
II . Review of Research Projects

< Policy Proposal Research >

1. Aid Policy Study: Real Politics of Foreign Assistance

The purpose of this project was to analyze the historical function of aid policy in international politics. Building a new international order after World War II was certainly difficult and costly work, and it required burden sharing from defeated nations including Japan. Japan's Economic Cooperation Policy was created under US encouragement for contributing to the construction of sustainable economies in the Asian region as a bulwark against the communist threat. We believe that this kind of historical understanding of aid policies provides great help for upgrading Japan's aid policy in the 21st century.

This project was organized on the occasion of the 60th anniversary of Japanese aid initiation and also the revision of the Development Cooperation Charter. Two experts of our team, Mr. Araki and Professor Ono, were appointed to the governmental task team for elaborating the new Charter, and therefore, we enjoyed a close relationship with the process of creating the new Charter.

Our governmental counterpart was the Trade Finance & Economic Cooperation Division in the Ministry of Economy, Trade and Industry (METI).

Organizer: HIRANO Katsumi (Chief Senior Researcher, Area Studies Center)

Co-researchers: OKADA Shigeki (Director, Research Coordination Office, Research Planning Department), ARAKI Mitsuya (Chairman and Executive Director, the International Development Journal Co., Ltd.), ONO Izumi (Professor, National Graduate Institute for Policy Studies), MAEDA Mitsuhiro (Professor, Advanced Institute of Industrial Technology), MIYAGI Taizo (Associate Professor, Sophia University), SHIRATO Keiichi (Senior Analyst, Mitsui Global Strategic Studies Institute)

2. The Middle East in Political Transition and Japanese Security Policy in the Gulf Region

(1) The Middle East in Political Transition and Japanese Security Policy in the Gulf Region

This research project has examined how Japan can tackle several challenges and opportunities in the changing Middle East and Gulf region, which has long been an integral part of Japan's energy supply system. With this in mind, we have conducted seven research meetings and discussed the situation in the Middle East with Middle East directors from the Ministry of Economy, Trade and Industry, JETRO, and NHK. Some of the research themes include "Security in the Persian Gulf", which was featured in *IDE World Trend Magazine*, "Characters of the State of Israel", "Nuclear Negotiation and Social Change in Iran", "Energy Diversification in the GCC countries", "The Changing Situation of Kurds in Iraq", "New Trends in the American Jewish Community", "Afghanistan and Pakistan between China and the Gulf", and the "Rise of the 'Islamic State' in Iraq and Syria". Most of the themes and topics presented in our research meetings have been published in the Online *Middle East Review of IDE-JETRO*. The research meeting on the "Islamic State" in particular enjoyed the participation of a large number of people.

The one-year period of this research project appears to be inadequate time to catch up with the rapid changes and transformation occurring in the Middle East region. Therefore, the continuation of this project is deemed necessary to provide unique insights and analysis of events and changes in countries in the Middle East and North Africa in the coming years.

Organizer: SUZUKI Hitoshi (Chief Senior Researcher, Area Studies Center)

Co-researchers: DARWISHEH Housam (Middle Eastern Studies Group, Area Studies Center), TSUCHIYA Ichiki (Middle Eastern Studies Group, Area Studies Center), FUKUDA Sadashi (Senior Researcher, Organization for Islamic Area Studies, Waseda University), SHIMIZU Manabu (Executive Director, Eurasia Consultant Ltd.), TATEYAMA Ryoji

(Visiting Fellow, Institute of Energy Economics, Japan), IKEUCHI Satoshi (Associate Professor, Research Center for Advanced Science and Technology, University of Tokyo), Ali Ferdowsi (Chair, Department of History and Political Science, Notre Dame de Namur University)

(2) Analysis of Current Affairs in Egypt

In this research project, we analyzed the second transition process which began in July 2013. Although the transition process is not yet complete, we can summarize the socio-political situation of Egypt up to March 2015 as follows.

There is still no sign of improvement in the stability of the political and security situation. In particular, the repressive policies of the Sisi Administration have resulted in confusion of the political picture. For example, the newly enacted laws aimed at controlling protests by limiting political activity have led to further conflict between the government and its opponents.

In the northern part of the Sinai Peninsula, the government still struggles to deal with a persistent campaign of violence by Jihadist groups. Despite the fact that the massive operation has continued over the past few years, the Egyptian army has failed to produce clear results due to unusual geographical and social circumstances in Sinai.

On the other hand, there seems to be some progress in the economic arena under the Sisi government. The government carried out bold economic reforms just after its inauguration. In addition, the government hosted an international investment conference called the Egyptian Economic Development Conference in March this year. The conference was attended by more than 2,000 people, including heads of state and CEOs of international companies from over 100 countries. Many investment agreements and MOUs were concluded between the Egyptian government and foreign investors at the conference.

An investment boom may be in the offing. However, investors need to be conscious of persistent risks in the political and security situation in urban areas as well as terror activity in the Sinai Peninsula. The restrictive policies of the Sisi government produced a serious cleavage between the pro- and the

anti-government forces.

Organizer: TSUCHIYA Ichiki (Middle Eastern Studies Group, Area Studies Center)

Co-researchers: INO Takeji (Professor, Wayo Women's University), IWASAKI Erina (Professor, Faculty of Foreign Studies, Sophia University), IDO Yuko (PhD Student, University of Tokyo), KANAYA Misa (Research Fellow, Middle East Institute of Japan)

3. Trade in Value-added Analysis: An Extension to Developing Economies (II)

IDE-JETRO has conducted joint research with the World Trade Organisation (WTO) since 2010, and a report of the collaboration was published in June 2011. On that occasion, the two organisations jointly held an international conference to launch 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, for which an international symposium was organized in Tokyo with the WTO Deputy Director-General, Mr. Alejandro Jara, as a guest in order to disseminate the fruit of the joint research to stakeholders in the government, academic and business communities.

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 the production process of a given commodity.

The research project addressed important issues such as measuring international trade in the face of growing global manufacturing by proposing a new method and showing the analytical results from estimating the value-added of international supply chains.

Organizer: INOMATA Satoshi (Chief Senior Researcher, Development Studies Center)

Co-researchers: MENG Bo (Deputy Director, International Input-Output Analysis Studies Group, Development Studies Center), KUROIWA Ikuo (Bangkok Research Center), HASHIGUCHI Yoshihiro

(International Input-Output Analysis Studies Group, Development Studies Center), SHIBATA Tsubasa (International Input-Output Analysis Studies Group, Development Studies Center), Yaxiong ZHANG (Deputy Director-General, Research Fellow, Economic Forecasting Department, State Information Center, PRC), Hubert ESCAITH (Chief Statistician, WTO)

4. Study on Possible Pathways to the Free Trade Area of Asia-Pacific (FTAAP)

The year 2015 is an important year for East Asia. By the end of this year, the ASEAN Economic Community (AEC) will be launched. This is also the target year for the conclusion of negotiations for the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership (TPP). These are all considered as stepping stones to the Free Trade Area of Asia-Pacific (FTAAP). However, both TPP and RCEP are facing difficulties reaching a successful conclusion. For TPP, the major hurdle now is the lack of the Trade Promotion Authority (TPA) supported by President Obama. It is commonly held that without TPA, negotiations, especially on tough issues, will not progress. The negotiations on RCEP are not going smoothly, reflecting the different attitudes towards liberalization among negotiating parties. Progress in the CJK FTA can boost the outlook for other regional agreements in East Asia, but the progress has been rather slow due to the current diplomatic relationships among China, Japan, and Korea. Only a CK FTA has been successfully negotiated, although the quality of the FTA seems low.

The road to FTAAP is much longer and more winding than had been hoped. Successful conclusion of the TPP can boost the prospects for the realization of FTAAP. The key is when the TPA will be given to Obama and how soon they can agree on the TPP after the TPA. The future direction and shape of the integration effort hinges on this.

Organizer: NABESHIMA Kaoru (Chief Senior Researcher, Inter-disciplinary Studies Center)

Co-researchers: HIRATSUKA Daisuke (Executive Vice President, JETRO), ISHIDO Hikari (Professor, Faculty of Law, Politics and Economics, Chiba University)

5. How to Escape the Middle Income Trap: Strategies toward High Income Economies

An increase in export volumes and diversification through FTA as well as agglomeration of industry which leads to increases in productivity are some of the policy options thought to contribute to avoidance of the middle income trap. In addition, nurturing of innovation capability is thought to be a crucial element.

According to our studies focusing on the export side, the benefits of FTAs mostly accrue to large firms, and SMEs are left behind. In terms of diversification of exports, unilateral trade liberalization is more effective than FTAs. This suggests that forming an FTA is important, but more important is liberalization of trade in order to make resource allocation domestically more efficient.

Based on an analysis using patent statistics, it seems that an increase in the number of patents and the number of inventors is needed to achieve the transition from the upper middle income to the high income category. This would require developments in other supporting institutions such as university-industry linkages, quality of students, and venture capital.

Avoiding or escaping the middle income trap is an important issue for developing countries. Research in this area is still inconclusive, but it seems that successful countries are those that are able to push for trade liberalization and reform of institutions and that are able to accumulate high-quality human capital. Addressing these issues takes a long time, and therefore, even low income countries need to start tackling these issues.

Organizer: NABESHIMA Kaoru (Chief Senior Researcher, Inter-disciplinary Studies Center)

Co-researchers: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow), ITO Tadashi (Director, Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), TANAKA Kiyoyasu (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), KASHCHEEVA Mila (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), UEKI Yasushi (Economist, ERIA)

6. Business and Human Rights in Emerging Markets: Designing Japan's CSR Strategies

In 2011, states in the United Nations Human Rights Council, including Japan, unanimously endorsed a set of Guiding Principles on Business and Human Rights developed by the former Special Representative of the UN Secretary-General, Professor John Ruggie of Harvard. The Guiding Principles make clear that businesses of every size, sector and country of operation have their own responsibility to respect human rights, meaning to avoid infringing on others' human rights and to address negative impacts with which they may be involved. This includes impacts on workers, local communities around a company's operations, customers and end-users of its products or services, and others. Since then, implementation and practices have been accumulated in various regions. Japanese companies need to learn how to face these growing expectations in order to meet them and to learn how they should discharge their duties. Also, at the national level, we need to prepare to draw up Japan's national action plan and discuss how to implement the Guiding Principles.

