
II. Review of Research Projects

<Policy Proposal Research>

1 The Construction of an Asian Research Network (subsidized)

(1) Study on the Industrial Readjustment in the Mekong River Basin Countries: Towards the AEC by 2015

This research project focused on the industrial adjustment processes in the Mekong River Basin Countries (MRBCs) involving the structural changes in business environments stimulated by the ASEAN economic integration. We organized a research team composed of experts from CLMV, Thailand, China, Japan and South Korea to examine the division of labor from the perspective of each country. Each member of the team attempted to (1) observed the current situation of industrial activities in the Mekong River Basin Countries (MRBCs), (2) examine the comparative advantages each country has and identify potential industries in MRBCs, (3) investigate structural impediments for industrial development and (4) discuss the direction of policies for narrowing the gaps between forerunner and new ASEAN members through developing new industries in preparation for the launch of the ASEAN Economic Community (AEC) in 2015. We held an international workshop at the Korea Institute for International Economic Policy in Seoul, Korea, in January 2012 for the purpose of gaining further understanding concerning these issues, identifying potential industries and deriving policy implications. We published the final report entitled 'Industrial Readjustment in the Mekong River Basin Countries: Towards the AEC' in March 2012.

Organizer: Teerana Bhongmakapat, (Dean, Faculty of Economics, Chulalongkorn University, Thailand)

Co-researchers: UEKI Yasushi, MAKISHIMA Minoru KAGAMI Mitsuhiro (Professor, Faculty of Economics, Teikyo University, Japan), Xingmin Yin (Deputy Director, China Center for Economic Studies, Fudan University, China), Zhenming Zhu, (Professor, Institute

of Southeast Asian Studies, Yunnan Academy of Social Sciences, China), Jae-wan Cheong, (Senior Researcher, Korea Institute for International Economic Policy, Korea), Syviengxay Oraboune, (Deputy Director General, National Economic Research Institute, Lao PDR), Chap Sotharith, (Board Member, Cambodian Institute for Cooperation and Peace, Cambodia) Kriengkrai Techakanont, (Associate Professor, Faculty of Economics, Thammasat University, Thailand), Ha Thi Hong Van (Head, Department of Chinese Economics Studies, Institute of Chinese Studies, Vietnamese Academy of Social Sciences, Vietnam), SanThein (Agro-industrial Specialist, Myanmar)

(2) A Study on Cross-border Trade Facilitation and Regional Development along Economic Corridors

In the Greater Mekong Subregion, three economic corridors consisting of the East-West Economic Corridor, North-South Economic Corridor and Southern Economic Corridor have been developed thus far. However, this project focuses more on emerging economic corridors. For example, we conducted a study on National Roads No. 9 and No. 12 in Laos and Vietnam which were expected to improve access to the Third Mekong Friendship Bridge. As for the Southern Economic Corridor, the need to examine the Southern Coastal Sub-corridor and Northern Sub-corridor, in addition to the Central Sub-corridor, has increased. In Myanmar, we conducted field surveys at Thilawa as an alternative port for Yangon Port, Kyaok Phyu where a pipeline basement has been constructed with assistance from China, Sittway where a short-cut route for Northern India has been developed by India and Pakokku and Monywa where motorcycle and food-processing industries have agglomerated. In this research project, products produced in the provinces along the economic corridors and in the regions were cleared, and the possibility of exporting them to the world market was examined. Our results show that the possibility for exporting is higher for agricultural products and processed agricultural products such as cassava, sugar cane, natural rubber, eucalyptus, cashew

nuts and coffee, and mining products such as cement and steel.

Organizer: ISHIDA MASAMI

ISONO Ikumo (Economist, Economic Research Institute for ASEAN and East Asia, Indonesia), Vanthana Nolintha (Deputy Director, Macro Economic Research Division, National Economic Research Institute, Lao PDR), Nguyen Binh Giang: (Vice General Director, Institute of World Economics and Politics, Vietnam), Sau Sisovanna (Director, Department of Communication, Office of the Council Ministers, Cambodia), Phi Vinh Tuong: Researcher, Economic Development Department, Vietnam Institute of Economics, Vietnam, Aung Ming: Head, Business and Social Insight Department, Myanmar Marketing Research and Development Co., Ltd., Myanmar

JKUDO Toshihiro, Nucharee Supatn (Director, Business and Economic Research Center, Martin de Tours School of Management and Economics, Assumption University, Thailand),

(3) Causes and Consequences of Firms' FTA Utilization in East Asia

The free trade agreement (FTA) network has been showing a steady expansion in East Asia in the 2000s. It is noteworthy that the ASEAN+1 FTA networks, in addition to AFTA (ASEAN Free Trade Agreement), were completed in 2010, allowing ASEAN to act as the hub of Asia's FTA network. In spite of such an increase in FTAs in this region, there are few studies that rigorously examine firms' FTA use in this region. Against this backdrop, we statistically examine the following four questions: How often are FTAs used in trading? What kinds of firms are more likely to use FTA schemes in their trading? What kinds of elements discourage firms most from using FTA schemes? How do firms change their performance through using FTA schemes? Members in this project use some statistics to conduct the empirical analysis for the above-mentioned questions. Since the data availability differs by country, the feasible studies are also different depending on the country.

Organizer: HAYAKAWA Kazunobu

Co-researchers: Hyun-Hoon Lee (Kangwonational University, Professor)

Archanun Kohpaiboon (hammasatUniversityassociate Professor), Kuo-I Chang (National Chung Hsing University Assistant Professor)
Seiya Sukegawa, Kohei Shiino

2 ERIA/IDE-JETRO/UNIDO Joint Research Project

(1) Impact of Product-related Environmental Regulations through Supply Chains

An increasing number of product-related environmental regulations (PRERs) have been introduced in recent decades, and the coverage is expanding into environmental issues. This is raising alarms in some countries that this will negatively affect their export performance.

The PRERs aim at protecting consumers' health and safety as well as the environment by regulating manufactured products. Because a PRER in a country requires all targeted products sold on its market to meet the regulation, firms within the border as well as those exporting to the market are equally affected.

In Asia, the impact of the PRERs seems to be significant. Formation of extensive supply chain networks in the region was the hallmark of the industrial development in Asia. In general, the longer the supply chains are, the more complex their management is. Therefore, PRERs, which require significantly more monitoring and screening along the supply chain, could adversely affect the existing and potential production networks. This research project focuses on chemical regulations such as the European Union's RoHS and REACH, similar regulations in other countries and private standards to examine the impacts on firms in Asia. A firm survey was conducted in Vietnam in the first year and an additional survey is planned in the second year.

Organizer: MICHIDA Etsuyo

Co-researchers: NABESHIMA Kaoru
UEKI Yasushi

ARIMURA Toshishide (Sophia University, Department of Economics, Professor), HONDA Keiichiro (Osaka University, Graduate School of Economics), IGUCHI Hakaru (Sophia University, Graduate School of Economics), MARUKAWA Tomoo (The University of Tokyo, Institute of Social Science, Professor), MANAGI

Shunsuke (Graduate School of Environmental Studies, Tohoku University, Associate Professor), OTSUKI Tsunehiro (Osaka School of International Public Policy, Associate Professor),

(2) Creating Green Demand: An Empirical Industrial Approach to the Proliferation of Energy-efficient Appliances in Developing

Asian economies are now facing a serious energy shortage; in particular, the supply capacity of electricity is seriously limited. This fact is motivating the governments of developing economies to implement and enforce demand-side management for energy consumption. Consumers in developing economies are also becoming interested in buying energy-efficient appliances due to a heightened environmental consciousness about energy and saving on energy expenditures. Basically, this means that energy-efficient appliances could become popular in developing nations.

The following three policies are regarded as the pillars for popularizing energy-efficient appliances: (1) the price level of appliances, (2) labeling and referencing that allow consumers to recognize information on energy efficiency easily, which otherwise would be overlooked, and (3) an appliance investigation system that prevents false labeling. This project will analyze and study an effective policy design to meet the above targets.

Organizer: WATANABE Mariko

Co-researchers: KOJIMA Michikazu

KUSAKA Wakana

KUBO Kensuke

OHASHI Hiroshi (Faculty of Economics, University of Tokyo)

(3) Development of Green Industries in the Asian Region: The necessary factors and what policies can do

The main objective of this research project is to explore ways to achieve rapid industrial growth in ASEAN countries through diffusion of renewable energies drawing on the experience of China and India, while at the same time ensuring sustainability and improving energy security. One stark difference between the approaches taken by ASEAN countries and those of

China and India is that, while the diffusion of renewable energies in China and India has been undertaken mainly by domestic firms, in ASEAN countries, they rely heavily on imported equipment.

The development of an indigenous renewable energy industry can bring many benefits. The renewable energy industry in China developed sufficiently so that it enjoys cost competitiveness in equipment, and this also translates into a lower cost for renewable energies. For ASEAN countries, domestic production through FDI and gradual localization may be one way to achieve a similar kind of impact as well as to reap benefits from technology transfers.

The research reveals that factors associated with the success of the Chinese and Indian manufacturers are scale economies, technological catch-up and supportive government policies. While it is still tentative, ASEAN countries could pursue energy market integration, collaborative technology development/transfer schemes, and more supportive government policies towards renewable energies.

Organizer: Nobuhiro Horii (Associate professor, Kyushu University)

Co-researchers : NABESHIMA Kaoru, Tomoo Marukawa (Professor, Institute of Social Science, Tokyo University)

3 CJK (China, Japan and Korea) Joint Research Project

In preparation for the China-Japan-Korea (CJK) trilateral summit meeting to be held in 2012, the research institutes of the three countries, i.e., the Development Research Center of the State Council (DRC), Institute of Developing Economies (IDE-JETRO), and Korea Institute for International Economic Policy (KIEP) have conducted a joint study since 2011. The theme of the 'Joint Study on Strengthening the CJK Economic Cooperation' for Year 2012 was 'New Engines for Regional Integration in CJK through Emerging Industry Cooperation'. In consideration of the active role of emerging industries in the expansion of the intra-regional market and the realization of sustainable development, we chose collaborative research programs (with particular focus on alternative energy), tourism, and culture as the key fields of this year's joint study, and we conducted in-depth analysis on the global and regional

development trends, market potential and prospects for cooperation among the three industries.

Organizer: KUROIWA Ikuo

Co-researchers : NABESHIMA Kaoru, TANAKA Kiyoyasu, HASHIGUCHI Yoshihiro

4 Upgrading of the Guangdong Economy and Challenges for Japan-China Economic Cooperation

Industrial upgrading of the Guangdong economy, which has been hailed as the engine of the Chinese economy, is necessary for sustainable development of the entire Chinese economy. The People's Government of Guangdong Province has consistently worked on structural adjustments and shifts in the development model since 2007, when Wang Yang assumed the post of secretary. Based on the Memorandum between the Government of Guangdong Province and JETRO signed in 2009, IDE and the Development Research Center of Guangdong have been conducting joint research.

The purpose of this joint research is, firstly, to analyze an advance of policy for the industrial upgrading of Guangdong, the process, and the effects of industrial clusters, and secondly, to clarify the problems facing the industrial upgrading of the Guangdong economy.

Organizer: MARUYA Toyojiro

Co-researchers: MORINAGA Masahiro, Ding Ke, NAKAZAWA Yoshiharu, TSUKADA Hiroyuki, Ryo Ikebe, Akifumi Kuchiki (Nihon University), Osamu Yasugi (Toyota Motor Corp.), Atsushi Sunami (GRIPS), Xu Zhang (GRIPS)

5 Study on Possible Pathways to FTAAP (Free Trade Area of Asia-Pacific)

The purpose of this research project is to assess the current situation regarding the formation of FTAAP (Free Trade Area of Asia Pacific) and the appropriate actions that should be taken by Japan. As part of this research activity, we attended the APEC Study Center Consortium (ASCC) in San Francisco, USA, held on September 22 and 23, 2011. The research on FTAAP and TPP is a continuation of the research from last year which resulted in submission of a policy brief entitled 'APEC beyond the Bogor Goals: Proposal for a New Vision' at the Third Senior Official Meeting (SOM3) in 2010 by IDE-JETRO. From the research, it is apparent

that TPP is a suitable pathway to realize FTAAP, and early participation in TPP is desirable for Japan because of four reasons. Firstly, because Japan's tariff rates are low on manufactured goods, it would benefit Japan if other countries joined TPP. Secondly, more economies may join TPP down the road through the domino effect, enlarging such benefits. Thirdly, latecomer participants often face much stiffer accession terms than the earlier ones. Fourthly, through TPP, Japan could neutralize competitive disadvantages stemming from other countries (notably the Republic of Korea) which enjoy preferential market access to the US and the EU markets.

Organizer: HIRATSUKA Daisuke

Co-researchers: NABESHIMA Kaoru
Coordinator: ISHIKAWA Yumiko

6 Investment Promotion Program for Africa

This program was established in FY2009 using the policy budget of the Japanese government for part of the policy implementations as designated in the Yokohama Action Plan at the 4th Tokyo International Conference on African Development in 2008; it has been implemented using the IDE budget since FY2010. Its objective is to help Japanese companies enter the African continent. The project is based on two main themes:

1. Collection of information on African business to be publicized.
2. Provision of scientific methodologies to Japanese companies to elaborate policies for overcoming risks and costs in Africa business.

