ***All-JETRO Projects***

The JETRO Headquarters and the IDE set up a system for collaborative projects that take advantage of the human resources and knowledge of both institutions, in order to quickly respond to broad social needs faced by the Japanese government and industries, etc., and to supply information actively. JETRO as a whole is strengthening its functions of information analysis and supply.

## ***Collaborative Research***

The Institute implements collaborative research with other organizations in Japan, such as universities, research institutions, and local governments, capitalizing on the knowledge resources of the respective institutions. In FY2005, we carried out research on “Japanese Experiences in Local Industrial Development: Lessons for Developing Countries” in collaboration with Ritsumeikan Asia Pacific University and also set up a research group on “Regional Development Strategy in Southwestern China” in collaboration with Yamaguchi University.

## ***Overseas Joint Studies on Economic Development Issues***

The Institute carries out Overseas Joint Studies on Economic Development Issues, in which IDE’s senior research fellows sent abroad organize joint research groups with local researchers and disseminate the outcomes locally and elsewhere. In FY2005, overseas joint studies were implemented in Vietnam and Malawi.

## ***Commissioned Research***

The Institute conducts commissioned research at the request of governmental departments/organizations, private companies, and international organizations. In FY2005, five research projects were organized at the request of UNIDO, ECLAC, the New Energy and Industrial Technology Development Organization (NEDO), Japan’s Ministry of Economy, Trade and Industry (METI), and the Japan Agency for Marine-Earth Science and Technology (JAMSTEC).

## ***Evaluation***

In order to ensure that these research activities are evaluated from the third-party perspective, in FY2003 the IDE’s Achievement Evaluation Committee, which is composed of external experts, was established. The target of the committee’s evaluation encompasses all of the research activities of the Institute, including the systems of research implementation, research outcomes, and social contribution, and its evaluations are conducted based on the project categories. Specifically, the final manuscripts submitted by each research group are assessed by two professionals from outside institutions. The results of the evaluations, together with the evaluations of other projects, was published in the “FY2005 IDE Achievement Evaluation Committee Report” (in Japanese).

(Researchers whose affiliation is not specified are staff members of the IDE or JETRO Headquarters, Tokyo)

## Priority Projects

### Studies on East Asian Economic Integration

The current progress in industrial integration and in international networks of production in East Asia has been spurred by intense trade and investment conducted as natural activities of enterprises in this region. So in multilateral negotiations, each country's stance on liberalization of trade and investment has been rather moderate. However, this kind of economic integration was built by taking advantage of economic disparity among countries in the region, which is very different from the EU/NAFTA type of integration, so this may end up producing many problems related to institutional issues for liberalization which are difficult to solve through multilateral negotiation. On the other hand, the expansion of EU/NAFTA has put some countries in East Asia in a disadvantaged position in international trade and investment, and this has caused those countries to rush to bilateral FTAs.

In view of these circumstances, several study projects have been conducted (1) to study the status quo of East Asia's economic integration from the perspectives of *de jure* FTAs and *de facto* integration, (2) to investigate the impact and problems arising from full-fledged East Asia-wide economic integration, and (3) to provide a means of realizing integration. Two study projects which have been completed are "East Asia's Challenges (I): Economic Integration, Economic Reform, and Institutionalization" and "Repercussions of the East Asia FTA on the Japanese and Chinese Economies." Two additional study projects that are still ongoing are "East Asia's Challenges (II): East Asia's Integration and the Co-Development of Each Economy" and "Asian Regional Economic Integration from the Viewpoint of Spatial Economics."

#### East Asia's Challenges (I): Economic Integration, Economic Reform, and Institutionalization

*Organizer:* Daisuke Hiratsuka

We aimed to study three issues. First, we studied "in what sense East Asia has realized a *de facto* economic integration." We found that East Asia's *de facto* economic integration has been realized just in intermediate goods trade because the production networks with production bases located in different countries/cities have been integrated due to low transportation costs.

Second, this study discussed structural problems and structural reform. Existing trade and investment barriers, which create a behind-the-border issue, cause structural reform. We studied to what extent structural reform is progressing in Japan (in agriculture), Malaysia (in automobile industries), and the Philippines (in petrochemical industries). We see that the Philippines will withdraw from the petrochemical industry sooner or later.

Third, we discussed how to institutionalize regional cooperation in East Asia. With regionalization in trade, the costs and benefits extend beyond national boundaries. The unit of the nation is declining in its relative importance; meanwhile, unit of the region is increasing in importance. This raises needs for regional public goods. To put it differently, institutional integration and regional cooperation should be promoted for the *de facto* economic integration in East Asia.

*Coresearchers:* Makoto Anazawa (Otaru University of Commerce), Fukunari Kimura (Keio University), Yoichi Koike (Takushoku University), Nobukazu Taniguchi (University of Tokyo), Nobuaki Hamaguchi (Kobe University), Hikari Ishido (Chiba University); Ikuo Kuroiwa, Yurika Suzuki, Azusa Harashima, Chie Kashiwabara, Nobuhiro Horii, Sanae Suzuki, Maki Aoki, Akira Kajita

## East Asia's Challenges (II): East Asia's Integration and Co-development of Each Economy

*Organizer:* Daisuke Hiratsuka

In recent years, FTAs have proliferated in East Asia. On one hand, this is expected to be a building block in East Asia's integration and East Asian community. On the other hand, due to the mess of different rules such as the rule of origin and liberalization lists (or exclusion lists), there is a possibility of the spaghetti (noodle) bowl syndrome occurring, which raises administration costs for the business sector. In addition, transportation by truck across borders entails complicated procedures and a large amount of time, resulting in high transportation costs. There are many issues that need to be resolved in East Asia to promote integration.

This study discusses what FTA arrangements are necessary so that benefits are equally distributed within the region and so that benefits reach the least-developed countries (LDCs) of East Asia, namely, Cambodia, Laos, Myanmar, and Vietnam. Furthermore, this study will examine whether industry will concentrate in a few countries and whether specialization will occur as regionalization of economies advances further. Our concerns extend to issues such as whether indigenous firms can find business opportunities or not, and how those LDCs can develop together in East Asia's economic integration.

*Coresearchers:* Ken Itakura (Nagoya City University), Fukunari Kimura (Keio University), Nobuaki Hamaguchi (Kobe University), Kazuhiko Yokota (International Centre for the Study of East Asian Development, Kitakyushu); Ikuo Kuroiwa

## Repercussions of the East Asia FTA on the Japanese and Chinese Economies

*Organizer:* Chiharu Tamamura

In East Asia, de facto economic integration has been created through industrial clusters and production and marketing networks initiated by private companies. Entering into the new millennium, FTA negotiations at the bilateral and regional levels have been progressing toward deepening economic integration that is headed toward the final destination of the East Asia Free Trade Agreement (EAFTA). This study hypothesizes that strengthening the economic relations between the two economic giants in East Asia, Japan and China, will have much effect on the forming of EAFTA in the region. The study also focuses on the status quo of economic relations and the prospects for the coming years ahead in East Asia.

Findings of this research project are summarized as follows. First of all, we explain the theoretical meaning of the features expanding and deepening the network of production and marketing in East Asia. This leads to the development of three major aspects mentioned below. First, from the viewpoint of understanding the current economic situation in East Asia and the forecasted effect of FTA in the region, we focused on: (i) trade relations between ASEAN and China and the FTA issues in East Asia, and (ii) effects of EAFTA-incorporated nontariff barriers by a dynamic SCGE model. Second, from the viewpoint of division of labor and trade structure between Japan and China, we did (i) research on trade structure among Japan, China, and ASEAN and quantitative analyses of export competitiveness between Japan and China; and (ii) analyses on the division of labor by trade specialization index in eight major industries between two countries. Third, from the viewpoint of understanding policy implementation and institutional arrangements in China, we analyzed (i) FTA and the foreign investment policies in China, (ii) the impact of China's entry into WTO and the institutional framework toward economic integration in East Asia; and (iii) the process of and impediments to the Closer Economic Partnership Agreement (CEPA).

*Coresearchers:* Fukunari Kimura (Keio University), Koichi Ishikawa (Asia University); Yasuhiro Nimura, Toyojiro Maruya, Yasuo Onishi, Nobuhiro Okamoto, Dai Hakozaiki, So Umezaki, Takayuki Takeuchi, Takeshi Usami, Kumiko Sato

## Asian Regional Economic Integration from the Viewpoint of Spatial Economics

Organizer: Masahisa Fujita

Since the beginning of the 1990s, spatial economics has been studied extensively as a cutting-edge field of economics. It explicitly incorporates "space," which was neglected by traditional economics, into its theory. The dramatic increase in research on spatial economics in the last decade coincided with the globalization and regional integration of the world economy, as represented by the formation of EU and NAFTA.

In East Asia, the evolution of de facto regional integration makes it apparent that traditional theories of international trade are no longer able to explain the actual trade and investment flows in this region. Spatial economics is indispensable for analyzing regional integration in East Asia because the existence of China, which has both abundant low-cost labor and a huge domestic market, requires a theory that incorporates the notion of increasing returns.

This research project aims to analyze regional integration in East Asia from the point of view of spatial economics, thus contributing both theoretically and empirically to studies of regional integration.

In 2005, as the first year of two-year study plan, we put emphases on collecting related information by interviewing various specialists in both the business community and academia. These interviews revealed that the corporate strategies of location decision differ significantly industry by industry and that economic relations in East Asia are changing rapidly due to the rise of China as an economic superpower.

A part of the achievements from the first year of study is published in *Asian Regional Economic Integration from the Viewpoint of Spatial Economics* (JRP Series No. 138).

*Coresearchers:* Nobuaki Hamaguchi (Kobe University), Toshitaka Gokan (Kyoto University), Yoshihiro Otsuji (Ministry of Economy, Trade and Industry); Satoru Kumagai, Akifumi Kuchiki, Toyojiro Maruya, Ikumo Isono

## Prospects for Economic Relationships among Asian Countries

In recent years, Asian countries including China have been seeking a new framework through FTA. ASEAN and China intend to enter into FTAs by 2010, and it is assumed that South Asian countries will also join this tidal stream.

In this study, we have investigated the influence of the above-mentioned tendency on the economic relations between Asian countries and in particular between Japan and Asian countries, and we intend to overview how Japan will accommodate to this tendency. Research experts specializing in area studies attached importance to fact-finding inquiries carried out in field studies and in joint research with research institutions in China and other Asian countries.

The planned time period of this study is three years. We have published the result of our research activity focusing on the relationship between China and other Asian countries in *New developments in economic relations between China and ASEAN: Entering an era of mutual investment and FTAs* (in Japanese, IDE Research Series No. 549). In FY2005 (the third year), two research activities focusing on industry were completed and the results are to be published.

## **The Motorcycle Industry in Asia: Prospects for Local Capital Development in the Era of Trade Liberalization**

*Organizer:* Yuri Sato

The purpose of this study was to demonstrate the differences in corporate growth and industrial development in each Asian country by viewing the motorcycle industry in each country. In analyzing the industry, we focused on the upgrading of capabilities of local companies, the relationship between local and Japanese companies, and the division of work between assembler and supplier companies. Our study covered Japan, Taiwan, China, India, Thailand, Indonesia, and Vietnam. Our major findings are as follows.

We refer to one country's experiences in industrialization and the technological assets of related industries as the "industrial resources" of the country. Countries which accumulated rich industrial resources have turned out competent local assemblers. Japan heads the list, while Taiwan, India, and China are catching up. Local companies in the latter three countries demonstrate different characteristic capabilities, reflecting the distinctive traits of their industrial resources and market conditions. In the countries with less accumulation of industrial resources, like Thailand, Indonesia, and Vietnam, Japanese assemblers have been a driving force in resource accumulation. Under the Japanese assemblers, local component suppliers have devoted their efforts to learning production technology for controlling quality and costs and have upgraded their manufacturing capabilities. We can see features shared in common with component suppliers in Japan as well. However, these suppliers hit the ceiling of capability upgrading due to very limited opportunities for building product development and design capabilities, since the Japanese assemblers grasp the details of component technology. Our study indicates that, in order to break the ceiling, the local suppliers need to seek their own growth strategy, i.e., to export or go overseas with their competence for motorcycle component manufacturing, or to diversify their business into a non-motorcycle industry, such as automobile components, which provides the suppliers with more room for product development.

The outcome of our study is to be published in a book entitled *The motorcycle industry in Asia: The rise of local companies and the dynamism of industrial development* (in Japanese, 2006).

*Coresearchers:* Jun Ohtahara (Toho Gakuen University); Moriki Ohara, Yukihito Sato, Shigeki Higashi, Mai Fujita, Yoshie Shimane

## **Evolution of International Division of Labor in East Asia: The Case of the Information Technology Hardware Industries**

*Organizer:* Kenichi Imai

The development of international production networks in the electronics industry in East Asia has attracted wide attention. The accelerated growth of the industry in the region since the 1990s, however, has had an evidently different significance from the earlier experience, in which the agenda for East Asian industrializing economies was to absorb well-matured technologies. Our research compared the growth of the information technology hardware industries in five East Asian economies, i.e., the Republic of Korea, Taiwan, Singapore, Malaysia, and China, focusing mainly on the roles of local firms as agents of industrialization, with a view to specifying positions of each economy in the international production networks of the industries and identifying factors that explain the different positions of each economy. We took up as case studies the mobile handset industry in Korea, Taiwan, and China, and the personal computer and peripheral industries in Singapore and Malaysia.

Through our comparative study we identified unique development paths of the information technology hardware industries in the five East Asian economies and showed that

competition and cooperation among firms in the region generate dynamism that affects the formation of global industrial landscape. In Korea and Taiwan, major local firms have successfully upgraded their own technological prowess and become innovative players in the international market in terms of product design and/or business model, while they have been following contrasting growth strategies (Korea's OBM versus Taiwan's ODM). In China, fierce competition with major multinationals has been driving local firms to grope for ways toward technological upgrading, leading to further restructuring of corporate and industrial organizations. In contrast to these three economies, the development of the information technology hardware industries in Singapore and Malaysia has been largely driven by major multinationals. In these two countries, multinationals have been promoting technological upgrading by continuously enhancing the roles of their subsidiaries as regional research and development centers. Factors such as (1) path dependency in industrial development, (2) the influence of industrial policy, (3) the roles of domestic market, and (4) interfirm mobilization of human resources explain the diversity found in the paths of industrial development in these economies.

*Coresearchers:* Makoto Abe, Momoko Kawakami, Koichiro Kimura, Satoru Kumagai

## **Studies on the Development Perspectives of CLMV Countries**

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In the 1990s, ASEAN's membership was expanded through the entry of the four CLMV countries (Cambodia, Laos, Myanmar, and Vietnam). This priority project is designed to study various issues that will be faced by these four underdeveloped countries in their efforts to participate in the regional economic cooperation scheme. These countries are all struggling toward industrial development and poverty reduction under the pressure of economic globalization. They are also undergoing a transition from centrally controlled economies to market economies.

In the fourth and last year of the project, FY2005, the one study below was carried out. In addition, the results of our studies on Laos and Myanmar, which were conducted in FY2004, were published under the title of *Laos: Transformation to a market economy under a single-party regime* (in Japanese, IDE Research Series No. 543) and *Myanmar's economy in transition: Market versus control* (in Japanese, IDE Research Series No. 546).

### **Prospect for Industrial Development of CLMV Countries**

*Organizer:* Naoko Amakawa

This study is the last one in the four-year research project entitled "Studies on the Development Perspective of CLMV Countries." The reason why we focused on industrialization in FY2005 is as follows. These economies are transitional economies that are moving toward market economies, and they are also among the least developed economies and are struggling to reduce poverty. Concerning their low national income, poverty reduction cannot be reached without increasing national income. Consequently, CLMV countries must also struggle with universal economic problems such as limited resources and the need to create job opportunity. In addition, there are almost no papers or books that seriously study the industrialization of today's poor countries.

We acquired two results. First, there is no historical precedent where countries in the early stage of economic development, such as CLMV countries, have been capable of tackling industrialization under conditions such as the current global tide of liberalization of trade and investment. As a result, neither the successful experience of East Asian countries nor that of leading ASEAN countries is helpful to CLMV countries. Second, it is true that the

effect of foreign capital-led industrialization is strong when countries are in the early stage of development. However, in order to advance to the next stage of economic development, internal economic actors which succeed the technology from foreign investors are needed. Moreover, in order to fulfill the expanded demand, national companies should be developed.

This study analyzed the present conditions of CLMV countries from the start to the end. We only could present industrialization of today's least developed countries such as CLMV countries as an issue of development economics. We hope that economists specializing in development economics will tackle this point.

*Coresearchers:* Motoyoshi Suzuki (Suzuka International University), San Thein (Myanmar Sugarcane Enterprise, Ministry of Agriculture and Irrigation); Naomi Hatsukano, Toshihiro Kudo, Akie Ishida, Koji Kubo

## Major Projects

### Analysis of Current Affairs in Asia

*Organizer:* Shinichi Shigetomi

Research on political, economic, and social developments in the countries and regions of the Far East, East Asia, Southeast Asia, South Asia, and Central Asia was conducted by the Area Studies Center of the Institute. The results of the research project were published in the *Yearbook of Asian affairs, 2006* (in Japanese) which contains 28 reports concerning current analysis on Asian countries and regions and 4 on wider regional issues such as the current situation of Asian FTAs, ASEAN, the Asian policy of the US, and the impact of the oil price hike on the Asian economy.

Asia in 2005 was characterized by a stable political situation and economic growth. Political and economic integration at the regional level is now taking a shape. The first East Asian Summit symbolizes such a trend. Many countries are still active in making economic agreements, such as FTA and EPA.

China and India have increased in importance in this region. China has expanded its economy nearly 10 percent and has become a major economic partner for many Asian countries. India has shown 8 percent growth and has actively expanded its economic and political relationships in this region.

The outcomes of the research project have also been published in *Ajiken world trends* (monthly journal in Japanese).

*Coresearchers:* Suelo Suelo (Nanzan University), Koji Murata (Doshisha University), Shinichi Koibuchi (Asia University), Mariko Tanigaki (University of Tokyo), Ikuo Iwasaki (Takushoku University), Kumiko Mizuno (Japanese Embassy in East Timor), Mitsue Osada (Tsukuba Gakuin University), Kensaku Mamiya (Osaka University of Foreign Studies), Takeshi Yuasa (National Institute for Defense Studies), Masami Mizuno (Nihon University), Moon Ho-Il (Hitotsubashi University); Sadashi Fukuda, Yasuo Onishi, Michio Kimura, Kazuhisa Matsui, Satoru Okuda, Yuri Sato, Naoko Amakawa, Mayumi Murayama, Hideki Hiraizumi, Shigeki Higashi, Kenichi Imai, Nao Ishizaki, Norihiro Sasaki, Ikuko Okamoto, Tsuruyo Funatsu, Minoru Teramoto, Masashi Nakamura, Yurika Suzuki, Mai Fujita, Emi Kojin, Yoshie Shimane, Etsuyo Arai, Mami Yamaguchi, Haruka Matsumoto, Norihiko Yamada, Toshihiro Kudo, So Umezaki, Momoe Makino, Takayuki Takeuchi, Yuichi Watanabe, Hiroshi Ikegami, Akira Kajita, Kohei Shiino

## Projections for the Asian Industrializing Region (PAIR) (IX)

*Organizer: Mitsuru Toida*

The Asian NIEs, ASEAN, and China attained high economic growth in the latter half of the 1980s and first half of the 1990s, while succeeding in the industrialization of their economies. Although the levels of industrialization differ by economy, these economies can be referred to as the “Asian industrializing region.”

We recognize the increasing importance of studying the Asian industrializing region from a worldwide perspective. In FY1991, we initiated a project entitled “Projections for the Asian Industrializing Region (PAIR).” Using macro-econometric models, the PAIR project aims to analyze the economic structure of the economies of the “Asian industrializing region” and to provide economic forecasts for the economies in the region. We have invited experts to join the project from research institutions in the various countries and areas of the Asian industrializing region as well as from developed economies.

One of the major objectives of the PAIR project is to conduct economic forecasts for the Asian NIEs, ASEAN, and China. We have released our annual forecast for East Asia to the press over the last 22 years.

In the beginning of the 21st century, various FTAs are being proposed in East Asia. We believe an econometrical analysis of these FTAs in East Asia makes an important contribution to understanding the Asian economies as well as to making our economic forecasts for them more accurate. We decided to set up a subproject in PAIR in order to construct a new econometric trade link model to evaluate various FTAs in East Asia. This new subproject was initiated in FY2004 and will be completed in FY2006.

*Coresearchers:* Yoshihisa Inada (Konan University), Koichi Ishikawa (Asia University), Kanemi Ban (Osaka University), Shujiro Urata (Waseda University); Jinichi Uemura, Chinami Yamaji, Mayumi Fukumoto, Hiroko Uchimura, Yusuke Okamoto

## The Industrial Structure of the Asia-Pacific Region (V)

*Organizer: Nobuhiro Okamoto*

The Asian Financial Crisis in 1997 has alarmed us into recognizing the strong presence of international inter-industrial linkages in the Asia-Pacific Region, where the impact of one economy is effectively transmitted to others through the nexus of foreign trade and foreign direct investment. So these days, there is much effort to seek international economic cooperation such as in trade liberalization or regional economic integration, and here the Asian International Input-Output Tables, the principal tool for the quantitative analyses of industrial linkages and spatial configuration in the Asia-Pacific Region, is earning increasing attention.