Organizer: YAMADA Miwa (Director, Law and Institution Studies Group, Inter-disciplinary Studies Center)

Co-researchers: SATO Hiroshi (Chief Senior Researcher, Research Planning Department), HIRANO Katsumi (Chief Senior Researcher, Area Studies Center), KOBAYASHI Masayuki (Senior Researcher, Development Studies Center), SUGAWARA Emi (Osaka School of International Public Policy, Osaka University), USHIJIMA Keiichi (Principal Fellow, Ernst & Young Institute), KINOSHITA Yukako (CSR Committee Chair, Japan Business Council in Europe)

7. Upgrading of the Guangdong Economy and Agendas for China-Japan Economic Partnership (V)

Since 2009, IDE-JETRO has carried out a collaborative research project for the industrial upgrading of the Guangdong economy with the Development Research Center of Guangdong Province. Based on a suggestion from the People's Government of Guangdong Province, we mainly focused on "narrowing economic gaps in Guangdong" in FY2014. After holding a workshop with

the Development Research Center of Guangdong Province, our findings were summarized as a final report, which is going to be submitted to the People's Government of Guangdong Province. The report contains seven chapters covering the evaluation of policy to reduce regional gaps in Guangdong with a geographic simulation model; an assessment of and current trends of the regional investment environment of Japanese firms in Guangdong; the trend of China+1 and the shift from China to ASEAN by Japanese firms; the trend toward industrial upgrading and industrial relocation of domestic firms in Guangdong; the factor of the gap in productivity among firms which located in the Pearl River Delta and eastern, western and northern Guangdong; the characteristics of Japanese firms in eastern, western and northern Guangdong and the typification of the motivation for firms to locate in eastern, western and northern Guangdong; and senary industrialization as a promotional measure for eastern, western and northern Guangdong from the experience of Japan.

Organizer: MARUYA Toyojiro (Professor, Research Institute for Regional Economics, Fukui Prefectural University)

Co-researchers: GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center), DING Ke (East Asian Studies Group, Area Studies Center), KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow), TSUKADA Hiroyuki (JETRO Guangzhou), HAMADA Akikazu (JETRO Guangzhou), KAWANO Mitsuhiro (JETRO Guangzhou), MORI Romio (China and North Asia Division, Overseas Research Department, JETRO), KUCHIKI Akifumi (Professor, College of Bioresource Sciences, Nihon University), ZHANG Xu (Praia Consultant Co. Ltd.), MORINAGA Masahiro (General Manager, Beijing Office, Japan Oil, Gas and Metals National Corporation)

8. Trade Standards Compliance in Asia: Analysis of Border Rejection Data and Implications for Policy Making

The food safety regulations of importing countries are becoming stricter. Japanese exporters need to meet these regulations in order to export food and

agricultural products. Even though many products are not exportable due to sanitary and phytosanitary concerns, even among those products that Japan can export, they are rejected relatively more frequently compared to exports from other East Asian countries. Rejections are costly not only in monetary terms but also in terms of brand image. Reducing this can improve the brand image and can strengthen competitiveness of these products.

Our analysis of the data from the US and the EU suggests that many of these rejections are caused mainly by incomplete documentation. This suggests that improvements in knowledge about the import procedures and regulations can correct these problems. However, not all products are exported with the explicit knowledge of the producers. Trading firms may export products that are aimed at the domestic market without the knowledge of the producers. To the extent that rejection records are tied to producers and not traders, such actions could damage the reputation of the producers. To prevent this kind of situation, a better traceability system needs to be in place between producers and traders to avoid violations of regulations in the importing country.

Organizer: NABESHIMA Kaoru (Chief Senior Researcher, Inter-disciplinary Studies Center)

Co-researchers: MICHIDA Etsuyo (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), LEI Lei (Business and Industry Studies Group, Inter-disciplinary Studies Center), OTSUKI Tsunehiro (Professor, Osaka School of International Public Policy, Osaka University), SUZUKI Aya (Lecturer, Graduate School of Frontier Sciences, University of Tokyo), VU Hoang Nam (Professor, Foreign Trade University, Vietnam)

< Analytical Research

Contributing to Policy Proposals >

[1]. Policy Issue Research

1. Venezuela under the Chávez Administration

This project aimed to analyze the 14 years (16 years including the successor Maduro Administration) of experiences during the “Bolivarian Revolution” led by

President Hugo Chávez in Venezuela, focusing on his political, social, economic and diplomatic policies. He tried to construct “socialism of the 21st century” in the country but did not achieve it due to his death in 2013, leaving the country in sociopolitical and economic crisis.

Since Chávez’s Bolivarian Revolution was focused much on sociopolitical aspects, our project also focused on these topics. Chapter 1 deals with the transformation of the political structure and new political actors that emerged in the Bolivarian Revolution. Chapter 2 analyzes the transformation of the concepts of democracy, especially the one called “participatory democracy”, under the Chávez Administration. Chapter 3 describes the social development policies called “Misión (mission)”. Chapter 4 analyzes the economic policies and economic situations under the Chávez Administration. Chapter 5 evaluates Chávez’s diplomatic policies, especially the new diplomatic schemes in the Latin American region that Chávez constructed utilizing oil income.

Organizer: SAKAGUCHI Aki (Director, Latin American Studies Group, Area Studies Center)

Co-researchers: URABE Hiroyuki (Professor, Faculty of International Liberal Arts, Dokkyo University), Jorge DÍAZ POLANCO (CENDES-UCV), Thais MAINGON (CENDES-UCV), Héctor BRICEÑO (CENDES-UCV).

2. The Politics of Redistribution in New Democracies

Democratization that realizes political equality has been expected to foster socio-economic equality in many emerging democracies. However, democratization does not necessarily reduce income inequality. The mean level of inequality in emerging democracies is higher than that in advanced democracies, while the level of inequality also varies between new democracies. This research project aimed to reveal political factors that determine inequality, and it produced two outputs.

First, we prepared a draft for a book which discusses political determinants of inequality found in various phases of the political process. We hypothesized that three factors prevent individual preferences from being realized in policy outcomes.

They are multidimensionality of individual preferences, political market failures, and weak state capacity. We employed econometric methods to test the effects of these factors based on micro and macro data. The results basically support the idea that multidimensionality matters in individual preference formation and that political market failures and weak state capacity hinder inequality reduction at the national level.

Second, we produced a paper focusing on Malaysia. We confirmed that the redistribution policy based on ethnic cleavages was effective in reducing inequality to some extent. However, we also found the counterintuitive fact that redistribution does not foster citizens' support for the ruling coalition. This seems to be the result of the coalition between political leaders and the lower income group.

Organizer: KAWANAKA Takeshi (Director, Southeast Asian Studies Group I, Area Studies Center)

Co-researchers: HAZAMA Yasushi (Director, Middle Eastern Studies Group, Area Studies Center), NAKAMURA Masashi (Deputy Director, Southeast Asian Studies Group I, Area Studies Center)

3. Land and State in Africa

In this research project, the historical paths of current land policies in ten African countries (Kenya, Zambia, Sierra Leone, Tanzania, Cote d'Ivoire, Democratic Republic of the Congo, Rwanda, Burundi, Somalia, and Ethiopia) are illuminated. The purpose of this attempt is to achieve better understanding of current land policies and to explore the relationship between state-building and land in Africa. In the main characteristics of African land policies, four periods are distinguishable since the colonization. Construction of the colonial states radically transformed the relationship between land and African people in comparison with pre-colonial times. The main purpose of the land policy in this period was to seize African lands for European settlers and businesses. In the late colonial period, the necessities of resource management, including assistance for African farmers and soil conservation, began to be emphasized. In addition, the institutionalization of indirect rule exerted strong and complex impacts on the relationship between people

and land. After independence, land policies were aimed at overcoming colonial legacies. In particular, dealing with lands seized by the Europeans during the colonial period and the control of chiefs' political power were two major concerns, though policies taken in African countries considerably varied. Since the end of the Cold War, many African countries have adopted new land policies under the influence of democratization and marketization. Competing and complementary motivations for resource management and territorial control, both of which are critically related to state-building, have so far shaped land policies in Africa.

Organizer: TAKEUCHI Shinichi (Deputy Director-General, Area Studies Center)

Co-researchers: KODAMA Yuka (African Studies Group, Area Studies Center), TSUDA Miwa (Deputy Director, African Studies Group, Area Studies Center), SATO Akira (Senior Researcher, Area Studies Center), ENDO Mitsugi (Professor, Graduate School of Arts and Sciences, University of Tokyo), OCHIAI Takehiko (Professor, Faculty of Law, Ryukoku University), IKENO Jun (Professor, Graduate School of Asian and African Area Studies, Kyoto University), OYAMA Shuichi (Associate Professor, Graduate School of Asian and African Area Studies, Kyoto University)

4. An Evidence-Based Study on the Innovative Anti-Poverty Practices and Market Institutions

This research project conducts empirical microeconomic research to explore the roles of markets, institutions, and technological innovations in poverty reduction. More specifically, we examine factors underlying spatial rice market dis-integration in Madagascar and the demand for and impacts of innovative anti-poverty products and practices, including index-based livestock insurance in east Africa and ultra-poor microcredit and solar lanterns in rural Bangladesh.

During this year, we drafted seven discussion papers regarding the above-mentioned four topics, i.e., rice market integration, microinsurance, ultrapoor microcredit, and solar lanterns, and edited an interim report. The summary of this project output is published as an *IDE Research Bulletin*.

Organizer: TAKAHASHI Kazushi (Microeconomic Analysis Studies Group, Development Studies Center)

Co-researchers: ITO Seiro (Stellenbosch, Senior Overseas Research Fellow), KUDO Yuya (Microeconomic Analysis Studies Group, Development Studies Center), SHONCHOY Abu (Microeconomic Analysis Studies Group, Development Studies Center), ARIMOTO Yutaka (Microeconomic Analysis Studies Group, Development Studies Center), KUROSAKI Takashi (Professor, Institute of Economic Research, Hitotsubashi University), SAKURAI Takeshi (Professor, Graduate School of Agricultural and Life Sciences, University of Tokyo), KONO Hisaki (Associate Professor, Graduate School of Economics, Kyoto University), IKEGAMI Munenobu (Consultant, International Livestock Research Institute), RALANDISON Tsilavo (Lecturer, Institut Supérieur de Technologie d'Antananarivo)

5. Impact of Myanmar's Reforms in the Post Military Regime

The purpose of this study is to examine the transformation of the politics, economy, society and international relations of Myanmar after the establishment of the new "civilian" government in March 2011 and further to analyze the challenges that remain after the election scheduled to take place in 2015. This study provides 1) analysis of the ongoing reforms and their prospects and 2) the impact of Myanmar's transformation on the region. The interim finding of the evaluation of the reforms is that the present administration has succeeded in reconstructing the international relationship with the US and European countries, which facilitates Myanmar's participation in the global economy and enables the country to enhance the environment for economic growth. This reconstruction owes its realization to the engagement between the military regime and Aung San Suu Kyi. Ongoing reforms include reform of the legal system for foreign investment, business and financial systems and foreign exchange control. However, the country still needs to strive hard, for example in institution building and capacity development, to make these systems operate in order to generate sustainable economic growth.