In the previous fiscal year, we accomplished three projects in collaboration with Toyota South Africa Motors, Sumitomo Corporation/Sumitomo Chemical and Herculite Ferrochrome (Pty), Ltd., and we presented reports and proposals to each company. All the reports are now available on our website. The database, which is named 'Africa Growing Enterprises (AGE) File', accommodates the profiles of 251 companies in 27 African countries, and 'China in Africa', the CSR Report, and the BOP Report are also available there.

Members of the Project: HIRANO Katsumi, ITO Seiro, SATO Chizuko, TSUKADA Kazuya, KUDO Tomoya, ICHIMURA Hidehiko (University of Tokyo),

SAWADA Yasuyuki (University of Tokyo), OHIRA Satoshi (Keio University), FUWA Nobuhiko (Waseda University), KUDAMATSU Masayuki (Stockholm University), ARIMOTO Hiroshi (Hitotsubashi University), HORI Narumi (St. Luke's College of Nursing), YAMAZAKI Jun-ichi (University of Tokyo)

7 Economic Partnership and the Business Environment between Japan, China and Korea

At the request of METI, we carried out this research project to look for viable options for negotiations of a free trade agreement (hereafter 'FTA') between Japan, China and Korea. Firstly, we investigate the real conditions of China's FTAs. Secondly, concerning a Japan-China-Korea FTA (hereafter 'JCK FTA'), we conducted interviews with Japanese enterprises about what they want from the Chinese market and their predictions concerning the influence of JCK FTA because the Japanese business community is keeping a close watch on the Chinese market. Meanwhile, we entrusted to Chinese institution the part of our investigation which concerns the capable concessions of China to Japan in the FTA. Thirdly, to gather useful information for Japan's negotiations, we investigated the real conditions behind the concessions in negotiations between Korea and China as well as Taiwan and China. In addition to the qualitative investigations mentioned above, we made quantitative predictions about the influence of JCK FTA in foreign trade. As a result of these investigations, we obtained useful information regarding the difference between JCK FTA, Japan-China FTA and Japan-Korea FTA. Our research results have been presented to METI and published as a research report.

Organizer: MARUYA Toyojiro

Co-researchers : IDE: ONISHI Yasuo OKUDA Satoru SATO Yukihito MORINAGA Masahiro

Headquarters: MAIE Yoichi, NAKAI Kunihisa, HINATA Hiromi, MUNEKANE Takeshi, YONEKAWA Takuya, HUANG Haijia, KOBAYASHI Rei, WASHIKITA Minako

ISHIKAWA Koichi (Asia Univ. Institute of Asian Studies. Professor)

8 Prospects for Building Peace in the Middle East and South Asia

Since the end of 2010, the Middle East has been going through a period of unprecedented change. The political systems in the whole region have been shaken by the wave of pro-democracy movements that started in Tunisia and then spread to Egypt, Syria, Yemen, Jordan and elsewhere in the Gulf countries. Moreover, it is difficult to say that the military strategy of the Obama Administration is on track from the Gulf region to Afghanistan and Pakistan; many countries still face an uncertain political future and struggling economies.

In view of this, and the fact that Japan has relied heavily on oil and natural gas resources from the Middle East, the purpose of our research project is to reach Japanese policymakers through providing insights into the rise of political change and the challenges in the Middle East and South Asia. Through collaboration with experts from inside and outside IDE, we aim to closely examine the steps that can be taken by the Japanese government to help achieve long-term peace, prosperity and stability in the region in order to enhance Japan's energy security.

In fiscal year 2011, we held eight seminars together with policymakers, and we also held several policy briefings. Moreover, our project members have posted 10 articles pertaining to recent important issues on the IDE website. We also organized an international symposium entitled 'Political Transformation in the Middle East' held on January 31, 2012, and organized a Special Edition of *IDE World Trend* (issued in January 2012, in Japanese) featuring 'The Arab Spring and the Transformation of the Structure of Middle East Politics'.

The fundamental security of Japan is inseparable from the political situation in the Middle East. Thus, Japan needs to keep working on collecting and analyzing information on the situation in the Middle East from its own perspective. Through organizing and conducting policy forums, policy briefings, seminars and reports, this research seminar will continue to analyze the current situation in the region in order to provide insights into the rapidly changing situations in the Middle East and South Asia.

Organizer: SUZUKI Hitoshi

Co-researchers: Housam DARWISHEH, FUKUDA Sadashi, SHIMIZU Manabu (Professor, Teikyo University),

IKEUCHI Satoshi (Assistant Professor, RCAST, Tokyo University), NAKAMURASatoru (Assistant Professor, Kobe University), Ali FERDOWSI (Professor and Chair, Notre Dame de Namur University)

9 The Rise of China and India and the Implications for East Asia

After the international economic crisis, the rise of China and India attracted attention worldwide. Their influence is mainly fueled by their increasing presence in the economic sphere, and on the other hand, is also the result of the change in the US's engagement policy in Northeast Asia. At any rate, the rise of these two countries has generated wide-ranging changes in the international political and economic system in East Asia. To figure out the current status of this system, we invited specialists in various fields for interviews. Last year, we focused on China, which has augmented its influence on ASEAN through international trade and foreign direct investments. In the beginning, China started its efforts in the economic sphere with, for example, the formation of free trade agreements and the Asian economic zone. Afterward, China began to undertake diplomatic and military actions. The free trade agreement between China and ASEAN which became effective in 2010 is an emblem of the early efforts; China became the first partner of ASEAN in international trade. However, ASEAN countries are wary of China's tough diplomatic stance. Diplomatic relations cannot develop in parallel with economic relations at the moment, but China's and ASEAN's markets still have a great appeal on a reciprocal basis, and China will be developing together with ASEAN. We intended to share the conclusions of specialists with policy leaders, and at the same time, we have posted our research report on our website.

Organizer: ONISHI Yasuo

Co-researchers: LIM Jaehwan (Area Studies Center, East Asian Studies Group), MURAYAMA Mayumi, SATO Yuri), ARAI Etsuyo, HISASUE Ryoichi, AIZAWA Nobuhiro, REN Zhe, TAKAHARA Akio (Professor of Tokyo Univ.), SUEHIRO Akira (Professor of Tokyo Univ.), ESHO Hideki (Professor of Hosei Univ.), TRAN Van Tu (Professor of Waseda Univ.), ABE Jun'ichi (The Kazankai Foundation. Vice-Secretary General, Senior Fellow), SHIMIZU Yoshikazu (The

Tokyo-Shinbun. The Chunichi-shinbun. Chief Editorial Writer.) HAMAMOTO Ryoichi (The Yomiuri-shinbun. Editorial Writer)

<Analytical Research Contributing to Policy Proposals>

[1] Policy Issue Research

1 How Chinese Industries Have Developed: Cross-sectional Analysis of the Development Process

During the 30 and more years since China started its open door and reform policy in 1978, China has become the largest manufacturing country and the second largest economy in terms of GDP. Industrial development under this high economic growth can be characterized as 'active entry and low price'. This project is motivated by a desire to explore the mechanism that generates the characteristics. 'Active entry' was realized by technological and transaction 'platforms', and it enables firms to lower entry cost. The tendency to reduce fixed costs brought about deep and wide networks of division of labor in industries and 'vertically disintegrated' industrial organization. This is a very clear characteristic of China's industrial development, which is as important as the Japanese management system was to Japan's high economic growth. This tendency to lower entry cost enabled 'low price' in addition to 'active entry'. The project examines the hypothesis by applying the industrial case study approach to home electronic appliances, mobile phones, automobiles, solar power generators, wind power generators, food and energy. Institutions for technology transfer, labor market, demand structure and other factors were also examined using the empirical approach.

Organizer: WATANABE Mariko

Co-researchers : DING Ke, HOKEN Hisatoshi, KIMURA Koichiro, ASUYAMA Yoko, YAMAGUCHI Mami, MARUKAWA Tomoo (University of Tokyo), HORII Nobuhiro (University of Kyusyu), OHARA Moriki (Ryukoku University)

2 Social Transformation in Post-Transition South Africa

This research project examined various aspects of economic and social transformation in 'post-transition' South Africa. Although the inequality that exists in South African society has its origins in the apartheid era, the challenges the country is now facing cannot be explained by the 'legacies of apartheid' alone. As such, a closer look at the dynamics of social transformation in the 'post-transition' era, i.e., the period after the political transition from apartheid to non-racial democracy, is warranted. For this purpose, we traced trajectories of economic and social policies of the African National Congress (ANC) government since its inception in 1994, and analyzed how and to what extent they have led to economic and social transformation in the country. Examining specific policy areas such as trade, exchange control, industry, agriculture, migration, urban planning, service delivery and health policy, we explored following themes: (1) change in economic structure and external economic relations in the context of the ANC government's orientation for a 'developmental state' amid rapid integration into the global economy, (2) governmental and societal responses to the increasing inflow of immigrants that have significantly transformed the South African urban landscape and (3) service delivery challenges for various levels of governments (i.e., local, provincial and national governments) and their association with global governance.

Organizer: MAKINO Kumiko

Co-researchers: SATO Chizuko, KIMURA Koichiro, YANAI Akiko, AMINAKA Akiyo (Research Fellow, Japan Society for the Promotion of Science), FUJIMOTO Yoshihiko (PhD candidate, Hiroshima University), NISHIURA Akio (Professor, Soka University), YOSHIDA Eiichi (Associate Professor, Yokohama City University)

3 The Linkage between Agriculture and Industry in India

The purpose of this study is to examine how a simple labor force in a rural area is involved in the manufacturing sector empirically in order to clarify the character of the labor market in India. The study adopts Ludhiana in North India and Coimbatore in South India as samples. Both are apparel industry clusters.

The survey of the factories in the apparel industry in Ludhiana which was conducted in September 2011 found that the process of involvement of a simple labor force in a rural area in the manufacturing sector occurred through one of the following: short-term migration from the rural area, settling in a city with family, commuting from neighboring villages or outsourcing from factories to households in the rural area. Most of the workers who come to cities from poor regions come as seasonal workers. Most of the sampled factories produce winter apparel such as sweaters and jackets for the domestic market. They can save labor costs by flexibly adjusting the number of migrant workers to suit the fluctuations in production. On the other hand, the share of local workers was relatively high at export-oriented factories. The commuter belt is a circle with a 20 km diameter within which workers can commute by bicycle. The distance of the outsourcing from factories to households in villages is the same.

In 2012, a labor survey and village survey will be conducted in Ludhiana and Coimbatore. An analysis of the surveys will compare both cities to see whether they experience the same phenomena.

Organizer: UCHIKAWA Shuji

Co-researchers: USAMI Yoshifumi (Senior Researcher University of Tokyo), SUGIMOTO Daizo (Associate Professor, Faculty of Economics, Meijo University), FUJITA Koichi (Professor, Center for Southeast Asian Studies, Kyoto University), ISHIGAMI Etsuro (Professor, Faculty of Commerce, Fukuoka University), FUJIMORI Azusa (Assistant Professor, Osaka City University), Kamal Vatta (Agriculture economist, Punjab Agricultural University)

4 Regional and Class Disparities in India: Future Direction for the Poorest State of Bihar

This research aims to understand the widening disparity across geographical, social, economic and other aspects in India, with a particular focus on the eastern region of India and Bihar, which is one of the least-developed states in India that lags behind other states in terms of economic and social development. Mainly relying on fieldwork, we investigate the political, economic and social aspects of Bihar in order to understand the factors and processes behind its socio-economic underdevelopment. The research questions

include the following.

- (1) What are the extent and trends of social and economic inter- and intra-state disparities in India and Bihar in particular? What are the possible factors behind these widening disparities?
- (2) How has the increase in political representation of the lower castes and women as well as the rise in out-migration affected development in Bihar?
- (3) What are the processes behind the widening of the various forms of disparity in India?
- (4) What are the policy implications for sustainable and inclusive growth and social cohesion?

Organizer: TSUJITA Yuko

Co-researchers: KONDO Norio, FUJITA Koichi (Kyoto University), ODA Hisaya (Ritsumeikan University), NAKAMIZO Kazuya (Kyoto University), DASGUPTA, Chirashree (Associate Professor, Asian Development Research Institute)

5 Islam and Political Dissent: Studies and Comparisons from Asia and the Middle East

In parts of Asia and the Middle East, Islam is the moral and ideological front of political dissent that offers a powerful appeal and a growing reach. Diverse dissident Islamic forces operate under complex conditions in these regions: in other words, the so-called ‘War on Terror’ and its threats to national sovereignty as well as neoliberal global capitalism and its constraints on autonomous economic development. To varying degrees, these forces re-shape the balance of power between Islamic and secular institutions, social movements and authoritarian regimes, and populism and oligarchic rule. Such complexities make it necessary not to treat political dissent in the name of Islam as simply a ‘religious phenomenon’ or a manifestation of extremism, but to trace its origins and trajectories and evaluate its outcomes critically. This project will conduct studies of evolving social bases, economic transformation and changing state institutions which have influenced the course of Islamic political dissent in selected Asian and Middle Eastern countries. Based on its thematic studies and case studies, the project plans to develop a comparative understanding of Islam

and dissent in different socio-political settings. In this way, the project hopes to contribute to international academic debates on ‘Islamization’ and ‘political Islam’.