With the primary mission of studying the economic interdependency in the Asia-Pacific regions, this project has been dedicated to compiling the Asian International Input-Output Table of 2000, following the predecessor 1975, 1985, 1990, and 1995 tables. The newest table to come is expected to offer us a quantitative approach to some of the important economic issues of Asian regions. What follows are the collaborating organizations in this project: Badan Pusat Statistik, Indonesia; The National Economic and Social Development Board, Thailand; The Bank of Korea; National Statistics Office, the Philippines; State Information Centre, China; Taiwan Research Institute; Department of Statistics, Malaysia; Business Research Consultants, Singapore.

This study group was designed to assist the effective operation of the project, with a particular emphasis on (1) the study of issues in and prospects of the Asian International Input-Output Table, and (2) the analysis of industrial structure using the table. In this fiscal year, the 2000 Asian International Input-Output Table was completed and a simple analysis was

conducted thereby. It was found that the influence of the Chinese economy over the Asian region had increased significantly. Also, the explanatory note for the table (Statistical Data Series No. 89) was published for the first time and attached to the data in order to support users' understanding of the tables.

*Coresearchers:* Takao Sano (Gifu Shotoku Gakuen University), Sonoe Arai (Ministry of Economy, Trade and Industry, Japan), Yoshifumi Ishikawa (Nanzan University), Takaaki Okuda (Nagoya University), Masatoshi Yokohashi (Applied Research Institute), Maki Tokoyama (Applied Research Institute); Satoshi Inomata, Makoto Kasahara, Jun Nakamura, Hiroshi Kuwamori, Hajime Sato, Bo Meng

### **Compilation and Application of Trade Indices (III)**

*Organizer:* Yosuke Noda

The purpose of this research project is to focus on the data in conducting an examination of the problems of formulating world trade models, in addition to calculating trade indices and examining their utilization, including their relationship to industrial data. This project continues the previous work of the "World Trade Data System: Arrangement and Its Application," "Estimation and Application of Trade Indices," and "Compilation and Application of Trade Indices II" research projects respectively. This project covers three main fields: (1) problems in the compilation and evaluation of world trade matrices, and the formulation of time series data employing common trade classifications, (2) formulation and evaluation of trade price indices for East Asian countries and regions, and (3) investigation of international comparisons and economic analyses employing various trade indices in addition to trade price indices.

The most important element in formulating trade price indices and substantive world trade matrices is the conversion of the basic data into consistent trade statistics based on trade data from the UN Comtrade Database. With regard to (1), we discussed some techniques for estimation of distributed weights in cross-referencing commodity classification. With regard to (2), we discussed the foundation of export and import unit price indices and the evaluation of their characteristics. With regard to (3), we discussed structure of world trade in East Asian countries and the United States, and also the relationship of mutual dependence in the international electronics products market in Asian countries.

Parts of the outcomes of this year's project were published in a research report entitled "Compilation and application of trade data and trade indices for long-term time series" (in Japanese), compiled by Noda and Kuroko, and a separate volume of the research report entitled "Related trade indices in East Asian countries and regions, and the USA" (in Japanese) edited by Noda and Kuroko.

*Coresearchers:* Soshichi Kinoshita (Sugiyama Jogakuen University), Kyoji Fukao (Hitotsubashi University), Hirokazu Kajiwara (Takushoku University), Masanaga Kumakura (Osaka City University); Hisao Yoshino, Masato Kuroko

## Research Projects Contributing to Japan's Economic Cooperation

### (1) China's Emergence as an Economic Giant and the World Economy

*Organizer:* Reetsu Kojima (Daito Bunka University)

As the Chinese economy is growing rapidly, overseas activities by Chinese enterprises, including acquisition of resources and plant and equipment, are displaying a striking increase especially in recent years. The purpose of our study is to understand the real situation of growing Chinese economy and to analyze China's impact on neighboring countries and regions as well as the overall world economy.

More specifically, we will focus on these following four points. First, our study will provide a basic knowledge to readers concerning the forecast of the medium-range future through analysis of the emergence mechanism of the Chinese economy and some problems accompanying Chinese economic growth. Second, our study will analyze how the high growth of mainland China's economy exerts an impact on economic interrelations in neighboring countries from the viewpoints of trade, foreign investment, and human interchange. Third, the whole East Asian region, as the "world's factory," is now becoming the place with the largest accumulation of foreign currency reserves and the biggest importer of resources. Our study will analyze the influence of this new situation on the world financial and trade markets and the structure of the develop-and-import scheme. Fourth, in order to analyze the influence of high growth of China's economy on other countries and regions, the researchers studying those countries and regions are participating in the research team and collaborating with researchers studying China.

In FY2005 we held several research meetings to develop the team members' shared knowledge and to collect information on the impact on Southeast Asia, South Asia, Latin America, and Africa caused by China's export and investment. In FY2006 we will further develop our research activities, including a fieldwork survey and the publishing of a report before the end of March 2007.

*Coresearchers:* Kumiko Okazaki (Bank of Japan), Kazuko Inoue (Mitsui Global Strategic Studies Institute), Miyo Tsuji (University of Marketing and Distribution Sciences), Koichi Ishikawa (Asia University), Tadashi Masamoto (Daito Bunka University); Takatomo Tozuka, Mayumi Murayama, Etsuyo Arai, Mami Yamaguchi, Katsuya Mochizuki, Nobuhiro Horii, Koichiro Kimura

### (2) Global Network Economy and East Asian Logistics

*Organizer:* Shigeaki Fujisaki

The rise of the global network economy has been induced by the advancement of IT technologies and deregulation. This rise has intensified competition and has fueled drastic changes in the logistics industry. For example, cargo owners (in manufacturing and distribution industries) are concentrating their businesses on core competences to survive the competition. This presents a new business chance to logistic companies, i.e., the third party logistics (3PL).

Although China and East Asian countries have been displaying high economic growth, the growth was greatly advanced by multinational manufacturing companies. These multinationals have a strong incentive to seek a better location for their businesses, which in turn presses local governments to improve infrastructure and regulation. East Asian countries have been competing in constructing airports and seaports; as a result, Singapore and other East Asian seaports lead the world in container throughput.

As the East Asian economic integration comes to the fore, local governments have become aware that they need to prepare for intermodal transportation, i.e., cross-border

infrastructure building, standardized cross-border systems, and authorization of cabotage transportation. From the mid- and long-term perspectives, modal shifts, e.g., road transport to railway or ocean freight, will also be required for the protection of the global environment.

This study project focused on logistics in East Asia (China and ASEAN countries) and clarified challenges that must be addressed by these countries so as to attain sustainable development.

*Coresearchers:* Koichi Ishikawa (Asia University), Toshiki Otaka (NYK Logistics), Sueo Kojima (Kokushikan University), Toru Tatara (ADB Institute), Hirokazu Negishi (Logistics Specialist), Yoshio Miura (Logistics Specialist); Hiroshi Ikegami, Yasuo Onishi

### **(3) Myanmar at the Crossroads: Searching for New Initiatives in Myanmar Issues**

*Organizer:* Toshihiro Kudo

More than 15 years have passed since Myanmar embarked on its transition from a centrally planned economy to a market-oriented one. However, its move to a market economy has stalled since the mid-1990s. Although Myanmar's economy experienced a brief period of growth in the first half of the 1990s, it failed to effect any changes in its economic fundamentals, resulting in mounting structural problems and difficulties.

At the same time, the international community had become divided into the two factions, i.e., pro-sanctions versus pro-engagement. The Western governments not only suspended aid provision but also imposed trade embargos, while neighboring countries including China, India, and ASEAN advocated increased political and economic cooperation with the regime in Yangon. Both approaches seem to have proved ineffective heretofore.

Our study attempts to draw a comprehensive picture of Myanmar's problems by analyzing not only economic and social issues such as poverty, food, energy, infrastructure, and business environment but also international relations. All these problems and issues are intricately intertwined with each other. Only a comprehensive understanding of the nature of Myanmar's issues might enable the international community to assist its future socio-economic development.

*Coresearchers:* IDE research fellows and university professors

## Standby Research for Specific Development Issues

### **The New Bush Administration and the Middle East: Terrorism and Democratization**

*Organizer:* Sadashi Fukuda

The Middle Eastern countries have experienced a turbulent period in the aftermath of 9.11. The War on Terror, the Afghan War, severe disputes between Israel and Palestine, and the war in Iraq—all of them have had a strong impact on the politics in the region. A new peace trend in the Middle Eastern peace process has been created since the death of the former Palestinian leader Yasser Arafat in November 2004. In 2005, many elections took place, such as the parliamentary election in Iraq, the election of the new Palestinian leadership, the Iranian presidential election, and provincial elections in Saudi Arabia. In the meantime, the United States, under the new Bush administration, strengthened its political and military presence in the Middle East, especially in the Gulf region. The administration wishes to promote democracy in the Middle East. However, the people and governments of the region have been reluctant to cooperate with the US policy. This research project aimed to study the current Middle Eastern political situation and the US policy on the Middle East by analyzing the Middle Eastern responses to the US policy.

*Coresearchers:* Masato Iizuka (Tokyo University of Foreign Studies), Akifumi Ikeda (Toyo Eiwa University), Keiko Sakai (Tokyo University of Foreign Studies), Ryoji Tateyama (National Defense Academy in Japan), Koichiro Tanaka (Institute of Energy Economics, Japan); Yasushi Hazama, Hitoshi Suzuki, Hiroyuki Aoyama, Masaaki Watanabe

### **Challenges of China's New Leadership: With Special Reference to the 11th Five-Year Plan**

*Organizer:* Yasuo Onishi

Hu Jintao's government was launched after he acceded to the position of Chairman of the Central Military Commission of Communist Party of China (CPC) at the 4th Session of the 16th Central Committee of CPC held in September 2004. Hu strengthened his foundation through realignment of personnel and hammered out his own original philosophy of policies. However, he is plagued by problems in domestic and foreign affairs carried over from Jiang Zeming's government. In domestic administration, Hu attaches weight to agriculture, agricultural villages, and farmers (*Sannong* problems). But in spite of the reduction of farmers' burden and infrastructure building in villages, discontented farmers who lost their farmland due to land expropriation for estate development joined protest marches that erupted into violence. In the area of diplomacy, Hu is endeavoring to improve China's relationship with Japan under his "new thinking diplomacy," but relations between the two countries have fallen into the worst crisis since the normalization of diplomatic relations, partly due to China's reaction to Japan's political stances, such as that expressed by the prime minister's visit to worship at Yasukuni Shrine. Hu also raised concerns over vulnerable groups and promoted the disclosure of official information. Ironically, this has boosted human rights and political awareness and has become a destabilizing factor.

In this research project, we intended to analyze the problems described above and show how they present challenges to Hu's government, with special reference to the 11th Five-Year Plan. The result has been published as *The challenges of China's Hu Jintao government: The 11th five-year plan and sustainable development* (in Japanese, Current Affairs Report No. 1).

*Coresearchers:* Chen Jianbo (Development Research Center of State Council), Wei Houkai (Institute of Industrial Economics, Chinese Academy of Social Sciences); Norihiro Sasaki, Kenji Otsuka, Nobuhiro Horii

## **Vietnam's New Socioeconomic Development Strategies toward 2010**

*Organizer:* Shozo Sakata (in Hanoi)

In 2006, Vietnam celebrates the success of 20 years of Doi Moi reform. While Vietnam has achieved rapid economic growth, with average annual GDP growth in excess of 7 percent, there still remain many challenges ahead. These challenges include SOE reforms, administrative reforms, human resource development, and environmental protection, all of which are necessary to further pursue "quality of growth." It is predicted that the upcoming five years, from 2006 to 2010, will be the period in which changes in Vietnam's external economic relations bring about various transformations in socioeconomic, administrative, and political spheres. Vietnam is in the process of institution-building in order to prepare to adapt to new external economic conditions.

The principal objective of this research is to review the contents and the processes of formulation of new laws, resolutions, regulations, treaties, and agreements being formulated from the end of 2005 through 2006. The resolution of the 10th Congress of the Communist Party of Vietnam, held in March 2006, is among the most important subjects to be reviewed in this research. The research tries to analyze the Party's, as well as the Government's, directions toward future development. By doing so, the research aims to indicate the prospects and challenges that Vietnam will face in the coming years. The study results will be published in 2006 (in Japanese, Current Affairs Report).

*Coresearchers:* Cu Chi Loi (Vietnam Institute of Economics, Vietnamese Academy of Social Sciences); Mai Fujita, Akie Ishida, Minoru Teramoto, Emi Kojin

## **Basic and Comprehensive Studies**

### **ASIA**

#### **Asia General**

### **Environmental Impact Assessments in Asian Countries**

*Organizer:* Naoyuki Sakumoto

Environmental impact assessments (EIAs), which are considered important in preventing significant environmental impact prior to development projects, were introduced by the United States in 1969. Presently, they are commonly accepted as an effective environmental management instrument both in developed and developing countries throughout the world. However, nearly all developing countries face difficulties in implementing EIAs, and this was our motive for undertaking this research. Because basic research data on EIAs is still scarce, this research project surveyed 10 Asian countries/regions to clarify their institutional setups and studied six themes. The themes are the current situation of strategic environmental assessment (SEA) and the tasks of Japan, biodiversity and EIA, public participation in EIA in China at the local city level, EIA and public participation in Asian countries, input of environmental and social considerations in Japanese ODA projects, and industrialization of Asian countries and EIA with emphasis on the development of ASEAN countries.

Our research revealed that EIAs in Asian countries are positively incorporating new international trends (i.e., adoption of SEA and the protection of biodiversity), but gaps remain between these countries and developed countries. In the public participation-related articles in this project's report, the perception of public participation in EIAs at the local level in China and in ASEAN countries was discussed; however, the levels of democracy and transparency

required by Western standards are not satisfied because of their indigenous political and social climates. The manner of inputting social environmental considerations into development projects has long been disputed; however, guidelines on environmental and social considerations newly introduced by Japan Bank for International Cooperation (JBIC) and Japan International Cooperation Agency (JICA) have shown a way for solving such environmental disputes. The last article in the report on the industrialization of Asian countries and EIAs discusses how the Indonesia-Vietnam model of EIA at the initiation stage of environmental management takes a completely different attitude toward solving environmental problems compared to other countries such as Malaysia and the Philippines. Asian countries are placing more emphasis on the enforcement of EIAs. The research results were printed in a research report in March 2006 entitled "Environmental impact assessments in Asia and associated issues" (in Japanese).

*Coresearchers:* Kenichiro Yanagi (Meiji University), Hidenori Inoue (Meisei University), Kenichi Tanaka (Japan International Cooperation Agency), Shinichi Okuda (Takushoku University); Shigeaki Fujisaki

### **Recycling in Asia**

*Organizer:* Michikazu Kojima

In Asian countries, while recycling on a market basis has so far been performed, a legal system for recycling has been established and the opportunity for recycling is growing. Recycling-related legislation has been already implemented in the Republic of Korea and Taiwan. In China and Thailand, a legal system for promoting recycling is under preparation. However, there is still a shortage of fundamental information such as the capacity of recycling, the recycling rate, and what items are not recycled. When considering international cooperation in the field of recycling, it is necessary to clarify such fundamental information. In this study group, through a field survey and joint research with the University of the Philippines, etc., the situation of recycling in Asia is investigated. Methods for conducting international cooperation will be proposed.

*Coresearchers:* Yoshifumi Fujii (Bunkyo University), Hiroyuki Miyake (University of Kitakyushu), Kenichi Togawa (Kumamoto University), Aya Yoshida (University of Tokyo); Tadayoshi Terao

## *East Asia*

### **Korea in the Postcrisis Era: Socioeconomic Challenges for the Mature Stage**

*Organizer:* Satoru Okuda

Wide attention was given by the media to Korea's rapid economic recovery after the 1997/98 crisis as well as the advent of world-famous enterprises like Samsung. However, behind the bright economic success of the Korean economy after the crisis, there exist several problems: the decelerating trend of economic growth, bipolarization of income distribution, and the burden on families, notably disruption of families induced by increasing divorce. Considering the situation of the Korean economy after the crisis, our authors' major findings were: educated, self-employed males in urban area tend to be promoted in their cluster; "irregular" workers tend to be employed by small businesses, without sufficient legal protection; the social welfare services after the crisis are focused on the low-income group and the middle-income group at the same time, and this is regarded as a result of the compressed pattern of transition of welfare policy targets; employment of the

working poor cluster was unstable even before the crisis, and the government's job placement policy for working poor is generally accepted favorably; a large number of self-employed workers are in fact excluded and do not contribute to the public pension fund, and there is an urgent need for a drastic reform in the pension system; there is an urgent need for restoring a healthy fundamental in public finance, in the face of considerable expenditure-expansion factors such as social welfare and national defense; after the crisis, a rupture of *chaebols* was observed, with the larger groups having strong international competitiveness but the smaller groups being busy mainly in maintaining their businesses; and finally, there is a need for Korea to differentiate its production structure from China, and there is an urgent need for resuming FTA talks with Japan to fully benefit from high-quality intermediates from Japan. To sum up the findings of each chapter, our conclusion is that, as a result of Korea's "hurried" advance to become a developed nation, problems associated with a mature, advanced economy have begun to plague Korea before it solves problems associated with economic backwardness, which it inherited from the era of martial regimes.

*Coresearchers:* Shin Arita (University of Tokyo), Norimichi Goishi (Tokyo Institute for Municipal Research), Chizuru Kabumoto (Sugiyama Jogakuen University), Nobuko Yokota (Yamaguchi University); Makoto Abe, Chonsok Im, Yuichi Watanabe

## **The Formation and Development of Taiwan's High-Tech Industries**

*Researcher:* Yukihito Sato

This research project examined the process and the mechanism of development of Taiwan's high-tech industries. It illustrated that the engineers who received high-level education in Taiwanese and foreign universities and transformed into entrepreneurs have played the most important roles there. They have chosen the most promising way at each crossroads of high-tech industrialization and have constructed the industries we observe today.

The engineers began their attempt at establishment of enterprises around 1970. However, most of their attempts ended in failure mainly because they did not have sufficient resources, particularly money. There were two strategies used to overcome the difficulties; one was alliance with the state. The engineers who desired to build up the semiconductor industry chose this solution. Using the state's resources, they introduced advanced technologies from the United States, developed the technologies by themselves, and established new semiconductor manufacturers such as United Microelectronics and Taiwan Semiconductor Manufacturing.

Another strategy was for the engineers themselves to accumulate resources step by step. This led to establishment of the personal computer industry. Almost all leading companies in Taiwan's PC industry started their businesses with a very small amount of capital. They progressively and swiftly accumulated financial and other resources and enlarged their enterprises in this emerging sector. The accumulation of resources followed several paths. As a result, the industry today includes various business models, such as own brand business, OEM/ODM, and EMS.

**Economic Development and National Unity in Malaysia: Twenty-two Years under Mahathir's Administration**

*Organizer:* Takashi Torii (Meiji University)

Malaysia experienced rapid economic growth and drastic social change under Mahathir's administration from 1981 until 2003. The purpose of our study was to draw a comprehensive picture of Mahathir's regime by analyzing economic development, development policy, and politics during the Mahathir era.

The final report of this two-year research project is composed of three parts. In the first part covering two chapters, we tried to depict the vision envisaged by Mahathir and other political players for the future of the Malaysian nation. Torii (Chapter 1) infers from his summary of major economic and social policies under Mahathir's administration that the former prime minister tried to transform Malaysia into a "developed Islamic nation." Chapter 2 described the political process of the making of the post-NEP economic policy. In the second part of the study, we analyzed economic policies and their outcome. This second part includes analyses of public finance, privatization policy, foreign investment policy, and the Islamic financial system. The last part is focused on the response from society to the government policy. The results of the study will be published in the IDE Research Series (in Japanese) in 2006.

*Coresearchers:* Naoki Soda (Tokyo University of Foreign Studies), Hikari Ishido (Chiba University); Masashi Nakamura, So Umezaki, Satoru Kumagai, Rika Nakagawa

**Local Enterprises and Industrialization in Vietnam**

*Organizer:* Mai Fujita

In Vietnam, the progress of transition to a market economy and international economic integration under Doi Moi (renovation), which started in 1986, has brought about steady growth of local manufacturing enterprises. These enterprises adapted to the new institutional and economic environment and explored new development opportunities in the Doi Moi period, though the pace of their growth has not been as rapid as foreign-invested enterprises. The very process of the development of these local enterprises reflects the changes that have taken place in the Vietnamese economy since the start of Doi Moi. This research project was an attempt to shed light on some aspects of the changes in the Vietnamese economy since the start of Doi Moi, through the analysis of the process of industrial development led by local enterprises.

The project focused on light industries in urban and rural areas, which have experienced rapid growth led by local enterprises. Specifically, we undertook case studies of the following sectors and/or regions/villages: dairy industry, plastic industry, apparel industry, rural industries in Mekong delta region, Dong Ky wooden furniture village in Bac Ninh province, and Bat Trang traditional ceramic village in Ha Noi city. The case studies identified a number of key factors behind the development of local enterprises, including (1) an industrial foundation built prior to Doi Moi, (2) the use of relatively mature technology, which meant relative ease of introduction and application by local enterprises, and (3) development of linkages with domestic and foreign markets. Furthermore, the cases pointed to the dual feature of the Vietnamese economy in the transitional period: on the one hand, international economic integration progressed rapidly, enabling some local enterprises to take advantage of access to advanced technology and information about foreign markets, while on the other hand, the old system still persists in the domestic distribution and financial systems due to

the delay in reforms and liberalization, which act as constraints on the development of local enterprises. The final report of the project is due to be published as a book (in Japanese, IDE Research Series).