Organizer: KUDO Toshihiro (Director-General, Research Planning Department)

Co-researchers: YAMADA Miwa (Director, Law and Institution Studies Group, Inter-disciplinary Studies Center), UMEZAKI So (Director, Economic Integration Studies Group, Inter-disciplinary Studies Center), KUBO Koji (Bangkok Research Center), OKAMOTO Ikuko (Professor, Department of Regional Development Studies, Toyo University), MATSUDA Masahiko (Professor, College of International Relations, Ritsumeikan University), NAKANISHI Yoshihiro (Associate Professor, Center for Southeast Asian Studies, Kyoto University)

6. Interdisciplinary Analysis of "Human Trafficking" in Asia

In the development of the global economy, the movement of people gains further significance as it represents the third wave following the cross-border movement of goods and capital. Human trafficking, the worst form of people's movement, has been added to the global agenda, and the prevention and eradication thereof have been sought for national and human security and sound economic and social development in states and regions. Research on human trafficking has tended to be narrowly focused or too technical for general understanding of the issue, which is indeed intertwined with social, economic and political factors. This study aimed to analyze the issue of "human trafficking" from different academic disciplines such as law, economics, politics, history and sociology, and to create an interdisciplinary framework in order to understand the phenomena of "human trafficking" comprehensively. We have verified the importance of multi-dimensional analysis of the human trafficking issue, and at the same time have found the limits and constraints of the respective disciplines. For example, in the legal definition of human trafficking, the consent of the victim is irrelevant and does not constitute a defense for the criminals; however, in economic study, the incentives of the actors are important factors for analyzing their actions, which will lead to an understanding the phenomena of human trafficking as a whole. We have found differences in the premises on which respective disciplines are based, and the differences will help us to understand the

multidimensional nature of human trafficking and to find solutions therefor.

Organizer: YAMADA Miwa (Director, Law and Institution Studies Group, Inter-disciplinary Studies Center)

Co-researchers: AOKI-OKABE Maki (Southeast Asian Studies Group I, Area Studies Center), HISASUE Ryoichi (Hong Kong, Overseas Research Fellow), TSUBOTA Kenmei (London, Overseas Research Fellow), SAITO Yuriko (Associate Professor, Faculty of International Studies, Meiji Gakuin University)

7. Product-related Environmental Regulations and Trade

Product regulations and process standards that are introduced in an important market such as the EU have impacts on firms both within and beyond the market's borders. Because trade liberalization has been successful in lowering tariffs and economic regulations, regulations on the environment, health, and safety are becoming more important issues for furthering the liberalization of trade. Product regulations in the area of the environment, health and safety may function as technical barriers to trade in the long run. Under globalization, compliance with such product regulations or process standards create a significant challenge for firms as they often have suppliers all over the world and need to collect all the related information from their complex global supply chains or global supply web. Firms in developing countries play an increasingly important role in the chain management as they are engines of expansion of product demand and supply. This aim of this research project is twofold. First, we exposit the current situation of regulatory/standard diffusion in Asia driven by regulations introduced in the EU. Second, we take cases of regulations on chemicals in products to analyze how product regulations and process standards affect firms' productivity or costs and lead to market segmentation. We also examine the roles of supply chains in firms' adaptation to product regulations.

Organizer: MICHIDA Etsuyo (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

Co-researchers: NABESHIMA Kaoru (Chief Senior Researcher, Inter-disciplinary Studies Center), UEKI Yasushi (Economist, ERIA), ARIMURA Toshihide (Professor, Faculty of Political Science and Economics, Waseda University), OTSUKI Tsunehiro (Professor, Osaka School of International Public Policy, Osaka University), HONDA Keiichiro (Senior Lecturer, Faculty of Administration, Prefectural University of Kumamoto), IGUCHI Hakaru (Assistant Professor, Faculty of Management, Atomi University)

[2]. Regular Analytical Research Projects

1. Analysis of Current Affairs in Asia

Our project analyzes political, economic and social developments in 2014 in the countries and regions of East Asia, Southeast Asia and South Asia. The final results of this research project will be published in the *Yearbook of Asian Affairs 2015* (in Japanese), which contains reports of current analyses on Asian countries and regions.

Organizer: NAKAGAWA Masahiko (Director, Current Affairs Studies Group, Area Studies Center)

Co-researchers: ARAI Etsuyo (Deputy Director, Current Affairs Studies Group, Area Studies Center), SUZUKI Yurika (Deputy Director, Current Affairs Studies Group, Area Studies Center), SHIGETOMI Shinichi (Director-General, Area Studies Center), SATO Yuri (Chief Senior Researcher, Area Studies Center), LYU Haksu (Research Associate, Current Affairs Studies Group, Area Studies Center), WATANABE Yuichi (East Asian Studies Group, Area Studies Center), MATSUMOTO Haruka (East Asian Studies Group, Area Studies Center), YAMADA Nanae (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), IKEGAMI Hiroshi (Deputy Director, Business and Industry Studies Group, Inter-disciplinary Studies Center), TAKEUCHI Takayuki (East Asian Studies Group, Area Studies Center), SUZUKI Sanae (Southeast Asian Studies Group I, Area Studies Center), ISHIZUKA Futaba (Law and Institution Studies Group, Inter-disciplinary Studies Center), KOJIN Emi (Southeast Asian Studies Group II, Area Studies Center), HATSUKANO Naomi (Bangkok Research Center), YAMADA Norihiko

(Southeast Asian Studies Group II, Area Studies Center), AOKI-OKABE Maki (Southeast Asian Studies Group I, Area Studies Center), HISASUE Ryoichi (Hong Kong, Overseas Research Fellow), KAWAMURA Koichi (Southeast Asian Studies Group I, Area Studies Center), HAMADA Miki (Director, Poverty Alleviation and Social Development Studies Group, Development Studies Center), OSADA Noriyuki (Research Associate, Current Affairs Studies Group, Area Studies Center), KONDO Norio (Director, South Asian Studies Group, Area Studies Center), MINATO Kazuki (South Asian Studies Group, Area Studies Center), MAKINO Momoe (South Asian Studies Group, Area Studies Center), SUZUKI Hitoshi (Chief Senior Researcher, Area Studies Center), CHIBANA Izumi (Law and Institution Studies Group, Inter-disciplinary Studies Center), OKUDA Satoru (Professor, Institute of Asian Studies, Asia University), MINATO Kunio (Assistant Professor, College of Social Sciences, Ritsumeikan University), KURATA Toru (Associate Professor, College of Law and Politics, Rikkyo University), IGA Tsukasa (Center for Southeast Asian Studies, Kyoto University), MIZUNO Masami (Professor, College of Bioresource Sciences, Nihon University), MATSUMOTO Asuka (Research Fellow, Japan Institute of International Affairs), HIDAI Takeo (Associate Professor, Saitama Gakuen University), INOUE Hiroko (Waseda University), KANAZAWA Mami (Graduate School of Economics, Hitotsubashi University)

2. Political, Economic and Social Issues in Latin America

This project aims to analyze the current situation and important topics in economic, political and social development in Latin American region. The output of the project is published as the semestral journal *Latin America Report* (in Japanese). Vol. 31, No.1 (June 20, 2014) carried a special issue about the “Pacific Alliance”, an economic bloc newly formed by the countries which have advanced economic liberalization and deepened economic ties with the Asian Pacific markets in recent years, among which we covered Mexico, Chile, Peru, Columbia, and Costa Rica. Vol. 31, No.2 (December 20, 2014) featured the Brazilian and Mexican presidential elections and the regional

elections in Ecuador. Besides these, diverse topics were covered in the above two volumes, such as small and medium enterprises, resistance of the indigenous communities against resource exploration, consumer rights protection, and indigenous education.

Organizer: SAKAGUCHI Aki (Director, Latin American Studies Group, Area Studies Center)

Co-researchers: YAMAOKA Kanako (Deputy Director, Latin American Studies Group, Area Studies Center), BABA Kaori (Latin American Studies Group, Area Studies Center), YONEMURA Akio (Latin American Studies Group, Area Studies Center), HOSHINO Taeko (Latin American Studies Group, Area Studies Center), SHIMIZU Tatsuya (Deputy Director, Latin American Studies Group, Area Studies Center), KONTA Ryohei (Latin American Studies Group, Area Studies Center), UETANI Naokatsu (Quito, Overseas Research Fellow), NINOMIYA Yasushi (Latin American Studies Group, Area Studies Center), KIKUCHI Hirokazu (Latin American Studies Group, Area Studies Center), USAMI Koichi (Senior Researcher, Area Studies Center), KITANO Koichi (Senior Researcher, Inter-disciplinary Studies Center), MURAI Tomoko (Director, Processing Division, Library), NORITAKE Rihito (Planning and Coordination Division, Library)

3. Political Economy in Contemporary Africa

African countries have recently seen drastic changes in all political, economic, and social aspects. Rapid economic growth, growing economic disparity, swift democratization, and the outbreak of armed conflicts are only a few features of the far-reaching social changes in Africa. Thus, a deep understanding of the changes in this continent is quite necessary not only for academic interests but also for elaborating on appropriate policy measures. With the aim of providing information on and perspectives for today’s changing Africa, this research project carries out in-depth analyses of important events and actively presents the results through the webpage ‘*Africa Report*’. FY2014 saw the publication of articles and brief reports on the following topics: armed conflict in the Central African Republic, violence in the Kenyan Coast area, counter-insurgency operations in the eastern part of the

Democratic Republic of the Congo, community-based conservation and development practices in Gabon, the stock market in Africa, Khoisan revivalism in South Africa, food security in pastoralist society in Kenya, the general election in South Africa, Boko Haram in Nigeria, and politics in Madagascar. In addition to these articles and reports, 14 Africa-related short book reviews were also presented on the website.