Organizer: KHOO, Boo Teik

Co-researchers: NAKANISHI Yoshihiro, DARWISHEH, Hosam, Vedi Hadiz (Mundoch University, Professor), Ian Wilson (Mundoch University, Research Associate), Alejandro Culas (University of London, Senior Lecturer), IKEUCHI Satoshi (University of Tokyo, Research Center for Advanced Science and Technology, Associate Professor), Nadia Marzouki (European University Institute, Jean Monet Fellow), Jonny White (Boston University Professor)

6 East Asian Integration and Its Theoretical Basis

In recent years, economic integration in East Asia has been driven by free trade agreements (FTAs). Economic integration is crucially important not only for developing economies but also for more mature economies like Japan’s, where an aging society is very likely to cause a contraction of the domestic market in the future. It is therefore understandable that many books relating to economic integration have been published in Japan. Although these books are helpful for understanding how FTAs work and what benefits are derived from them, they lack the rigorous analytical framework necessary to explore the mechanics of economic integration. In this study, we aim to create a textbook on economic integration in East Asia in order to diffuse information and knowledge among university and graduate students, researchers, policy makers, and so on. The textbook covers areas such as free trade agreements (institutional aspects), trade, investment, trade in services, labor movement, agriculture, finance, industrial location, regional disparities, infrastructure, and technical development.

Organizer: KUROIWA Ikuo

Co-researchers: TANAKA Kiyoyasu, NABESHIMA Kaoru, KUMAGAI Satoru, MACHIKITA Tomohiro, WATANABE Yorizumi (Professor, Keio University), HONMA Masayoshi (Professor, Tokyo University), KAWASAKI Kentaro (Associate professor, Toyo University), ITO Keiko (Associate professor, Senshu University), ISHIDO Hikari (Associate professor, Chiba University), SATO Hitoshi (Fellow, Research Institute of Economy, Trade, and Industry)

7 The Regional Financial Cooperation in Asia Revisited: Progress and Issues

In this research project, we analyze the past progresses and present/future issues in the ASEAN developing economies (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) with regard to the regional financial cooperation frameworks (Asian Bond Fund [ABF], Asian Bond Market Initiative [ABMI] and Chiang-Mai Initiative [CMI]), which were established to prevent/minimize future financial/economic crises. Especially for presenting policy recommendations, we focus on (a) conducting comprehensive analyses on and extracting future issues regarding the collateral frameworks of ABF, ABMI and CMI, (b) country studies on their intentions to embrace market enhancement measures functionally combined with the regional financial cooperation frameworks, (c) providing implications on policies for promoting financial markets in other ASEAN members (Brunei, Cambodia, Laos, Myanmar) and (d) possible assistance and roles played by the Japanese government in the areas of legal and institutional reforms for the capital (bond) market development.

Organizer: KASHIWABARA Chie

Co-researchers: HAMADA Miki, Nguyen Quoc HUNG, KUNIMUNE Kozo, KINKYO Takuji (Professor, Graduate School of Economics, Kobe University), MIENO Fumiharu (Professor, Graduate School of International Cooperation, Kobe University), MIZUNO Kengo (General Manager, Manila Branch, Nomura Research Institute Ltd.), NAKAGAWA Shinobu (Director, Center for Monetary Cooperation in Asia, Bank of Japan), NAKAGAWA Rika (Associate Professor, School of Economics, Toyo University)

8 The Impact of Micro-Credit Repayment Rules on Seasonal Migration and Loan Repayment during the Agricultural Lean Season – A Randomised Experiment in Bangladesh

The emergence of microfinance institutions (MFIs) has been a recent policy development in the area of poverty alleviation in developing economies. These institutions have improved the access of the poor to the informal credit market. However, the interactions and side-effects of this policy instrument have not yet been studied extensively, although they are of major

importance for the evaluation of such instruments.

Based on anecdotic and survey evidence, we find that micro-credit can actually hamper temporary migration during lean seasons, thus lowering the welfare of rural people. We have not come across any examples to suggest that this problem has been studied appropriately in the literature, even though it has direct implications for development policy. This establishes the need, importance and relevance of a comprehensive and methodologically sound study of the problem, such as we propose.

The results of this project will help MFIs to optimize their credit schemes and will also assist other interested parties including governmental institutions to either advocate a relaxation of micro-credit rules or to search for alternative policy instruments, particularly in the agricultural lean periods.

Organizer: SHONCHY Abu

Co-researchers: YAMAGATA Tatsuhumi, TSUKADA Kazunari, KUROSAKI Takashi (Hitoshubashi University)

9 Coexistence with the Aging Society in Developing Economies

Since the latter half of the 1990s, it has been suggested that many developing countries are likely to face serious population aging problems while their economies are still underdeveloped and their preparations are insufficient. As the global interdependence of national economies has deepened, a socio-economic problem in one country has come to have a significant influence on other countries' economies, and such effects might easily spread around the world. The purpose of this research project is to present a series of basic analyses of an international cooperative framework that may offset the negative effects of population aging and enable the enjoyment of benefits from the so-called 'population dividends' that may exist in developing economies with an abundant working population relative to its volume of dependents. During the first year of the two-year project period, research team members carried out literature surveys and interviews with experts to grasp characteristics of the world's demographic composition and features of the existing numerical simulation models developed by international organizations and research institutes, developed a prototype simulation model that includes intertemporal

demographic changes of regions, and submitted the findings as an interim report.

Organizer : OIZUMI Keiichiro (Senior Economist, Center for Pacific Business Studies, Economics Department, Japan Research Institute, Limited)

Co-researchers : OYAMADA Kazuhiko, SOMEYA Masakazu (Associate Professor, Faculty of Economics, Chiba Keizai University), ITAKURA Ken (Associate Professor, Faculty of Economics, Nagoya City University)

10 Internally Valid Microeconomic Development Analysis

Much of the recent policy debate in Japan has not been guided by rigorous impact estimation which identifies causal relationships. The lack thereof severely undermines the ability to design effective development policies. For example, bottom-of-pyramid (BOP) assistance is fiercely debated among policymakers and entrepreneurs without being explicit about the causal impacts. The upshot of the current debate is that we can identify the successful business models, but we cannot identify which component is responsible for the observed successes because all the evaluation studies lack internal validity. By extension, none of the policy debate has given clear indications on how such business models can be applied to other areas or in other industries, and so it lacks external validity.

Our study focuses on being internally valid on the choice of estimand and estimation methodology. We will aim to provide useful policy recommendations that are based on sound econometric identification designs.

Organizer : ITO Seiro

Co-researchers : KUDO Yuya, SHONCHOY Abu (Microeconomic Analysis Studies Group, Development Studies Center), TSUKADA Kazunari, ARIMOTO Yutaka (Hitotsubashi University), OHIRA Satoshi (Keio University), FUWA Nobuhiko (Waseda University)

11 Economic Integration and Recycling in Asia

Economic integration in Asia also expanded the trade in recyclable waste. Exporting countries of recyclable waste such as Japan and Korea, which have established domestic recycling systems, face a shortage of recyclable waste due to an increase of recyclable waste export. On

the other hand, importing countries face pollution problems in the recycling processes as well as the problem of imported scrap contaminated with hazardous waste. This study group will investigate the international trade in recyclable waste and the regulations on import and export. Based on the understanding of the current situation, the study group will clarify issues related to recycling and international trade of recyclable waste within the Asian region and will make policy recommendations.

Organizer : KOJIMA Michikazu

Co-researchers : MICHIDA Etsuyo, TERAU Tadayoshi, ATIENZA Vella, SAKATA Shozo, YOSHIDA Aya (Researcher, National Institute for Environmental Studies), SASAKI So (Senior Analyst, Mitsubishi UFJ Research and Consulting Co., Ltd), Sung Woo CHUNG (Korea Life Insurance Economic Institute, Chief researcher), TSURUTA Jun (Associate Professor, Japan Coast Guard Academy)

12 Reform of Local Governance for Environmental Conservation and Restoration of Rivers and Lake Basins in China

In China, water pollution issues in river and lake basins remain serious, although the government has taken numerous measures, such as total pollution load control in a series of five-year plans in major basins. In the Lake Tai (pronounced 'tai-hu' in Chinese) Basin, which is one of the typical basins combating water pollution in China, a series of new initiatives for environmental conservation and restoration have started since the water crisis of 2007. This research project focuses not only on industrial point source control but also on urban and rural non-point source control of wastewater effluents and other environmental restoration measurements in basins. The aim of this project is to explore how to reform local governance for environmental conservation and restoration in the Lake Tai Basin based on ongoing policy reform through a social experiment involving stakeholders' dialogue on the basin. In this fiscal year, each project member has written final research papers based on the literature and the field survey. Also, we have conducted a social experiment involving community roundtable meetings and a field survey on related policy development in Jiangsu Province through contract research with Nanjing

DOBE Environment Technology Service, Ltd. In the process of this contract research, we have obtained cooperation from a research group from the Center for Environmental Management and Policy at Nanjing University, China.

Organizer: OTSUKA Kenji

Co-researchers: ISONO Yayoi (Professor of Tokyo Keizai University), MIZUOCHI Motoyuki (Senior Research Fellow of National Institute for Environmental Studies), FUJITA Kaori (Professor of Kinki University), YAMADA Nanae

13 International Comparison of Environmental Policy Development from a Historical Viewpoint

In order to implement environmental policy efficiently in developing countries, it is possible to refer to the experience of advanced nations, but in many cases, direct transfer of a policy or an institution is not always easy. By comparison with the historical development process of developed countries, the features of the development process of the environmental policy of the East Asian countries could be clarified. Moreover, we will attempt to create an analytical framework for the comparative study of environmental problems and policy formation.

Organizer: TERAO Tadayoshi

Co-researchers: FUNATSU Tsuruyo, KITAGAWA Susumu (Assistant Professor, University of Yamanashi), OIKAWA Hiroki (Associate Professor, Yokohama National University), OTSUKA Kenji

14 The Judges in Judicializing Asia

In the last two decades, many Asian countries have experienced a rapid expansion of judicial review, which has resulted in a growing judicial influence in politics and public policy-making. Why has judicial review expanded in Asia, and how does it influence politics and public policy-making? The fact that institutional reforms triggered the expansion of judicial review in many countries does not provide a sufficient explanation for judicial expansion in Asia because there are many countries where it has not occurred in spite of the institutional reforms for judicial empowerment after democratization. This study attempts to provide

additional explanation for the judicial expansion in Asia, based on an analysis of the role of judges. This study covers South Korea, Taiwan, the Philippines, Indonesia, Thailand and India.

Organizer: IMAIZUMI, Shinya

Co-researchers: CHIBANA, Izumi, SUZUKI Ken (Professor, Hokkaido University School of Law), KOKUBUN, Noriko (Professor, University of Tsukuba Graduate School of Humanities and Social Sciences Law), ASANO Noriyuki (Associate Professor, Osaka Ohtani University), SHIMADA Yuzuru (Associate Professor, Graduate School of International Development)

15 The Law and Migration Policies in East Asia

The purpose of our research is to determine the feasibility of establishing a legal system relating to the movement of labor that will be shared among East Asian countries. The free movement of labor requires each country to diminish any distorting barriers as well as secure the rights of laborers. At present, each East Asian country maintains its own respective migration policies and laws. However, there are several practices that are already shared by some countries, while other countries have bilateral agreements regarding sending and receiving laborers. We will analyze the laws and migration policies of several countries including China, Indonesia, the Philippines, Thailand, Vietnam and Cambodia as well as regional and bilateral instruments in East Asia and will consider the following two questions: To what extent have common practices been established?; Will the accumulation of bilateral agreements contribute to the common platform for the labor market in East Asia or adversely affect such development? Through consideration of the key issues in migration policies such as the sending and receiving of unskilled workers, the procurement of highly skilled workers and human trafficking, our research aims to draw up a blue print of laws and legal systems to be shared by countries in East Asia regarding the free movement of labor. Our interim report (in Japanese) on the research is available on our website.

Organizer: YAMADA Miwa

Co-researchers: HATSUKANO Naomi, ISHIZUKA Futaba, IMAIZUMI Shinya, KOBAYASHI Masayuki, SUZUKI Sanae, CHIBANA Izumi, OKUSHIMA Mika

(Associate Professor, Faculty of International Studies, Tenri University)

16 Trade and Environment Issues from the Perspective of Developing Countries

International debates over trade and environment in many cases face a deadlock due to the conflicting positions of developed and developing countries. In order to understand the cause of such a stark division and distrust between developed and developing countries at the negotiating tables, trade-environment linkages must be considered in a manner that takes into account the needs of developing countries.