*Coresearchers:* Fumi Idei (Researcher on Vietnam's agricultural and rural development); Emi Kojin, Akie Ishida, Futaba Ishizuka

### **Thailand in the Era of Reforms: Political and Administrative Reforms since the 1990s and the Thaksin Administration**

*Organizer:* Yoshifumi Tamada (Kyoto University)

Thailand experienced massive movements calling for political reforms in the 1990s, and the 1997 Constitution is thought to be one of the outcomes of these movements in this "democratization" period. The Thaksin administration was formed in 2001 amid the implementation of these political reforms, and this administration has launched a host of new schemes for reforms up until now.

Whereas research hitherto concerning recent Thai politics has focused mostly on the 1997 Constitution and the problems of Thaksin administration, few studies have been done on the realities of the reforms that reflect both the ideals of the 1997 Constitution and the political compromise in the implementation process. In this research project, we will pick up the process and characteristics of political and administrative reforms of importance (e.g., election system, jurisdiction system, decentralization, education reforms, foreign affairs, etc.) and try to synthesize the impact of these reforms on Thai politics in the long run.

Among our findings in the course of our analysis, we found that the Thaksin Administration aims to re-centralize to modernize the structure of the state, and that the efficacy of reforms in each sector is different. The outcome of this study is due to be published in a book (in Japanese) in 2008.

*Coresearchers:* Akira Suehiro (University of Tokyo), Keiichiro Oizumi (Japan Research Institute), Fumio Nagai (Osaka City University), Nakharin Mektrairat (Thammasat University); Tsuruyo Funatsu, Shinya Imaizumi, Maki Aoki

### **State and Society of Vietnam in the Doi Moi Period**

*Organizer:* Minoru Teramoto

This research program aims to verify Vietnam's situation in the Doi Moi period based on the key phrase of "the relationship between the state and society." With this approach, we can not only reach further understanding on various subjects but also on the characteristics of Doi Moi of Vietnam, because when looking at the Doi Moi process, one sees many aspects of the "relationship between the state and society" in various fields.

In FY2005, members of our study group worked on subjects like labor migration, activity of NGOs, and welfare for handicapped persons (children).

*Coresearchers:* Motoo Furuta (University of Tokyo), Ikuro Takeuchi (Tokyo University of Agriculture and Technology), Misaki Iwai (Kanda University of International Studies), Ari Nakano (Waseda University)

## Impact of the Currency Crisis on the Real Sector in Indonesia

*Researcher: Masami Ishida*

More than eight years have passed since the Asian Crisis erupted in 1997. Many researchers focused on the economic crisis, but it is no longer a matter of concern. There has been little research on its impact on the real sector, although many papers have been written on the factors involved in the currency crisis, the crisis of financial sector, and the social safety net. In this research study, the impact of the currency crisis on the real sector was a subject of deep focus.

In this research study, the impact of the crisis was simply analyzed from the aspects of industrial relations, prices, production, exports, and imports, and the initial main concern was the influence on the real sector of difficulties in opening L/C. As a result of the analysis, it was found that inflationary pressure was relatively higher in the heavy industries, but the reflection of higher costs in prices was suppressed. On the other hand, the increase in the price of agricultural goods surpassed the level of cost-push-up pressure, possibly because of inflation expectations, export inflation, and a paralyzed distribution network.

In the process of this research, several new explanations have been discovered. However, there are still many issues for future study on this topic, including short-term analyses and export and import analyses by country.

## South Asia

### Globalization in South Asia: Its Impact on Employment and Labor Issues

*Organizer: Hiroshi Sato (Tokyo University of Foreign Studies)*

Economic globalization has had a far-reaching impact on the world economy, bringing about multidimensional changes in various sectors including trade, finance, information, and employment. Up until now, however, its impact on employment and the labor situation in developing countries has not been as well researched as other dimensions. In South Asia, as in other regions, globalization has given rise to new industries and created new employment opportunities in sectors such as the IT industry in India and the ready-made garment industries in Bangladesh and Sri Lanka. At the same time, globalization has brought changes in employment practices both in the public and private sectors, resulting in a shrinking of formal employment and an expansion of nonstandard work arrangements. These changes also have important political and social bearings as demonstrated, for instance, in India's 2004 general election, in which the employment problem became one of the major factors propelling the change of government.

In this two-year research project, we have been investigating the issue first through an analysis of employment-related policies and institutions and the structure of labor markets and employment, and secondly by conducting several empirical surveys jointly with South Asian organizations. The outcome of the first year of research was published in two research reports entitled, "Globalization in South Asia: Its impact on employment and labor issues" (in Japanese) and *Employment in Readymade Garment Industry in Post-MFA Era: The Cases of India, Bangladesh and Sri Lanka* (JRP Series No. 140). The topics include a review of recent research, labor migration and well-being, employment creation through poverty reduction schemes, and debates on the reservation policy in the private sector. In addition, the employment issues in the ready-made garment industry in India, Sri Lanka, Bangladesh, and Pakistan in the post Multi-Fiber Agreement (MFA) era were investigated on the basis of fieldwork.

*Coresearchers: Junko Kiso (Ferris University), Takahiro Sato (Osaka City University); Mayumi Murayama, Yoshie Shimane, Etsuyo Arai, Momoe Makino*

## Changes in Indian Agricultural Villages: A Microeconomic Analysis

*Organizer:* Seiro Ito

The study focuses on intrahousehold resource allocation and gender discrimination in rural India. We conducted a joint survey in the backward area of the state of Andhra Pradesh with Mamidipudi Venkatarangaiya Foundation (MVF). Using collected data, we employed several econometric techniques to address the key issues. One of our primary interests is incidence of child labor and its correlates. We uncovered several untold facts, such as higher school enrollment of scheduled castes relative to other castes. We have examined the substitutability between maternal and child time, and the effects of credit constraints. We found credit constraints increase maternal labor supply, which creates a void in domestic labor that is filled by children, especially girls. We have also tested unitary versus collective models and have obtained overall support for the latter. We have confirmed that education and the presence of spouses' fathers to be an important source of spousal bargaining power that helps reduce gender discrimination against daughters. The five-chapter draft is forthcoming in *The Developing Economies*. We would like to thank staff at MVF headquarter and its field offices for their collaboration, and the people in the villages who answered our questions for their patience and generosity.

*Coresearchers:* Nobuhiko Fuwa (Chiba University), Takashi Kurosaki (Hitotsubashi University), Yasuyuki Sawada (University of Tokyo); Kensuke Kubo

## MIDDLE EAST

### Cleavage Structures and Political Systems in West and Central Asia

*Organizer:* Yasushi Hazama

In its second and last year, this project provided partial answers to the research questions initially posed. First, along which cleavages do various social forces in democracies (Turkey, Yemen, and Iraq) compete over the government or voice their opposition? In Turkey, the major cleavage is center-periphery, which is typical among democracies in developing countries. In Yemen, where no strong center has existed historically, regional axes have functioned just like cleavages. In postwar Iraq, confessionalism seems to hold sway; however, what it means differs among different political forces, and it hardly reflects the reality.

Second, in authoritarian regimes (Syria and Kazakhstan), which social forces are able to control or penetrate the state apparatus, and which are excluded from it, and why? In Syria, the Kurds have been institutionally excluded from, and segregated in, the political system. In Kazakhstan, while the president's autocracy has become stronger recently, the regime had adopted the method of control and co-optation. The difference in the style of cleavage manipulation can be accounted for by the size of target ethnic groups, histories of ethnic mobilization, and the prevalence of ethnic segregation in society.

Third, how does the relative importance of major cleavages change over time in societies that are undergoing rapid modernization? From the cases of Turkey, Yemen, and Kazakhstan, it was found that cleavage structures rarely change drastically or endogenously. In the Syrian case too, the cleavage structure in the parliamentary era did not disappear but was reformulated with the introduction of authoritarianism. The importance of cleavages for political competition or autocratic rule thus changed over the medium term due to regime changes or political situations.

*Coresearchers:* Hiroshi Matsumoto (Daito Bunka University), Keiko Sakai (Tokyo University of Foreign Studies); Natsuko Oka, Sadashi Fukuda, Hiroyuki Aoyama, Masaaki Watanabe

## Law and Custom in Real Estate Transactions in Iran

*Organizer: Yoko Iwasaki*

The focus of this project is on the historical development of customary practices in real estate transactions and the related legal systems in Iran and Egypt since the nineteenth century. Iran and the other Middle Eastern countries have formulated their own peculiar legal systems by fusing their traditional legal discipline with modern Europe's legal system, which they imported in modernization era. In the field of real estate transaction, it is said that the Islamic legal system was basically functioning before modernization. However, the old system was not completely demolished by introducing a Western legal system; the two types of legal frameworks have coexisted and influenced each other. We investigate how local customary practices and the traditional (Islamic) way of thought were integrated into a new system in the process of "localization" of the Western legal system.

This project will be completed by October 2006. Research topics picked up so far are as follows: (1) The history of the Egyptian legal system since modernization and the actual practices in application of laws; (2) Written contracts of real estate transactions in nineteenth century Iran; and (3) Changes in laws concerning real estate lease contracts and their influence on the practice of shop-lease contracts in contemporary Iran.

Further investigation will be accomplished by tracing the historical changes in various legal concepts related to real estate transaction. It is expected that this project will clarify how and to what extent Western laws and legal concepts affected traditional practices and people's way of life. The research results will be published in *Asian economies* (monthly journal in Japanese).

*Coresearchers:* Nobuaki Kondo (Research Institute for Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies), Satoe Horii (Tokyo University of Foreign Studies)

## Development Strategy and Regional Economic Integration: The Case of Egypt

*Organizer: Toshikazu Yamada*

Middle Eastern and North African (MENA) countries are now working very seriously to conclude FTAs with the EU and the United States, in addition to concluding regional integration agreements (RIAs) with Arab and African countries (GAFTA, COMESA, Agadir Declaration, etc.).

One of the overarching purposes of these agreements is to implement economic and political reforms in keeping with globalization and regionalization, with the far-reaching aims of sustaining economic growth and reducing poverty.

Throughout this project, special attention is paid to open regionalism, deeper integration, and North-South integration with respect to competitiveness, reduction of transaction costs, credibility gains, and harmonization with global standards (by Yamada) and to reviews of FTA with reference to inter-regionalism (by Suzui). In addition, Tourk conducted a comparative study with East Asian FTAs with special reference to political and historical dimensions, especially the Arab-Israeli conflict.

Country-specific studies are done on circumstances and problems related to implementation of the agreements and benefits from increased trade and foreign investment. Specifically, the comparative studies are on the effectiveness of FTA for Egyptian trade between GAFTA and COMESA (by Noguchi), the effects of FTAs on the Egyptian economy (Watanabe), the QIZ of Egypt and Jordan with USA-Israel (by M. Uchida), the Barcelona process of the EU and Magreb countries (by Fukuda), and Turkey's regional agreements with Central Asian countries (by K. Uchida). The obtained lessons and solutions are numerous regarding the complementarity of production and trade, domestic political economy for protectionism, inefficient resource allocation, and shortage of institutional capabilities.

*Coresearchers:* Kunio Fukuda (Meiji University), Kiyomi Suzui (Hiroshima Shudo University), Khairy Tourk (Illinois Institute of Technology), Katsumi Uchida (Japan International Cooperation Agency), Matsuo Watanabe (Japan International Cooperation Agency); Katsuaki Noguchi, Masanori Uchida

## **International Relations of Afghanistan with Its Neighboring Countries**

*Organizer:* Hitoshi Suzuki

This study project aims at analyzing the newly emerging international relations of Afghanistan with its neighboring countries. The purpose of this project is to clarify the basic conditions for the permanent reconstruction and sustained development of the once totally failed country, with the apt international commitments.

As an example of our activity in the first year of this two-year project, we held a series of interviews with experts on the condition of languages in contemporary Afghanistan, the history of relations between Iran and Afghanistan, and Pak-Afghan relations from Iranian perspectives. Our study topics include the geopolitical character of Afghanistan and its historical changes, new trends in Afghanistan's reconstruction projects and recent wider regional reorganizations, and emerging new relations of Afghanistan with Pakistan, Iran, and Central Asian countries.

We published our tentative results as a study report entitled "Relations of Afghanistan with neighboring countries: Changes after four years of Taliban retreat" (in Japanese). In this report, we tried hard to grasp the drastically changing international relations of Afghanistan as a structural transformation process of multilateral relations with several neighboring countries, surrounded by regional superpowers like China, India, and Russia, in the shade of basic interests of the western world, represented by the United States, EU countries, and Japan.

We also published "Archives of Mitsuo Ozaki in Afghanistan, 1935-38: Field notes of an agricultural advisor from Japan" (in Japanese), which is a rare first-hand document of Afghanistan and its hidden relations with Japan in that era. These two reports will be completely revised next year and published by the Institute.

*Coresearchers:* Manabu Shimizu (Hitotsubashi University), Hiroki Fukamachi (Tokyo University of Foreign Studies), Shohei Komaki (Sophia University), Koichiro Tanaka (JIIME Center, Institute of Energy Economics), Kazushige Shibata (Afghan Network), Akie Okada (University of Tokyo); Madoka Onishi

### Reconsidering Personal Rulership in Sub-Saharan Africa

*Organizer: Akira Sato*

Even now in 2006, a decade and a half after the beginning of democratization in sub-Saharan Africa, most researchers on African politics still hesitate to declare that democratic transitions have been successfully accomplished in the countries of this area. Taking recourse in notions such as “semi-democracies” and “semi-authoritarianism,” scholars of comparative politics have tried to highlight the coexistence of “democratized” institutional procedures and “undemocratic” management and behavior. As this shows us, the ambivalent and hybrid nature of African political regimes is so remarkable that, in future research, this aspect must be emphasized. With the aim of responding to these circumstances, we planned this research project focusing on “rulers” in sub-Saharan Africa, expecting to find a new perspective of analysis on African politics and states. We use here the notion of rulers to refer collectively to kings, presidents, prime ministers, heads of the sole party in Marxist-Leninist states, and heads of military juntas. Except for a few works, including the well-known pioneering work published in 1982 by Robert Jackson and Carl Rosberg which presented the notion of “personal rule,” African rulers have never fully been examined from a scientific perspective. The notion of personal rule, though it could still be useful vocabulary to describe the way of governing in the case of some rulers, seems too narrow to encompass the various forms of rulership. Moreover, we think it is more important to treat the ruler as a system than to treat him/her as an individual. This is to say that we have to take into consideration human networks, institutions, historical background, and external relationships to understand the whole structure of power that makes rulers. In this year, interim case studies were done on Félix Houphouët-Boigny (Côte d'Ivoire), Junéal Habyarimana (Rwanda), Mwai Kibaki (Kenya), Mohamed Siyaad Barre (Somalia), military rulers in Nigeria, and John Garang (South Sudan). The final report will be published in 2007.

*Coresearchers:* Mitsugi Endo (University of Tokyo), Eisei Kurimoto (Osaka University), Takehiko Ochiai (Ryukoku University), Ichiro Majima (Tokyo University of Foreign Studies); Shinichi Takeuchi, Miwa Tsuda

### Dynamism of Foreign Firms in Sub-Saharan Africa

*Organizer: Katsumi Hirano (JETRO Johannesburg)*

The economy of sub-Saharan Africa, which suffered long-lasting stagnation until the 1970s, has abruptly entered a growth path in recent years. This dynamism came through the expansion of FDI inflow promoted by the soaring prices of natural resources. More investment for exploitation and exploration of natural resources, especially crude oil, has flown into the continent, followed by other fields of investment. In short, current economic growth in Africa has been led by the private sector's activities, and not by the public sector or ODA.

For the purpose of depicting the dynamism of contemporary sub-Saharan Africa's economy, our project focused on South African and Chinese firms, which are the most active players now in Africa. We investigated them in the sectors of mining, finance, telecommunication, retail, and construction, and we also investigated new strategies toward Africa on the part of the South Africans and Chinese. The project report was published under the title “The African economy transformed by firms: The expansion of South African and Chinese firms” (in Japanese, Africa Research Series No. 13), which also includes policy recommendations for new types of development assistance in partnership with the private sector.

This project was conducted as a collaboration by JETRO Johannesburg, JETRO Nairobi, JETRO Lagos, the Middle East and Africa Division in the Overseas Research Department of JETRO Headquarters, and IDE-JETRO.

*Coresearchers:* Akio Nishiura (Soka University), Shigeki Okada (JETRO Johannesburg), Shunichi Shinkawa (JETRO Nairobi), Kenichi Nakamoto (JETRO Lagos), Kumiko Watanabe (JETRO Abidjan); Kohtarō Kodama, Takao Seki, Aiko Kamiwazumi, Katsuya Mochizuki, Takahiro Fukunishi

## LATIN AMERICA

### **Latin American New Primary-Goods Export Economy: Structure and Strategy**

*Organizer:* Taeko Hoshino

A recurrence of the primary-goods-export economy is one of the important phenomena observed in the Latin American economy since the 1980s. While the manufacturing sector, which developed under import-substitution industrialization, has suffered a decline due to the economic liberalization in the past two decades, the primary-goods-export industries have experienced steady growth, gaining dynamism from globalization of the economy. The purpose of this research is to study the possibility for sustainable growth of the primary-goods-export industries and their potential to become the axis of economic development in Latin America. Considering that the recurrence has accrued in the midst of the worldwide changes in the structure and strategy of the primary-goods-export industries, for the first year of this two-year project, we focused on changes in aspects such as technology, markets, production and distribution networks, corporate strategies of the world, and the role played by Latin American exporters in these changes. As a result, we edited a data book composed of statistics and analysis on the current situation of principal primary industries of the world and the position that Latin American countries have acquired in those industries. The industries analyzed in the data book are soybeans of Brazil and Argentina, pork meat of Mexico, asparagus of Peru, bananas of Ecuador, wood and pulp of Chile, and petroleum of Venezuela. Our analysis shows that there exist various factors which promote the recurrence of Latin American primary industries, and these factors include WTO and FTAs that lowered the barriers to entry into the developed countries' markets, the technological innovations in IT and transportation which enabled Latin American exporters to access a niche of the world market, and the emergence of China as a principal importer of primary goods from Latin America. Our analysis also shows that successful exporters have a competitive edge in their abundant resource bases, technological capacities, and entrepreneurial mentalities.

*Coresearchers:* Yoichi Koike (Takushoku University), Hidekazu Araki (Kanagawa University); Aki Sakaguchi, Koichi Kitano, Tatsuya Shimizu

## GENERAL

### Changing the Villagers' Economy in Developing Countries through Globalization

*Organizer:* Shinichi Shigetomi

Globalization has connected rural economies in developing countries with markets and capital in developed countries. It has changed the social and economic relationships among actors in rural economies. Some actors have managed to take advantage of market opportunities brought by globalization, while others have failed to do so. The object of this research project is to analyze changes in rural economies brought about by globalization and the mechanism of changes, through observing household economies and market structure.

As the first step of analysis, each researcher set out to grasp the impact of globalization in each country using statistical data. Assuming that globalization exerts an impact on rural households through market mechanisms, first the research organizer analyzed agricultural trade at the global level. Then, coresearchers analyzed markets, production, trade, and infrastructure related to rural economy in each country.

Some of the findings from global-level trade data include the following. First, the rapid growth in the proportion of agricultural trade to domestic supply is clearly observed only in developed countries. Second, this proportion varies greatly from region to region among developing countries. In Latin America, the proportion has been increasing since the 1980s, while in Africa it is decreasing. In Asia, it is slowly increasing, but the change is much less significant compared with other two regions. In any case, the absolute value of agricultural trade is increasing in all regions. Third, agricultural trade is increasing within each region, rather than between the regions.

In addition to the statistical analysis, this research project aimed at developing the research capacity of junior researchers. We conducted joint rural research trips to Thailand and Myanmar in November 2005 and to Shimane Prefecture in Japan in January 2006. Through these trips, senior researchers shared analytical perspectives and rural research methods with junior researchers.

*Coresearchers:* Naoko Amakawa, Azusa Harashima, Emi Kojin, Kensuke Kubo, Ikuko Okamoto, Tatsuya Shimizu, Nanae Yamada

### Employment and Social Security in the Newly Industrialized Countries

*Organizer:* Koichi Usami

While the phenomenon of globalization has been in progress, labor relations have become more flexible and unstable in the newly industrialized countries in Asia, Africa, and Latin America since the 1980s. We can see an increase of the informal sector and the phenomenon of the informalization of the formal sector.

Along with these changes in labor relations, we can observe transformations in labor policies and social welfare policies. Generally speaking, specific social security systems were founded based on specific labor relations. However, because of the transformation of labor relations, existing social security systems came to be unsuited to flexible labor relations. Our study team has following three objectives.

- (1) To clarify the transformation of labor relations and labor conditions in each country.
- (2) To clarify the changes in labor policies and social welfare policies accompanying these transformations.
- (3) To analyze mainly the political factors that contributed to those changes in the policies.