Organizer: TAKEUCHI Shinichi (Deputy Director-General, Area Studies Center)

Co-researchers: SATO Akira (Senior Researcher, Area Studies Center), TSUDA Miwa (Deputy Director, African Studies Group, Area Studies Center), KODAMA Yuka (African Studies Group, Area Studies Center), MAKINO Kumiko (African Studies Group, Area Studies Center), FUKUNISHI Takahiro (Director, Business and Industry Studies Group, Inter-disciplinary Studies Center), KISHI Mayumi (Deputy Director, Planning and Coordination Division, Library)

4. Directing and Editing of a Web Magazine on the Middle East

In this research project, we edited the second volume of *Middle East Review*. The journal was launched in 2013 as an online journal with the aim of providing a platform for the analysis of the current affairs in the Middle East and North Africa. The editor of the second volume is Hitoshi Suzuki, and co-editors are Ichiki Tsuchiya, Housam Darwisheh, Shoko Watanabe, Hirotake Ishiguro, Manabu Shimizu, Masanori Naito, and Satoshi Ikeuchi.

The contents of the current issue consist of Middle East Report 2014 and seven articles. In the Middle East Report 2014 (in Japanese), there are 11 reports concerning current regional affairs such as Iran's nuclear issue, the Egyptian economy, Turkish Politics, and Maghreb Politics. The titles of the articles are as follow: "Regime Survival Strategies and the Conduct of Foreign Policy in Egypt," "The Change of the Ruling Regime under King Abdullah in Saudi Arabia and Additional Remarks on Recent Changes under the Newly Enthroned King Salman" (in Japanese), "From Left to Right: Israel's Repositioning in the World," "Shift of Perception in the American Jewish Community toward Israel and the Increasing Presence

of 'J Street', a New Jewish lobby" (in Japanese), "Hajj Sayyah: Fashioning a Self by Exploring the World," "Pakistan and Afghanistan between China and the Gulf" (in Japanese), and "The Economic Role of the Military in Sisi's Egypt" (in Japanese). All reports and articles were reviewed by the IDE editorial staff.

Organizer: SUZUKI Hitoshi (Chief Senior Researcher, Area Studies Center)

Co-researchers: TSUCHIYA Ichiki (Middle Eastern Studies Group, Area Studies Center), SHIMIZU Manabu (Executive Director, Eurasia Consultant Ltd.), IKEDA Akifumi (Professor, President of Toyo Eiwa University), NAITO Masanori (Professor, Graduate School of Global Studies, Doshisha University), IKEUCHI Satoshi (Associate Professor, Research Center for Advanced Science and Technology, University of Tokyo)

5. Econometric Modeling on Asia for Long-term Evaluation (EMALE) (V)

The "Economic Link Model for East Asia", which had been under construction since the beginning of the project in FY2010, has been completed. This regional model connects 15 member country/area models including an east/southeast Asian model and some exogenous developed economies through their trade structures. The model provides quantitative measurements of influence on the whole region from events which happen to a given country in the area.

As a further outcome, a prototype model for Myanmar was constructed. At the beginning of the project, the country had not been designated as a target of analysis using macro models because of many difficulties.

Finally, the entire dataset which was collected and processed for these topics is provided.

Organizer: UEMURA Jinichi (Director, Socio-Economic Analysis Studies Group, Development Studies Center)

Co-researchers: WATANABE Yuichi (East Asian Studies Group, Area Studies Center), TAGUCHI Hiroyuki (Professor, Graduate School of Humanities and Social Sciences, Saitama University)

6. Development of Geographical Simulation Model (IDE-GSM) for Predicting the Long-term Evolution of Population and Industrial Agglomeration in East Asia: Based on the Geo-economic Dataset 2010

The Institute of Developing Economies-Geographical Simulation Model (IDE-GSM) is a simulation model based on spatial economics to estimate economic impacts of various trade and transport facilitation measures by simulating distributional change of population and industries in East Asia. The book of research results aims to explain this simulation model in detail, to emphasize the importance of policy simulations with general equilibrium and geographic aspects and to guide others to develop new models.

There are almost no other simulation models covering the whole of East Asia with sub-national level data. There are countries with limited socio-economic data, so we have been developing the model, building the dataset and estimating the parameters in parallel. The model incorporates seven industries, 1,800 regions at the sub-national level, and 10,000 routes with four transport modes. The model possesses a huge dataset on tariff and non-tariff barriers so that we can conduct impact analysis of infrastructure development measures or free trade agreements for prefectures/provinces.

In the book, we overview the structure, features, and methodologies of IDE-GSM. Then, we explain the economic model in detail and present the parameters. We summarize socio-economic data, route data, tariff data and non-tariff barriers data, introduce simulation examples, and provide direction towards future extensions.

Organizer: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow)

Co-researchers: ISONO Ikumo (Economic Integration Studies Group, Inter-disciplinary Studies Center), TSUBOTA Kenmei (London, Overseas Research Fellow), KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center), GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center), HAYAKAWA Kazunobu (Bangkok Research Center)

[3]. Spot Research Projects

1. India's 16th Parliamentary Election and the Formation of a New Government

The 16th general election of the House of People (the lower house in Parliament) was held during April and May 2014 in India. The ruling United Progressive Alliance, a coalition of parties led by the Indian National Congress which had been in power since 2004, was heavily defeated. The main reason for the defeat was the people's disappointment over the performance of the government under the Prime Minister, Manmohan Singh, including the seeming lack of decisiveness and efficiency in decision making. However, the greatest cause of people's disillusionment over the Manmohan Singh government was the high, prolonged inflation since 2009 together with the slowdown in economic growth.

The victorious Bharatiya Janata Party led by Narendra Modi, the former State Chief Minister of Gujarat, came to power in the Union government with Modi as the new Prime Minister on May 26, 2014. Although the Bharatiya Janata Party is basically an ideological party propagating Hindu nationalism, the imminent task of the Bharatiya Janata Party-led coalition government is clearly to stimulate an economic recovery from the stagflation, which must be done under the severe financial constraint of a budgetary deficit. There are not many policy choices to achieve stimulation of economic recovery because of the financial constraints and the stagnation of tax collection due to the slowdown of economic growth. Massive foreign direct investment as well as internal resource mobilization in the private sector, both of which demand business-friendly policy reform, are indispensable measures for the new government.

Organizer: KONDO Norio (Director, South Asian Studies Group, Area Studies Center)

Co-researchers: SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center), OTA Hitoshi (South Asian Studies Group, Area Studies Center), MIWA Hiroki (Lecturer, Faculty of Law, Chuo University), TAMARI Kazutoshi (JSPS Research Fellow, Graduate School of Asian and African Area Studies, Kyoto University)

2. The Chinese Economy under the Xi-Li Regime

This project examines the prospects for the future of Xi Jinping's regime by analyzing China's economic problems. In recent years, China has pursued hardline diplomacy to change the existing international order with its military expansion, and its economic development has supported that. In this connection, my analysis of economic problems helps us to anticipate the actions of Xi's regime. First, I focused on the differences in the policies of the regimes of Xi Jinping, Hu Jintao and Jiang Zemin, with special reference to the economic situation. Second, I focused on recognition of the current situation of the leading members of the Chinese Communist Party. I looked into this by analyzing important conferences and decisions. As a result of the above-mentioned analysis, I arrived at two findings. First, Xi decides to solve problems by promoting reform measures. Second, he intends to accelerate the reform process by rebooting the Open Door Policy. The crisis awareness of leading members of the Chinese Communist Party provides the setting for these actions. To find a way out of the current crisis, they think there is no choice but to accelerate reform measures. Similar circumstances surround the cyclopedic reform plan adopted at the 3rd Session of the Central Committee of Chinese Communist Party, so it is to be expected that the reform plan could continue for a certain period of time. Japan should devise a diplomatic plan for China based on the recognition mentioned above. The results of this project are published as the Current Affairs Report "*Chinese Economy in the Xi Jinping Era*".

Organizer: ONISHI Yasuo (Chief Senior Researcher, Inter-disciplinary Studies Center)

3. "Post-New Brazil" after the Presidential Election

The objective of this study is to provide a comprehensive understanding of the changes in Brazil that occurred from the last decades of the 20th century and beyond the 2014 presidential elections. In doing so, we take into consideration some of the main points of previous studies on the "New Brazil", which hold the view that Brazil emerged at the beginning of the twenty-first century as a newly transformed nation, following a continuing process of institutional

developments in different areas, with an awareness of the globalizing world. We pay attention to the continuity of Brazil's developmental process, as characterized by its political democratization, economic stabilization, reduction of social inequality, and increased global presence as well as its development of institutions and its stance toward the globalized world. Therefore, each of this study's chapters analyzes and examines Brazil's changes in a different area, considering politics, the economy, business, society, and diplomacy, in that order. The discussion also focuses on the perspective that Brazil has more recently moved from the era of New Brazil to "Post-New Brazil". Brazil's recent national climate, characterized by social contradictions exposed through nationwide protest and prolonged economic stagnation, can be called "Post-New Brazil".

Organizer: KONTA Ryohei (Latin American Studies Group, Area Studies Center)

Co-researchers: NINOMIYA Yasushi (Latin American Studies Group, Area Studies Center), HORISAKA Kotaro (Professor Emeritus, Sophia University), KOYASU Akiko (Professor, Faculty of Foreign Studies, Sophia University), KAWAI Saori (Associate Professor, Faculty of International Studies, Ryukoku University)

[4]. Collaboration Research Projects

1. BRIC's Economy and Global Value (Supply) Chains: The Current Situation and Future Challenges

The rapidly growing presence of BRIC (Brazil, Russia, India and China) in the global value (supply) chains has attracted much attention recently. However, something still lacking is a comprehensive and multi-faceted analysis on the nature and significance of BRIC economies and their linkage with global markets. The BRIC countries have a number of similarities in terms of their economic development process, and also as large emerging economies, they are facing some common challenges coming from globalization. On the other hand, due to the differences in their domestic resource endowment and economic structure, great variation in their responses to the global market can

also be found. Using IDE-JETRO's newly released BRICs International Input-Output (IO) Table, the World Input-Output Database (WIOD), OECD's inter-country IO database and GTAP database, we conducted a comprehensive analysis which can provide better understanding of the presence, mechanism and potential of BRIC economies in the global market. Our analytical results cover three parts. The first part is from a specific country's perspective to introduce BRIC countries' macro-economic situation and their evolution in terms of domestic industry and international trade structure change. The second part focuses on analyses of some important challenges that BRIC economies are facing, such as regional integration, competitiveness of the agriculture sector, the financial markets and environmental problems. Part three uses dynamic CGE models to analyze how tariff reduction and trade facilitation impact BRIC economies by way of global value chains and how TTIP may influence BRIC economies in the near future. This research is based on an idea exchange and discussion with the joint research members, the Center for BRICS Studies, Fudan University and Shanghai WTO Affairs Consultation Center. A peer review of the final report including 14 chapters was completed this fiscal year. Fudan University plans to publish the final product in English during the next fiscal year.