This study aimed to find ways in which developing countries can realize sustainable development on the basis of integrating the promotion of trade liberalization and the protection of the natural environment. It started with clarifying the problems that developing countries are facing in the trade-environment interface, and also with discussing the merits and demerits of policies and measures regarding trade-environment issues. Specifically, it examined whether environmental protection measures, within both a domestic and international framework, have helped developing countries to protect their environment, and whether such policies and measures have led to the industrial development of developing countries. As global issues, we picked up four issues including (i) development issues in global warming, (ii) transboundary movement of hazardous waste, (iii) forest products trade and sustainable forest management and (iv) environmental provisions in regional trade agreements. From the viewpoint of domestic policies, we examined the impact of product-related environmental regulation and food safety standards on developing countries' exports.

Organizer: YANAI Akiko

Co-researchers : MICHIDA Etsuyo, KOJIMA Michikazu, IINO Aya (Assistant Professor, Nihon University), SHIMAMOTO Mihoko (Professor, Hosei University), TAKAMURA Yukari (Professor, Nagoya University)

[2] Regular Analytical Research Projects

1 Analysis of Current Affairs in Asia

Our project analyzed political, economic and social development as of 2011 in the 23 countries and regions of the Far East, East Asia, Southeast Asia and South Asia. In addition to the country- and region-specific reports, we investigated the US policy towards Asia. In this project, we also dealt with ASEAN and the Russian Far East in region-specific reports.

In 2011, despite the downward pressure on the global economy associated with the European financial crisis, Asian economies fortunately maintained high growth throughout the year, thanks to remarkable economic expansion in China and India. However, a continuous price hike in food grains and energy commodities resulted in even higher domestic inflation in Asian developing economies. To cope with the inflationary pressures, policy makers in Asia raised domestic interest rate targets or revaluated national currencies. Asian economies have greatly benefited from deepening interdependence through trade and investment, but it has also been shown that the interdependence within the region is vulnerable to major natural disasters, as when the Tohoku earthquake and the widespread flooding in Thailand broke the intra-regional supply chain.

As for political issues, noteworthy events in Asia include the following: the end of military rule in Myanmar, the death of North Korea's leader Kim Jong-il, China's ambition to expand its maritime jurisdiction, and assassination of Osama bin Laden in Pakistan. Myanmar restored civilian rule, and Aung San Suu Kyi resumed political activity. In North Korea, Kim Jong Eun succeeded his father, but the direction of the new administration is still unknown. Vietnam and the Philippines were increasingly on the alert against China's aggressive maritime activities in the South China Sea. South Korea also had difficulty with the illegal operation of Chinese fishing boats. With the death of Osama bin Laden, the war on terror came to a turning point. This major change is supposed to expedite the withdrawal of the foreign troops deployed to Afghanistan.

The final results have been published in the *Yearbook of Asian Affairs 2012* (in Japanese).

Organizer: OKUDA Satoru

Co-researchers: NAKAGAWA Masahiko, HIRANO

Katsumi, WATANABE Yuichi, SASAKI Norihiro, WATANABE Mariko, TAKEUCHI Takayuki, IKEGAMI Hiroshi, SUZUKI Sanae, TERAMOTO Minoru, FUJITA Mai, HATSUKANO Naomi, YAMADA Norihiko, IMAIZUMI Shinya, CHIBANA Izumi, HISASUE Ryoichi, KAWAMURA Koichi, HAMADA Miki, KUDO Toshihiro, MURAYAMA Mayumi, KONDO Norio, INOUE Takeshi, ARAI Etsuyo, MAKINO Momoe, SUZUKI Hitoshi, HIRAIZUMI Hideki, MINATO Kunio (Ritsumeikan University), MIFUNE Emi (Komazawa University), SUZUKI Ayame (Fukuoka Women's University), MIZUNO Kumiko (ONDA TECHNO Intl. Patent Attys.), MIZUNO Masami (Nihon University), MURATA Koji (Doshisha University)

2 Compilation and Use of the 2005 International Input-Output Table (III)

This research project was organized to construct the 2005 international input-output table for the Asia-Pacific Region (2005 Asian table) to provide a powerful analytical tool for capturing the structural changes occurring in the Asia-Pacific region (e.g., the recent large-scale opening of markets in Asian countries as well as the relocation of production bases of multinational firms through an expansion of the mobility of labor, goods and services). The project also aimed to investigate compilation methodologies and analytical methods using the international input-output tables.

Under these objectives, in FY2011, the project yielded the following two major outputs. Firstly, the compilation of the 2005 Asian table was completed. This is the final product of the project which has been underway since FY2007, and it is expected to make a significant contribution to clarifying the structures of economic interdependencies in the Asia-Pacific region. Together with previous international input-output tables for Asian countries (1975, 1985, 1990, 1995 and 2000) constructed by IDE and collaborating institutions, it is also expected to possess value as a historical statistical asset. Secondly, the 'Explanatory Notes' on the construction of the 2005 Asian table was also compiled as the Asian International Input-Output Series No. 78 (AIO Series No. 78). It consists of the general outline of the project and the reports on national input-output tables included in the 2005 Asian table. It is expected to become a useful comprehensive reference on the project.

Organizer: TAMAMURA Chiharu

Co-researchers: KUWAMORI Hiroshi

3 The Frontier of International Input Output Analyses

IDE-JETRO has been carrying out a project of constructing international input-output tables for more than 30 years. These unique datasets are well-recognized as the only international I-O tables currently available.

In the last few years, however, some prominent research/academic institutes abroad have simultaneously launched new projects for constructing international I-O tables. While this clearly reflects an increasing demand for international I-O data based on the prospect of its wider application potential, it also implies that there will be a large scope for possible collaboration between different organizations for harmonizing and fostering the statistical assets.

In light of the above, this study group addressed the following important and common issues:

- (1) Provision of an opportunity for each of the projects to present itself on the characteristic features of its individual databases and their potential applications;
- (2) Identification the similarities and differences among ongoing projects, and identification of possible areas of collaboration;
- (3) Establishment a grand scheme of inter-project collaboration and exchange of information in order to facilitate talks not only among the project organizers but also between the producers and users of I-O tables, and thus promote the scope, quality and accessibility of individual databases.

Organizer: INOMATA Satoshi

Co-researchers: MENG Bo, HASHIGUCHI Yoshihiro

4 Compilation and Application of Trade Indices VI: A Feature of Long-Term Trade,

The purpose of this research project is to focus on the data in examining the problems of formulating world trade models, in addition to calculating trade indices and exploring their utilization. This project comprises the following two themes: (1) problems in the compilation and evaluation of world trade matrices, the formulation of long-term time series trade data employing common

trade classifications, improvement of the time series for international comparison, its consistency, the correction of its consistency to the greatest possible degree, and a survey on IMTS and Comtrade of United Nations and (2) formulation of trade indices including trade unit value indices by ISIC and revealed comparative advantage (RCA) indices by industry in China, and evaluation for effect by difference of methods for compilation of trade indices in Japan.

Organizer: NODA Yosuke

Co-researchers: KUROKO Masato, MITSUO Hisayuki, KINOSHITA Soshichi (Nagoya University), KUMAKURA Masanaga (Osaka City University)

5 Econometric Modeling of Asia for Long-term Evaluation (EMALE)

This research project attempts to provide an outlook regarding long-term growth prospects based on domestic demand expansion in Asian countries. Macroeconometric models, which give attention to demographic factors as determinants of consumption, are constructed, and alternative policy options for domestic demand expansion are discussed. Firstly, consumption functions with demographic variables are estimated for ASEAN countries. Secondly, bilateral import functions for the purpose of construction of a trade link model are estimated for China, Japan and the United States. Thirdly, a prototype model for Korea is constructed, and some tests are conducted for model stability. Finally, issues regarding national accounts and macroeconomic model building in China are discussed.

Organizer: NOGAMI Hiroki

Co-researchers: UEMURA Jinichi, WATANABE Yuichi, Keiichiro Oizumi (Senior Researcher, Japan Research Institute)

6 Compilation and Analysis of Geo-Economic Datasets for East Asia

The Geographical Simulation Model (GSM), which is an economic simulation model based on Spatial Economics or New Economic Geography, has been developed by IDE in cooperation with ERIA (IDE/ERIA-GSM) since 2007. This research project aims at updating and improving the quality of the

geo-economic dataset used in the simulation model from 2005 to 2010. Most East Asian countries have relatively reliable, good quality economic data at a national level but have surprisingly poor economic data at sub-national levels, except for a few countries. We will attempt to compile a dataset that includes GDP by industry at a sub-national level for 2010. In FY2011, we surveyed the availability of such data for each country. In FY2012, we worked on refinement of the dataset for 2005 by using newer and wider data sources. By the end of 2014, we aim to create a geo-economic dataset that covers East Asian countries.

Organizer: KUMAGAI Satoru,

Co-researchers: TSUBOTA Kenmei, KEOLA Souknilanh, ISONO Ikumo, HAYAKAWA Kazunobu, GOKAN Toshitaka

[3] Spot Research Projects

1 The 9th Congress of Lao People's Revolutionary Party and Its Development Strategies

Currently, in order to achieve the national goal of 'graduating from the status of Least Developed Country in the year 2020', Laos is striving for economic development. The economy has grown steadily and maintained an approximately 7 percent growth rate per year over the past five years. This growth is driven by the development of energy and natural resources, such as hydropower construction, mining of mineral resources and agricultural plantations. The economic growth of Laos seems to be solid. However, over the past five years, a variety of problems has become evident as well, such as the widening gap between urban and rural areas, corruption of government and party officials, and land issues. It is also said that the economic growth has not led to real improvement in people's lives, and people have started raising voices of doubt about the current development policy. For the Lao People's Revolutionary Party (LPRP) to achieve its 2020 target, it cannot stop the current growth path; on the other hand, it certainly must respond to the negative aspects of economic growth. The party has no choice but to respond in some way. In this situation, the 9th Congress of Lao People's Revolutionary Party was held in March 2011. In our final report, we analyzed the *Political Report* and the 7th 5-Year Socio-economic Plan

on the future course of Laos in terms of politics, the economy and society. Also, we translated the *Political Report* and the *5-Year Plan* from Lao to Japanese and attached them as appendices to our final report.

Organizer: YAMADA Norihiko

Co-researchers: KEOLA Souknilanh (Lund, Research Fellow Sent Abroad)

YANO Junko (PhD researcher, Graduate School of Language and Society, Hitotsubashi University)

2 The Choice of Vietnam: The path toward becoming an industrialized country by 2020

Vietnam is attempting to become an industrialized country by 2020. In January 2011, the 11th Congress of the Communist Party of Vietnam was held. The 11th Congress chose to continue to promote industrialization, modernization and international participation and to adhere to the current regime. Also, the Congress decided to shift from an economic growth model that is mainly based on input of physical capital from home and abroad to a growth model that is mainly based on the improvement of labor productivity, technical level. Behind this movement, there lies a prolonged global economic recession.

The principal objective of this research is to review and analyze the contents of the resolution of the 11th Party Congress and its context before after to understand historical contexts, the current situation, and the future vision of Vietnam from the various aspects such as personnel affairs, the macro-economy, industrialization, public administration reform, social security and the overall direction. By doing so, this research aims to reveal the future challenges facing Vietnam in its attempt to become an industrialized country by 2020. The results of this study are published in Japanese as Current Affairs Report No.17.

Organizer: TERAMOTO Minoru

Co-researchers: SAKATA Shozo, FUJITA Mai, ISHIZUKA Futaba, Nguyen Quoc Hung

3 Taiwan's 2012 Presidential Election and its Impacts

On January 14, 2012, Ma Ying-jeou, the candidate of the KMT, was reelected as Taiwan's president, defeating

Tsai Ing-wen, the candidate of the largest opposition, the Democratic Progressive Party (DPP). Our project examined the causes of this outcome and its impacts on the future of Taiwan and East Asia.

The most significant reason for Tsai's loss of the election was that she could not dispel voters' concern about her cross-strait policy. In contrast, the most important factors in Ma's victory were that the voters approved of the improvement in Taiwan-Chinese relations during Ma's first term and his policy of maintaining the status quo regarding the Taiwan's position. The pessimistic economic outlook intensified the two countries' tendencies to avoid undermining the stable cross-strait relations.

Regarding the future of East Asia, the focus is the possibility of political negotiation between Taiwan and China. Our prospect is that Ma will maintain cautious attitude toward it. Another noteworthy point is that this year's election had a large difference from the past, namely, lots of mainland people could watch the democratic election in Taiwan, which is mainly constituted of the same nation as them. We should continue watching what impacts this experience will have on Chinese society, which the Communist Party rules authoritatively.

Organizer: SATO Yukihiro

Co-researchers: OGASAWARA Yoshiyuki (Associate Professor, Tokyo University of Foreign Studies), MATSDA Yasuhiro (Professor, Institute for Advanced Studies on Asia, The University of Tokyo), MATSUMOTO Mitsutoyo (Associate Professor, Faculty of International Studies, Tenri University), TAKEUCHI Takayuki

4 'The Arab Spring' and the Arabian Peninsula in the Future

This research is the study results which cooperate with the JIME Center in the Institute of Energy Economics. We solicited the opinion of Japanese experts on the Arabian Peninsula and investigated the problems which this region faces from the viewpoints of politics, the economy, society and military affairs. Then, we considered potential changes in this region which could occur in the future. This report is a portion of our results.