*Coresearchers:* Keiko Hata (Waseda University), Kim Jo-Seol (Shinshu University), Mako Yoshimura (Hosei University), Yukari Sawada (Tokyo University of Foreign Studies), Yasuhiro Kamimura (Hosei University); Kaoru Murakami, Kumiko Makino, Naokatsu Uetani

## **Universalization of Primary Education: Mechanism and Policy Tasks**

*Organizer: Akio Yonemura*

Universalization of primary education has been one of the key international challenges since 1990. However, the prospects for the attainment of this goal are not necessarily bright. In order to analytically comprehend the situation, this study first tries to grasp, from historical and theoretical viewpoints, the experiences of Japan, European countries, and developing countries in universalizing education, although in developing countries efforts to achieve universalization are still underway. Second, based upon the framework abstracted from the foregoing analysis, our study focuses on the development processes and problematic conditions in the countries in the completion stage of the universalization, where the enrollment ratios are 90 percent or higher.

Papers produced by this study will be published in a book entitled "Universalization of Primary Education in the Context of Social and Economic Development." Foreign researchers active at the forefront of this field have contributed to it. The book consists of the following. The Introduction, "Universalization of Primary Education: A Contextual Approach (Yonemura)," is followed by Part I, which deals with historical and theoretical perspectives, including "Chapter 1: Stages of Development in Primary Education: Japanese Experiences" (Kaneko), "Chapter 2: The Process of Universalization in Primary Education: A Historical Comparison of England, Japan, and Mexico" (Yonemura), and "Chapter 3: Political Economy of Universalization in Primary Education" (Kaneko). Part II and Part III deal with case studies in Latin America and Southeast Asia, respectively, including "Chapter 4: Universalization of Primary Education in Latin America: The Poor Results and Their Causes" (Ernesto Schiefelbein), "Chapter 5: Educational Effects of the Compensatory Programs in Mexico" (Muñoz Izquierdo), "Chapter 6: Universalization of Basic Education in Chile and the Voucher System" (Miwa), "Chapter 7: The Development of Primary Education in Thailand and Its Present Challenges: From Quantity to Quality through Effective Management" (Waraiporn Sangnapaboworn), "Chapter 8: Universalization of Primary Education in the Context of Multi-Ethnic Society: The Case of Malaysia" (Sugimura), "Chapter 9: Vietnam's Quest for Universal Primary Education and Analysis of Its Financial Structure" (Ushiogi and Hamano), and "Chapter 10: Universalization of Primary Education and the 'Socialization of Education' Policy in Vietnam" (Noda). The book concludes with "Conclusion: Perspective of the Universalization of Primary Education" (Yonemura).

*Coresearchers:* Morikazu Ushiogi (Obirin University), Motohisa Kaneko (University of Tokyo), Takashi Hamano (Ochanomizu University), Masato Noda (Chubu University), Miki Sugimura (Sophia University), Chiaki Miwa (Nagoya University)

## **Globalization and Economic Law Reforms in Developing Countries**

*Organizer: Shinya Imaizumi*

This study is an effort to illustrate the changes in international rule making and its impact in the context of the economic law reforms in developing countries. The analysis focuses on certain legal areas including contract law, corporate law, financial law, competition law, arbitration, intellectual property rights, and piracy regulations.

Globalization has been a driving force of institutional reforms in developing countries since the 1990s. Reforms are required under the WTO agreements and other trade/investment agreements. Many countries have been obliged to accelerate their institutional reforms by the outbreak of economic crises that spread in Asia and other emerging markets. The World Bank, IMF, and other international institutions have exerted increasing influence on the formulation of the economic policies, laws, and regulations in each country. It is also

observed that the use of legally nonbinding documents is pronounced in many areas, as a method to induce changes in national laws and regulations.

The study also reveals that the developing countries are increasing and deepening their involvement in the international rule-making process in the globally and regionally organized international forums, where efforts are being made to develop ways to reduce the institutional vulnerability of developing countries and to secure effective implementation and enforcement of international rules and standards in each country.

*Coresearchers:* Shoichi Kidana (Waseda University), Makoto Kurita (Chiba University), Soichiro Kozuka (Sophia University), Satsuki Konaka (Waseda University); Hajime Sato, Miwa Yamada, Chie Kashiwabara, Akiko Yanai

### **Theories and Realities of Rural Development**

*Organizer:* Masami Mizuno (Nihon University)

In the context of Japan's international development, the word "rural development" has been used as a synonym for "agricultural development." Only recently, rural development has become recognized as a broader concept which includes interventions for poverty reduction. Once it covers poverty reduction and social development, planners of the rural development need to consider the sociocultural conditions of each rural society where the outsider is trying to intervene. Sociology, anthropology, and area studies have accumulated knowledge of rural societies in developing countries. However, very little of that knowledge has been utilized in planning rural development intervention. This study tries to find a way to utilize the knowledge about rural society into rural development practice.

*Coresearchers:* Shonosuke Tomita (Japan Agricultural Development and Extension Association), Keishiro Itagaki (Tokyo University of Agriculture), Masafumi Ikeno (Koei Research Institute), Kazuko Tatsumi (Yamaguchi University), Eri Sugita (Japan International Cooperation Agency), Kazuhito Suga (Japan International Volunteer Center); Hiroshi Kan Sato, Mitsuki Shiota

### **Financial Markets and Money in Developing Countries**

*Organizer:* Hisayuki Mitsuo

Money serves as a medium of exchange as well as a store of value. The market economy can fully function only if money, as the unit of account, fully plays its proper role. On the other hand, money is created by the provision of credit by banks. Central banks change the quantity of money in financial markets. These changes in the quantity of money have non-neutral effects on real economic activities through institutional factors such as wage-price rigidities.

In developing countries that are moving toward a market economy through liberalization policies for goods and financial markets, the relationship between price and money can be destabilized with a rapid accumulation of financial assets. On the other hand, rapid credit growth amplifies business cycles. Central banks in developing countries face the above challenges. This research project mainly aims to gain a theoretical and empirical understanding of the problems facing developing countries as represented above. The research papers of our project will be published in 2008.

*Coresearchers:* Kaku Furuya (Daito Bunka University), Hidehiko Ishihara (Senshu University), Masaaki Komatsu (Hiroshima University), Masanaga Kumakura (Osaka City University)

## Poverty Reduction through Generating Employment Opportunities

*Organizer:* Tatsufumi Yamagata

Poverty reduction became an ultimate goal of international development, as one of the Millennium Development Goals (MDGs) declared at the Millennium Assembly of the United Nations in 2000. Since then, multilateral and bilateral donors and NGOs have jointly pursued the goals. However, there is a concern that while the goals are clearly spelled out, how to achieve them is not fully understood.

This research project's approach to addressing poverty reduction is a pursuit of ways to create employment opportunities for the poor. Since labor is the only resource possessed by the poor that allows them to earn income, employment is the key.

The term "employment" as used in this research project is defined broadly and includes "self-employment" as well. Nowadays, microfinance is known as an interesting device to facilitate small businesses carried on by the poor. The scope of this project covers both self-employment promoted by microfinance and large-scale employment opportunities created by export-oriented light manufacturing. Prospects for the two types of approaches to create employment opportunities are explored.

In addition, the impact of some specific policies to protect workers' rights and to reduce poverty is examined. Among those policies for protecting workers' rights, legislation of the minimum wage and acceptance of lively labor union activities are intensively studied. Specifically, policies designed for poverty reduction include accurate targeting of aid for the poor, social funds provided by donors and managed by regional communities to alleviate poverty, and policies for handicapped people.

This is a two-year research project, and its immediate output will be a book (in Japanese) to promote better understanding of the issues.

*Coresearchers:* Takeshi Daimon (Waseda University), Akio Nishiura (Soka University); Miki Hamada, Takayuki Higashikata, Soya Mori, Hiroki Nogami

## Macroeconomic Implications of Imperfect Markets in Developing Countries

*Organizer:* So Umezaki

The objective of this research project is to draw more realistic policy implications for developing countries by extending macroeconomic models to reflect some characteristics of developing economies, such as market imperfections and the heterogeneity of economic agents. The focus of our research will be on economic growth, business cycles, changes in industrial structures, and income distribution.

Since the Lucas critique, macroeconomic models have been reconstructed based on well-specified microeconomic foundations. The macroeconomic model which has been developed through this process shares a characteristic economic-model structure called dynamic general equilibrium (DGE). Many of the DGE models have been developed in order to understand economic events in industrial countries. Then, they have also been used to explain economic events in developing countries. Because of the model's development history, the model does not sufficiently reflect the actual situations of developing economies. The available models often include assumptions which extremely simplify actual events. Such simplification is introduced so as to solve the model mathematically. While the simplification is often acceptable for industrial countries' economic models, the same simplification could cause problems, and lead us to wrong conclusions, if it were assumed in an economic model for developing countries. Considering these problems, in this research project, the project members develop DGE models for developing countries and/or conduct numerical analyses based on the improved DGE models in the context of developing countries.

In FY2005, the first year of this two-year research project, we released a part of our research in a book as interim reports.

*Coresearchers:* Kazuhiro Yuki (Kyoto University), Koji Kawabata (Kobe University); Masahiro Kodama, Kozo Kunimune

## **Comparison of Industrial Clusters in Asia with Other Regions**

*Organizer:* Masatsugu Tsuji (University of Hyogo)

In the second year of this two-year research project, we reviewed conditions for formation of clusters, particularly in developing countries. Industrial cluster policy (i.e., the policy for forming industrial clusters) plays an important role in the development of regions in East Asia. Industrial cluster policy is promoted not only in Japan by the Ministry of Economy, Trade and Industry but also in most countries in East Asia, including Malaysia and Singapore. Silicon Valley in the United States and Bangalore in India are well-known success stories of development in information technology. Agglomeration theory and cluster theory explain that an industrial cluster is effective in generating external economies and reducing transportation costs. However, it is necessary that we make clear what the required conditions are for forming a cluster, particularly when discussing growth strategy in developing countries.

In 2005, this research completed the task of constructing a flowchart model to serve as a prototype model for industrial cluster policy in Asia (1) by conducting a comparative analysis of factors in the development of industrial agglomerations (2) that was focused on the manufacturing sector and (3) in Asian countries. The outcome of our research will be published as a book (in English) in 2006.

*Coresearchers:* Aya Okada (Nagoya University), Yumiko Okamoto (Doshisha University), Yoshiaki Hisamatsu (Toyo University); Masahisa Fujita, Akifumi Kuchiki, Kentaro Yoshida, Eiichi Yoshida

*Foreign joint-researchers:* Jobaid Kabir (University of Texas at Austin), David Eaton (University of Texas at Austin), N. S. Siddharthan (Delhi University), Somrote Komolavanij (Thammasat University)

## **New Issues around Development Studies and Social Welfare Studies**

*Organizer:* Soya Mori

Currently, the United Nations (UN) is developing a proposal for an international convention on the rights of people with disabilities, the draft of which is called "Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities." UNESCAP also proposed a new idea called the development approach, in place of the traditional welfare approach, for this area. The World Bank reported that in order to achieve the Millennium Development Goals (MDGs), we should take into consideration the relation between poverty and disability. It can be said that everyone should have the opportunity to increase her or his well-being, regardless of physical conditions such as age or disabilities. The preliminary report of our study has three parts, and contents are as follows.

Part I: The main approaches to "disability and development" have changed from the medical model of disability, where disability is a personal problem that should be normalized and cured, to the social model, where disability is caused by social conditions and the relation between people with impairments and society. The reform of society, not personal medical cure, should be the primary and most important approach to dealing with disability-related

problems. This altered approach to disability is the main important standpoint for considering disability and development. Views on development assistance are reviewed from this standpoint. UNDP's Human Development Indicators are also reviewed in this part.

Part II: This part covers international organizations' approaches to disability, especially the UN's Convention of Rights of People with Disabilities and laws and institutions which support welfare in developing countries. In this part, a case study of legal assistance in China is reviewed.

Part III: To achieve disability-inclusive development, we present the idea that community-based rehabilitation (CBR) could be an important framework and the idea that independent living (IL) should be introduced as a key factor. As an example of a good practice, we review the history of the education for the deaf in West Africa, which has been introduced and managed by deaf people themselves.

*Coresearchers:* Osamu Nagase (University of Tokyo), Nobutaka Kamei (Kwansei Gakuin University), Yukiko Nakanishi (Asia Disability Institute), Kenji Kuno (Japan International Cooperation Agency); Masayuki Kobayashi, Hiroki Nogami

## **Decentralization and Local Environmental Policies in Developing Countries**

*Organizer:* Tadayoshi Terao

Although local governments have been entrusted with many aspects of environmental policy, the enforcement process was often hindered by budget shortages and human resource shortages before decentralization. However, during the process of decentralization, some budgetary and human resources have been transferred from the central to local governments, so that the conditions that hampered the execution of environmental administration by local government are changing drastically.

With the progress of decentralization, local governments gained the ability to introduce environmental policies that were more advanced than the requirements of the central government. On the other hand, there are also examples of local governments placing clear priority on the promotion of industrialization at the cost of environmental protection.

When analyzing the influence of decentralization on the relationship between central and local governments, the role of the local political process concerning "development and the environment" and the local governments' environmental policy and administration are important for gaining an overall view of the environmental policy of each country as a whole.

This research project will attempt to establish a framework for analyzing the effectiveness of local environmental policies in developing countries, by examining the relationship between central and local governments as well as the local governments' environmental policy and administration.

*Coresearchers:* Ryo Fujikura (Hosei University), Yasushi Ito (Chiba University of Commerce); Kenji Otsuka, Michikazu Kojima

## **International Environmental Regime and Developing Countries**

*Organizer:* Katsuya Mochizuki

This research group was organized to reexamine international environmental regimes that emerged from the negotiation process on cross-border and global environmental issues. The international community has been witnessing the emergence of such regimes since the 1970s. A series of conventions was held for international negotiations on controlling, preventing, and prohibiting hazards and pollution caused by human activities. The regimes became effective with collective action by parties to the conventions. Active parties were

often from the developed world, and those from developing countries were small players in the negotiations.

Such conventional environmental regimes were replaced by regimes for environment and development in the late 1980s. The North-South politics of global environmental issues also became far keener than before. The negotiation process at the United Nations Conference on Environment and Development (the so-called “Earth Summit”) performed a decisive about-turn for international regimes. The developmental aspect of global environmental issues has become an indispensable viewpoint. Accordingly, the role of developing countries has changed in the formation of international regimes.

Our group tried to follow and examine this trend of change in international environmental regimes. The introductory chapter examines the switch of major actors in the negotiations. Environmentalists were replaced by the diplomats in the process. As a result, various regimes became inter-linked by those diplomats, and certain restrictions were imposed even on the sovereign power of countries. It affected the performance of regimes. The second chapter follows the transition on the concept of desertification and examines the regime under the Convention to Combat Desertification. The third chapter tries to verify the ratification process of environmental conventions. The Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal is selected as a case study. The final chapter examines the principle of public participation as addressed by the Rio Declaration. The Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters (the so-called Aarhus Convention) is outlined with existing articles.

*Coresearchers:* Michikazu Kojima, Kenji Otsuka

## **Globalization and Food Safety: Impact on Developing Countries**

*Organizer:* Tadayoshi Terao

While trade and international movement of animals and plants, including food, are expanding with the progress of globalization, there are also increasing problems with the generation of illnesses accompanying the movement of animals and plants, such as avian flu, BSE (commonly called “mad cow disease”), and foot and mouth disease (FMD), and with regulatory issues involving genetically modified organisms (GMO). These problems are closely related to the globalization of food.

Moreover, interdependence was enhanced by the reorganization of the global food supply system as agribusiness grew accompanying globalization that incorporated developing countries. However, this interdependence has also created a phenomenon in which shipments from specific areas are stopped due to the occurrence of illnesses, which deals a severe economic blow to and exerts social impact on both the supply and demand sides.

The increased international division of labor and the growth in size and concentration of production areas has rapidly elevated the load placed on environment, especially in the case of animal husbandry. In order to ensure the safety of food, there has been an increase in the regulation of the movement of animals and plants, the establishment and maintenance of an institutional framework for the safety of food, and the necessity for the international adjustment.

This research project aims at establishing an analytical framework for examining the economic and social impact on developing countries, the laws and regulations for ensuring the safety of food, and the state of international cooperation.

*Coresearchers:* Shinya Imaizumi, Nanae Yamada

## All-JETRO Projects

### Taskforce for Japan-China Economic and Business Cooperation

*Organizers:* Akifumi Kuchiki and Kunio Sumiyoshi

In 2005 JETRO implemented the following collaborative project to gain a perspective on the economic relationship between Japan and China.

In East Asia, the actual specialization in production processes by Japanese companies has progressed through market mechanisms. The formation of FTAs and economic partnership agreements (EPA), which are being promoted in the region, has accelerated the de facto East Asian economic integration brought about by globalization of production activity.

What is regarded as the most important matter in the process of formatting EAFTA is economic and business integration between Japan and China, whose GDPs occupy 80 percent in the region. Though leading Chinese figures proposed the idea of a Japan-China FTA, as Vice Premier Wu Yi did in 2005, there are many obstacles to overcome prior to the formation of a Japan-China FTA.

Given this situation, so as to inquire concerning what elements are important for enabling Japanese companies to do business in China easily, we conducted a survey on institutions and business realities in China. We aggregated and clarified the problems in promoting economic and business integration between Japan and China in East Asia and considered how to construct the relationship between the two countries.

We invited specialists on intellectual property rights, corporate law, and tax accounting, etc., to try to understand the present situation of (1) the problems of China, (2) the information that needs to be supplied to and the requests that need to be made to China to improve the problems, and (3) the possibility of cooperation between Japan and China.

Moreover, we visited more than 40 companies' headquarter offices (including manufacturers and non-manufacturers) which have business bases in China to ask about the possibility of economic and business integration between Japan and China.

*Advisors:* Hirokazu Okumura (University of Tokyo), Koichi Ishikawa (Asia University), Ichiro Araki (Yokohama National University)

*Coresearchers:* JETRO Headquarters—Tomoharu Washio, Atsusuke Kawada, Dai Hakozaiki, Takuya Urano, Yoko Saito; IDE—Toyojiro Maruya, Chiharu Tamamura, Nobuhiro Okamoto, So Umezaki, Nobuhiro Horii, Kumiko Sato, Ikumo Isono

## Collaborative Research

### Japanese Experiences in Local Industrial Development: Lessons for Developing Countries

*Organizers: Kazuhisa Matsui and Susumu Yamagami (Ritsumeikan Asia Pacific University)*

Economic development in Japan had been based not only on industrial policies led by the government and dynamic industrial organization by private sector, but also on local revitalization and the local industrial promotion at the level of local governments and peoples. The One Village One Product (OVOP) movement in Oita Prefecture is one such example which has tried to mobilize and utilize local resources to realize local self-reliance. Many developing countries want to learn and apply this example.

This study, conducted in collaboration with Ritsumeikan Asia Pacific University in Beppu, Oita Prefecture, analyzes and examines the historical background and the relationship among actors in many cases of regional industrial promotion activities in Japan in order to draw and classify lessons and implications for the developing countries. Furthermore, the study intends to clarify similarities and differences between local industrial promotion activities in the developing countries and similar activities in Japan such as OVOP, to examine the supporting activities and the coordination process between Japan and developing countries concerning the local industrial promotion.

The outcome has two parts. Part 1, entitled “Local Industrial Promotion and OVOP,” covers local revitalization in the industrial promotion history in Japan, the barley *shochu* (distilled spirit) industry in Oita and its innovation, the role of independent agricultural cooperatives, marketing efforts in the town of Oyama, the direct sales unit of agricultural commodities for new local business, and local resource-based local development. In Part 2, we pick up topics such as the local diplomacy of Oita Prefecture and OVOP, the One Tambon One Product (OTOP) project in Thailand, Malawi’s OVOP, the introduction of OVOP in Mongolia, and the OVOP diffusion process through training and seminars. In conclusion, we point out the importance of “locality” and continuity of dynamics through many kinds of human networks in local industrial promotion.

*Coresearchers:* Noriko Inozume (Consultant on local development), Yoshiaki Nishikawa (Nagoya University), Rika Fujioka (Graduate student, University of London), Akira Munakata (Asian Productivity Organization), Kunio Igusa (Ritsumeikan Asia Pacific University), Francisco P. Fellizar (Ritsumeikan Asia Pacific University), Takeshi Fujimoto (Ritsumeikan Asia Pacific University); Eiichi Yoshida, Kentaro Yoshida, Azusa Harashima

### Regional Development Strategy in Southwestern China

*Organizer: Nobuhiro Okamoto*

Despite the launching of the Western Area Development strategy in 2000, the southwest region of China still remains underdeveloped. In particular, Guizhou is China’s most underdeveloped province. In order to clarify the regional development problem of Southwest China, we focus on the causes of its backwardness from the viewpoints of political system, labor mobility, energy constraints, industrial structure, and so on. This research project is being conducted as joint research between the IDE and Yamaguchi University, which has an exchange research program with Guizhou University in China.

In this first year, we clarified the difficulties of regional development in China’s Southwest. We will derive the policy implications from the fact-finding studies to be conducted this year.

*Coresearchers:* Noriatsu Matsui (Yamaguchi University), Haifeng Li (Yamaguchi University), Lichun Chen (Yamaguchi University), Longtang Shi (Yamaguchi University); Dai Hakozaiki, Mami Yamaguchi, Norihiro Sasaki, Nobuhiro Horii

## Overseas Joint Studies on Economic Development Issues

*Coordinator:* Susumu Imura

This research project, launched in 1987 as “Joint Studies on Economic Development Policies in ASEAN and Neighboring Countries,” aims to analyze economic development policies in developing countries or areas and to identify policy orientations for achieving development goals. Local collaborative research groups composed of academics, policymakers, and other specialists in the fields are organized in the countries under study. Through joint activities of the group members, including discussion meetings, field surveys, workshops, and data processing, the results, findings, and recommendations are published and disseminated in English from the Institute. In FY 2005, two projects were conducted in Hanoi (Vietnam) and Zomba (Malawi).