Organizer: MENG Bo (Deputy Director, International Input-Output Analysis Studies Group, Development Studies Center)

Co-researchers: HASHIGUCHI Yoshihiro (International Input-Output Analysis Studies Group, Development Studies Center), SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center), KUBONIWA Masaaki (Professor by Special Appointment, Institute of Economic Research, Hitotsubashi University), XUE Jinjun (Professor, School of Economics, Nagoya University), SUNDER Gabriele (Professor, SKEMA Business School, France), ZHANG Yaxiong (Deputy Director-General, Economic Forecasting Division, State Information Center, China), GUO Jiemin (Former Head of Unit, National Accounts Division, OECD, and former Vice-President of International Input Output Association)

2. Tracing China's CO₂ Emissions in Global Supply Chains

This project provided an interdisciplinary research framework for involving both of the existing environment-related approaches to the carbon footprint, i.e., CO₂ emissions trade and the more recently developed analytical tools related to global value chains (GVCs) (Koopman et al. 2014, AER). We integrated both production-based and consumption-based CO₂ emissions trade measures and provided a unified conceptual framework for tracing CO₂ emissions in GVCs. This new framework can be used to trace the creation, distribution and transfer of both CO₂ emissions and value added in GVCs at national, bilateral, and industry/product levels through various routes (upstream and downstream) of international production networks. This project is mainly funded by the Center for Industrial Development and Environmental Governance (Tsinghua University) in close collaboration with the United States International Trade Commission (USITC) and the Institute of Global Low-Carbon Economy (Nagoya University). The main products have been published in IDE Discussion Papers, Nos. 486, 487, 490, 493, USITC working paper (2014-12A).

Organizer: MENG Bo (Deputy Director, International Input-Output Analysis Studies Group, Development Studies Center)

Co-researchers: SHIBATA Tsubasa (International Input-Output Analysis Studies Group, Development Studies Center), Wang Zhi (Lead International Economist, USITC)

3. The Economic Effect of the Shanghai Pilot Free Trade Zone

This is a joint project with Shanghai Social Academy of Sciences. The China (Shanghai) Pilot Free Trade Zone (hereinafter referred to as "SHFTZ") has enjoyed good progress as well as initially set up a basic institutional framework and begun to show the effects of the reforms since its official opening on September 29, 2013. The core feature of SHFTZ is system innovation, which highlights innovation in investment administration, trade regulation, finance and integrated supervision.

The Geographical Simulation Model (IDE-GSM)

was applied to study the ripple effect of the reforms and experience from SHFTZ to other regions. The reforms in Shanghai City and other areas in China will boost the economic activities in the electronics and electric appliances sectors in other countries thanks to the formation of links. In contrast, we see a trade diversion effect in the service sectors with the outcome that regions which do not adopt reforms will see negative impacts. In particular, there are negatively affected regions in Japan and Korea, as well as large cities in other East Asian countries. The service sector has a relatively higher share of the economy in Japan, Korea, Malaysia, and Singapore, which results in the negative impacts on their GDPs.

Organizer: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow)

Chair: HIRATSUKA Daisuke (Executive Vice President, JETRO)

Co-researchers: ISONO Ikumo (Economic Integration Studies Group, Inter-disciplinary Studies Center), HAYAKAWA Kazunobu (Bangkok Research Center), GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center), KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center), TSUBOTA Kenmei (London, Overseas Research Fellow), WANG Zhang (Vice President, Shanghai Academy of Social Sciences (SASS)), SHEN Kaiyan (Vice President of Institute of Economics, SASS), ZHU Pingfang (Director General, Econometrics Research Center, Institute of Economics, SASS), SUN Lin (Institute of Economics, SASS), XU Bingsheng (Institute of Economics, SASS), MENG Meixia (Research Fellow, Econometrics Research Center, Institute of Economics, SASS), SHAO Peng (Research Fellow, Econometrics Research Center, Institute of Economics, SASS), YUAN Xiaobing (Research Fellow, Econometrics Research Center, Institute of Economics, SASS)

4. Taiwan-Japan Small & Medium Enterprises' Cooperation to Explore the ASEAN Markets

In the 2000s, in order to do business more smoothly in China, which was increasingly attractive to foreign investors, more and more Japanese enterprises took into consideration business alliances with Taiwanese

enterprises, which have the advantages of the same language and some cultural similarities with the mainland Chinese market. However, China's economy has radically changed and lost its low-cost advantage since the second half of the 2000s. At the same time, Southeast Asia, which had been receiving less attention than China since its emergence in the 1990s, has come to be regarded as a favorable place for business once again. On these accounts, the possibility of business alliances between Japanese and Taiwanese enterprises in Southeast Asia has started to be discussed.

For a Japanese enterprise, however, the benefits of an alliance with a Taiwanese enterprise in Southeast Asia are not as specific as such an alliance in China. The question that our study set out to answer is what benefits a Japanese enterprise can draw from such an alliance in Southeast Asia. We focus on the benefits for Japanese small and medium enterprises (SMEs).

Our conclusion is that an alliance with a Taiwanese enterprise can also be beneficial to a Japanese enterprise in Southeast Asia. First, a Taiwanese enterprise can help a Japanese SME internationalize itself, particularly by supplementing the marketing capability which Japanese SMEs are usually lacking. Second, a Japanese enterprise can reinforce its human capital, which many Japanese SMEs are wanting, by means of an alliance.

Organizer: SATO Yukihito (Director-General, Inter-disciplinary Studies Center)

Co-researchers: KU Ying-Hua (Deputy Director, Regional Development Study Center, Chung-Hua Institution for Economic Research (CIER)), CHEN Tain-Jy (Former President & Consultant, CIER), WEI Tsung-Che (Deputy Director of the Third Research Division, CIER), LIN Chun-Pu (Assistant Research Fellow, Regional Development Study Center, CIER)

5. Prospects and Challenges for Japan-Taiwan Economic Relations

This project conducted a comprehensive review of the economic relationship and industrial connections between Japan and Taiwan. We first overviewed the trade and investment between both countries and examined the respective institutions and current situation regarding trade in goods, rules of origins,

trade facilitation, trade in services, movement of natural persons, and non-tariff measures (NTMs). We also discussed business alliances between Japanese and Taiwanese enterprises focusing on small and medium enterprises. These studies clearly revealed the potential for growth in strengthened economic cooperation. One example of this is that easier access to regulatory information about NTMs through a jointly established NTM Database can promote trade between Japan and Taiwan. Another example is that coordination of social security systems, a double taxation agreement and more cooperation in higher educational institutions can increase movement of natural persons between both countries. We also did an impact analysis and showed that both Japan and Taiwan are expected to yield overall positive gains from the Preferential Trade Agreement (PTA) after the agreement has been fully implemented. The gains for both economies will be even larger when service liberalization is included in the PTA.

Organizer: SATO Yukihiro (Director-General, Inter-disciplinary Studies Center)

Co-researchers: IKEGAMI Hiroshi (Deputy Director, Business and Industry Studies Group, Inter-disciplinary Studies Center), KAWAKAMI Momoko (Director, East Asian Studies Group, Area Studies Center), HAYAKAWA Kazunobu (Bangkok Research Center), SATO Hitoshi (Director, Microeconomic Analysis Studies Group, Development Studies Center), NABESHIMA Kaoru (Chief Senior Researcher, Inter-disciplinary Studies Center), MICHIDA Etsuyo (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), ISONO Ikumo (Economic Integration Studies Group, Inter-disciplinary Studies Center), ISHIDO Hikari (Professor, Faculty of Law, Politics and Economics, Chiba University), LEE Roy Chun (Chung-Hua Institution for Economic Research (CIER)), TU Chaw-Hsia (CIER), KU Ying-Hua (CIER), SHIH Hui-Tzu (CIER), WU Yu-Yin (CIER), YEN Huai-Shing (CIER), LIN Chun-Pu (CIER)

< Basic and Comprehensive Research >

1. Economic Development and Property Rights in Developing Countries

What influence does the legal system that stipulates property rights have over the state of people's economic activities? This study investigated this question from both theoretical and practical aspects.

For our theoretical study, we investigated the manner in which social sciences, including economics, have dealt with the function, role, and basis of property rights from the viewpoints of social justice, economic development, and appropriate resource allocation, examining the respective scopes of the analyses and their suitability.

Simultaneously, we focused on the way the laws concerning property rights reflect economic and transactional customs that are formed within the historical and cultural path dependency. As a case study, we explored real rights in the Iranian Civil Code, which is deeply affected by traditional Islamic law, and argued that its inherent regional nature is driven by path dependency.

As an outcome of our project, Sato, in his paper "The Emergence of 'Modern' Ownership Rights Rather Than of Property Rights," suggests the necessity of re-thinking private ownership rights as an institutional device in the modern era from historical and theoretical perspectives. In her paper "An Inquiry into the Socio-economic Function of 'Rahn' in the Iranian Real Estate Market," Iwasaki investigates the relationship between the property rights system and economic performance by focusing on "collateral" provisions in the law and their practical application in society. Both papers are forthcoming in the academic journals.

Organizer: IWASAKI Yoko (Deputy Director, Middle Eastern Studies Group, Area Studies Center)

Co-researcher: SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center)

2. Postwar Economic Issues and Challenges in Sri Lanka

The ethnic conflict in Sri Lanka ended in May 2009 after 26 years. Postwar Sri Lanka has realized high

economic growth. This research project studied how Sri Lanka attained such high growth and tried to discover what is necessary for sustainable growth, paying attention to the socio-economic situation in Sri Lanka.

Sri Lanka's stable macro-economic indicators and high growth rate after the civil war were due to loans from China, construction of mega-infrastructure and the recovery of tourism rather than exports or domestic industrial development.