Chapter 1 covers the outlook for the Arabian Peninsula in 2025. The main object is analysis of Saudi

Arabia's political, economic and social situation. We proposed three scenarios for the progress of the democratization of the Arabian Peninsula countries by 2025. **Chapter 2** analyzes the background and the meaning of the 'Islamic principles', which are important to the 'Arab spring'.

Chapter 3 analyzes the recent political developments in the UAE where shows an economic existence following Saudi Arabia and has problems in the foreign labor market. **Chapter 4** analyzes the UAE from the economic viewpoint. **Chapter 5** focuses on the telecommunication industry which is the leading actor in the IT revolution and investigates the development of the telecommunication industry in Qatar. In **Chapter 6**, we discuss the emigrant problem in Oman. In **Chapter 7**, we examine Yemen, which is the only 'republic' on the Arabian Peninsula. Then, we consider the process of the retreat of the Saleh regime and its historical meaning.

Appendix 1 analyzes the situation in Iran as an Arabian Peninsula neighbor country. In **Appendix 2**, we analyze the status of Egypt, which has influence on the democratization movement on the Arabian Peninsula.

Organizer: SATO Hiroshi

Co-researchers : SAITO Jun, TSICHIYA Ichiki, FUKUDA Sadashi, HOSOI Takeru, TANAKA Koichiro (Director of JIME Center, The Institute of Energy Economics), SAKANASHI Sachi (JIME Center, The Institute of Energy Economics), HORINUKI Koji (JIME Center, The Institute of Energy Economics)

5 The 13th General Election in Malaysia: Issues, outcomes and implications

The 13th General Election (GE 13) in Malaysia is expected to be the country's most tensely contested election to date. Its outcome, uncertain given the present political flux, is potentially far-reaching for power restructuring. If the opposition coalition performs better than in 2008, there will be major changes to the political system, affecting the viability of a two-coalition system and raising implications for pluralist politics, regional balance of power and revisions of the policy regime. If the ruling coalition overcomes the opposition challenge in a dominant way, basic policies will be retained, but the existing ethnic framework of representation and power-sharing will come under considerable stress. As some parameters of electoral politics become infeasible,

new sources of political activity, new alliances and demands for reform will combine to determine the outcome of GE 13. One issue is critically important – the conduct of GE 13 itself. The ruling coalition and the Electoral Commission insist that GE 13 will be fair and free, but the opposition coalition and a broad-based movement for electoral reforms demand crucial changes to procedures and rules before the election takes place. If the election results in a 'hung Parliament', the political system could enter a stage of considerable instability.

Organizer: KHOO Boo Teik,

Co-researcher: NAKAMURA Masashi Dr SUZUKI Ayame, (Fukuoka Women's University, Japan) Dr Andrew Aeria, (Universiti Sarawak Malaysia, Malaysia) Dr Graham (Brown, University of Bath, UK), Regina Lim (University of Bath, UK)

[4] Collaborative Research Projects

1 WTO-IDE Joint Research "Trade in Value-added: A new perspective of international trade"

IDE-JETRO has conducted a joint research with the World Trade Organisation (WTO) from 2010 and a report of the collaboration was published in June 2011. In that occasion, the two organisations jointly held an international conference for launching the publication at the WTO Headquarters in Geneva, hosted by the IDE President Prof. Takashi Shiraishi and the WTO Director General H.E. Pascal Lamy. This was followed by the publication of the report in Japanese, when an international symposium was organized in Tokyo inviting the WTO Deputy Director-General Mr. Alejandro Jara, in order to disseminate the fruit of the joint research to stakeholders of the government, academics and business communities alike.

The "trade in value-added" approach enables us to redefine the relationship among countries of origin and destination in international trade. In contrast to the orthodox concept of trade balances based on foreign trade statistics, it focuses on the value-added contents of traded goods, and considers the contribution of countries to value-added generation at each stage of production process of a given commodity. For example, it is known that China's exported goods use a large amount of

intermediate inputs supplied by neighbouring Asian countries. Accordingly, a significant part of Chinese export is attributable to foreign origins in terms of value-added.

The joint report addresses such an important issue of measuring international trade in the face of growing global manufacturing, by proposing a new method and showing analytical results of estimating the value-added of international supply chains. The report has been disseminated to a large number of trade policy planners of various countries, and ranked the 4th in the number of sales in 2011 among all the WTO publications.

Organizer: INOMATA Satoshi
MENG Bo, FUJIMOTO Masayuki

2 Fukuoka Prefecture-IDE Collaborative Research Project: Trends in New Energy Policies in East Asia and Promotion of New Energy Industries in Fukuoka Prefecture

The main purpose of this collaborative research with the prefectural government of Fukuoka is to explore how Fukuoka Prefecture could stimulate the development of the new energy industry. Fukuoka Prefecture has implemented a number of policies related to accumulation of technological capabilities in the new energy sectors and promotions for diffusion of new energies in response to global warming and to reduce dependence on fossil fuels. In addition, following the aftermath of the 2011 Tohoku earthquake and tsunami and the accident at the Fukushima Daiichi Nuclear Power Plant, the prefectural government recognized the need to diversify its energy sources in order to provide stable energy to the local economy. In this regard, the prefectural government has identified the new energy industry as having the potential to become a leading industry in Fukuoka and also enabling local firms to enter the rapidly growing Asian market.

The research team explored policy trends in Asia and highlighted successful cases so as to provide the prefectural government with policy inputs. The research team is comprised of researchers from the local university, research institutes including IDE, and personnel from the prefectural government.

The interim research findings were disseminated through a seminar entitled 'Global Policy Trends in Renewable Energies and the Potentials of Fukuoka' held

in Fukuoka on December 22, 2011.

Organizer: NABESHIMA Kaoru

Co-researchers: HORII Nobuhiro (Kyushu University), AMANO Hiroyasu (URC), IMAI Kenichi (ECSEAD), NONAKA Masahiro (Fukuoka Pref.), ARAHATA Minoru (JETRO Fukuoka), MORINAGA Masahiro

<BASIC/COMPREHENSIVE RESEARCH>

1 The Rise of Multinational Corporations from the Middle East

The purpose of this research project is to analyze the nature and the uniqueness of multinational Arab firms. Enterprises in the region expanded their activities after most Arab nations started implementing economic reform programs in the 1990s, and moreover, recently some large enterprises have expanded their activities beyond their borders. In this project, we focused on those newly multinational firms in GCC countries and Egypt and analyzed them in terms of their nature and competitiveness.

The outcome of this project will be published as a book titled *The Rise of Multinational Corporations from the Arab Middle East* in 2012 (in Japanese). In the book, we survey two sectors (financial and communications sectors in GCC) and six companies (DP World in UAE, SABIC and Savola in Saudi Arabia, Orascom Telecom, Elsewedy Electric, and ezzsteel in Egypt) and analyzed their foreign direct investment as well as competitiveness.

Organizer: TSUCHIYA Ichiki

Co-researchers: SAITO Jun, FUKUDA Sadashi, NAGAOKA Shinsuke (Associate Professor, Kyoto University), HOSOI Takeru (Associate Professor, Kokugakuin University)

2 Comparative Studies on Political Institutions in Southeast Asia

The main purpose of this research project is to show how political institutions influence policy outcomes as well as the stability of political regimes in Southeast Asia. The original ASEAN members – Indonesia, Thailand, Malaysia, the Philippines, and Singapore – have developed institutions for their representative

governments since their independence. Though all five countries have experienced authoritarian rule, the Philippines, Thailand and Indonesia have accomplished full-scale democratization in the past two decades. Malaysia and Singapore still cannot be regarded as democracies; nevertheless, political parties and elections are essential tools for rulers to assume and exert power even in these countries.

These five countries are in relatively similar structural conditions, in which they are all susceptible to political tensions arising from religious or ethnic divides. To a greater or lesser extent, they have succeeded in industrialization and experienced rapid economic growth, although their track record of policy performance and political stability vary. We will attempt to show how political institutions function as a mediating factor between social structure and political performance through comparative studies of five cases.

Our final product will be published as a book in the *Ajiken Sensho* series (in Japanese) in the fall of 2012.

Organizer: NAKAMURA Masashi

Co-researchers: SHIGETOMI Shinichi, KAWANAKA Takeshi, KAWAMURA Koichi, SUZUKI Sanae

3 The Change in the Social Contract in Egypt

The purpose of this research project is to analyze the domestic factors which caused the January 25th Revolution in Egypt in terms of the so-called 'Social Contract'. In Egypt, fulfilling the terms of the social contract was regarded as a condition of a de jure government. However, during the last 40 years it seems that the validity of the social contract has been changing due to the political and economic conditions surrounding Egypt. As a result, Egyptian people have accumulated dissatisfaction with the government. In this project, we reconsidered the effectiveness of the social contract since the 1990s and investigated whether the concept of the social contract was related to the January 25th Revolution.

The outcome of this project will be published in the *Ajiken Sensho* series in 2012 (in Japanese). In the book, we discuss the changes in the social contract from various aspects such as politics, economic growth, and labor movement and argue their connection with the January 25th Revolution.

Organizer: INO Takeji (Professor, Wayo Women's University)

Co-researchers : TSUCHIYA Ichiki, YAMADA Toshikazu, SUZUKI Emi (Associate Professor, Waseda University), IWASAKI Erina (Associate Professor, Kyoritsu Women's University), KANAYA Misa (Collaborative Researcher, Sophia University)

4 Political Participation by 'the Excluded' in Latin America

Through this research project, we aim to explore the origins and the changes in political (or democratic) practices in progressive local governments in the age of 'left turns' in Latin America. Paying special attention to 'the excluded' group that grew under the era of 'neoliberalism', we attempt to grasp by what sort of measures and to what extent local governments have accomplished the 'political inclusion' of 'the excluded', and at the same time, have influenced national (democratic) politics in each case.

Organizer: UETANI Naokatsu

Co-researchers: KONTA Ryohei, UKEDA Hiroyuki (Tokyo University of Foreign Studies, Associate Professor), FUNAKI Ritsuko (Chuo University, Full-time Lecturer)

5 Social Welfare and Governmentality in Emerging Countries

The project aims to examine how the social welfare system is structured and put into practice in emerging countries in Asia and Latin America. Thereby, the study elucidates how social welfare institutions operate to govern people by intervening in people's lives and conditioning people to behave as ideal citizens in India, the Philippines, Argentine, Mexico and Turkey. The idea of governmentality as proposed by Foucault is one of the pivotal ideas in our analysis. Our main findings are as follow. While adoption of social welfare based on neoliberal rationality of governance to re-include some recipients as good citizens and re-exclude the others according to their competitiveness is the general trajectory observed in the respective countries, (1) the manner in which people accept the rationality of the government is not indiscriminate internalization or blunt resistance but is more complex and 2) people who are

excluded because they do not behave according to the neoliberal rationality prescribed by the government and are deemed uncompetitive are not necessarily disempowered. Some people reject involvement in neoliberal rationality, while others claim a different rationality from that of the government.

Organizer: MURAKAMI Kaoru

Co-researchers : OSHIKAWA Fumiko (Professor, Center for Integrated Area Studies, Kyoto University), SEKI Koki (Associate Professor, Graduate School for International Development and Cooperation, Hiroshima University), USAMI Koichi, YONEMURA Akio

6 Dealing with Differences: The Politics of Tolerance in Developing Countries

This research project investigated the major determinants of tolerance and trust in developing countries and yielded two articles.

Ethnic The first concerns tolerance in emerging democracies. An analysis of 18 emerging democracies in Europe revealed that native-ethnic minority size enhances political tolerance shown by the majority toward minorities, whereas foreign population size reduces it. These findings give credence to the argument that the type of ethnic minorities significantly affects the contextual effect of ethnic diversity on ethnic tolerance.

Democracy The second concerns democracy and trust in India. Using structural equation models for survey data in 2003 and 2005, the research showed that individuals in India possess separate social and political cognition, represented respectively by social trust and trust in political institutions. The robustness of India's democratic regime thus seems to stem from the fact that social anxieties do not necessarily affect political efficacy and cognition.

Organizer: HAZAMA Yasushi

Co-researchers: KONDO Norio

7 Political, Economic, and Social Issues in Latin America

Latin American countries garnered great benefits from the rise of primary products' prices until the middle of 2008, when an economic crisis heavily affected these countries. Many leftist governments that came to power

criticizing neoliberal policies introduced in the 1990s are now facing a serious dilemma between social equity and market equilibrium. The countries in this region have serious social problems, such as drugs and poverty. This project aims to analyze actual situations in Latin American from the viewpoints of political science, economics, sociology and international relations. We published two volumes of a journal titled *Latin America Report* (vol. 28, nos. 1 and 2).

Organizer: USAMI Koichi

Co-researchers : YAMAOKA Kanako, UETANI Naokatsu, YONEMURA Akio, KITANO Koichi, SHIMIZU Tatsuya, KONTA Ryohei, MURAI Tomoko

8 Basic Income in Emerging Countries: Theories and Discussions

Basic Income is now being discussed widely as an alternative idea to existing social security systems in developed countries. Conversely, social security systems are being rapidly institutionalized in emerging countries, although there still remain many people with limited access to social security provisions. While employment systems are becoming more flexible, it appears that existing social security systems that are related to labor are encountering various difficulties. Under these circumstances, the idea of basic income is receiving more attention as an alternative to existing labor-related social security systems. However, some scholars have insisted that children and elderly people must be the first to receive coverage with non-conditional monetary grants, due to the financial limitations that exist in emerging countries. In this research project, we examined the logic of basic income and consider the arguments on basic income in emerging countries such as South Africa, Argentina and South Korea.