### Actors in Poverty Reduction in Vietnam

*Organizer:* Shozo Sakata (in Hanoi)

Vietnam has achieved quite a successful level of poverty reduction since the late 1990s. This result is attributed extensively to the government’s poverty reduction programs that have provided economic and social supports directly to the poor households and to the poor communes. Moreover, development of private economies, supported by the government’s favorable policies on agriculture, employment, and enterprise establishment, has also benefited many poor households. Recognizing the effect of these programs, policies, and economic activities, this study illustrates the roles of “actors” in poverty reduction, i.e., both policymakers and implementers of the policies, as well as private economic entities.

Among the six studies included in the report, the first two studies focus on the actors in planning and implementing the government’s poverty reduction programs. The ministry in charge is the Ministry of Labour, Invalids and Social Affairs, but there are many other ministries, governmental agencies, social organizations, and even state-owned enterprises that are involved in the programs. The studies show that such a mechanism allows the program to utilize local networks in the rural areas, but on the other hand, it causes inefficiency due to overlapping responsibilities and activities among the actors. Studies in Section 3 through Section 6 of the report analyze the impacts of economic activities of certain private actors on the livelihoods of the poor households. The studies reveal the positive impacts of development of private agricultural farms, rural industrialization led by craft manufacturing, an increase of rural-urban migration caused by inflow of foreign invested labor-intensive manufacturing industry, and economic and social networking among the urban poor.

The results obtained were compiled in a book entitled *Actors for Poverty Reduction in Vietnam*, edited by Vu Tuan Anh and Shozo Sakata (ASEDP Series No.73, March 2006).

*Coresearchers:* Vu Tuan Anh (Vietnam Institute of Economics), Cu Chi Loi (Vietnam Institute of Economics), Phan Si Man (Institute of Environment and Sustainable Development), Dang Kim Chung (Ministry of Labour, Invalids and Social Affairs), Nguyen Xuan Mai (Institute of Sociology)

## **Agricultural and Rural Development in Malawi**

*Organizer:* Tsutomu Takane (in Zomba, Malawi)

This study aims to analyze the various issues of agricultural and rural development in Malawi. Malawi is one of the poorest countries in the world and its population is predominantly rural. The livelihoods of rural dwellers rely mainly on small-scale agriculture, but are constrained by unfavorable conditions such as land shortages, low agricultural technologies, erratic rains, food deficit, and labor shortages caused by the spread of HIV/AIDS. Based on the data obtained from micro-level fieldwork, the study clarified the interrelationships of various factors that caused acute poverty in rural Malawi.

The findings and analysis were compiled in a book entitled *Current Issues of Rural Development in Malawi*, edited by Tsutomu Takane (Africa Research Series No.12, March 2006). The report contains five chapters. Chapter 1 examines the dynamics of customary land tenure through a village case study in central Malawi. Chapter 2 analyzes the effect of the hunger crisis on child labor and education. Chapter 3 analyzes the effect of rural-urban migration on the food security of households in southern Malawi. Chapter 4 examines the role of institutional arrangements on households' livelihood strategies in fishing villages. Chapter 5 presents case studies of smallholder tobacco production in various parts of Malawi.

*Coresearchers:* Paul Kishindo (University of Malawi), Charles Chilimampungu (University of Malawi), Alister Munthali (University of Malawi), Peter M. Mvula (University of Malawi), James Milner (University of Malawi)

## **Commissioned Research**

### **UNIDO Strategic Research Programme: Optimizing the Impact of Industrial Development on Poverty Alleviation**

*Organizer:* Tatsufumi Yamagata

Poverty reduction became the ultimate goal of international development as one of the Millennium Development Goals (MDGs) declared at the Millennium Assembly of the United Nations in 2000. Although MDGs have facilitated improvement in livelihood of the poor in the world by pointing out the necessity of providing food, education, and health, a strategy for the poor to extricate themselves from poverty is yet to be found. Since the only resource that the poor possess for earning income is labor, employment must be a key. However, employment does not occupy a central place in the MDGs.

Meanwhile, the experience of poverty reduction in East Asia reveals that creation of employment opportunities in the export-oriented industrial sector was critical. This East Asian pattern of poverty reduction through industrial development is now seen in South Asia, too. This observation may imply that the East Asian strategy is applicable to current low-income countries.

In this project undertaken for the United Nations Industrial Development Organization (UNIDO), the possibility of replicating the East Asian pattern of poverty reduction in current low-income countries was explored. The garment industry in Bangladesh and Kenya was scrutinized for a case study with respect to the potential to create enormous employment opportunities for the poor. Both company surveys and worker surveys were conducted in the two countries in 2003, in cooperation with the University of Dhaka and the University of Nairobi. A report submitted to UNIDO was finalized in the beginning of 2006 and is expected to be published by UNIDO, under the title of *Industrialization and Poverty Alleviation: Pro-poor Industrialization Strategies Revisited*.

*Coresearchers:* Akio Nishiura (Soka University); Mayumi Murayama

## **Comparative Study on East Asian and Latin American IT Industries**

*Organizer: Akifumi Kuchiki*

IDE implemented the research project entitled “Comparative Study on East Asian and Latin American Information Technology (IT) Industries” starting in the year 2003, jointly with the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).

The objectives of the research were to study the use of IT by small and medium-sized enterprises (SMEs) in Asia and Latin America from a comparative perspective and to examine appropriate strategies for (1) strengthening of the business linkage between the two regions, and (2) poverty alleviation through SMEs development.

The two organizations selected six countries in Asia (China, Japan, the Republic of Korea, Singapore, Thailand, and Vietnam) and seven in Latin America to do case studies. IDE was responsible for producing the country reports of the six Asian nations.

Each country report presented public data on (1) the contribution of SMEs to national production, job creation, and international trade in each economy, and (2) penetration of IT to SMEs. In addition, the country reports collected specific cases of IT usages by SMEs and reviewed public policies for SMEs and IT development and trade promotion. All of this obtained information was taken into account to derive policy issues for IT utilization to promote international trade by SMEs.

The project’s final report entitled “Information Technology for Development of Small and Medium-Sized Exporters in Latin America and East Asia” was published by ECLAC in 2005.

## **China’s Coal Supply Potential and Influence on the World’s Coal Market**

*Organizer: Nobuhiro Horii*

In recent years, the world’s market price for energies and industry materials has been escalating up to the historically highest levels. China’s rapidly growing demand for these goods due to its robust economic growth is pointed out as one of the reasons for the price rise. In particular, the price increases in iron ore and coking coal are so sizeable that many countries, including Japan, have felt considerable impact. A forecast for China’s domestic coking coal demand and supply is definitely needed. However, only very sparse information on China’s coking coal and cokes industry is available in Japan.

Therefore, in our research project, we first collected as much information as we could about the production and consumption of cokes and coking coal in the past and present. Based on that information, we tried to forecast supply and demand for cokes and coking coal in the future years of 2010 and 2020. The prospect of future export and import was also discussed. New findings from our research are as follows: First, in China, small coking companies are going out of business due to a sharp rise in the coking coal price. Consequently, large coking companies of steel companies and vertically integrated coking companies with coal mines or chemical plants are increasing their share in the cokes market. Second, cokes demand is forecasted to increase until around 2010 because of increased demand for building and infrastructure construction. However, cokes demand in 2020 is forecasted to decline below the 2010 level because of a slowdown in steel demand and replacement of blast furnaces with electric furnaces, which do not use cokes in the steelmaking process.

This research project is one part of the project of the New Energy and Industrial Technology Development Organization (NEDO), Japan, which has four parts in all.

*Coresearcher: Keiji Ujikawa (Yokohama National University)*

## **Industrial Waste Management and Recycling in Asia**

*Organizer: Michikazu Kojima*

This project was consigned by Japan's Ministry of Economy, Trade and Industry. In recent years, there has been progress in measures for proper waste management and proper recycling in Japanese companies located in Asia. Responding to requests from Japanese manufacturers who generate waste, a number of Japanese recyclers made investments in other Asian countries. However, there is a lack of basic information, such as on legal systems' provisions for waste management and recycling in Asian countries. The need to share information on regulations related to waste management and recycling in each Asian country was pointed out by the Working Group for Enhancing International Recycling in the Industrial Structure Council. This project is a response to the request of the working group.

As part of this project, an "Industrial Waste and Recycling Policy" study group (organized by Michikazu Kojima) has been organized at the IDE. The trends in the industrial waste and recycling policies in eight nations, i.e., Republic of Korea, China, Taiwan, the Philippines, Vietnam, Thailand, Malaysia, and Indonesia, are reviewed. The information collected by the study group includes the definition of a fundamental legal system, related ministries and government offices, associations of industries and NGO, responsibilities of waste generators, waste treatment and recycling industries, manifest systems for industrial waste, the present condition of waste treatment and recycling, programs for promoting recycling, and international trade of recyclable waste. Joint studies were also conducted with the following research institutions: Thailand Environment Institute, Indonesian Center for Environmental Law, and Cabrera, Lavadia & Associates.

*Coresearchers: Rie Murakami (University of Kitakyushu), Aya Yoshida (University of Tokyo), Chung Sung Woo (Hokkaido University); Naoyuki Sakumoto*

## **Basic Data Preparation for an Improved Emission Inventory Used for a Forecast Model for Change in Atmospheric Composition**

*Researcher: Nobuhiro Horii*

Building models for forecasting changes in atmospheric composition is definitely needed in order to clarify changes in the density and composition of greenhouse gases, ozone, aerosols, and so forth. The effect of chemical transport and photochemical reactions should be considered in the model, and therefore an emission inventory of chemical materials influencing the density, composition, and distribution of air pollutants is a very important part of such a model. The Japan Agency for Marine-Earth Science and Technology (JAMSTEC) has already created an emission inventory covering 28 countries in Asia for the years 1995 and 2000 and has forecast data on gaseous pollutants emissions caused by fuel combustion for 2010 and 2020.

JAMSTEC recognizes the importance of China and India, two major emissions sources in the region, in enhancing the accuracy of model forecasting and has decided to outsource the task of collecting and preparing basic data related to future emission estimates for China and India to the Institute. The required data items are as follows: (1) China's recent data on the development of environmental regulations, (2) China's forecasted energy consumption data for each province, (3) India's basic data on each energy source, and (4) India's basic data on the traffic and transportation sector.

The research began by collecting data through published and unpublished statistics and literature and by interviewing policymakers. Second, the collected data was carefully investigated and converted into input for the model.

(Participants whose affiliation is not specified are staff members of the IDE or JETRO Headquarters, Tokyo)

## International Symposium on "Economic Integration in Asia and India: What is the Best Way of Regional Cooperation?"

December 8, 2005

In the flow of globalization in the world economies, the regional economic integrations that have been progressing institutionally in the EU and the Americas are now substantially under way among countries in Asia, including Japan, the Republic of Korea, China, and the ASEAN countries. India, often compared to a "gigantic elephant," has also taken steps on its passage toward economic integration. By magnifying its trade and investments in the Asian markets, this Elephant may walk faster than ever and come to play an important role in the progress of Asia's economic integration. India's full-scale participation in the Asian market will affect other East Asian countries, which in turn will also have manifold influences on India.

This symposium specifically focused on how Asian countries would be affected by India's participation in economic integration and how India itself would be affected domestically in this process, and finally, the symposium explored the ways by which the regions could successfully pave the path toward economic integration.

The IDE, together with Asahi Shimbun and the World Bank, organized the symposium on economic issues surrounding India and regional integration in Asia, with a keynote speech by Professor Jagdish Bhagwati of Columbia University in the United States and a panel discussion to which prominent economic figures from around Asia were invited.

This symposium contributed to a wider examination of Asian economic integration among academics, businesspersons, policymakers, and others interested in globalization and regional economic integration.

*Keynote speaker:* Jagdish N. Bhagwati (Columbia University)

*Panel members:* Homi Kharas (World Bank), Ramesh Chand (National Centre for Agricultural Economics and Policy Research, India), Zhang Yuyan (Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences), Chularat Suteethorn (Ministry of Finance, Thailand), Shuji Uchikawa

*Moderator:* Masahisa Fujita



## **International Workshop on Regional Development Strategy in the Southwest of China** December 20, 2005

In China, a development policy for the western region has been implemented over a five-year period, and the regional development in the western region has been a focus of many analysts and policymakers. In order to understand what is going on in the southwest region of China, this international workshop was held at the IDE with the participation of Chinese researchers. Two specialists who belong to the Development Research Center of State Council of China presented their research results on the history of China's regional development policy, and two specialists from Renmin University of China discussed the position of the western region development policy and the strategy of the open-door policy in Southwest China. Through the discussion between the IDE and Yamaguchi University, we gained a deeper understanding of the regional development policy which has been undertaken in Southwest China.

*Participants:* Shantong Li (Development Research Center of State Council, China), Jie Feng (Development Research Center of State Council, China), Yumin Ye (Renmin University of China), Xiaodong Fu (Renmin University of China), Noriatsu Matsui (Yamaguchi University), Haifeng Li (Yamaguchi University), Lichun Chen (Yamaguchi University), Longtang Shi (Yamaguchi University); Dai Hakozaiki, Toyojiro Maruya, Nobuhiro Okamoto, Mami Yamaguchi, Norihiro Sasaki, Nobuhiro Horii

## **Co-development in East Asia's Economic Integration** January 19, 2006

In East Asia, de facto economic integration has advanced while de jure integration has been delayed. ASEAN and China, however, agreed to establish a free trade area, and the original six ASEAN countries and China started to eliminate tariffs in July 2005, aiming to reduce its tariffs to zero for 90 percent of the tariff line products by 2010. Japan and the Republic of Korea are following China to establish a free trade area with ASEAN. Furthermore, in December 2005, the ASEAN Plus Three Summit agreed to issue a work plan at the Summit in 2007 to consolidate existing cooperation and set the future direction for cooperation and East Asian community building.

The workshop argues the following points: (1) The FTAs concluded and being negotiated have different sensitive lists, and the lack of dispute settlement mechanism will result in a noodle bowl syndrome (an unorganized tangle of bilateral trade deals) that raises administrative costs instead of tariffs, (2) East Asia's FTAs will generate negative impact on non-member countries, in particular, on small countries, (3) The foregoing is due to the fact that each economy inputs domestic materials much more than ever due to the progress of industrialization, which meets the rule of origins stipulated by FTAs, and (4) Industrial structure among economies in the region will become homogeneous, except in Singapore where the industrial structure is specialized.

*Participants:* Richard Baldwin (Graduate Institute of International Studies, Geneva), Jan Oosterhaven (Groningen University), Bart Los (Associate Professor Groningen University), Michel Fouquin (Centre d'Etudes Prospectives et d'Informations Internationales), Kazuhiko Yokota (International Centre for the Study of East Asian Development, Kitakyushu), Nobuaki Hamaguchi (Kobe University), Ken Itakura (Nagoya City University); Masahisa Fujita, Daisuke Hiratsuka, Ikuo Kuroiwa

## **International Workshop on “FTAs in East Asia – Trade Link Model (II)”**

March 1–2, 2006

At the beginning of the twenty-first century, various FTAs have been proposed in East Asia. We believe an econometrical analysis of these FTAs would make an important contribution to understanding the Asian economies as well as to making our economic forecasts for them more accurate. However, almost all quantitative analyses of these FTAs have been conducted utilizing computable general equilibrium (CGE) models.

The PAIR project was preceded by the Econometric Link System for ASEAN (ELSA) project, under which an econometric trade link model was built to analyze the influences of the economies of the United States and Japan on ASEAN countries.

Utilizing the experiences and knowledge of the ELSA project, we decided to construct, as a subproject of the PAIR project, a new econometric trade link model to evaluate various FTAs in East Asia. This new subproject was initiated in FY2004 and will be completed in FY2006.

In the second year of the subproject, we held an international workshop entitled “FTAs in East Asia – Trade Link Model (II)” at the Institute on March 1–2, 2006. The workshop was attended by counterpart researchers from 10 East Asian economies, as well as by distinguished researchers from France, New Zealand, Italy, the United States, and Japan.

We discussed the estimated results and difficulties of the bilateral import functions, with a more extended specification than those estimated in 2005 for these East Asian economies, using mainly two commodity groups. We also exchanged views on the economic implications of various FTAs in East Asia and the rest of the world, based on a CGE model.

*Participants:* Wang Chang Sheng, Zhu Bao Liang, Tao Li Ping (State Information Center, China); Pyo Hak Kil (Seoul National University); Ji Chou, Su-Ling Peng (Chung-Hua Institution for Economic Research, Taiwan); Alan Siu, Hitomi Iizaka (Hong Kong Institute of Economics and Business Strategy); Chow Kit Boey (Business Research Consultants, Singapore); Slamet Sutomo, Kecuk Suhariyanto (BPS Statistics Indonesia); Somchai Jitsuchon (Thailand Development Research Institute); Mohamed Ariff, Azidin Wan Abdul Kadir (Malaysian Institute of Economic Research); Emilio T. Antonio, Jr. (Center for Research and Communication Foundation, Philippines); Dinh Hien Minh, Nguyen Anh Duong (Central Institute for Economic Management, Vietnam); Kiichiro Fukasaku (OECD Development Centre, France); Gary R. Hawke (Victoria University of Wellington, New Zealand); Michael G. Plummer (Johns Hopkins University SAIS-Bologna, Italy); Junichi Hirata (Ritsumeikan University); Yoshihisa Inada (Konan University); Kanemi Ban (Osaka University); Shujiro Urata (Waseda University); Eric D. Ramstetter (International Centre for the Study of East Asian Development, Kitakyushu); Mitsuru Toida, Chinami Yamaji, Jinichi Uemura, Mayumi Fukumoto, Yusuke Okamoto, Hiroko Uchimura

## **International Workshop on “The Frontier of International Input-Output Analyses”**

March 8–9, 2006

This workshop was organized as a part of promotional activity for the 2000 Asian international input-output table, a product of the study group on “The Industrial Structure of Asia-Pacific Region (V).” Dr. Peter Blair presented a keynote lecture on the development of input-output analyses over the last 20 years and the significance of international input-output tables. Collaborative organizations from the project member countries reported the findings from their analyses using the 2000 Asian table. The IDE presented a comparative analysis of national I-O tables and its analytical findings on the industrial structure of the Asia-Pacific region in the year 2000. These reports drew a clear picture of dynamic change in spatial interdependency in the Asian region under the increasing influence of the Chinese economy.

The 2000 Asian international input-output table is expected to contribute a great deal to this analytical field.

The contents of this workshop are reported in *The Industrial Structure of Asia-Pacific Region (V)* (ed. Hiroshi Kuwamori and Bo Meng, Asian International Input-Output Series No. 67).

*Keynote speaker:* Peter D. Blair (National Academy of Sciences)

*Panel members:* Chow Kit Boey (Business Research Consultants, Singapore); Lee Kee Beng (Singapore Management University); Nam Hyun Cho, Yong June Yoon (Bank of Korea); Omi Kelsom Bt. Hj. Elias, Jamia Aznita Bt. Jamal, Azhari Bin Ahmad (Department of Statistics, Malaysia); Wanida Mahakit, Prapsri Pongwattana (National Economic and Social Development Board, Thailand); Carmelita N. Ericta, Ma. Julieta P. Soliven (National Statistics Office, Philippines); Pi Chen, Hung-Chyn Chen (Taiwan Research Institute); Supriyanto, Budi Cahyono (Badan Pusat Statistik–Statistics Indonesia); Zhang Yaxiong, Zhao Kun (State Information Center, China); Maki Tokoyama (Applied Research Institute); Masahisa Fujita, Ikuo Kuroiwa, Nobuhiro Okamoto, Satoshi Inomata, Jun Nakamura, Hajime Sato, Hiroshi Kuwamori, Bo Meng

### **Local Environmental Politics and Policy in Taiwan**

March 17, 2006

This international workshop was held to present the outcomes of a joint research project on “Local Environmental Politics and Policy in Taiwan,” conducted by the IDE, with Professor Ching-Ping Tang (Department of Political Science, National Cheng Chung University), and Professor Ming-sho Ho (Department of Applied Sociology, Nanhua University). Also, the joint research project was conducted as a part of the first year of a two-year research project called “Decentralization and Local Environmental Policies in Developing Countries” organized for fiscal years 2005-2006.

After democratization and political liberalization were realized in Taiwan from the mid-1980s to the late 1990s, there was a rapid increase in the relative autonomy of the local governments, such as those of counties and county-level cities, from the central government and ruling party. Moreover, diversification was realized in public policies, including the environmental and development policies of the local governments. Three coresearchers in the joint research project, who approach the subject from their different backgrounds of analytical frameworks of political science, sociology, and economics, share an interest in empirical studies on local environmental politics, including environmental movements and disputes, and the relationship between local politics and environmental policies of local governments.