What is important for economic development is to engage areas in which the country specializes, to use human resources and to promote progress in reconciliation.

The apparel sector is one good example of engaging the area in which the country specializes. It is important to assess customers' demands and to provide quick, high quality service at reasonable prices.

In Sri Lanka, a small country without much resource, utilizing human resources is essential. This is not difficult if political stability is secured.

Finally, the government of Sri Lanka should do its best to make progress in reconciliation. This will contribute quick progress in socio-economic development.

Organizer: ARAI Etsuyo (Deputy Director, Current Affairs Studies Group, Area Studies Center)

Co-researchers: KONDO Norio (Director, South Asian Studies Group, Area Studies Center), OTA Hitoshi (South Asian Studies Group, Area Studies Center), TAKAKUWA Fumiko (Division of Social Studies, Faculty of Urban Liberal Arts, Tokyo Metropolitan University), KAGE Rie (Faculty of Economics, Saga University), SUZUKI Kazunari (Ex-Economic Officer, Embassy of Japan in Sri Lanka), Kamala Liyanage (Professor of Political Science, University of Peradeniya, Sri Lanka)

3. Revolutionary Cuba's Quest for Survival: Comparison with Vietnam

This research project was aimed at comparing the economic reforms and political regimes of Cuba and Vietnam. Prof. Pavel Vidal Alejandro was in charge of macroeconomic analysis. Vietnam achieved higher growth and higher contribution in balance of payment than Cuba every year during the first five years after

economic reforms were launched. This applies to all components of GDP and the demand side, such as exports and investment. Vidal applied the BPCG model to prove that the balance of payment constraints have significant effects on economic growth. Vietnam's success in exports, building domestic growth forces, and opening up to the world, has generated better results than the Cuban reforms.

Prof. de Miranda compared the institutional reforms of Cuba and Vietnam from a microeconomic viewpoint. After reviewing the reform of their state enterprises as well as the legal reform of foreign investment and the division of power within the governments, he found that the Vietnamese economy is a market economy with socialist orientation, with a completely different system from the one before the reforms. Through quite profound institutional reforms, Vietnam has succeeded in changing its economic system and in creating institutions to insert Vietnam into the international economy, including Asia's production chain. In contrast, Cuba has not been able to prepare institutions that are adequately attractive to foreign investors. Yet, in several international surveys on the quality of the institutions, there are surprisingly few differences between Cuba and Vietnam. Miranda concludes that the differences in the economic performance of Cuba and Vietnam come from the degree of economic reforms and the systematization of the reforms, rather than qualities of the institutions.

Ms. Kanako Yamaoka compared Cuba and Vietnam from the viewpoint of the resilience of their totalitarian regimes. Her article aimed to show that one important factor affecting the resilience of these communist states is that they had concluded different types of "social contracts" between the government and the people. Cuba has maintained a Soviet-style social contract. The government guarantees universal social security, free education, and healthcare for all the citizens, and it claims its people's quiescence for the communist one-party regime. On the other hand, Vietnam instituted economic reforms to allow its people to pursue their economic interests and to gain a certain level of autonomy from the government's control. The government supports only socially vulnerable sectors, and as a whole, it realizes a better living standard for the majority of the population. Under this type of social contract, the Vietnamese

government requires its people to support the communist regime. The article aims to clarify this framework by showing the socio-economic structures, leadership discourses, and social policy institutions of both countries.

Organizer: YAMAOKA Kanako (Deputy Director, Latin American Studies Group, Area Studies Center)

Co-researchers: Mauricio de Miranda Parrondo (Professor, Department of Economics, School of Economics and Business Administration, Pontificia Universidad Javeriana, Cali (Colombia)), Pavel Vidal Alejandro (Associate Professor, Department of Economics, Faculty of Economics and Business Administration, Pontificia Universidad Javeriana, Cali (Colombia))

4. Legislature under a One-Party Regime: The Cases of China, Vietnam, Laos and Cambodia

No matter the regime, every ruler needs legitimacy to maintain their regime. To date, studies on authoritarianism have paid much attention to how the mechanisms of democratic institutions in a dictatorship work in order to mitigate threats from inside and outside of the ruling elites. Based on this theme, the previous literature reveals that the dictators use those institutions to co-opt and divide the opposition and to solve commitment problems among ruling elites.

However, in communist states, opposition and dissent are not targets of co-optation but of exclusion. The communist party attaches much value to obtaining legitimacy from the masses for its survival. When priorities are different, the working mechanisms of institutions are also different. Based on this hypothesis, in this research project, we analyze how the ruling parties in China, Vietnam, Laos and Cambodia obtain legitimacy through the legislature.

We find that the Chinese Communist Party uses the People's Congress to soak up public opinion into the legislation process; the Lao People's Revolutionary Party uses the National Assembly not only to soak up public opinion but also for accountability to the public; and the Vietnamese Communist Party uses the National Assembly to solve problems which are unsolvable inside the party. Cambodia is not a communist state, but the People's Party faces a problem of legitimacy. Any

ruler in Cambodia must win an election to obtain the right to rule, i.e., legitimacy. This is a shared norm and value in the country. Even though the People's Party uses the legislature to co-opt and divide the opposition, it is not the final goal but a measure to create a preferable political environment for their electoral win. By comparing these four countries, we reveal that how the legislature works in a dictatorship can vary, and it can play important role in obtaining political legitimacy.

Organizer: YAMADA Norihiko (Southeast Asian Studies Group II, Area Studies Center)

Co-researchers: ISHIZUKA Futaba (Law and Institution Studies Group, Inter-disciplinary Studies Center), GOTO Fumio (Professor, School of International Relations, University of Shizuoka), SUWA Kazuyuki (Professor, School of International Relations, University of Shizuoka), YAMADA Hiroshi (Research Fellow, Research Center for Sustainable Peace, Institute of Advanced Global Studies, University of Tokyo)

5. 2014 Elections in Indonesia: The 10-year Yudhoyono Presidency in Retrospect, a New President in Prospect

This research project conducted an analysis of the 2014 legislative and presidential elections as well as the achievements and remaining problems of the 10-year Yudhoyono presidency. Our electoral analysis focused on electoral institutions and management, voting behavior in the legislative and presidential elections, the emergence of the newly-elected president, Joko Widodo, nicknamed Jokowi, and his policy orientations. Our analysis of the 10-year Yudhoyono presidency covered such topics as domestic politics, diplomacy, Islamic politics, and macro economy. We concluded that, while the Yudhoyono government achieved "political stability and economic growth", there arose such problems as indecisive political leadership, increasing influence of conservative Islam, and dependence on natural resource exports. Although public expectations of the elected President Jokowi are quite high, he has to tackle many obstacles, such as negotiations with the parliament and his ruling party and the gap between his ambitious policy goals and

reality.

Organizer: KAWAMURA Koichi (Southeast Asian Studies Group I, Area Studies Center)

Co-researchers: HIGASHIKATA Takayuki (Southeast Asian Studies Group I, Area Studies Center), SATO Yuri (Chief Senior Researcher, Area Studies Center), HAMADA Miki (Director, Poverty Alleviation and Social Development Studies Group, Development Studies Center), HONNA Jun (Professor, College of International Relations, Ritsumeikan University), OKAMOTO Masaaki (Associate Professor, Center for Southeast Asian Studies, Kyoto University), MIICHI Ken (Associate Professor, Faculty of Policy Studies, Iwate Prefectural University), AIZAWA Nobuhiro (Associate Professor, Faculty of Social and Cultural Studies, Kyushu University)

6. Understanding the Impact of the Employment Guarantee Programme on the Labour Market in India

This study examines participation in the public works program known as the Mahatma Gandhi National Employment Guarantee Act (MGNREGA) in Bihar, which is one of India's poorest states. Our findings show that although MGNREGA's coverage is limited, disadvantaged groups, particularly Scheduled Castes/Scheduled Tribes (ST/SC) households, and landless households are more likely to take part in the program. However, this is not so for Muslims. Furthermore, our analysis does not support the finding in the existing literature that whether or not a *Mukhiya* (elected village chief) is a resident of their village determines households' decisions to participate in MGNREGA. Similarly, our analysis does not support the idea that households are more likely to take part in MGNREGA if a *Mukhiya* belongs to SC/STs and if village households belong to the same caste category as a *Mukhiya*. We have instead found that *Mukhiyas'* administrative experience plays an important role in active MGNREGA participation. We further explored the role of *panchayat raj* institutions, particularly the *Mukhiya*, in MGNREGA implementation through ethnographic observation.

Organizer: TSUJITA Yuko (South Asian Studies Group, Area Studies Center)

Co-researcher: ODA Hisaya (Professor, College of Policy Science, Ritsumeikan University)

7. The Society of the Muslim Brothers and International Linkage of Islamic Movements

We consider that the particularity of the Islamic movement lies in its scope which sometimes extends beyond individual countries' boundaries. An outstanding example of this is the Society of the Muslim Brothers, founded in 1928 by Egyptian Hasan al-Banna and known for its global influence and international networks. The initial purpose of our project was to find how the Society of Muslim Brothers (and related Islamic movements) has stretched its impact in the Middle East and the political consequence it will cause in the future, beyond the traditional framework of domestic politics.

However, given the political course followed after the fall of Morsi's regime in July 2013 in Egypt and the strengthened repression focused on the Muslim Brothers in several countries, we modified the project to integrate studies on the strategies of the Muslim Brothers, whose existence itself was at stake, focusing on the context of the domestic situation in each country for Egyptian and Kuwaiti cases. As for the international dimension of Islamic movements which had composed the initial purpose of the project, we dealt with contemporary Palestinian case and Tunisia in its colonial period.

Organizer: WATANABE Shoko (Middle Eastern Studies Group, Area Studies Center)

Co-researchers: ISHIGURO Hirotake (Middle Eastern Studies Group, Area Studies Center), YOKOTA Takayuki (Associate Professor, College of International Relations, Nihon University), NISHIKIDA Aiko (Associate Professor, Research Institute for Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies)

8. Relations between the States and Civil Society Organizations in 21st Century Latin America

This study group has been researching the relations between the state and civil society associations in Latin America in the 21st century. After the Second World

War, the relations between them resulted in the formation of state corporatism governments in some Latin American countries. This state corporatism continued to be observed under some authoritarian regimes. However, many civil society associations emerged during the democratization in the 1980s, and the large state itself was transformed through neoliberal reforms in the 1990s. We've issued an interim report covering two years of our study project on the above theme. It examines various cases including the reform of labor law in Mexico, transformation of civil society under the Chavez government in Venezuela, the history of the labor movement in Peru, mining cooperatives and mining policy in Bolivia, state and religious organization in Brazil, and cooperatives and mutual in Argentina.

