
I. FY 2010 Institute of Developing Economies Research Principles

I. Basic Principles

The basic principle of the Institute of Developing Economies, a national think tank on developing countries, is to conduct research that serves as the foundation for policymaking.*

In addition to carrying out some of the world's most advanced theoretical research, IDE also devotes attention to field research and world-class studies that make the most of researchers' integrated work, thus providing policymakers with arguments supported by both theory and evidence. Such research might include using an geographical-economic simulation model (GSM) to analyze the effects of infrastructure on industrial centers worldwide, the results of which would be submitted to Economic Ministers' Meetings or summit meetings through ERIA. Another example would be working with the World Trade Organization (WTO) to estimate value-added content of international trade flows in Asian international input-output tables and analyzing the findings.

In FY 2010, IDE will forge closer ties with JETRO Headquarters and government agencies and work on a variety of research, including high-priority policy projects such as ERIA support research, construction of an Asian research network, joint CJK FTA work, cooperative research with China, and an investment promotion program for Africa to respond to the wide-ranging needs of the political, business, and academic spheres.

To publicize its research results, IDE will create policy briefs and enhance its web-based coverage of research findings.

* Based on this excerpt from the "Independent Administrative Institution Consolidation and Rationalization Plan," adopted by Cabinet on December 24, 2007: "Research at IDE shall specialize in contributing to the expansion of trade and the promotion of economic cooperation in Asia through policy proposals, analysis for policy proposals, and basic/comprehensive research to support analysis, and the field of research shall be focused on 'sustainable development in developing countries.'"

II. Action Principles

For (1) policy proposal research and (2) analytical research contributing to policy proposals, the Institute selects research themes based on basic governmental policies and regular discussions with the Ministry of Economy, Trade and Industry about policy needs. In (3) basic/comprehensive research, themes are chosen based on researcher initiative, but researchers are required to demonstrate policy significance when presenting research questions. Research themes include not only trade and investment, but also social topics and other issues that developing countries face, which help the Institute form a more complete picture of developing countries.

1. Policy Proposal Research

IDE will coordinate with JETRO Headquarters and other groups to work on the following themes, which are highly prioritized on the list of policy needs.

(1) Construction of an Asian Research Network (new)

Based on the need to incorporate Asian regional demand in Japan's efforts to achieve sustainable growth, IDE will expand its research activities in Asia, promote policy research and the construction of a research network, and provide the results to trade policymakers and agencies in Asia to improve the quality of policy research agencies in concerned regions. One example would involve using an geographical-economic simulation model (GSM) to analyze the effects of infrastructure.

(2) Joint CJK FTA Research

IDE will continue its joint CJK FTA research, in which it has teamed with the Development Research Center (DRC) of the State Council of China and the Korea Institute for International Economic Policy (KIEP) to investigate the streamlining of trade. The Institute will also support joint CJK research at the government level and work on FTA negotiations from the research side.

(3) Cooperative Research between Japan and China

Based on the memorandum signed in November, 2009 between JETRO and the government of the Guangdong province, IDE will work together with the Guangdong government to research “structural adjustments in the Guangdong economy and issues in the coordination of Japan-China economics and business.”

(4) Investment Promotion Program for Africa

Working together with relevant organizations and Japanese companies looking to enter the African market, IDE will use experimental economics methods for a development experiment involving employees and surrounding communities. The study will be designed to investigate Africa’s unique method of evaluating corporate social responsibility, which poses an obstacle for Japanese companies trying to expand investment and business. The research is intended to stabilize operations for expanding companies and reduce the social costs associated with investment. IDE will also collect information on new business trends in Africa, create a database, and construct an African business model.

2. Research Contributing to Policy Proposals

< 1. Regular Analytical Research Projects>

In addition to creating Asian international input-output tables, maintaining a trade statistics database, and continuing its trend analyses of politics and economics in Asian countries, IDE will begin model analysis of long-term economic growth in East Asia starting in FY 2010.

(1) Compilation and Use of the 2005 International Input-Output Tables (II)

As part of its work on 2005 Asia international input-output tables and 2005 BRICs international input-output tables, IDE will look to establish an estimation method by exploring various technological problems that arise in the creation of international input-output tables. In addition, utilizing its knowledge of international input-output tables, the Institute will begin a 2-year joint research project with the World Trade Organization (WTO) to estimate value-added content of international trade flows and use related analyses to make policy proposals. In FY 2010, IDE-JETRO and the WTO will collaborate to create “Atlas: Production Networks, International Added Value and Regionalization in East Asia,” a jointly-edited project.