The international workshop was held on March 17, 2006, at the IDE, with Professor Ching-Ping Tang invited from Taiwan. Unfortunately, Professor Ming-sho Ho was not in attendance due to his schedule. Professor Ching-Ping Tang’s presentation was entitled, “Transforming Grassroots Social Movements in Democratization,” and Tadayoshi Terao (Environment and Natural Resource Studies Group, IDE) presented a survey on “Local Environmental Politics and Policy in Taiwan.” He also introduced Professor Ming-sho Ho’s research paper submitted to the IDE, entitled “Legal Channeling of Pollution Disputes in Taiwan.”

*Participants:* Ching-Ping Tang (National Cheng Chung University, Taiwan), Go Hagiwara (Rikkyo University); Tadayoshi Terao, Yukihito Sato, Shinichi Shigetomi, Michikazu Kojima, Kenji Otsuka, Momoko Kawakami

The IDE Library, Japan's largest library specializing in the developing regions, collects basic and academic social science literature on developing countries, as well as the latest related information and statistical materials. The Library makes these materials widely available to the general public, and in particular to researchers, students, and people involved in business who have an interest in the developing regions.

## 1. Library Collection

Since the founding of the Institute, the Library has placed emphases on the collection of (1) publications of governments and public organizations in the developing countries, (2) journals and newspapers, (3) research reports from universities and research institutes overseas, and (4) statistical materials. In particular, through the exchange of IDE's publications with those of major overseas research institutes and government agencies, the Library has made efforts to acquire publications that are difficult to obtain through commercial channels. As of the end of FY2005, the Library exchanged publications with 1,074 foreign institutions (Table 1).

**Table 1. Partner Institutions for International Exchanges**

Region	International Institution	Government	Library	Research Institute	University	Bank	Corporation	Academic/General Organization, etc.	Total
<b>Asia</b>	15	221	14	86	143	38	1	54	572
East Asia	0	48	7	24	38	9	0	4	130
Southeast Asia	8	107	4	13	27	11	0	5	175
South Asia	0	57	1	27	14	11	1	1	112
Central Asia	0	4	0	0	0	6	0	0	10
Japan	7	6	2	23	70	1	0	45	154
<b>Middle East &amp; North Africa</b>	3	33	2	9	15	33	0	5	100
<b>Latin America</b>	7	49	1	15	24	42	0	14	152
<b>Africa</b>	3	67	0	4	4	40	0	1	119
<b>Oceania</b>	1	10	2	1	11	2	0	1	28
<b>CIS / Eastern Europe</b>	0	5	2	7	2	1	0	0	17
<b>North America</b>	11	3	1	0	20	1	0	0	36
<b>Western Europe</b>	22	0	1	13	10	2	0	2	50
<b>Total</b>	77	610	37	222	378	197	2	132	1,074

Starting in FY2003, the Library begun to actively acquire electronic journals, which have become widespread in recent years, and for which there is great demand among users. So far, licenses for approximately 860 titles have been signed. The library is also making efforts to acquire back issues of journals that are not available in our collection.

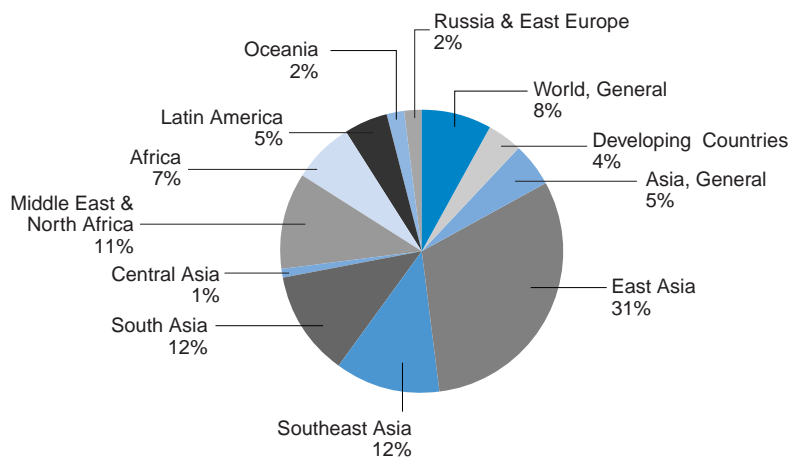
With the cooperation of IDE research fellows sent abroad and local researchers overseas, the Library collects local publications and materials that cannot be easily found in Japan. In particular, this fiscal year, the Library has collected materials in vernacular languages and statistical materials from Rwanda, Venezuela, Myanmar, Syria, Brazil, and other countries.

Furthermore, the Library has acquired topographic maps of Bangladesh, Sri Lanka, Turkey, and South Africa. As of April 2006, the total number of volumes in the collection has reached 572,398. The breakdown of the collection by languages and materials, as well as by region, is shown in Table 2 and Figure 1.

**Table 2. New Arrivals and Collection in FY2005**

	End of FY2004	New Arrivals in FY2005	End of FY2005
<b>Books</b>			
Western	233,236	5,365	238,601
Japanese	69,779	1,834	71,613
Chinese	37,042	1,040	38,082
Korean	18,665	809	19,474
Bound journals	61,900	1,523	63,423
Statistical materials	137,965	3,251	141,216
<b>Total</b>	<b>558,587</b>	<b>13,822</b>	<b>572,409</b>
<b>Newspapers (titles)</b>	298	0	298
<b>Periodicals (titles)</b>	3,441	51	3,492
<b>Maps (sheets)</b>	53,120	498	53,618
<b>Microfilms (reels)</b>	81,066	3,107	84,173
<b>Videotapes</b>	418	2	420
<b>CD-ROMs, FDs</b>	945	420	1,365

**Chart 1. Breakdown of Collection by Region**



## 2. Services to Users

In FY2005, there were 5,190 visitors to the Library. Looking at the visitors by occupation, as in the past, one-third are graduate students and university faculty.

In FY2005, to improve services to visitors and remote users, efforts were made in the following areas: (1) increasing users of the SDI (Selective Dissemination of Information) service, (2) retrospectively entering data into OPAC (Online Public Access Catalog) on multilanguage materials that had not yet been entered, and (3) promoting the bibliographical standardization of statistical materials. With regard to (1), as of the end of March 2006, there are 876 registered users. Regarding (2), among multilanguage works, the bibliographical data entry has been completed for Persian, Indonesian, Malay, and Vietnamese books. And as for (3), the task was completed by the end of FY2005.

At the IDE Library Satellite Office in Akasaka (Tokyo), 673 materials of the IDE Library were viewed by 176 visitors.

In addition, during this fiscal year, "Developing countries in Japanese writings, 2004: An annual bibliography" (in Japanese) and *Catalogue of Newspapers on Microform Held in the IDE Library (As of October, 2005)* were published, and the forums for "Understanding Developing Countries" were organized by the Library.

The Library provided reference services to answer inquiries about information, materials, and statistical data on developing countries. In FY2005, there were 1,125 major inquiries and consultations.



# IDE Advanced School (IDEAS)

*Chancellor:* Masahisa Fujita (President, IDE-JETRO)

*Secretary General:* Minoru Makishima

IDEAS was established as an education wing of the IDE. Since its inauguration in 1990, IDEAS has offered postgraduate-level programs in development studies in order to nurture experts who are able to deal with development issues that developing countries face today.

The school organizes two types of programs in parallel: a one-year program for Japanese students (September–July) and a six-month overseas fellows program for young government officials of Asian countries (October–March). During the first six months (October–March), many courses are offered in English jointly in the two groups, which allows close interactions to develop between them. Through the programs, students are expected to develop a comprehensive understanding of national development policies and to become able to propose solutions to existing development issues, while they acquire practical knowledge to implement specific projects.

The main feature of the curriculum is the introduction of structured cluster courses. In particular, the programs provide four core courses in the first semester, in which both Japanese students and overseas fellows can learn together about the socioeconomic development experiences of Japan and the Asian NIEs as well as about contemporary issues of development and so on. Through this curriculum enhancement, the school should acquire a higher capacity in training experts in economic and social development for developing countries. This modification may enable IDEAS to offer diplomas based on a balanced and accountable credit system. We implemented the new training programs (for both the overseas fellows and the Japanese students) which was discussed carefully in 2004.

Japanese students who successfully complete the program can then proceed to a graduate school in development studies at an appropriate university abroad.

## Number of Japanese Students and Overseas Fellows (1991–2005)

Term	Japanese Students	Term	Overseas Fellows
1 (1990/10–91/9)	13		
2 (1991/10–92/9)	12	1 (1991/10–92/3)	8
3 (1992/10–93/9)	11	2 (1992/10–93/3)	11
4 (1993/10–94/9)	11	3 (1993/10–94/3)	13
5 (1994/10–95/9)	11	4 (1994/10–95/3)	15
6 (1995/10–96/9)	11	5 (1995/10–96/3)	15
7 (1996/10–97/9)	11	6 (1996/10–97/3)	17
8 (1997/10–98/9)	11	7 (1997/10–98/3)	15
9 (1998/10–99/9)	11	8 (1998/10–99/3)	15
10 (1999/10–2000/9)	11	9 (1999/10–2000/3)	15
11 (2000/9–2001/8)	11	10 (2000/9–2001/3)	13
12 (2001/9–2002/8)	9	11 (2001/9–2002/3)	15
13 (2002/9–2003/8)	10	12 (2002/9–2003/3)	15
14 (2003/9–2004/8)	11	13 (2003/9–2004/3)	15
15 (2004/9–2005/8)	12	14 (2004/9–2005/3)	16
16 (2005/9–2006/8)	10	15 (2005/9–2006/3)	15
Total	176	Total	213

### **Training Program for Fellows from Asian Countries**

(October 2005–March 2006)

The training program for overseas fellows was initiated in 1991. The objective is to enhance the absorption capacity of foreign aid in developing countries. This objective can be achieved by training officials from governmental organizations in the developing regions who are in charge of the planning and implementation of socioeconomic development policies. The program provides opportunities to become acquainted with the aid administration policies of Japan and other developed countries as well as to study the economic development of Japan and Asian NIEs. In the current academic year, we invited fifteen government officials from fourteen Asian countries.

### **Follow-up Program**

IDEAS conducts a short-term training program for the graduate IDEAS overseas fellows. This follow-up program aims to provide practical skills to cope with development issues which the overseas fellows are facing in their work after returning from the IDEAS six-month program. The follow-up program was started in 1995 and was carried out in Asian countries from 2001 to 2004. The follow-up program for the 2005/2006 academic year was held in Japan (Kyushu) in November 2005 under the theme of “Globalization and Revitalization of Asian Local Economies” with the cooperation of Ritsumeikan Center for Asia Pacific Studies (RCAPS).

### **Training Program for Japanese Students**

(September 2005–July 2006)

This marked the sixteenth academic year that we trained 10 Japanese students selected from among 50 applicants.



Intensive lecture by Dr. Brahm Prakash, Adjunct Professor, Center for Development Management, Asian Institute of Management, Philippines.

## Curriculum for the IDEAS Program

During Fiscal Year 2005

### (1) Lectures for the 15th Group of Overseas Fellows (September 2005–March 2006)

Subject	Lecturer	Affiliation
<b>Joint Lectures with Japanese Students</b>		
<b>Development Experience of Japan</b>		
Economic Development	Jozen Takeuchi	Nagoya University
Development in Agriculture	Akimi Fujimoto	Tokyo University of Agriculture
Industrial Policy	Yoshiki Mikami	Nagaoka University of Technology
Social Development – Poverty Reduction	Hiroshi Kan Sato	IDE
Environmental Issues and Development	Ryo Fujikura	Hosei University
<b>International Trade and Policy and Industrial Development</b>		
International Trade and Investment	Yumiko Okamoto	Doshisha University
International Finance	Kozo Kunimune	IDE
WTO, Regionalism, and FTAs (Intensive Lecture)	Richard E. Baldwin	Graduate Institute of International Studies
Theory of Industrial Development	Moriki Ohara	IDE
	Masami Ishida	IDE
<b>International Cooperation</b>		
Prospects for and Issues in International Development Assistance	Takamasa Akiyama	National Graduate Institute for Policy Studies
Economic Theories of Development Assistance	Ikuo Kuroiwa	IDE
Development, Law, and Governance Japan's Development Assistance	Miwa Yamada Hiroyuki Yushita	IDE Former Ambassador to the Philippines
<b>Contemporary Issues in Development</b>		
Project Planning and Management	Le Thanh Nghiep Kuriki	Josai International University
Development and Infrastructure	Tsuneaki Yoshida	University of Tokyo
Development and Education	Kazuo Kuroda	Waseda University
Poverty and Social Development (Intensive Lecture)	Brahm Prakash	Asian Institute of Management
<b>Special Lectures</b>		
International Input-Output Table	Satoshi Inomata	IDE
Health and Education Transfer in Developing Countries	Maliki	Nihon University Population Research Institute
Small and Medium Enterprises in Japan	Koichi Takaishi	Tokyo Fuji University
Principles of Institutional Design in Developing Countries	Francis Lethem	Duke University
Spatial Economics and Regional Integration in Asia	Masahisa Fujita	President, IDE
Rural Development in India	G.K. Chadha	Member, Economic Advisory Council to the Prime Minister of India

## Lectures only for Overseas Fellows

### Development Experience of Asian Countries

East Asia	Reetsu Kojima	Professor Emeritus, Daito Bunka University
Southeast Asia	Kunio Yoshihara	University of Kitakyushu
South Asia	Hiroichi Yamaguchi	Former Professor, Bunkyo University

### Special Lectures

Japanese Technical Cooperation and the Role of JICA	Tomoyuki Tada	JICA
Japanese Yen Loans and the Role of JBIC	Nobuhiro Ikuro	JBIC
Japanese Foreign Direct Investment in Asia	Hiroshi Tsukamoto	JETRO
Japan's NGOs	Shin Tanimura	JETRO
Economy and Politics in Postwar Japan	Michio Ito	Asia Community Center 21
Modern Society in Japan	Minoru Ouchi	Nihon Fukushi University
	Gregory Clark	Honorary President, Tama University

### Others

Development Economics	Kazumi Yamamoto	Aichi University
Japanese Language	Japanese Instructors	Overseas Vocational Training Associations (OVTA)

## (2) Lectures for the 15th Group of Japanese Students (April–June 2005)

Subject	Lecturer	Affiliation
<b>Statistical Methods for Development Studies</b>		
Mathematical Statistics	Hisayuki Mitsuo	IDE
<b>Social Development</b>		
Introduction	Hiroshi Kan Sato	IDE
Participatory Development	Yuko Tsujita	IDE
Gender I	Hiroki Nogami	IDE
Gender II	Mayumi Murayama	IDE
Human Rights	Yasushi Katsuma	UNICEF
People's Organization	Masafumi Ikeno	KRI International Corp.
Health	Atsuko Aoyama	Nagoya University
Education	Masako Isono	Rikkyo University
Family Planning and HIV	Emi Inaoka	JBIC
Microfinance	Hidemi Yoshida	IC Net Ltd.
Social Investigation	Takuo Utagawa	Hokkaido University of Education
<b>Area Studies (Director: Sadashi Fukuda)</b>		
Middle East	Sadashi Fukuda	IDE
	Keiko Sakai	IDE
	Hitoshi Suzuki	IDE
	Yoko Iwasaki	IDE
	Akio Yonemura	IDE
Latin America	Taeko Hoshino	IDE
	Koichi Usami	IDE
	Shinichi Takeuchi	IDE
Africa	Shinichi Takeuchi	IDE
	Miwa Tsuda	IDE

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**Special Lectures**

Development and Environment	Michikazu Kojima	IDE
	Kenji Otsuka	IDE
	Tadayoshi Terao	IDE
Economic Theories of Development Assistance	Ikuo Kuroiwa	IDE
PCM Training	Takumi Kawahara	IC Net Ltd.

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**Others**

English	Paul Consalvi	English Instructor
Seminar	Tatsufumi Yamagata	IDE

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**(3) Lectures for the 16th Group of Japanese Students (September 2005–February 2006)**

Subject	Lecturer	Affiliation
<b>Joint Lectures with Overseas Fellows</b>		
<b>Development Experience of Japan</b>		
Economic Development	Jozen Takeuchi	Nagoya University
Development in Agriculture	Akimi Fujimoto	Tokyo University of Agriculture
Industrial Policy	Yoshiki Mikami	Nagaoka University of Technology
Social Development - Poverty Reduction	Hiroshi Kan Sato	IDE
Environmental Issues and Development	Ryo Fujikura	Hosei University
<b>International Trade and Policy and Industrial Development</b>		
International Trade and Investment	Yumiko Okamoto	Doshisha University
International Finance	Kozo Kunimune	IDE
WTO, Regionalism and FTAs (Intensive Lecture)	Richard E. Baldwin	Graduate Institute of International Studies
Theory of Industrial Development	Moriki Ohara	IDE
	Masami Ishida	IDE
<b>International Cooperation</b>		
Prospects for and Issues in International Development Assistance	Takamasa Akiyama	National Graduate Institute for Policy Studies
Economic Theories of Development Assistance	Ikuo Kuroiwa	IDE
Development, Law, and Governance	Miwa Yamada	IDE
Japan's Development Assistance	Hiroyuki Yushita	Former Ambassador to the Philippines
<b>Contemporary Issues in Development</b>		
Project Planning and Management	Le Thanh Nghiep Kuriki	Josai International University
Development and Infrastructure	Tsuneaki Yoshida	University of Tokyo
Development and Education	Kazuo Kuroda	Waseda University
Poverty and Social Development (Intensive Lecture)	Brahm Prakash	Adjunct Prof., Asian Institute of Management
<b>Special Lectures</b>		
International Input-Output Table	Satoshi Inomata	IDE
Health and Education Transfer in Developing Countries	Maliki	Visiting Researcher, Nihon University Population Research Institute
Small and Medium Enterprises in Japan	Koichi Takaishi	Tokyo Fuji University
Principles of Institutional Design in Developing Countries	Francis Lethem	Duke University

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Spatial Economics and Regional Integration in Asia	MasahiSa Fujita	President, IDE
Rural Development in India	G.K. Chadha	Member, Economic Advisory Council to the Prime Minister of India

### Lectures only for Japanese Students

#### Development Theories

##### Social Development:

Introduction	Hiroshi Kan Sato	IDE
Social Development and Human Rights	Yasushi Katsuma	UNICEF
Rural Development and People's Organization	Masafumi Ikeno	KRI International Corp.
Rural Development and Improvement of Living	Kazuko Oguni	JICA
Life and Water	Eri Sugita	JICA
Development and Health	Shoko Matsuyama	Nagasaki University
Education and Development	Yoshiko Isono	NPO Shapla Neer
Family Planning and HIV	Emi Inaoka	JBIC
Microfinance	Hidemi Yoshida	IC Net Ltd.
Social Investigation	Takuo Utagawa	Hokkaido University of Education
Social Development and Facilitators	Miho Ota	University of Reading
Role of Education Development and the World Bank	Takako Yuki	Yuki & Associates
Economic Development	Hiroki Nogami	IDE

#### Area Studies

East Asia	Kenichi Imai	IDE
	Nobuhiro Okamoto	IDE
	Yukihito Sato	IDE
Southeast Asia	Kazuhisa Matsui	IDE
	Shinichi Shigetomi	IDE
South Asia	Shuji Uchikawa	IDE
	Etsuyo Arai	IDE
	Hisaya Oda	IDE

#### Economics and Mathematics for Social Science

Microeconomics	Seiro Ito	IDE
	Kensuke Kubo	IDE
Macroeconomics	So Umezaki	IDE
Data Analysis	Tatsufumi Yamagata	IDE
Mathematics for Economics	Hiroshi Kuwamori	IDE
	Masahiro Kodama	IDE

#### Statistics and Econometrics (Elective)

Mathematical Statistics	Hisayuki Mitsuo	IDE
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#### English

English Academic Writing	Paul Consalvi	English Instructor
TOEFL (Elective)	Kregg Johnston	English Instructor

#### (4) Lectures for the 16th Group of Japanese Students (March 2006–July 2006)

Subject	Lecturer	Affiliation
<b>Lectures only for Japanese Students</b>		
<b>Intensive Lecture</b>		
Rural Development in Asia	Ashmani Saith	Institute of Social Sciences
<b>Development Theories</b>		
Social Development	Hiroshi Kan Sato	IDE
Human Development	Hiroki Nogami	IDE
	Soya Mori	IDE
<b>Area Studies</b>		
Middle East	Sadashi Fukuda	IDE
	Hiroyuki Aoyama	IDE
	Masaaki Watanabe	IDE
Latin America	Akio Yonemura	IDE
	Taeko Hoshino	IDE
	Koichi Usami	IDE
Africa	Shinichi Takeuchi	IDE
Southeast Asia	Naoko Amakawa	IDE
<b>Economics and Mathematics for Social Science</b>		
Data Analysis	Tatsufumi Yamagata	IDE
<b>Statistics and Econometrics (Elective)</b>		
Mathematical Statistics	Hisayuki Mitsuo	IDE
<b>Seminar</b>		
Area Research / Social Development	Shinichi Shigetomi	IDE
	Hiroshi Kan Sato	IDE
Economic Development	Tatsufumi Yamagata	IDE
	Hiroki Nogami	IDE
<b>Special Lectures</b>		
Development and Environment	Michikazu Kojima	IDE
	Tadayoshi Terao	IDE
	Kenji Otsuka	IDE
Population and Development	Yasuko Hayase	Meikai University
	Hideyuki Takahashi	Japanese Organization for International Cooperation in Family Planning (JOICFP)
<b>English</b>		
Academic Writing in English	Paul Consalvi	English Instructor

# International Research Exchange Promotion Activities

During Fiscal Year 2005

## Invitation of Visiting Research Fellows

In this program, academic or other specialists are invited exclusively from developing countries as Visiting Research Fellows (VRFs), for a period between three and ten months, in principle. This program offers VRFs opportunities, in addition to carrying out research, to exchange opinions and information on development issues with IDE researchers and learn about the Japanese development experience through activities such as study tours and seminars on Japan. In FY2005, 11 IDE-funded VRFs were invited, including three fellows in the project-participatory VRF program. The Institute also invited five self-supporting VRFs from abroad during the period (for each VRF's affiliation and research topic, see pp. 70–71).