Organizer: USAMI Koichi (Senior Researcher, Area Studies Center)

Co-researchers: BABA Kaori (Latin American Studies Group, Area Studies Center), SAKAGUCHI Aki (Director, Latin American Studies Group, Area Studies Center), KONTA Ryohei (Latin American Studies Group, Area Studies Center), KIKUCHI Hirokazu (Latin American Studies Group, Area Studies Center), MURAKAMI Yusuke (Associate Professor, Center for Integrated Area Studies, Kyoto University), OKADA Isamu (JSPS Research Fellow, Center for Integrated Area Studies, Kyoto University)

9. Informal Practices in Post-Soviet Societies: The Cases of Kazakhstan and Kyrgyz Republic

This project examined informal practices in two post-Soviet Central Asian states from micro- and macro-level perspectives, namely the everyday life of ordinary people and state governance. The following is a summary of an interim report which presents the results of our research activities conducted in FY2014. "Grades and Degrees for Sale: Informal Exchange in Kazakhstan's Educational Institutions" (Natsuko OKA) demonstrates that informal payments to schools or universities are often accepted as the norm rather than as a violation of the rules. This paper argues that teachers, school and university directors, and education officials form a pyramid-like power structure in which cash is collected and distributed in a systematic,

organized manner, and it highlights how these payments are ingrained into the educational system itself. This paper points out that the high informal costs necessary to obtain a teaching position or an academic degree serve as incentives for accepting or demanding various payments from students and their parents. "Corruption and Anti-Corruption in Kyrgyzstan since 2010" (Johan ENGVALL) examines how the system of corruption – i.e., the manner of organizing the state apparatus and the terms under which representatives of the state and citizens interact in Kyrgyzstan – has evolved through the introduction of a semi-parliamentary form of government following the regime change in April 2010. This paper provides a critical evaluation of a number of measures adopted by the government with the proclaimed goal of reducing corruption, including efforts to establish a more democratic political system, participation in international support programs connected with the implementation of public sector reforms, and the prosecution of corrupt officials.

Organizer: OKA Natsuko (Middle Eastern Studies Group, Area Studies Center)

Co-researcher: Johan ENGVALL (Researcher, Swedish Institute of International Affairs)

10. Public Services in India

This project studies public services in India. It aims to understand how public services in such fields as education, medical services, food and nutrition, environment and public utilities have changed since the economic liberalization in 1991. The interim report consists of five chapters. Chapter 1 (Kojima) studied urban solid waste management by tracing how laws and policies relating to waste have evolved especially from the 1990s and introducing various efforts by municipalities, while also shedding light on newly emerging environmental problems caused by mismanagement of waste. Chapter 2 (Kamiike) looked at medical and drug services, such public programmes as Tamil Nadu's drug procurement model and Jan Aushadhi Scheme in addition to changes in drug price control. Chapter 3 (Tsujita) surveyed changes and problems in the compulsory education system by comparing state-run schools and private schools,

especially after the enactment of the Right of Children to Free and Compulsory Education Act 2009. Chapter 4 (Sato) studied water problems in India, especially focusing on household water provision in urban areas, by tracing the development of water policies and judicial judgments regarding the right to life. Chapter 5 (Ota) focused on workers called “scheme workers” who undertake various public services without being granted the status of workers in terms of various labour laws.

Organizer: SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center)

Co-researchers: OTA Hitoshi (South Asian Studies Group, Area Studies Center), TSUJITA Yuko (South Asian Studies Group, Area Studies Center), KOJIMA Michikazu (Director, Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), KAMIKE Atsuko (Lecturer, Osaka Kyoiku University)

11. The Basis of the Survival of Arab Monarchies

This research project attempts to reveal the mechanism behind the regime stability of Arab monarchies (Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Jordan, and Morocco), which have remained stable even though other Arab countries have experienced large political uprisings since 2010. We reviewed preceding studies and found that it is difficult to explain the sustainable mechanism of monarchy any longer by the cultural approach, institutional approach, and resource allocation approach. Therefore, we focus on the legitimacy which is assumed to generate the stability of the regime and examine the various channels connecting the citizens and monarch, and the institutions which allow proactive public participation within the framework of the monarchy, and then we highlight the *raison d'être* of the monarchy for the citizens. This year, we examined the process of state-building and nation-building where the monarch attempts to establish his legitimacy and to make citizens accept it in all eight countries. Through this investigation, we found that the readiness of the regime to respond to the claims and complaints of citizens and buffer power of informal channels worked to avoid instability. Next year, we would like to deepen our examination of the theoretical framework and to

present a new, independent variable for the intervening variable in our analysis of the stability of the Arab monarchies.

Organizer: ISHIGURO Hirotake (Middle Eastern Studies Group, Area Studies Center)

Co-researchers: NISHIKIDA Aiko (Associate Professor, Research Institute for Languages and Cultures of Asia and Africa, Tokyo University of Foreign Studies), HORINUKI Koji (Research Fellow, JIME Center, Institute of Energy Economics, Japan), SHIRATANI Nozomi (Graduate School of Global Studies, Sophia University), MURAKAMI Takuya (Research Fellow, Middle East Institute of Japan)

12. Unemployment and Participation in the Labor Force in Southern Africa

South Africa faces surprisingly high unemployment rates. Economic explanations from both the demand and supply sides of labor have yet to reach a broad consensus on the phenomenon. The objective of this research project is to explore the decision making in participation to labor force and the mechanism behind unemployment in South Africa through the following:

1. Collect a survey dataset to form a basis for better understanding of the South African unemployment puzzle.
2. Conduct interviews to gain an intuitive understanding of labor market institutions and people's behavior in order to derive hypotheses.

We employed stratified cluster sampling and summarized the labor market characteristics. If deemed appropriate, we will use experimental questions to infer the behavioral aspects of labor supply decision making in the coming year.

Organizer: ITO Seiro (Stellenbosch, Senior Overseas Research Fellow)

Co-researcher: Rulof BURGER (Senior Lecturer, Department of Economics, Stellenbosch University)

13. Small and Medium Enterprises in Latin America

Due to steady economic growth in Latin America, Japanese companies' interest in the region is growing rapidly. In order to analyze the feasibility of investment,

these companies are demanding information about the activities of small and medium enterprises (SMEs) which can be their local counterparts.

This project aims to provide information about SMEs in Latin American countries to Japanese business people. We selected Mexico and Brazil for the importance of their market size and Colombia, Peru and Chile for their active approach to trade liberalization and investment attraction.

In Chapter 1, we review the regional economic situation and existing studies on economic development and SMEs. We point out that there is important heterogeneity among SMEs in Latin America. Chapter 2 presents definitions of SMEs in the principal countries and analyzes statistical data to determine the proportion of SMEs in the economy. Chapter 3 examines examples of industrial clusters and participation of SMEs in global value chains. In Chapter 4, we focus on corporate culture in Latin America, which is strongly influenced by Iberian culture. Chapter 5 examines SME policies in the principal countries and explains their characteristics and tendencies. In Chapter 6, we present several case studies of innovative SMEs in Latin America and try to find common factors in their growth.

Organizer: SHIMIZU Tatsuya (Deputy Director, Latin American Studies Group, Area Studies Center)

Co-researchers: NINOMIYA Yasushi (Latin American Studies Group, Area Studies Center), HOSHINO Taeko (Latin American Studies Group, Area Studies Center), KITANO Koichi (Senior Researcher, Inter-disciplinary Studies Center)

14. Study of the Policies for Children in Emerging Countries

Asian and Latin American countries have witnessed increasing interest in policies pertaining to children as well as policies pertaining to the aged since the turn of the century. This study group focused on the following three points of the debate. The first point is the effect of social change on childcare. The effects on childcare of an aging population, changing forms of employment and better work-life balance for men and women have been discussed in the emerging countries. The second point is the development of reproductive medicine. The

recent development of reproductive technology is to be understood in the context of the aging population combined with the diminishing number of children. However, the way these technologies are actually used in clinical practice can vary, reflecting the view of the family and/or religious ethics prevalent in the given society. The third point is parents' and children's rights from the viewpoint of the Hague Convention. We reviewed the policies and related studies in Asian and Latin American countries in view of growing interest in the policies for children in these countries.

Organizer: USAMI Koichi (Senior Researcher, Area Studies Center)

Co-researchers: MURAKAMI Kaoru (Middle Eastern Studies Group, Area Studies Center), YAMAOKA Kanako (Deputy Director, Latin American Studies Group, Area Studies Center)

15. Labor Market and Employment Issues in Vietnam

This research project aims to review statistical data and previous studies on the labor market and employment in Vietnam. This study found that the opportunities in labor market are diversified and labor mobility has increased since the early 2000s as drastic economic structural changes have occurred. The overall trends in employment include a shift in major employers from small-scale household businesses to enterprises and from the state sector to the non-state sector. On the other hand, however, the so-called "informal sector" also increased its presence, especially after economic "crisis" in 2008. The study suggests the presence of mismatches in the labor market and entry barriers to formal wage-employment opportunities as well as the need to develop a modern social welfare system such as social insurance and unemployment insurance.

Organizer: SAKATA Shozo (Director, Southeast Asian Studies Group II, Area Studies Center)

Co-researcher: FUJITA Mai (Deputy Director, Southeast Asian Studies Group II, Area Studies Center)

16. Issues and Questions Concerning Current Social Movement Studies: A Preliminary Study

This study project was conducted by Institute of

Developing Economies (IDE) researchers who study social movements and related issues. Each researcher was required to review preceding studies in her/his own academic field of interest in social movement studies and to share the knowledge in the project. Each member has diverse interests in research questions, approaches to and problems in social movements as they relate to their own research fields in developing countries. Thus, the research papers published on the website refer to several different issues and questions concerning social movements.

The project members read Donatella della Porta and Mario Diani's *Social Movements: An Introduction*, 2nd edition (Malden, MA: Blackwell Publishing, 2006) as a recent instructive work of social movements to learn about the current issues and questions. Then, the members reviewed preceding studies in their own academic fields of interest and shared the knowledge.