Organizer: USAMI Koichi

Co-researchers: MIZUNO Junko, MAKINO Kumiko, NOGAMI Hiroki

9 Rural Development in Vietnam: Transformation of the Rural Economy under Rapid Economic Growth

a level below 20% of GDP, rural inhabitants still account for 70% of the total population. This is quite a

unique feature of Vietnam's economy, and it is envisaged that this feature of the rural economy will characterize the nation's future economic growth.

Among the major findings of the first year of this two-year research project is the fact that the labor market for non-agricultural economic activities has expanded in rural areas, which has absorbed the redundant labor force produced by the modernization of agricultural production. Establishment of 'industrial parks' in the rural areas and the burgeoning of small-scale non-agricultural businesses are the major causes of growing rural non-agricultural employment. At the same time, the increase in 'trang trai', large-scale private firms, has also absorbed a considerable number of the rural labor force. Development of such rural industries has had the effect of curbing rural-urban migration.

The final results will be published in the IDE Research Series (in Japanese) in 2013.

Organizer: SAKATA Shozo

Co-researchers: TSUKADA Kazunari, KOJIN Emi, TSUJI Kazunari (Associate Professor, Faculty of Agriculture, Saga University), NIIMI Tatsuya (The Institute of Economic Research, Chuo University), TAKAHASHI Rui (Junior Associate Professor, School of Political Science and Economics, Tokai University), FUJIKURA Tetsuro (Graduate School of Arts and Sciences, Tokyo University)

10 Dynamics of the Garment Industry in Low-income Countries following the MFA Phase-out

The export-oriented garment industry has grown in the early stage of industrialization in many developing countries, and recently, low-income countries such as Bangladesh have become leading exporters. However, since the trade liberalization following the termination of the Multi-fibre Arrangement (MFA), exports from China and India have rapidly grown, and as a consequence, competition has intensified. In light of such market changes, the present research project reassesses the role of the garment industry in economic growth and poverty alleviation in low-income countries. More specifically, we explore how the garment industry and workers' welfare have changed since liberalization and whether African

countries can penetrate the export market through investigation of seven low-income countries in Asia and Africa.

In the first year, to share information on the garment industries in the seven countries, the research team members intensively exchanged information and discussed recent changes in the industries. To collect relevant information, we invited a researcher studying the Chinese garment industry and a technical specialist in garment production in developing countries. Those presentations and discussions assisted the members in developing comparative perspectives across countries. An interim report titled 'Dynamics of the Garment Industry in Low-Income Countries: The experience of Asia and Africa' is published on the IDE website.

Organizer: FUKUNISHI Takahiro

Co-researchers: ASUYAMA Yoko GOTO Kenta (Associate Professor, Department of Economics, Kansai University), KUDO Toshihiro, MAKINO Momoe, YAMAGATA Tatsufumi

11 Business Management of and Information Gathering on Textile and Apparel Enterprises in Middle Eastern Countries

This research project will continue until March 2013. In this project, we take up the textile and apparel enterprises of two Middle Eastern countries, namely Iran and Egypt, which both have comparatively large domestic markets in the region. So far, we have paid special attention to the enterprises' information-gathering strategies, sales promotion activities, relationships with customers and other relevant factors in order to analyze the characteristics of their overall business management know-how.

At the same time, we have clarified how these enterprises are coping with the transformations taking place in the distribution channels of raw materials and products as a result of economic globalization and amendments to government policies, and we examine whether there are any innovative elements compared to their old business methods to some extent.

The existing literature on manufacturing industries, including the textile and apparel industries in the Middle East, is relatively poor in terms of research on an individual enterprise basis, although statistical-based macro-trend analysis has been performed to some

degree. In this project, we used a questionnaire survey for each production unit targeted in the study, in conjunction with supplementary interviews.

In 2011 we also conducted further fieldwork in both Iran and Egypt. For an intermediate report on the project, see the following link:

http://www.ide.go.jp/Japanese/Publish/Download/Report/2011/2011_411.html

Organizer: IWASAKI Yoko

Co-researchers: KATO Hiroshi (Professor, Faculty of Economics, Hitotsubashi University), KASHIWAGI Kenichi (Assistant Professor, The Alliance for Research on North Africa, University of Tsukuba), IWASAKI Erina (Assistant Professor, Faculty of Arts and Letters, Kyoritsu Women's University)

12 Costa Rica: Latin America's Small Dragon or the Region's Unique Social Democracy

analyzes Costa Rica's (1) political party system, (2) foreign policy, (3) popular support for democracy, (4) social policy, (5) education, (6) rural development, (7) monetary and foreign exchange policy and (8) corporate system.

In Regarding (1) the political party system, the study focuses on the dissolution of the bi-party system and the fact that central problem is that the country has not yet discovered an alternative. Regarding (2), the chapter on foreign policy deals with Costa Rica's 'unarmed neutrality' through leadership discourse and aims to explain it in terms of international relations theories. Concerning (3), popular support for democracy was measured using poll data collected by Latinobarometro, and the study reasons that Costa Ricans highly appreciate democracy's 'intrinsic value' in addition to its 'instrumental value'. Concerning (4), the chapter on social policy realized the relations between the social policy system and institutions such as the majority Social Democratic Party and trade unions. Those actors could be a crucial support base and might have formed a class coalition to construct Costa Rica's welfare state regime. Looking at (5), the education chapter summarizes Costa Rica's education system after World War II, particularly its history, budget and programs for basic education. Looking at (6), the rural development chapter analyzes the policy and theoretical characteristics

of the Central American Strategy of Territorial Rural Development 2010-2030 (ECADERT) in comparison with other programs and the regional development approach. Concerning (7), Costa Rica's exchange rate regime was transformed in 2006 from a crawling-peg to a crawling band. Under the crawling peg, the exchange rate against the US dollar could have been depreciated according to the inflation rate differences between Costa Rica and its main trading partner, the United States. Under the crawling band, although the inflation rate was lowered, the real effective exchange rate appreciated, for the deceleration of the depreciation rates of exchange rates against US dollar. Concerning (8), the corporate system chapter analyzes the institutional transformation of Costa Rica's corporate activities and shows that the human and institutional infrastructure in the high-tech industry development policy played an important role.

Organizer: YAMAOKA Kanako

Co-researchers: KITANO Koichi, USAMI Koichi, YONEMURA Akio, MITSUO Hisayuki, KOZAKI Tomomi (Senshu University), HISAMATSU Yoshiaki (Toyo University), OJIRI Kiwa (Tokyo Woman's Christian University).

13 Comparative Study on the Organizational Capabilities of Rural Asian Societies

The importance of organizing local people for development work has been widely recognized, and various so-called participatory rural development projects have been implemented. This study project aims to identify the mechanisms of local societies that lead local people to organize themselves and, at the same time, the methodology to recognize such mechanisms for promoting locally-driven rural development. In the first year of the two-year study period, we implemented case studies of villages in China, Vietnam, the Philippines, Indonesia, Myanmar and India to see what kinds of local systems are working in the process of designing and managing collective action for rural development. It is clearly observed that the pattern of local organizing differs according to the salient features of the local institutional settings of each country. For example, Chinese villages mobilize communal and private resources and manage them on behalf of villages, while the villages in Myanmar directly mobilize their residents for public matters. The organizational responses

of local people to a nationwide microfinance project in Indonesia are contrasting according to the different local social settings.

Organizer: SHIGETOMI Shinichi

Co-researchers : OKAMOTO Ikuko, YAMADA Nanae, IWAI Misaki (Kanda University of International Studies), HAYAMA Atsuko (Kurume University), SHIMAGAMI Motoko (Kyoto University), SATO Keiko (Research fellow, Graduate School of Asian and African Area Studies, Kyoto University)

14 Conflict and Reconciliation in Africa and the Middle East

Reconciliation is undoubtedly the supreme goal in post-conflict peace-building. Through the previous research project we conducted in FY2009-2010, to deepen our understandings of conflicts, we confirmed the analytical validity of the concept of 'state formation' which entails a broad process including establishment of state institutions, nation-building and national integration, and consolidation of a particular power structure and political economy. We rely consecutively on the same analytical concept, state formation, in this brand new research project focusing on post-conflict reconciliation in Africa and the Middle East. By doing so, we expect to depict reconciliation as a multi-dimensional project concerning memory, justice, social integration, state institution and democracy. In FY 2011, we conducted case studies of five countries: Iraq, Kenya, Lebanon, Somalia and South Africa. These countries were selected to represent a transection of the diverse tasks of post-conflict reconciliation in terms of historical background, nature and significance. The interim report on this first year's research result has been published on our website.

Organizer: SATO Akira

Co-researchers: TSUDA Miwa, TAKEUCI Shin'ichi, ENDO Mitsugi (Professor, Tokyo University), AOYAMA Hiroyuki (Associate Professor, Tokyo University of Foreign Studies), ABE Toshihiro (Associate Professor, Otani University), YAMAOKA Dai (Lecturer, Kyusyu University)

15 Economic Policies and Economic Structures of Transition Economies in Southeast Asia: A Comparative Study of Myanmar and Vietnam

The economic performances of Myanmar and Vietnam during the past two decades of their transition processes to a market economy stand in stark contrast despite the similarities in their initial economic structures. One of factors that may account for the performance gap is the differences in their economic policies and institutions. Using the model of endogenous institutional change by Acemoglu et al., this project studied how the differences in economic policies and institutions emerged between the two countries, with a particular focus on the interaction of these economies with foreign countries and foreign institutions.

Major The major findings of the project include two points. Firstly, since any economic policies and institutions produce vested interests, changes in policies and institutions tend not to occur autonomously as long as those who have vested interests in them insist on maintaining them. For Vietnam, it was interaction with foreign countries, such as the negotiation for accession to the World Trade Organization, that facilitated changes in policies and institutions.

Secondly, whether a country has more chances of interaction with foreign countries depends on the political system and the distribution of political power. When the political system produces dispersion of political power between a conservative group and a reformist group, the reformists may utilize policies and institutions of foreign countries to strengthen their own legitimacy, which in turn increases the chances of interaction with foreign countries. In Myanmar, dispersion of political power has been limited under the military rule. In Vietnam, despite the rule of the Communist Party, the rule of law has led to dispersion of political power.

Organizer: KUBO Koji

Co-researchers : FUJITA Mai, KUDO Toshihiro, GOTO Kenta (Associate Professor, Faculty of Economics, Kansai University), TSUKADA Kazunari, WATANABE Shin'ichi (Professor, Graduate School of International Relations, International University of Japan)

16 Global Recession and Economic Policies in Developing Countries

The global recession, triggered by the Lehman shock in late 2008, exerted a grave impact on the economies of developing countries, although the magnitude of the impacts differs between countries. Those who suffered most are the countries in Central and Eastern Europe where significant capital inflows have contributed to their rapid economic growth. In contrast, some Asian countries successfully contained the damage, partly because they reduced their dependence on capital inflow for economic growth. Based on these considerations, we aim to examine the background of the current global recession, its impacts on developing countries and their policy responses. This project includes case studies as well as overall analyses from the international finance and trade viewpoint. The countries/areas on which we focus are China, India, Indonesia, Latvia, the Philippines, Thailand and Vietnam.

Organizer: KUNIMUNE Kozo

Co-researchers: INOUE Takeshi, KASHIWABARA Chie, NGUYEN Quoc Hung, INOBUCHI Masahiro (Associate Professor, Faculty of Business Administration, Kyoto Sangyo University), KOHSAKA Akira (Professor, School of International Studies, Kwansei Gakuin University), KOMATSU Masaaki (Professor, Graduate School for International Development Cooperation, Hiroshima University), MATSUZAWA Yuusuke (Associate Professor, Bunri University of Hospitality), MIENO Fumiharu (Professor, Graduate School of International Cooperation Studies, Kobe University), SATO Hitoshi (Fellow, Research Institute of Economy, Trade & Industry), SHIMANE Yoshie (Associate Professor, Faculty of Economics, Ryukoku University), SONE Yasuo (Associate Professor, College of Economics, Nihon University)

17 Elimination of Child Labor in a Multi-Actor Approach

Child labor is one of the most important development issues facing the world, and it demands immediate attention. The urgency has grown in the wake of the world economic crisis, which has impeded the elimination of child labor. Because of this, the international community needs to exert efforts toward

this goal.

Japan, which depends heavily on imports from developing countries, is far behind the conventions adopted by developed countries to minimize the risks of victimizing children in developing countries. It lacks the laws and regulations to deny imports produced through child labor. The eradication of child labor is yet to enter the mainstream for Japanese ODA.

In the meantime, awareness of this issue among Japanese citizens is gradually rising as interest in other social issues, including the environment and fair trade, grow. Japanese corporations have also started to embrace corporate social responsibility and adopt codes to restrict products made with child labor. Thus, now is the best time for various actors in Japan, i.e., the government, citizens and businesses, to work together to contribute to the eradication of child labor in the world.