## Dispatching of IDE Staff Abroad

The Institute dispatches researchers abroad on two-year assignments, with a special emphasis on the experience of conducting research in developing countries or regions. Through this program, researchers are expected to cultivate their capacities for making in-depth analyses of economic, political, and social phenomena in those countries and to build overseas institutional networks. In FY2005, 11 researchers were sent abroad to be affiliated with research institutes, universities, and international organizations. Two senior research fellows organized research teams and conducted joint studies in Vietnam and Malawi, in collaboration with academics and experts in those countries (for each fellow's research topic and host institution, see pp. 72–75).

## Networking Activities

The Institute has carried out various activities to contribute to its work as an intellectual center of development studies. Activities in FY2005 are summarized as follows.

- Invitation of an expert from Brazil.
- Acceptance of interns from the Netherlands, Bangladesh, and Zimbabwe.
- Acceptance of 123 visitors from abroad.
- Making presentations in international forums such as academic societies and international meetings, etc.

## Support for the Global Development Network (GDN)

As a member of GDN-Japan, the Institute supports GDN activities, which include participation in annual conferences and review of papers for the GDN Development Award.

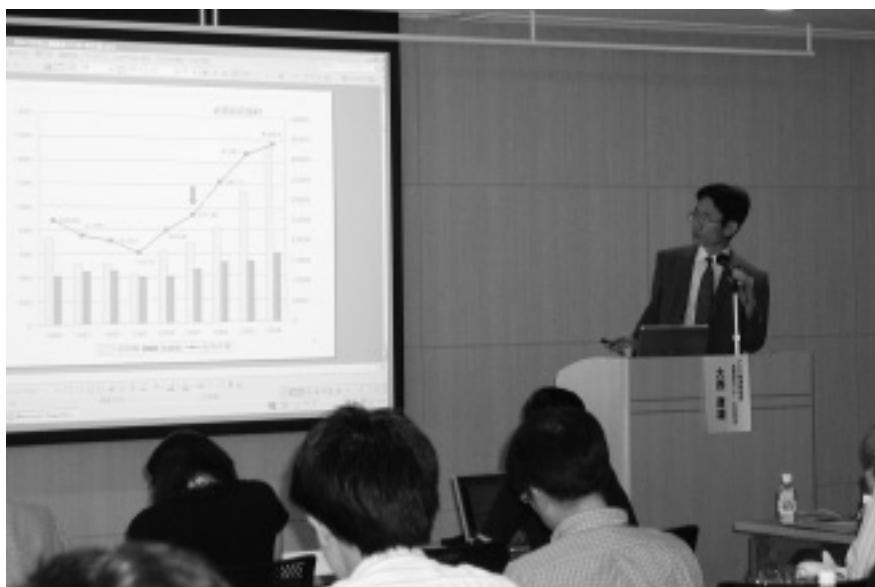
In FY2005, the Institute participated in the session entitled "Harnessing Social Capital for Poverty Reduction" at the annual conference held in St. Petersburg, Russia, in January 2006, in cooperation with Japanese and overseas experts.

# Seminars and Lectures

The Institute organizes lectures on current issues and topics of special interest. Since the lectures are basically open to the public, the audience is varied, including government officials, members of research organizations, the press, university professors, graduate students, and others. Approximately thirty lectures are held every year, among which eight or nine are organized in various regions of Japan with the collaboration of local economic and research organizations. The most popular themes for the last four or five years have been those regarding the Chinese economy. This vividly reflects the growing importance of China's economy to local business communities in Japan. India has not received as much attention so far. However, topics regarding the Indian economy and industries have been gaining popularity, especially among urban businesspeople in recent years.

Seminars on specific subjects were held for audiences with a particular interest in issues of development and/or developing areas. One of these dealt with "International Trade of Recyclable Resources in Asia."

In addition, Summer Seminars are held every year to disseminate information about development issues. In FY2005, six courses (18 subjects) were organized. The themes in FY2005 included "China as a Superpower: Its Foreign Policy, Economy, and International Trade," "BRICs: Challenges of the Four Emerging Economies," and "Latin American Business Groups: The Necessary Condition for their Survival."



# Commendation for Outstanding Publications

(Awards for the Promotion of Studies on Developing Countries)

In order to promote studies on developing countries and to encourage researchers in Japan who are engaged in such studies, the Institute grants awards each year for outstanding publications on economic and other issues concerning developing countries. In 2005, a total of 49 books and papers published during the previous year were recommended for consideration by distinguished scholars in related fields. The selection committee, consisting of the members listed below, examined four reports and eventually selected two publications listed below. The awards were presented to the authors by the Institute on July 1, 2005.

## Members of the Selection Committee

Katsuji Nakagane (Chairman; Professor, Aoyama Gakuin University)

Yonosuke Hara (Professor, University of Tokyo)

Juro Teranishi (Professor, Hitotsubashi University)

Takeshi Endo (Editorial Writer, Asahi Shimbun)

Masahisa Fujita (President, IDE)

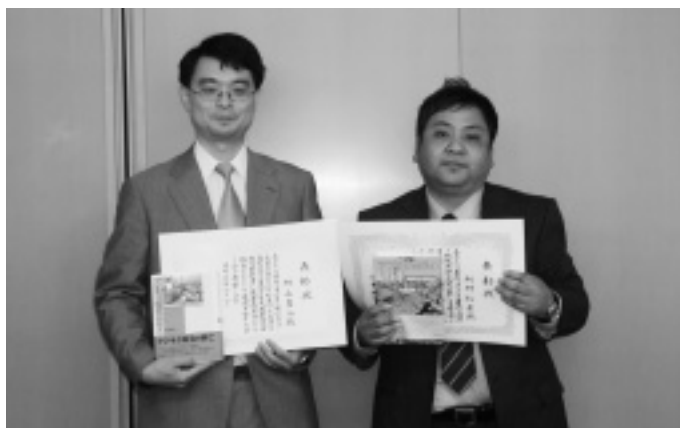
## Award-Winning Publications

(1) Kazuhiko Sugimura (Professor, Center for Arts and Sciences, Fukui Prefectural University), *Afurika nōmin no keizai* [The livelihood of African peasantry: Comparative perspective on principles of organization], Kyoto, Sekaishisoshā, 2004, 482 pp.

Owing to its absolute poverty and economic stagnation, an obvious distinction has been made between Africa and other developing areas such as Southeast Asia, China, or India. The author, however, criticizes the stereotyped image of African farmers and reconsiders the “uniqueness” of their behavioral characteristics and the principles of organization in their lives.

(2) Yusuke Murakami (Associate Professor, Japan Center for Area Studies, National Museum of Ethnology), *Fujimori jidai no Perū: Kyūseishu o motomeru hitobito, seidoka shinai seiji* [Peru in the era of Fujimori: People seeking a Messiah in non-institutionalized politics], Tokyo, Heibonsha, 2004, 586 pp.

This book analyzes the 10 years of Peruvian politics during the Fujimori era which ended in his defeat in the presidential election held in 2000. The author has a basically negative attitude toward the Fujimori Administration on the grounds that it seriously retarded the political institutionalization of democracy in Peru.



## Books in English

### IDE Occasional Papers Series

#### **Interfirm Relations under Late Industrialization in China: The Supplier System in the Motorcycle Industry**

By [Moriki Ohara](#)

How different are the development paths of major Chinese national manufacturers from those of the dominant Japanese firms and of other Asian latecomers? What brought about these differences? This study attempts to answer these questions through an in-depth comparative analysis based on repeated field surveys carried out between China and Japan on the interfirm divisions of labor that have been formed by indigenous motorcycle makers and parts suppliers to fit their respective domestic demand and market institutions. As China developed rapidly into the world's largest producer of motorcycles in the 1990s, numerous firms with homogeneous capabilities emerged in a short period of time. In the ensuing decade or more, the major firms have been continuously conducting "minor-change-type" development without showing any clear signs of escaping from the fierce price competition. These features are major complementary factors behind the formation and evolution of their specific interfirm organizations—the "isolated-type" supplier system. This study, adopting the late industrialization approach, explores the essential features of the industrial development process in contemporary China and its international competitive advantages. IDE Occasional Papers Series No. 40, 154 pp.

### Copublications with Commercial Publishers

#### **Spatial Structure and Regional Development in China: An Interregional Input-Output Approach**

Edited by [Nobuhiro Okamoto](#) and [Takeo Ihara](#)

Regional development problems in China have been focused on by many analysts and policymakers. From the viewpoint of regional development policy it is highly important to consider the spatial interactions among different regions. Most of the approaches have focused on certain specific regions without taking into account interregional interdependency. The aim of this book is to analyze regional development in China from the viewpoint of spatial interaction by using an interregional input-output model for China. The book is divided into two parts: Part I provides the data and analytical tools for a consideration of an interregional input-output approach to the Chinese situation; and Part II discusses regional development problems in China using an interregional input-output approach. The book concludes that Northeast China should form more intensive spatial linkages with North Coast and North Municipalities, while Northwest China should introduce more investments (new industry) into the region.

Copublication with Palgrave Macmillan, 230 pp.

#### **Gender and Development: The Japanese Experience in Comparative Perspective**

Edited by [Mayumi Murayama](#)

Although much has been written about Japanese economic development, less attention is given to its social development, and still less to gender-related issues. The book analyzes various aspects of Japanese historical and current experiences. It covers themes such as economic development and gender disparities, population policy, rural livelihood programs, rural income-generation work and female empowerment, female political participation,

sharing of domestic work, discourses on the modern family, state and gender, and women in factories. Each chapter is written, not to analyze the Japanese case per se, but in a comparative perspective with developing countries. The common message is a call for the creation of an interactive space to exchange individual experiences and insights between different societies in order to formulate a more powerful gender and development agenda in each society.

Copublication with Palgrave Macmillan, 266 pp.

### **Industrial Clusters in Asia: Analyses of Their Competition and Cooperation**

*Edited by Akifumi Kuchiki and Masatsugu Tsuji*

This book focuses on East Asia, which has been attracting foreign direct investment and is becoming a center of industrial agglomeration. Because of this, the production structure in the world has been dynamically transformed. This book analyzes this world trend and provides a framework for a strategy that is required not only for Japanese local governments to implement industrial cluster policy, but also for firms to survive global competition.

Copublication with Palgrave Macmillan, 330 pp.

## **Books in Japanese**

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### **IDE Research Series**

#### **The Philippines in the post-EDSA period** *(in Japanese)*

*Edited by Takeshi Kawanaka*

IDE Research Series No. 544, 246 pp.

Japanese title: Posuto Edosa-ki no Firipin.

#### **Laos: Transformation to the market economy under a single-party regime**

*(in Japanese)*

*Edited by Naoko Amakawa and Norihiko Yamada*

IDE Research Series No. 545, 264 pp.

Japanese title: Raosu: Ittō-shihai-taiseika no shijō-keizaika.

#### **Myanmar's economy in transition: Market versus control** *(in Japanese)*

*Edited by Koichi Fujita*

IDE Research Series No. 546, 341 pp.

Japanese title: Myammā ikō-keizai no henyō: Shijō to tōsei no hazama de.

#### **The political process in China: Structural changes and diversified actors**

*(in Japanese)*

*Edited by Norihiro Sasaki*

IDE Research Series No. 547, 270 pp.

Japanese title: Gendai Chūgoku no seiji henyō: Kōzōteki henka to akutā no tayōka.

**Social protection systems in newly industrializing countries in the twenty-first century** *(in Japanese)*

Edited by Koichi Usami

IDE Research Series No. 548, 421 pp.

Japanese title: Shinkōkōgyōkoku no shakai fukushi: Saitei seikatsu hoshō to kazoku fukushi.

**New developments in economic relations between China and ASEAN: Entering an era of mutual investment and FTAs** *(in Japanese)*

Edited by Yasuo Onishi

IDE Research Series No. 549, 360 pp.

Japanese title: Chūgoku-ASEAN keizai kankei no shin-tenkai: Sōgo tōshi to FTA no jidai he.

**The scope of human security: Agendas in Africa** *(in Japanese)*

Edited by Katsuya Mochizuki

IDE Research Series No. 550, 287 pp.

Japanese title: Ningen no anzen hoshō no shatei: Afurika ni okeru kadai.

**Challenges for East Asia: Economic integration, structural reform, and institution building** *(in Japanese)*

Edited by Daisuke Hiratsuka

IDE Research Series No. 551, 469 pp.

Japanese title: Higashi Ajia no chōsen: Keizai tōgō, kōzō kaikaku, seido kōchiku.

**IDE Selected Books**

**Development of the Mekong region: A frontier left behind in East Asia** *(in Japanese)*

Edited by Masami Ishida

IDE Selected Books No. 1, 387 pp.

Japanese title: Mekon chiiki kaihatsu: Nokosareta higashi-Ajia no furontia.

**The rising Indian economy: A gleam of hope and the reality** *(in Japanese)*

Edited by Shuji Uchikawa

IDE Selected Books No. 2, 356 pp.

Japanese title: Yakudō suru Indo-keizai: Hikari to kage.

**Current Affairs Reports**

**The challenges of China's Hu Jintao government: The 11th five-year plan and sustainable development** *(in Japanese)*

Edited by Yasuo Onishi

Current Affairs Report No. 1, 168 pp.

Japanese title: Chūgoku Ko Kintō seiken no chōsen: Dai-11-ji 5-kanen chōki keikaku to jizoku kanō na hatten.

## Copublications with commercial publishers

### **Top management of the family business: Cases in Asia and Latin America** (in Japanese)

Edited by Taeko Hoshino and Akira Suehiro

IDE Research Library of Iwanami No. 2, 302 pp.

Japanese title: Famiri-bijinesu no toppu-manejimento: Ajia to Raten-America ni okeru kigyō-keiei.  
Copublication with Iwanami Shoten

## Bibliographies

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### **Developing countries in Japanese writings, 2004: An annual bibliography**

(in Japanese)

Compiled by IDE Library, 485 pp.

Japanese title: Hatten tojō chiiki Nihongo bunken mokuroku, 2004.

### **Catalogue of newspapers on microform held in the IDE Library**

(As of October, 2005) (in Japanese/English)

Compiled by IDE Library, 55 pp.

Japanese title: Ajia Keizai Kenkyūjo Toshokan shimbun maikurofirumu shozō mokuroku.

## Statistics

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### **Asian International Input-Output Table, 2000, Volume 1. Explanatory Notes**

(in English)

Compiled by IDE-JETRO

Statistical Data Series No. 89, 292 pp.

### **Asian International Input-Output Table, 2000, Volume 2. Data** (in English)

Compiled by IDE-JETRO

Statistical Data Series No. 90, 344 pp.

## Periodicals

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### **The Developing Economies** (Quarterly, in English)

An international and interdisciplinary forum for studies on social sciences relating to the developing countries. Provides an opportunity for discussions and exchanges across a wide spectrum of scholarly opinions to promote empirical and comparative studies on the problems confronting developing countries. Established in 1962.

*Editorial Board* (as of April 1, 2006):

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Commission for Latin America and the Caribbean), Masahisa Fujita (President, Institute; Kyoto University), Hal Hill (Australian National University); *Managing Editor*: Masahiro Okada; *Assistant Editors*: Yukio Saito, Mami Ishigaki

**Asian economies** (*Monthly, in Japanese; Japanese title: Ajia keizai*)

A leading journal in Japan which reports on studies of development issues and related topics. Contains articles, theoretical and empirical notes, occasional reports of surveys and conferences, and book reviews. Open for contributions of manuscripts by scholars and students. The editorial committee is responsible for selecting the manuscripts to be published. Established in 1960.

*Members of the Editorial Committee* (as of April 1, 2006): Sadashi Fukuda (Chair), Hiroyuki Aoyama, Kenichi Imai, Susumu Imura, Jiro Okamoto, Satoru Kumagai, Masahiro Kodama, Masayuki Kobayashi, Junichi Nitta, Aki Sakaguchi, Shinichi Shigetomi, Yoko Suzuki, Muneo Takahashi, Shinichi Takeuchi

**Yearbook of Asian affairs** (*Annually, in Japanese; Japanese title: Ajia dōkō nempō*)

An analytical overview of yearly economic and political affairs in Asian countries including the Central Asian countries, with an outline of issues and news arranged in chronological order. Key economic statistics and documents are attached.

*Members of the Editorial Committee* (as of April 1, 2006): Sadashi Fukuda (Chair), Yasuo Onishi, Michio Kimura, Shinichi Shigetomi, Kazuhisa Matsui, Mayumi Murayama, Norio Kondo, Yuri Sato, Satoru Okuda, Naoko Amakawa, Kenichi Imai, Shigeki Higashi, Hisaya Oda, Ikuko Okamoto

**Ajiken world trends** (*Monthly, in Japanese; Japanese title: Ajiken wārudo torendo*)

This analytical and informative journal explores the future prospects of developing countries. It provides the latest information on political, economic, and social issues, feature articles, and economic statistics of Asian countries.

*Members of the Editorial Committee* (as of April 1, 2006): Mikimasa Yoshida (Chair), Takayuki Higashikata, Susumu Imura, Koichi Kitano, Toshihiro Kudo, Hiroshi Kuwamori, Momoe Makino, Koji Matsubara, Masashi Nakamura, Junichi Nitta, Kenji Otsuka, Hajime Sato, Yuko Sawada, Masaaki Watanabe, Eiichi Yoshida

**The contemporary Middle East** (*Biannually, in Japanese; Japanese title: Gendai no Chūtō*)

This journal, which specializes in the Middle East, provides analytical views on the structure of Middle East, issues involving CIS countries, and demonstrative data, based on local materials.

*Members of the Editorial Committee* (as of April 1, 2006): Yasushi Hazama, Hiroyuki Aoyama, Yoko Iwasaki, Natsuko Oka, Jun Saito, Hitoshi Suzuki, Kaoru Murakami, Masaaki Watanabe

**Latin America report** (*Biannually, in Japanese; Japanese title: Raten America repōto*)

Provides accurate analysis of information on the fluid Latin American region, and overviews of various aspects of long-term social development in the region.

*Members of the Editorial Committee* (as of April 1, 2006): Naokatsu Uetani, Koichi Usami, Maho Kato, Koichi Kitano, Aki Sakaguchi, Shigeko Sasaki, Tatsuya Shimizu, Taeko Hoshino, Tomoko Murai, Akio Yonemura

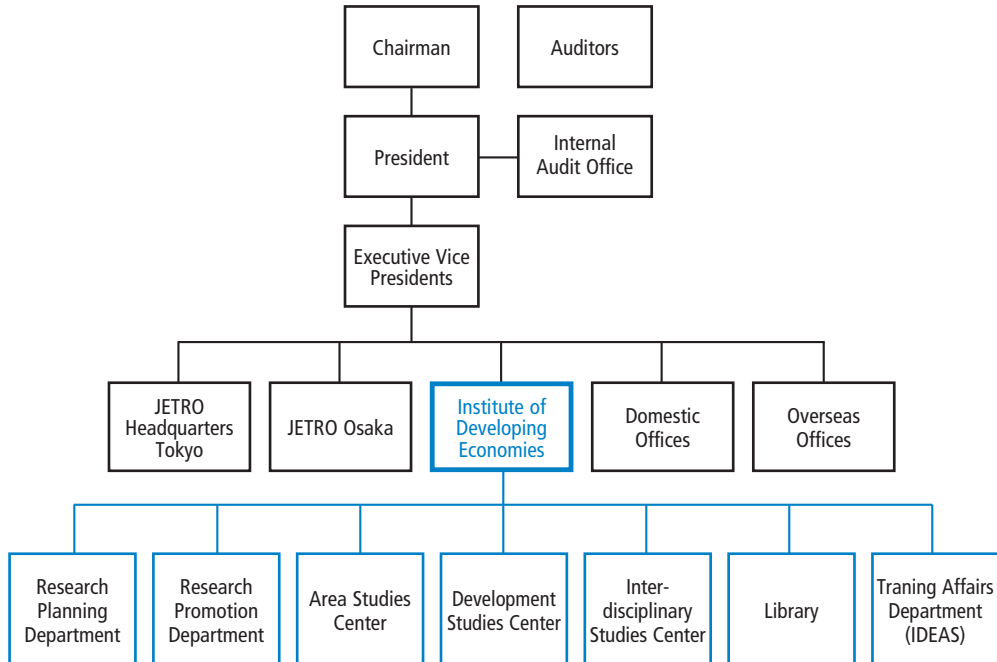
**Africa report** (*Biannually, in Japanese; Japanese title: Afurika repōto*)

Provides commentaries on problems faced by African countries, from the viewpoint of political, economic, and social trends.