(2) Analysis of Current Affairs in Asia

IDE’s perspective on Asian countries is founded on long-term, tendency-based analyses of major themes for Asia as a whole and trends in various governments, economic systems, and foreign relations. The results of these studies, the “Yearbook of Asian Affairs 2011,” is an exhaustive exploration of over 20 Asian nations, providing a look at trends and analysis, basic data by country, lists of key figures and cabinet members, critical documents, important daily reports, and major statistics. This is the only yearly report of its kind in the world, and is thus regarded highly by specialists and scholars as a “trend yearbook,” a useful source of information. The yearbook will continue to serve as one of the pillars of the Institute’s activities.

(3) Economic Modeling on Asia for Long-term Evaluation (EMALE)

Using a quantitative model developed by the Institute, IDE will look into the status of Asia’s long-term economic development. More specifically, this involves creating a new model based on consumption, housing, social capital improvement, and other elements of the domestic market, as well as long-term factors such as population. IDE will also construct a model that, as a fundamental component of future quantitative analysis of long-term economic develop-

ment in Asia, can be applied to various types of analysis.

(4) Compilation and Application of Trade Indices: A Feature of Long-Term Trade indices

(V)

IDE will create trade indices, maintain long-term chronological statistics in trade data that serves as the basis for application, make corrections to ensure consistency and maximum integrity, and make a global comparison of the creation and evaluation of trade indices.

< 2. Policy Issue Research>

IDE will conduct policy issue research that is vital in making contributions to socially-significant policy proposals.

(1) Regional Integration in East Asia

In East Asia, economic integration has been progressing rapidly on both de facto and de jure bases, with countries concluding an increasing number of free trade agreements (FTAs) and economic partnership agreements (EPAs). This deepening integration has brought increased trade and investment liberalization, and is expected to further accelerate economic growth of the Asian region as a whole. This growth also has the potential to widen disparities among countries, regions within a country, and even local and foreign firms. Focusing on issues such as changes in industrial and trade structures within the region, development of supply chains and the formation of industrial clusters, IDE will analyze various issues accompanying regional integration from a variety of perspectives.

[Related Research Projects]

Economic Integration and Its Impacts on Industrial Location in CLMV

(2) Poverty Reduction and Development Strategy

In order to reduce poverty in developing countries from a long-term perspective, new institutional frameworks need to be closely linked with the policy objective of poverty reduction. On this basis, IDE will focus on analyses of the socially vulnerable disabled people who are often left out of the poverty reduction debate.

[Related Research Projects]

Current Situations of Disabled People and Governments Policies in Southern Asian Countries: From a Viewpoint of 'Disability and Development'

(3) Comprehensive Study of India

While India has attained stable economic growth, disparities among its regions have widened and poverty has become more acute in its least developed areas. These growing disparities and rapid changes brought about by globalization have led to political and social problems in the country. In FY 2010, IDE will focus its research on analyzing the prospects for India as it endeavors to become a major power in international politics.

[Related Research Projects]

India's Contemporary International Relation: The Way to Major Power

(4) Comprehensive Study of China

In previous years, IDE has analyzed the issues China faces, assessed mid- and long-term perspectives on economic development and political change, and evaluated their intrinsic risks. In FY 2010, IDE will consolidate past research results and hold seminars and other events to apply the results.

< 3. spot research projects and collaborative research projects>

In order to respond quickly to emergency problems and issues that have generated high public interest, IDE will conduct mobile studies and research and use a variety of methods to transmit the results quickly and clearly. IDE will

also respond to the requests of JETRO Headquarters, universities, external research agencies, and local governments and engage in collaborative research that utilizes the combined knowledge of parties involved. In FY 2010, IDE will launch local collaborative research with Fukuoka prefecture on “East Asian Economic Integration and Development of the Fukuoka Region,” establishing mobile research questions as needed.

3. Basic/Comprehensive Research

In addition to (1) and (2) above, basic/comprehensive research will focus on four priority themes, “Macroeconomics: The Turbulent Global Economy and Economic Policies in Developing Countries,” “Microeconomics: Companies and Industries in Search of a New Existence,” “Politics/Society: System Transformation and Social Stability,” and “Food/Agriculture/Environment: Expanding Research on Sustainability” in support of analytical research contributing to policy proposal research and the proposals themselves. IDE will also continue to support individual research aimed at improving researcher writing abilities and encourage researchers to submit articles to prominent domestic and international journals.

(1) Macroeconomics: The Turbulent Global Economy and Economic Policies in Developing Countries

Sound macroeconomic management and the concept of harnessing the energy of the market economy in economic development have become mainstream elements of economic policy in developing countries. Ever since the “Lehman shock” of the fall of 2008, the tumult in global finance and economics has rattled the economic climate of developing countries, and such environmental shifts will inevitably have a significant impact on economic management in the future. At the present time, however, it is unclear whether these changes will induce a fundamental rethinking of conventional economic policy.