This research project invites key members of the above-mentioned actor groups to contribute to a book on Japan's ideal approaches toward child labor eradication. The main conclusion of the project is that the rights-based approach, which emphasizes awareness of the rights of children, is particularly promising for reducing child labor, in addition to traditional approaches based on law and education.

At the end of the first fiscal year, a pdf version of the interim report (in Japanese) was published. The final report will be published in early 2013.

Organizer: YAMAGATA Tatsufumi

Co-researchers: NAKAMURA Mari, KAIDA Machiko (Japan International Center for the Rights of the Child), KITAZAWA Koh (Fair Trade Resource Center), SHIROKI Tomoko (Action against Child Exploitation), HORIUCHI Mitsuko (Bunkyo Gakuin University), IRIGAKI Hidetoshi (Japan International Cooperation Agency), FUJINO Atsuko (Kyoto Sangyo University)

18 Disabilities and Poverty Reduction in Developing Countries

Persons with disabilities are among the most vulnerable groups of people in developing countries. The Institute of Developing Economies has conducted a series of research projects highlighting disability in developing countries from viewpoints of law and economics in the past decade. This project takes the series of studies one step further in economic empirics.

This is a project to the series of studies one step further in economic empirics. The research team members collected data on the livelihoods of persons with disabilities (PWDs) living in Metro Manila, the Philippines, in cooperation with the Philippines Institute for Development Studies (PIDS) and analyzed it in conjunction with a previous research project. Invoking a new dataset collected in an agricultural area, i.e., Rosario City, Batangas Province, the Philippines, the research team members compared the livelihoods of PWDs in Metro Manila and the agricultural area in order to obtain an overall picture of the livelihoods of PWDs in the Philippines.

The main conclusion is that some subsets of the society where a PWD lives are particularly useful for them to obtain information and motivation to gain a better livelihood. This focus on the role of society is intended to further the social model of disability.

Organizer: YAMAGATA Tatsufumi

Co-researchers: MORI Soya

19 Theory of International Input-Output Analysis

The Institute of Developing Economies in JETRO (IDE-JETRO) has been engaged in Asian international input-output (I/O) projects for over three decades in collaboration with government agencies and research institutions in Asia. These projects have produced many international I/O tables, which have been used to conduct various kinds of economic analyses.

In recent years, the demand for these international I/O tables has been increasing, as they are an effective tool for analyzing recent economic phenomena occurring in the world, such as international production networks and economic integration.

In response to this increasing need for international I/O tables, the objective of this study is to compile a book that provides a comprehensive understanding of international input-output analysis, by utilizing the know-how regarding compilation and analyses that has been accumulated in these projects. The study is expected to serve as a useful reference to compilers as well as analysts of international I/O tables.

Organizer: TAMAMURA Chiharu

Co-researchers: KUWAMORI Hiroshi, UCHIDA Yoko, SANO Takao (Former Professor at Gifu Shotoku

Gakuen University)

20 Economic Development and Technology Choice

The world has seen remarkable progress in technology in recent times. Given this, there is a need for analysis of the institutional background of technology choice in a historical context in order to understand the mechanisms of economic development. This analysis should be conducted on industrial sectors that are the driving forces of economic development. For example, the IT (Information Technology) industry has become huge in terms of production scale, demand and growth rate. There are two competing technologies in this industry. They are the System LSI technology, which is embodied in the labor force, and general-purpose technology, which is embodied in capital. We will conduct empirical studies on economic development by investigating the relationship between technology choice and industrial development for each country and industry.

Organizer: GEMMA Masahiko (Professor, Faculty of Social Sciences, Waseda University)

Co-researchers: YOSHINO Hisao

OYAMADA Kazuhiko

YOKOTA Kazuhiko (Associate professor, School of Commerce, Waseda University)

SHIMIZU Masayuki (Assistant Professor, Faculty of Social Sciences, Waseda University)

21 Employment of Persons with Disabilities in Developing Countries

Disability issues are a critical part of poverty reduction, and employment of persons with disabilities is one of the core issues. The UN Convention on the Rights of Persons with Disabilities (CRPD) recognizes the right of persons with disabilities to work on an equal basis with others. The objective of this research project was to focus on the equalization of opportunities and promotion of employment of persons with disabilities through legislation and to reveal the roles of and problems inherent in the current labor and employment laws in developing countries. The research examined (1) the actual employment situation of persons with disabilities and its problems, (2) the employment law system which protects and promotes the right to work of persons with disabilities and (3) the status of

non-discrimination and the quota system as an affirmative action referenced in CRPD in each of the target country. The countries examined are China, Korea, Thailand, the Philippines, Malaysia, Vietnam and India. Many Asian countries have introduced the quota system as a measure to promote employment of persons with disabilities. However, the nature of the quota system needs to change from welfare-based to rights-based. Within the countries examined, only Korea and Thailand have so far developed their employment law system for consistency with CRPD.

Organizer: KOBAYASHI Masayuki

Co-researchers: MORI Soya, ASANO Noriyuki (Associate Professor, Osaka Ohtani University), KAWASHIMA Satoshi (Research Fellow, the University of Tokyo), SAI Takanori (DPI-Japan), NISHIZAWA Kikuo (Associate Professor, Kansai University), SAITO Yoshihisa (Associate Professor, Kobe University)

22 Simulation Analysis of Multinational Activity in the Globalizing World

The past decades have seen substantial growth of foreign direct investment (FDI) around the globe. A decline in FDI barriers appears to play an important role in accounting for the expansion of foreign production by multinational firms. The firm-level response to falling FDI barriers, however, is quite different for individual firms; larger firms were more likely than smaller firms to invest abroad and establish foreign production in a greater number of markets. This project quantitatively assesses the impact of FDI globalization on individual firms by calibrating the firm-heterogeneity model of exporting firms to micro-level data for Japanese multinational firms. Estimating the structural parameters of the model, we demonstrate that the model can strongly replicate the entry and sales patterns of Japanese multinationals. Counterfactual simulations show that declining FDI barriers lead to a disproportionate expansion of foreign production by more efficient firms relative to less efficient firms. A hypothetical 20% reduction in FDI barriers is found to improve industry-level productivity through global market-share reallocations within the industry.

Organizer: TANAKA Kiyoyasu

Co-researchers: ARITA Shawn

(University of Hawaii at Manoa, Natural Resources Environmental Management, Full-time Economist)

23 Latecomers' Catch-up Revisited

'Catch-up' is a term that is often used when we describe the development or industrialization of latecomers, including Asian countries. However, in quite a few cases where we closely examine their actual development processes, we find that 'catch-up' reveals nothing more than a very vague image or possibly conveys a mistaken understanding of the situation. In particular, the term 'catch-up' has been becoming less effective since the 1990s. Our project will critically examine 'catch-up' as an analytical concept, so that we can innovate and deepen our understanding and image of Asian economies. In this study, we will attempt to achieve the following: (1) To reconstruct 'catch-up' as a more elaborate and more operational concept, e.g., the issue of how to measure the degree of 'catch-up' requires further debate, (2) To reconsider the explicit and implicit prerequisites of the term 'catch-up', as some conditions might be true of Japan, Korea and Taiwan but not of Southeast Asian countries and other latecomers, while some policies that were allowed in the 1960s or the 1970s might be now prohibited and (3) To compare the merits and demerits of 'catch-up' and other development paths. In other words, we will attempt to illustrate that 'catch-up' is not the only or the best development strategy, and so some countries should follow paths other than 'catch-up'.

Organizer: SATO Yukihiro

Co-researchers: ITO Shingo (Unit Chief, China Unit, Mizuho Research Institute, Ltd.), MARUKAWA Tomoo (Professor, The University of Tokyo), OIKAWA Hiroshi (Professor, Kansai University), YOSHIOKA Hidemi (Associate Professor, Kumamoto University), ASUYAMA Yoko, SATO Yuri

24 Marine Transport and Harbors in the Asia Region

The global volume of marine transport has greatly expanded since the 1990s due to the division of the international labor system in manufacturing industries that has accompanied the progress of globalization. For example, some multinational enterprises have carried out foreign direct investment, and the countries that

have received this foreign direct investment have subsequently implemented various deregulations for these multinational enterprises. As a result, there is now a division of the international labor system in multinational enterprises, and the international physical distribution to support this division has also undergone great change. Such movement has been particularly noticeable in Asia and the region's representative harbors, which have seen an increase in marine freight volume.

Against this backdrop, this research project focuses on the extended process of marine transportation in Asia, in particular on the development of a representative harbor in Asia as an important factor that has promoted an increase in marine transportation and on clarification of the factors behind the development of Asian harbors.

Organizer: IKEGAMI Hiroshi

Co-researchers : ONISHI Yasuo, OKADA Yuka (Tokai University), KUROKAWA Hisayuki (Tokyo University of Marine Science and Technology), JIANG Tian-Yong (Osaka City University), Kojima Suelo (Kokushikan University), LEE Jung-Hua (Kanagawa University)

<Funded Research>

1 Impact Evaluation of the Pasak Irrigation Project

This research project estimated the impacts of the Pasak irrigation project on agricultural production using agricultural household survey data. Specifically, we focused on the impacts of tertiary canals and have shown that they do not affect productivity but increase the cultivation probabilities. It is well known that impact evaluation of infrastructure is difficult due to endogenous placement and GE effects. We used spacial data and estimated plot-level impacts, which gave us a unique opportunity to carry out evaluation rigorously.

Organizer: ITO Seiro

Co-researchers: TSUKADAKazunari, OHIRA Satoshi (Keio University)

2 Food Industry Development and the Trade in Processed Food Products in Asia

This study aims to investigate the determinants of trade patterns of processed food products in Asia. The output of the three-year research study consisted of examination of the main characteristics of Japanese food and agricultural firms as well as analysis of frozen seafood processing firms in Thailand and Myanmar as a case study.

The observed characteristics of Japanese food and agricultural export firms are: 1) promotion of sales in the local market is becoming the most common motivation for investing overseas and 2) domestic firms are increasing their dependence on imported intermediate goods.

The case study reveals their management strategies as well as the problems they are facing. Thai firms have developed to the stage of achieving quality and product differentiation according to their specific export market. However, Myanmar firms still remain as exporters of products with a low degree of processing. Furthermore, Thai firms are facing difficulties in procuring raw materials as well as cheap labor. In a similar vein, Myanmar firms have already started to experience problems in ensuring a stable supply of raw materials, while they continue to face the classic problems of lack of infrastructure and technological constraints.

Organizer: OKAMOTO Ikuko

Co-researchers: TSUKADAKazunari

<Projects Funded by Grants-in Aid for Scientific Research>

1 Analysis of Poverty Reduction Policies in India Using Field Experiments

This research project studied three topics: (1) microinsurance purchase decisions, (2) construction of a rural health demand database and (3) impacts of anemia reduction and prevention policies. In microinsurance, we found that nearly half of our sample exhibits risk aversion *and* loss lovingness, which results in the preference explained by the prospect theory. In using government health insurance purchase data, it is

suggested that the loss lovingness, despite being risk averse, can result in the non-purchase of insurance and also that cash constraints can deter insurance purchase. In other studies, data is being compiled.

Organizer: ITOSeiro

Co-researchers: KONO Hisaki

2 Learning through Foreign Direct Investment in Sub-Saharan Africa: The Case of the Garment Industry in Madagascar

Given role of the manufacturing sector in leading economic growth and poverty alleviation, expectations for its growth have increased recently in Sub-Saharan Africa. Among the poor African countries, the most significant growth has been seen in the garment industry. The current research project aims to understand how local firms learn from foreign direct investment by examining the case of the Malagasy garment industry. The project was launched in 2011, and in 2012, we began analysis of the impact of the 2009 political turmoil on the industry, which has been critical for the sector's development.

To collect firm data after the turmoil, we conducted the third round of our firm survey in 2011, in collaboration with the University of Antananarivo, which covered 120 firms. Using the data, we analyzed changes in employment and wages before and after the turmoil. The results indicate that employment was reduced by 47%, with greater reduction among unskilled workers, while real wages fell by a smaller rate among unskilled workers. It is not easy to identify impact of the turmoil that is confounded with shocks from the financial crisis, yet it is possible to purge the adverse effect of suspension of duty-free access to the US market that resulted from the turmoil. Preliminary results indicate that the turmoil had a significant impact on employment and real wages. These results are presented at the conference.

Organizer: FUKUNISHITakahiro

3 A Study on Production Cost in the Malaysian Manufacturing Sector

One of the most important economic issues that Malaysia now faces is the problem of how to sustain

economic growth. In particular, high labor wages are considered to be a major negative factor for economic growth sustainability. For example, average manufacturing wages in 1988 were US\$237 per month and had reached US\$403 per month in 2001. The Malaysian economy grew quickly by taking advantage of low-wage labor. Given the current state of high wages in comparison with less developed countries in Asia, the sustainability of growth is a major concern; FDI companies have moved out of Malaysia to avoid high production costs. From the viewpoint of productivity and production costs, I analyze whether Malaysia is competitive in comparison with less developed countries in Asia.