*Members of the Editorial Committee* (as of April 1, 2006): Shinichi Takeuchi, Azusa Harashima, Akira Sato, Miwa Tsuda, Kumiko Makino, Katsuya Mochizuki, Eiichi Yoshida

# Organization

## Organization Chart



## Budget

For Fiscal Year 2005

(Million yen)

<b>Income</b>	
Government grant	4,089
Other operating income	203
<b>Total</b>	<b>4,292</b>
<b>Expenditure</b>	
Research	261
Library	158
Publications, seminars and lectures	120
International research exchanges	221
IDE Advanced School (IDEAS)	82
Personnel costs and related expenses	2,748
Other operating expenses	702
<b>Total</b>	<b>4,292</b>

## Executive Board and Staff

(As of April 1, 2006)

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Shigeru HIGASHIKAWA  
*Director in Charge*

Michiko ISHII  
*Director in Charge*

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*Director in Charge*

Kie ONO

Ayako OHARA  
*Deputy Director*

Yasuyo SAKAGUCHI  
*Chief*

Manabu KATO

Shinji HASHIMOTO

### Senior Research Fellows Sent Abroad

(for their research topics and host institutions, see pp. 72-73)

Shozo SAKATA  
(Vietnam)

Masahiko NAKAGAWA  
(Russia and Republic of Korea)

Ryusuke TAKASHIMA  
(China)

Takeshi KAWANAKA  
(U.S.A.)

Kanako YAMAOKA  
(U.S.A.)

Takao TSUNEISHI  
(Thailand)

Takeshi USAMI  
(China)

Moriki OHARA  
(U.S.A.)

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**Research Fellows  
Sent Abroad**

(for their research topics and host institutions, see pp. 73-75)

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Norihiko YAMADA  
(Lao P.D.R.)

Kazuhiko OYAMADA  
(U.S.A.)

Ichiki TSUCHIYA  
(Egypt)

Etsuyo MICHIDA  
(Austria and Indonesia)

Yoko UCHIDA  
(U.S.A.)

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(Singapore)

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Tatsuhito UETAKE  
(Thailand)

Ryohei KONTA  
(Brazil)

Koichiro KIMURA  
(China)

Izumi CHIBANA  
(Philippines)

Sanae SUZUKI  
(Malaysia)

Rie TAKAHASHI  
(Syria)

Yuko TSUJITA  
(U.K.)

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Chikako MIHARA

Makoto KASAHARA

Miyoko NODA

Masako KAWANO

Michio KIMURA

Kazuko SUZUKI

Mitsuru TOIDA

Nobuhiro OKAMOTO

Yusuke OKAMOTO

Bo MENG

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**Staff which left during  
fiscal year 2005**

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Hiroshi TSUKUDA

Keisuke SAITO

Gaku KATO

Keiko SAKAI

# Appendices

## Visiting Research Fellows during Fiscal Year 2005

### (1) IDE-Supported Fellows

Name	Status / Institution, Country	Research Topic
Chen Hong	Senior Fellow, Institute of World Economics and Politics, Chinese Academy of Social Sciences, China	A New Approach to the Asian Finance Cooperation: Japan and China
Willington O. Onuh	Chair, Allied Business Department, College of Business Administration, De La Salle University Dasmariñas, Cavite, Philippines	Empirical Analysis of Food Manufacturing Industry in the Philippines
Bettadalli Chandrashekar Neelakanta	Professor and Director, Postgraduate Department Economics, JSS-Institutions for Women, India	An Assessment of the Need for Effective Consumer Organizations in India and Japan within the Wider Concept of Globalization
Corazon Lira Rapera	Associate Professor, Department of Agricultural Economics, College of Economics and Management, University of the Philippines at Los Baños, Philippines	Economic and Sustainability Indications from Trends in Material Flows in the Philippines, 1981-2003
Saeed Khatibzadeh	Managing Editor of the Iranian Journal of International Affairs and Deputy Head of Center for Asia and Pacific Studies, Institute for Political and International Studies (IPIS), Iran	New Trends of Iran's Economic Diplomacy: An Analytical Assessment of Trade and Economic Cooperation between Iran and Three Major Asian Countries as Japan, China, and South Korea
Jerzy Grabowiecki	Associate Professor of International Economics, International Economic Relations Department, Faculty of Economics, University of Bialystok, Poland	Japan's Keiretsu Groups: Its Evolution at Present and Reference Point (or a Paradigm) for Other Countries
Arup Mitra	Professor of Economics, Institute of Economic Growth, Delhi University Enclave, India	Labor Market Changes and Living Standards: A Study of Japan and India
Zhu Zhenming	Professor, Institute of Southeast Asian Studies, Yunnan Academy of Social Sciences, China	China's Opening-Up Strategy and Development of Economic Relations between China and Southeast Asia

## (2) IDE-Supported Fellows, Who Joined IDE Research Projects

Name	Status / Institution, Country	Research Topic
Ivohasina Fizara Razafimahefa	Economic Advisor, Ward Office, Rural Prefecture, Tanjombato, Madagascar	Roles of Export Oriented Manufacturing Industry in Madagascar
San Thein	Deputy General Manager, Myanmar Sugarcane Enterprise, Ministry of Agriculture and Irrigation, Myanmar	Agro-Based Industry in Myanmar: Prospects and Challenges
Liu Xiangfeng	Senior Fellow, Institute of International Economic Research, National Development and Reform Commission, China	Relationship of FDI and Transition of Trade Pattern between China and Japan in the Context of EAFTA

## (3) Self-Supporting Fellows

Name	Status / Institution, Country	Research Topic
Im Chon Sok	Professor, College of Commerce and Economics, Konkuk University, Republic of Korea	Affirming Korea's Competence against China: Strategy of Korea in Its Maturing Stage
Chung Gun Yong	Director, Office of Planning for LWR Project, Ministry of Planning and Budget, Republic of Korea	A Comparative Study of Decentralization Reform in Korea and Japan
Kim Min	Director, Metals and Petrochemical Industries Division, Ministry of Commerce, Industry and Energy, Republic of Korea	The Current State of the Metal Processing (Manufacturing, Technology, and Engineering) Industry of Korea and Japan and Ways for the Two Countries to Cooperate in the Sector
Augustine Osita Agbu	Senior Research Fellow, Nigerian Institute of International Affairs, Nigeria	The Iron and Steel Industry and Industrialization in Nigeria: Exploring Cooperation with Japan
Hong Tsai-Lung	Associate Research Fellow, Division of International Affairs, Taiwan Institute of Economic Research (TIER), Taiwan	Economic Integration and Trade Politics in East Asia—Highlighting on FTAs

## Research Fellows Sent Abroad during Fiscal Year 2005

### (1) Senior Research Fellows Sent Abroad

Name	Place (Country)	Host Institution	Research Topic
Keisuke Saito	Beijing (China)	China-Japan Long-Term Trade Committee	Perspective on Research and Development in China's Industry
Masayuki Kobayashi	Seattle (U.S.A.)	Asian Law Center, University of Washington School of Law	Labor Law in Modern China: With Particular Reference to the Settlement of Labor Disputes
Jiro Okamoto	Bangkok (Thailand)	Faculty of Political Science, Thammasat University	East Asian Economic Integration and the AFTA-CER Linkage: Searching for an Inclusive Economic Integration Process
Junko Mizuno	Shanghai (China)	School of International Relations and Public Affairs, Fudan University	A Study of Technology Transfers and Human Resource Development in Machinery Industries in the EU
Hisaya Oda	Lahore (Pakistan)	School of Social Sciences, Lahore University of Management Sciences	Labor Migration in South Asian Countries
Kazuo Watabe	Sydney (Australia)	JETRO Sydney	Japanese Technological Cooperation with the Countries of the Pacific Islands: With Special Focus on the Projects of Electric Power Generation and Conversion of Salt Water to Fresh Water
Norio Kondo	New Delhi (India)	Centre for the Study of Law and Governance, Jawaharlal Nehru University	The Study of the Evolution of Poverty Alleviation Programmes in India after Economic Liberalization
Koji Nishikimi	Almaty (Rep. of Kazakhstan)	Economic Research Institute, Ministry of Economy and Budget Planning	Development of Kazakhstani Wheat Agriculture in Transition to Market Economy
Masahiko Nakagawa	Moscow (Russia)	Institute for Far Eastern Studies, Russian Academy of Sciences	Economic Reforms and Industrial Structure in D.P.R.K.
	Seoul (Korea)	Institute for Far Eastern Studies, Lyungnam University	
Ryusuke Takashima	Beijing (China)	China-Japan Long-Term Trade Committee	Research on the Chinese Economic Strategy for East Asia and the "Soft Infrastructure/ Systems" in China, under the View of Feasibility of Economic Partnership Agreement in East Asia
Takeshi Kawanaka	Stanford (U.S.A.)	The Walter H. Shorenstein Asia-Pacific Research Center, Stanford University	Political Institutions and Policy Outcomes in New Democracies: The Case of the Philippines

Kanako Yamaoka	Cambridge (U.S.A.)	David Rockefeller Center for Latin American Studies, Harvard University	Analysis of Power Structure of Cuba's Castro Regime
Takao Tsuneishi	Bangkok (Thailand)	Fiscal Policy Office, Ministry of Finance	Thai Economic Policy toward Neighboring Countries—From the Viewpoint of Thai Regional Development
Takeshi Usami	Hong Kong (China)	JETRO Hong Kong	The Economic Linkage of Hong Kong with East Asian Countries
Moriki Ohara	Berkeley (U.S.A)	Center for Chinese Studies, University of California, Berkeley	Industrial Development Process of Large Late Industrializing Countries: China and India

## (2) Senior Research Fellows Sent Abroad to Organize Research Teams and Conduct Joint Studies

Name	Place (Country)	Host Institution	Research Topic
Tsutomu Takane	Zomba (Malawi)	Centre for Social Research, University of Malawi	Agricultural and Rural Development in Malawi
Shozo Sakata	Hanoi (Vietnam)	Vietnam Institute of Economics, Vietnamese Academy of Social Sciences	Actors for Poverty Reduction in Vietnam

## (3) Research Fellows Sent Abroad

Name	Place (Country)	Host Institution	Research Topic
Yasushi Ueki	Santiago (Chile)	Economic Commission for Latin America and the Caribbean, United Nations	Innovation and Diffusion of Information Technologies and Economic Development in Latin America
Hiroko Uchimura	Paris (France)	Development Centre, Organisation for Economic Co-operation and Development (OECD)	Studies on Income Inequality in Developing Economies: Structure and Determinants
Norihiko Yamada	Vientiane (Lao P.D.R.)	Faculty of Economics and Management, National University of Laos	Economic Reform in Laos: Present and Issues
Kazuhiko Oyamada	St. Paul (U.S.A.)	Department of Applied Economics, University of Minnesota	An Applied General Equilibrium Analysis on Dynamic Impacts of Economic Partnerships among Asia-Pacific Region: Analytical Model Building and Policy Evaluation
Ichiki Tsuchiya	Cairo (Egypt)	Social Research Center, American University in Cairo	Human Resource Management of Private Firms in Middle East

Gaku Kato	Jakarta (Indonesia)	Center for International Forestry Research	Development and Adjustment of Forestry-Based Industries in Indonesia under Pre- and Post-Soeharto Regimes
Etsuyo Michida	Vienna (Austria)	Vienna International Centre, United Nations Industrial Development Organization	Sustainable Economic Development and the Policy for Environmental Pollution Prevention in Developing Countries
	Jakarta (Indonesia)	United Nations Industrial Development Organization, Jakarta Office	
Yoko Uchida	West Lafayette (U.S.A.)	Department of Agricultural Economics, Purdue University	Analysis on Industrial Structure in the Asia-Pacific Region
Yoshifumi Ayusawa	Singapore	Institute of Southeast Asian Studies	The Economic Growth in East Asia by Human Capital
Takahiro Fukunishi	London (U.K.)	Department of Economics, School of Oriental and African Studies, University of London	Prospects of Labor-Intensive Industries in Sub-Saharan Africa: A Perspective from Comparative Studies of Kenyan Garment Industry with Bangladeshi and Cambodian Industry
Hisatoshi Hoken	Beijing (China)	China Center for Economic Research, Peking University	Changing Agricultural Household and Urban Labor Market in China: Mechanism of Supply and Demand for Migrant Labor
Tatsuhito Uetake	Bangkok (Thailand)	Faculty of Economics, Chulalongkorn University	Industrial Cluster Policy in Thailand: Status Quo and Perspective
Ryohei Konta	Rio de Janeiro (Brazil)	Institute of Applied Economic Research	An Experiment for Poverty Alleviation and Changes of Urban Society in Brazil: The Community-Based Organizations in the Participatory Housing Policy in São Paulo
Koichiro Kimura	Beijing (China)	Institute of Industrial Economics, Chinese Academy of Social Sciences	Growth of Chinese Local Firms and Vertical Integration of Production Activities in Electronic Machinery Industry: From the Viewpoint of the "Boundaries of the Firm" Study
Izumi Chibana	Manila (Philippines)	College of Law, University of the Philippines	Dispute Resolution System in the Philippines: Impacts of the Judicial Reform in the Post-EDSA Period
Sanae Suzuki	Kuala Lumpur (Malaysia)	Institute of Strategic and International Studies	The Role of Chair in ASEAN Policymaking : In the Case of Malaysia

Rie Takahashi	Damascus (Syria)	Institute Francais du Proche-Orient	A Bibliographical Study on Gender in the Eastern Arab Countries
Yuko Tsujita	Brighton (U.K.)	Sussex Institute, University of Sussex	Education and Poverty among Urban Workers in India

## Research Projects and Organizers for Fiscal Year 2006

### Priority Projects

- East Asia's Integration and Co-development of Each Economy (Daisuke Hiratsuka)
- Asian Regional Economic Integration from the Viewpoint of Spatial Economics (Koji Nishikimi)
- Political Economy of FTAs: Institutional Change in Asian Countries (Shigeki Higashi)
- Emergence of the Chinese Economy and Reorganization of the Asian Industrial Structure (Nobuhiro Okamoto)

### Major Projects

- Analysis of Current Affairs in Asia (Shinichi Shigetomi)
- Projections for the Asian Industrializing Region (PAIR) (X) (Jinichi Uemura)
- Compilation and Application of Trade Indices III: The Relation between Trade Price Indices and Other Trade Indices (Yosuke Noda)
- Research Project Contributing to Japan's Economic Cooperation
  - \*China's Emergence as an Economic Giant and the World Economy (Reetsu Kojima)
  - \*The Global Network Economy and Logistics in East Asia: Issues and Prospects (Shigeaki Fujisaki)
  - \*Myanmar at the Crossroads: Searching for New Initiatives in Myanmar Issues (Toshihiro Kudo)
  - \*Democratization of Egyptian Society and Mubarak Regime (Toshikazu Yamada)

### Standby Research for Specific Development Issues

- Vietnam's New Socioeconomic Development Strategies toward 2010 (Shozo Sakata)
- Toward a Single Market of Greater Mekong Sub-region: The Potentiality of Three Economic Corridors (Masami Ishida)
- Linkages between the Japanese Generic Pharmaceuticals Market and the Manufacturers of India and China: Role of the Patent and Quality Regulation Systems (Kensuke Kubo)
- Local Industries in Sub-Saharan Africa under Threats of Asian Drivers (Eiichi Yoshida)  
(Research on other issues will be launched in due course within the fiscal year)

### Basic and Comprehensive Studies

#### *Research Contributing to Sustained Growth and Development*

- Chinese Enterprises: The Quest for Industrial Upgrading amid Transition (Kenichi Imai)
- Competitiveness of Korea's Major Industries: How They Adjust to Ever-Changing Environment in the Twenty-first Century (Satoru Okuda)
- Latin American New Primary-Goods-Export Economy: Structure and Strategy (Taeko Hoshino)
- The Flowchart Approach to the Formation of Industrial Clusters: Focusing on the Mechanism of Endogenous R&D and Innovation (Akifumi Kuchiki)
- Institutional Building for Local Economic Development (Yoshiaki Nishikawa)
- Development and Restructuring of the Iron and Steel Industry in Asian Countries (Hajime Sato)

- Asian Capitals' Competition and Cooperation in China (Yukihito Sato)
- Comprehensive Study on Taiwan I: Growth and Transformation of Taiwan's Firms and Industries (Yukihito Sato)
- Trade and Investment Policy in the Philippines: Response to Economic Liberalization and Globalization (Yasuhiro Nimura)
- Decentralization and Environmental Policies in Asia (Tadayoshi Terao)
- Recycling in Asia (Michikazu Kojima)
- Law and Custom in Real Estate Transaction of Iran (Yoko Iwasaki)
- The IMF and Developing Countries (Kozo Kunimune)
- Financial Markets and Money in Developing Countries (Hisayuki Mitsuo)
- Macroeconomic Implications of Imperfect Markets in Developing Countries (So Umezaki)
- Sustainable Governance for River Basin: A Review of Experiences in Japan and China toward International Cooperation (Kenji Otsuka)
- Theories and Realities of Rural Development (Masami Mizuno)
- Theorizing Law and Development Issues (Masayuki Kobayashi)

#### *Research Contributing to Poverty Reduction*

- Changing Villagers' Economies in Developing Countries under Globalization (Shinichi Shigetomi)
- Economic Liberalization and Rural Livelihoods in Malawi (Tsutomu Takane)
- Vietnam's "State and Society" in the Doi Moi Period (Minoru Teramoto)
- Globalization in South Asia: Its Impact on Employment and Labor Issues (Hiroshi Sato)
- Employment and Social Security in the Newly Industrialized Countries (Koichi Usami)
- Poverty Reduction through Generating Employment Opportunities (Tatsufumi Yamagata)
- Health Service and Poverty: Making Health Services More Accessible to the Poor (Hiroko Uchimura)
- New Issues in Development Studies and Social-Welfare Studies (Soya Mori)
- Social Movements and Popular Political Participation in Developing Countries (Shinichi Shigetomi)
- Educational Development in a Mexican Indigenous People's Region: The Case of Mixe, Oaxaca (Akio Yonemura)

#### *Research Contributing to Peace and Security*

- Elections and Developing Democracies in Asia (Norio Kondo)
- Political Systems under Social Transformation in the Gulf and Arabian Oil-Producing Countries (Sadashi Fukuda)
- Political Structures and Interrelations in the Contemporary Levant States (Hiroyuki Aoyama)
- Mobilization of Ethnic Minorities and International Relations: "Triadic Nexuses" in Kazakhstan (Natsuko Oka)
- Reconsidering Personal Rulership in Sub-Saharan Africa (Akira Sato)
- Post-conflict Challenges in Africa (Shinichi Takeuchi)
- Challenge to Political Stabilization in China: Risk Factors and Political System (Norihiro Sasaki)
- Thailand in an Era of Reforms: Political and Administrative Reforms from 1997 to the Thaksin Administration (Yoshifumi Tamada)
- International Relations of Afghanistan and Its Neighboring Countries (Hitoshi Suzuki)
- Regional Integration Theories and East Asia (Jiro Okamoto)

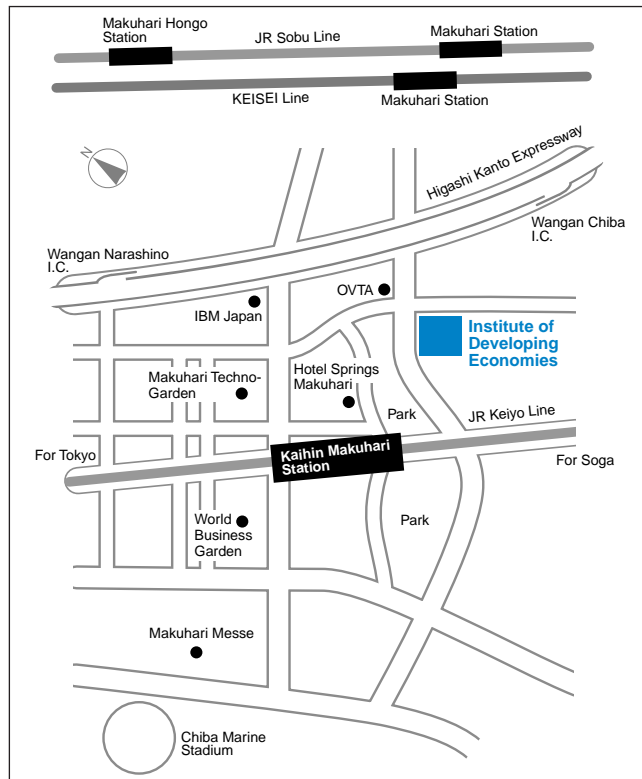
### **Collaborative Research**

- Regional Development Strategy in Southwest China (Collaborating with Yamaguchi University) (Nobuhiro Okamoto)

### **Overseas Joint Studies on Economic Development Issues**

- Location Decisions of Multinational Firms and Trade and Industrial Structural Changes in the Integrating East Asian Economy (Ikuo Kuroiwa)
- Law and Democratization in Indonesia after Legal Reform (Naoyuki Sakumoto)
- Empirical Study on Corporate and Industrial Growth in China: Strategy, Competition and Institution (Mariko Watanabe)
- Regional Development Policy after the Direct Election of Local Head in Indonesia (Kazuhisa Matsui)

## INSTITUTE OF DEVELOPING ECONOMIES, JETRO



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### **Access**

- JR Keiyo Line: 10-minute walk from Kaihin Makuhari Station (approximately 30 minutes from Tokyo to Kaihin Makuhari)
- JR Sobu Line: 20-minute walk from Makuhari Station  
12 minutes by bus from Makuhari Hongo Station (bound for the north exit of Kaihin Makuhari Station)
- Higashi Kanto Expressway: 5-minute drive from Wangan Narashino I.C.