In this theme, IDE will investigate economic policy operations in developing countries amidst this turbulent economic environment, examine the reality and changes taking place, and highlight various issues and challenges.

[Related Research Projects]

Governance Problems in Public Financial Management in Developing Economies

Global Recession and Economic Policies in Developing Countries

Economic Policy and Economic Structure Development of Transition Economies in Southeast Asia: Comparative Study of Myanmar and Vietnam, etc.

(2) Microeconomics: Companies and Industries in Search of a New Existence

The intensification of global competition brought on by globalization has had a profound impact on corporations in developing countries, and many companies have been dealt serious blows by the global financial crisis that began in the fall of 2008. Despite these grave circumstances, some companies are trying to overcome the current situation by developing new demand, laying the foundations for a domestic and international corporate network, reevaluating employment systems, and taking other steps to improve managerial effectiveness. Under this theme, IDE will look at the behavior and industrial organization of companies in developing countries that are looking to establish a new presence amidst escalating economic changes.

[Related Research Projects]

Local African Firms in the New Trend of Globalization

The Rise of Multinational Corporations from Middle East

The Firm-level Productivity in the China’s Electrical and Electronics Industry:

A Relationship between Foreign and Local Firms, etc.

(3) Politics/Society: System Transformation and Social Stability

In developing countries, growing social instability often causes major systematic disturbances in the forms of terrorism and political oppression. Systematic unrest can inhibit social stability, regardless of whether the system is authoritarian or democratic.

In this theme, IDE will take a multi-faceted look at developing countries in a highly-interdependent global environ-

ment by investigating what sorts of social transformations are taking place within developing countries, how these changes affect systems, how system transformation influences society, and also how countries can achieve social stability.

[Related Research Projects]

Whither Military Regime in Myanmar?

Conflict and State Formation in Africa and the Middle East

Comprehensive Study on Cuba: Politics, Economy and Society under the New Government of Raúl Castro, etc.

(4) Food/Agriculture/Environment: Expanding Research on Sustainability

Currently, there is significant demand for more in-depth research into sustainability in food, resources, and the environment; for instance, as globalization continues to progress, there is a mounting need to consider transnational reciprocity in the discussion of sustainability. The perspective of resource management, too, is becoming more important as organizations at community, national, and global levels debate how to control water, common land, forests, and other shared resources in a sustainable framework.

Under this theme, IDE will examine the debate surrounding sustainability in developing countries from many different angles.

[Related Research Projects]

“Food Crisis” and Maize Supply in Developing Countries

International Comparison of Environmental Policy Development from Historical Viewpoint

Economic Integration and Recycling in Asia, etc.

4. Acquisition of Competitive Funds (scientific research fund)

IDE will work to secure competitive research funds, such as grants-in-aid for scientific research from the Ministry of Education, Culture, Sports, Science and Technology, to enhance the Institute’s competitive edge, providing a new financial resource for the fulfillment of basic research and a way to energize research activity.

5. Funded Research

In its ERIA support research, IDE will conduct funded research from ERIA, as well as respond to the needs of governmental organizations and private companies by taking advantage of Institute resources to perform funded research.

6. Promotion of Research Exchange

(1) Dispatching researchers abroad

Send researchers to international organizations, foreign universities, and research agencies abroad to improve research quality and expand the research network.

(2) Welcoming visiting researchers from abroad

Welcome researchers and interns from abroad to foster research exchange and expand the research network.

(3) Participating in international meetings and academic conferences abroad

Establish an IDE session at the April 2010 meeting of the Association of American Geographers to discuss comparative research on industrial processes in China and India and present research results, encourage researchers to participate in and present research at conferences and international meetings, and promote world-class research exchange and transmission.

(4) Constructing a research network

Optimize the construction of a network linking major domestic/international research agencies and leading universities from the perspectives of choice and concentration.

III. Important Activities

1. Policy Proposal Research

- (1) Construction of an Asian Research Network (new)
- (2) Joint CJK FTA Research
- (3) Research between Japan and China
- (4) Investment Promotion Program for Africa

2. Regular Research Projects

- (1) Compilation and Use of the 2005 International Input-Output Tables (II)
- (2) Analysis of Current Affairs in Asia
- (3) Economic Modeling on Asia for Long-term Evaluation(EMALE)
- (4) Compilation and Application of Trade Indices: A feature of long-term trade indices (V)

3. Policy Issue Research

- (1) Regional Integration in East Asia
- (2) Poverty Reduction and Development Strategy
- (3) Comprehensive Study of India
- (4) Comprehensive Study of China