In the case in which labor and capital are the inputs needed for the production of output and in which the production goods and the production function are both identical in two countries, a country with higher wages may have a higher production cost. Certainly, in Malaysia, unskilled labor wages are higher than in less developed countries in neighboring Asian countries. Now, if we analyze the production function with three inputs, which are unskilled labor, skilled labor and capital, we can draw another result. For example, if there is a sector where unskilled labor is not important but skilled labor is considerably important in production, then the unskilled labor wage will not greatly influence production cost. In this research project, I examine whether the production cost is high in Malaysia by estimating the production function.

Organizer: KODAMA Masahiro

4 Poverty and Child Schooling: A Study of Slum Households in Delhi, India

The Indian economy has enjoyed high economic growth in recent years. At the same time, India has the largest population of poor people. It is widely acknowledged in empirical studies that economic inequality in terms of individuals and caste/religion groups has been growing, particularly since the 1990s in India. This research project aims to examine changes in multidimensional poverty and child schooling by revisiting the slum households surveyed in 2007-08.

Organizer: TSUJITA Yuko

5 Empirical Analysis of Job Matching across Space: Evidence from Chinatown and Urban Agglomeration

The labor markets in developing economies have undergone a distinguishable transformation in the turbulent times over the past three decades. Urban population has grown while market size and vacancy have both increased, and congestion has grown across countries. To understand the evidence and the theory of spatial mismatch between unemployment and vacancy in economic geography, we have to describe the strategic behavior of the unemployed and the establishments thoroughly. The structural underpinning of search-match frictions in the urban labor market provides the fine empirical strategy and the evaluation method for active labor market programs to achieve wage growth, higher match quality and flexible turnovers. At the same time, recent empirical and theoretical research has emphasized the role of informal job networks for job searches and matching in developing economies as well as in the labor market in developed economies.

This research proposes a new mechanism for linking job search-matching, networks and market size in developing economies to detect the explicit role of the urban landscape, i.e., the Chinatown and urban agglomeration. We investigate the testable implications of these informal linkages in the Chinatown and urban agglomeration using survey data and establishment-level data gathered from developing economies like Indonesia, Thailand, and other developing economies. To characterize the search-matching mechanism in the urban labor market, we describe the skill formation process and the returns to general and specific skills and identify the key players (information hubs) in the formation of a job network. In addition, we investigate the geographic extent of the job network and its quality. Based on these viewpoints, we compare the roles (complementarities and substitutability) of informal transactions with formal transactions in the urban labor market to seek optimal unemployment levels, durations and the long-term match quality. We investigated the internal urban landscape of the Chinatowns and the relationship between entrepreneurship and residential choice based on theoretical characterization of the urban labor market.

Organizer: MACHIKITA Tomohiro

6 The Location Choice of Multinational Firms and the Impacts of FDI on Performance at Home according to FDI Types

The purpose of this project is to investigate the mechanics of outward foreign direct investment (FDI) according to FDI types. The existing studies have focused only on two traditional FDI types, i.e., horizontal FDI and vertical FDI. In contrast, this project includes the recently-proposed FDI types such as export-platform FDI and conducts more comprehensive studies on the mechanics of outward FDI. The research of this project in FY2009 revealed that there are various kinds of difficulties in comprehensive analysis that includes many FDI types. In particular, it is difficult to examine multiple FDI types and multiple countries simultaneously. Based on this finding, in FY2010, I examined the comprehensive analysis on the two traditional FDI types as a first step. Although the previous studies have examined these two traditional FDI types separately, I investigated empirically the location choice of multinationals in the cases of those FDI types simultaneously. Also, I conducted additional comprehensive analysis on the location choice by adding one more option, platform-type FDI. In FY 2011, I improved these two studies, for example, by tackling the multicollinearity issue and completed the first draft of those studies.

Organizer: HAYAKAWA Kazunobu

7 Technology Diffusion of the System of Rice Intensification and Its Economic Impacts on Household Welfare: The Case of Rural Indonesia

System The system of rice intensification (SRI) is a set of new rice management practices consisting of (1) early transplanting of seedlings, (2) shallow planting of one or two seedlings, (3) parse planting in checkrows and (4) intermittent irrigation. While SRI is generally more labor intensive, its alleged merit is higher yield than the conventional method. This research aims to identify the determinants of SRI adoption and its economic impacts, not only on paddy yield and rice income but also on total household income, which is largely ignored in the existing literature. The empirical

part is based on data originally collected in rural Indonesia.

This year, I conducted a follow-up survey in collaboration with local counterparts in Indonesia to construct panel data on 900 farm households. The collected data are now being cleaned and will be used to identify factors underlying dynamic changes in SRI adoption. Meanwhile, I assess the various impacts of SRI with the propensity score matching (PSM) method.

Based on the estimation, I found that SRI generates yield gains of about 70% on average. However, due largely to the increased use of family labor on farms, I found some evidence that SRI lowers household off-farm incomes, and as such, there is no difference in total income between SRI adopters and non-adopters. The results are robust, regardless of partial or full adoption of SRI components.

Organizer: TAKAHASHI Kazushi

8 The Bank of Taiwan and Japanese Southward Strategy in Transitional Asia

This research project elucidates how Japan approached the established regional economic order and its involvement in an economic dispute with other great powers from the 1910s to the 1930s. As an example, this project focuses on the case of the southward strategy of the Bank of Taiwan, which represented the Japanese economic expansionism into Asia.

In 2011, this project initiated field research in Tokyo, Taiwan and Singapore to locate historical materials such as original documents and records from officials, banks, newspaper and magazine articles and so forth in the following locations.

Tokyo: Diplomatic Archives of the Ministry of Foreign Affairs of Japan, National Archives of Japan and Institute for Monetary and Economic Studies of the Bank of Japan.

Taipei: Economic Research Institute of the Bank of Taiwan, Academia Sinica and National Taiwan University.

Singapore: National Archives of Singapore Centre of Southeast Asian Studies and National University of Singapore.

Organizer: HISASUE Ryoichi, Ph.D.

9 Publication Project: Strong Soldiers, Failed Revolution

The aim of this project is to translate, rewrite and publish the book, *Gunsei-Biruma no Kenryoku Kozo* (The Power Structure of Burma's Military Regime), which was published in 2009 by Kyoto University Press. The contents of the book are as follow.

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CHAPTER EIGHT: Conclusion: The End of the Revolution

EPILOGUE: Post-1988 Politics

Bibliography

Organizer: NAKANISHI Yoshihiro

10 A Comparative Study of the Family Structure of Iranian Notables and the Modern Concept of 'Family'

This research project attempts to research the historical family structure in Iran prior to the modernization of jurisprudence and the enactment of the civil code. Mainly by investigating the old documents related to Najafqoli Khan, a famous local governor in the 18th century, and his descendants up to the 20th century, the researcher attempted to answer the following questions.

- i. How was the family's wealth transmitted to the subsequent generations stably in spite of the

restriction in Islamic law of inheritance?

- ii. What became of the family's properties during the 18th to 20th centuries?
- iii. Did Najafqoli Khan's descendants form a family institution similar to *ie* in the Japanese historical context?

In addition, in terms of transmission of wealth, this project compares the Najafqoli Khan Family's case with others, such as *waqf* endowments from the 17th to 20th centuries, a case of testate succession at the beginning of the 20th century, and a case of division of the estate of a local notable in the 19th century.

At the same time, the researcher started a preliminary study on the household structure in 19th century Iranian towns, focusing on the household registry of Tabriz city. This study indicates that more than 70% of the urban population was composed of nuclear families that consisted of three to six persons. From this result, we can suppose that, at least at the end of the 19th century, the nuclear family was dominant in urban areas of the Middle East.

Organizer: ABE Naofumi (The Japan Society for the Promotion of Science, research fellow)

11 Changes in Household Behaviors through Agricultural Integration: An empirical analysis of contract farming

A new agricultural policy called the 'Agro-industrialization Policy' has started to be adopted widely in rural China and has induced agribusiness enterprises to integrate villages and farmers through contract farming. The establishment of agricultural conglomerates is expected to increase the profitability of agricultural products and to improve the economic standards of rural people.

The major purpose of this study project consists of two aims. Firstly, we conduct a household questionnaire survey on participation in contract farming and agricultural cooperatives in two provinces where the levels of agro-industrialization are not the same to identify the key factors which determine participation in contract farming. Secondly, we adopt methods of policy evaluation such as ML estimations and PSM (Propensity Score Matching) to confirm the effects of contract farming on profitability and income stability. By comparing the results of two provinces, factors that

restrict diffusion of contract farming and participation in agricultural cooperatives are considered.

In the first year of this study project, we conducted preliminary field trips in the planned survey areas (Jiangsu and Shanxi provinces) to collect information on agricultural circumstances, such as the characteristics of agricultural production and the development of agro-industrialization. The questionnaire survey has been conducted, and it collected detailed household data on about 350 farmers by province.

Organizer: HOKEN Hisatoshi

12 Innovations by Latecomer Firms: the Analysis of Taiwanese IT industry

During the last decade, some Taiwanese electronics manufacturers have begun to launch innovative products and components that create new value added for customers/users and change the existing rivalry relationships in the industry. This study attempts to elucidate the socio-economic background of the rise of these innovative firms, with a special focus on the case of the Taiwanese electronics industry. More specifically, the research explores the following issues: motivation and opportunities for latecomer firms to innovate, resources and capabilities that support innovation by these firms, the impact of innovation by these firms on the existing market order and how interactions among competing firms induce or restrict innovation by them.

In investigating these issues, I will propose an original framework that combines the literature on innovation with the global value chains perspective. This framework will help us understand the economic and social forces that drive the transformation process of second-mover firms that are deeply integrated in global production networks into agents of innovation. The products investigated in this research will include (1) core IC chips for consumer electronics products and (2) smart-phones, portable navigation devices and LCD TVs, etc. I will collect the related material and statistics and conduct firm visits to elucidate the background and the process of innovation by Taiwanese firms in these sub-sectors.

Organizer: KAWAKAMI Momoko

13 Study on Community-based Forest Resource Management and Village Organizational Capability

This research aims to explore the acceptance and response towards the introduction of community-based forest resource management (community forestry) by the contemporary Myanmar village. In the research as well as the practice of community-based resource management, it is often the case that the ‘community’ is treated as given and not thoroughly examined, despite its critical position as the main actor. Actual ‘community’ is diverse depending on the country and region, and the community participation should take different forms according to their specific social structure. Therefore, this study explores the actual development of community forestry in the field, analyzing it in light of the organizational capability of the community, i.e., village. Organizational capability here refers to the manner of resource mobilization as well as the decision-making process of the community. This analysis is ultimately expected to reveal the characteristics of the social structure of Myanmar society.

As In the initial year of this four-year research project, the forestry policies as well as the community forestry program in Myanmar were reviewed. Based on this, the field surveys in two out of the three targeted areas (mountainous area and dry zone) were conducted. Tentative findings show that, regardless of the official institutional design, the village performs as the main actor in responding to the community forestry program, utilizing the existing manner of decision making and human resource mobilization.

Organizer: OKAMOTO Ikuko

14 Central-Local Relations and the Strategy of Street-Level Government in Coastal Areas of China

Central Understanding central and local relations is a basic approach to understanding modern China. Previous works mainly focus on the relation between the central level and the provincial level. It is still unclear whether or not the relations with government below the provincial level are institutionalized. This research attempts to analyze relations at the central level, provincial level and local level through case studies of land expropriation and demolition.

Organizer: REN Zhe

15 The Shariah Court System and Judges in Southeast Asia

Many Southeast Asian countries have established ‘formal’ Islamic court systems (Shariah courts) for the interest of their Muslim population, whether they are Islamic countries or not. The relationship between the Shariah court system and the ordinary judicial system differs among countries. In some countries, Shariah courts are incorporated as a part of the judicial system, and in others, the Shariah court system is fully separated from the ordinary court system. This study will analyze the diversity of institutional configurations as well as the dispute resolution process in the Shariah court systems, especially in the context of family-related disputes among Muslims. This study focuses the role of ‘judges’ and other lawyers in Shariah courts. Generally, judges in Shariah courts are appointed from among the Muslims who have studied Islamic law (Shariah) within the country or abroad. Some countries have also established a system for public prosecutors or lawyers specialized for Shariah courts. This study covers Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Organizer: IMAIZUMI Shinya

16 Transformation of Agro-processing Industries in Myanmar: From the viewpoint of spatial economics

This study examines the characteristics and transformation of agro-processing industries in Myanmar during its transition toward a market economy. The agro-processing industry includes the processing of major crops such as rice, sugar, cotton, palm oil and other oilseeds. This study examines the changes in the distribution of agro-processing industries from the viewpoint of spatial economics.

The first year of this study focused on the rice industry, which, in the milling sector in particular, has drastically changed since the end of the socialist era and during the last two decades. The two waves of liberalization of the rice markets and the milling sector spurred the rice industry in Myanmar to integrate its nationwide domestic markets and global export markets.

The rice industry, including the milling sector, is an industry that has been affected by economic integration domestically and externally. Accordingly, the spatial distribution of various types of rice mills has been transformed. A possible result of trade liberalization is that the production of exportable white rice using modern equipment will concentrate in Yangon.

Organizer: KUDO Toshihiro

Co-researchers: GOKAN Toshitaka