Each researcher wrote a paper as a preliminary work for further investigation of his/her research topic. We did not intend to produce a synthesized outcome in this study project. However, through the discussion in this project, we reached a broad consensus that the present main theoretical frameworks, such as the resource mobilization theory and the political opportunity structure theory, are sometimes like axioms that explain every social movement phenomenon, but actually they are just making commonsense claims. We feel this represents stagnation of theoretical development in this field. To break out of this situation, we have to examine more seriously the applicability of major theoretical frameworks by studying cases in developing countries. This is our challenge for further studies.

Organizer: SHIGETOMI Shinichi (Director-General, Area Studies Center)

Co-researchers: YAMAGUCHI Mami (East Asian Studies Group, Area Studies Center), TERAO Tadayoshi (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), UETANI Naokatsu (Quito, Overseas Research Fellow), REN Zhe (Berkeley, Overseas Research Fellow), DARWISHEH Housam (Middle Eastern Studies Group, Area Studies Center), WATANABE Shoko (Middle Eastern Studies Group, Area Studies Center), MAKINO Kumiko (African Studies Group, Area Studies Center)

17. Comparative Analysis of Poverty in Elderly Households in Korea and Japan

South Korea and Japan have undergone rapid demographic change (i.e., population aging and shrinking family size) in recent years, which is accompanied by widespread poverty and prevalent income disparity in elderly households. This study aims to empirically analyze the dynamic mechanism of poverty in elderly households in South Korea and its causal relationship with poverty risks or determinants from a comparative perspective in cases in Japan by using comprehensive panel data on elderly households in both countries. Estimation results suggest that, first of all, higher age and female householders or single-person households are shown to be significant risk factors influencing poverty of the elderly in both countries. Second, higher educational background, a work history of regular employment, participation in the labor market, and public income transfers from the governments are significantly associated with reducing poverty risks among elderly households in both countries. More specifically, higher benefits from public pension systems based on regular employment are likely to have a stronger anti-poverty effect in Japan than currently earning labor income or having higher educational background. In contrast, it is demonstrated that public transfers in South Korea have a weaker impact on alleviating the poverty risks of the elderly (almost no anti-poverty effect in single-person households), while private income transfers from family members are considered to have a role as a social safety net to a certain extent in Korea.

Organizer: WATANABE Yuichi (East Asian Studies Group, Area Studies Center)

Co-researcher: Sungho Cho (Associate Research Fellow, Population Policy Research Department, Korea Institute for Health and Social Affairs)

18. Suspension of Duty-free Access and Employment Changes in Madagascar

Observations of the labor markets in developing countries indicate that the informal sector seems to provide alternative income opportunities during economic downturns, although details have not been investigated. Taking the case of large job destruction in

the Madagascar garment industry, this paper examines the role of informal sector as a safety net using a large dataset of workers and job-leavers. It shows that during four years of economic downturn, 62.7% of job-leavers were engaged in informal sector jobs, and they generated income that did not differ from the wages that job-leavers could have earned in the garment industry. However, 13.9% of job-leavers remained unemployed during most of the period after job separation and experienced a large income drop. Our investigation shows that job-leavers who are likely to accept a job offer with lower wage experienced longer spells of unemployment. This suggests that unemployment was not a voluntary choice for workers seeking a better-paid job, in contrast to the recognized assumption that the informal sector exhibits free entry.

Organizer: FUKUNISHI Takahiro (Director, Business and Industry Studies Group, Inter-disciplinary Studies Center)

19. The Transformation of the Organization of Work and Human Resource Management in India in Association with Labor-Management Relations

Following Osterman's (1994, 2000) research framework of high performance work organizations (HPWO), the author, using datasets from three surveys conducted in Bangalore (2001, 2011-2012) and the National Capital Region (2011), examines the adoption and diffusion of HPWOs in India and the contributing factors. While HPWOs spread across India between 2000 and 2011, regional variations in the diffusion and the contributing factors were found. The saturation rate of diffusion for job rotation was estimated at 60%-70%. Trade unions' opposition to HPWOs tended to lessen once a single HPWO practice was introduced in the workplace. While the HPWOs did not show any significant association with the sense of redundancy/scarcity of employment, the presence of trade unions hinted at the effects that discourage employment downsizing. Additionally, the effects of restrictive legislation aimed at reducing layoffs and dismissals, which the Industrial Disputes Act (ID Act) mandated for establishments with 100 or more employees, appeared insignificant. The analysis suggests that trade unions affect managerial decisions

to a greater degree than the ID Act in terms of employment adjustment.

Organizer: OTA Hitoshi (South Asian Studies Group, Area Studies Center)

20. Compilation and Analyses of Trade Indices in East Asia

This study aims to contribute to the identification of the sources and structures of international trade in East Asia, where an increase in trade volumes through the opening of domestic markets and the relocation of production bases of multilateral firms are prominent. As the main analytical framework to achieve the above objectives, the construction, measurement, and analyses of various trade indices are employed. The study also examines the theoretical and methodological issues of trade indices (features, data issues, etc.).

In fiscal year 2014, there were two main outcomes in the project. The first outcome is that various trade indices of 26 countries/regions in the Asia-Pacific region for the years 1995-2013 were compiled (though missing values exist due to lack of data). In addition to individual countries, trade indices of ASEAN were also constructed in order to identify the progress of economic integration among ASEAN countries. The second outcome is that analyses of interdependent structures among East Asian countries were conducted using trade indices compiled in the project.

Organizer: KUWAMORI Hiroshi (Director, International Input-Output Analysis Studies Group, Development Studies Center)

Co-researchers: TAMAMURA Chiharu (International Input-Output Analysis Studies Group, Development Studies Center), OSADA Hiroshi (Professor, Department of Economics, Teikyo University), SANO Takao (Former Professor, Gifu Shotoku Gakuen University), FUKUI Yukio (Professor, School of Business Administration, Kwansei Gakuin University)

21. Institutional Roles of Marriage in the Developing World: Empirical Studies from the Perspectives of Gender Empowerment

Since marriage-related practices are highly associated

with economic development, one cannot fully understand the process without knowing the factors prompting or hindering transformations of those practices. To improve the knowledge and understanding of such factors, this research project addresses two independent but thematically related questions. By focusing on one Christian mission (Livingstonia Mission) dating back to the late nineteenth century in Malawi, the first paper investigates the missionary effects on female marital practices and fertility. As this study shows, the Mission has significantly encouraged females to convert to Christianity, attain education, postpone their first marriage and sexual intercourse, and reduce fertility, while discouraging their engagement in polygynous relationships. This research also finds that formal educational attainment does not explain the missionary effects on female marriage and fertility. The second paper examines the impacts of dowry on women's welfare in a marital family in rural Pakistan. The empirical analysis reveals that, at the studied site, higher dowry amounts are associated with an increase in women's status in a marital family. This finding suggests that in a certain context, an outright ban on dowry might negatively affect women's welfare while explaining why this apparently anti-social practice persistently exists despite many political efforts to prohibit it in South Asia.

Organizer: KUDO Yuya (Microeconomic Analysis Studies Group, Development Studies Center)

Co-researcher: MAKINO Momoe (South Asian Studies Group, Area Studies Center)

22. Disability and People with Disabilities in African Countries: From the Point of View of 'Disability and Development'

This report consists of three parts. The first part contains two chapters. Chapter 1 by Mori discusses previous works on disability and development in Africa and proposes a common framework for the following chapters. Chapter 2 by Kobayashi discusses two "African Decades of Persons with Disabilities." Chapters 3 through 7 discuss the situations of people with disabilities (PWDs) and disability policies in each country from the viewpoint of disability and development. The key issue for each country is as

follows: dual administrations and the 2010 political system for Ethiopia (by Nishi); deaf education and the Constitution for Kenya (by Miyamoto); river border business of PWDs and government policy for the Republic of Congo and Democratic Republic of Congo (by Toda); west, central and northern regional headquarters of the African decade for Senegal (by Kamei); and affirmative action and HIV/AIDS for South Africa (by Makino). The last chapter by Mori attempts to pick out the key issues for disability and development in Africa, and list includes HIV/AIDS and Albinism, political systems for development and PWDs, special education, business development by PWDs and non-community based rehabilitation. The editor proposes some implications of these issues for Sustainable Development Goals (SDGs) which are proposed by the UN to follow the Millennium Development Goals (MDGs).

Organizer: MORI Soya (Senior Researcher, Development Studies Center)

Co-researchers: KOBAYASHI Masayuki (Senior Researcher, Development Studies Center), MAKINO Kumiko (African Studies Group, Area Studies Center), KAMEI Nobutaka (Associate Professor, Department of International and Cultural Studies, Aichi Prefectural University), TODA Mikako (Research Fellow, Research Center for Cultural Resources, National Museum of Ethnology), NISHI Makoto (Associate Professor, Global Survivability Studies Unit, Kyoto University), MIYAMOTO Ritsuko (Vice Dean/Professor, Faculty of International Resource Sciences, Akita University)

23. Production Patterns of Multinational Firms: Horizontal and Vertical Multinationals with Traded Intermediates

It is widely recognized that developing economies benefit from the development of vertical production networks since the networks enable them to install an appropriate portion of the production stages through the activities of multinational enterprises (MNE). This study aims to clarify the requirements for attracting MNEs to developing economies, using the extended version of the knowledge-capital model developed by Zhang and Markusen (1999), and to empirically test the

validity of those requirements. There were two outcomes obtained from this project in FY2014. The first outcome is that we conducted surveys on MNEs from both the theoretical and empirical aspects, and we also conduct simulation analysis for empirical estimation.

The second outcome is the development of a newly extended version of the analytical model, which now includes the export-platform MNE, and an analysis with special focus on the effects of the free trade agreement or economic partnership agreement. Simulations with the model revealed conditions for which types of firms would be active in a given economic environment.

Organizer: OYAMADA Kazuhiko (Socio-Economic Analysis Studies Group, Development Studies Center)

24. Territorialization of the Sea: Pacific Island Countries in the Pacific “Security” Policy

In the last decade, the Pacific Island Countries (PICs) have increased their presence in the global community. The climate change problem is the most eminent area where the PICs, especially Kiribati, Tuvalu, and the Marshall Islands, have successfully asserted their leading roles by emphasizing that they are the most affected countries. The intensifying global competition for natural resources also contributes to enhanced bargaining power for PICs, because, among others, the vast area of their territorial seas and their exclusive economic zones have been increasingly perceived as a frontier for natural resources, including fishing resources as well as mineral resources in the deep seabed. The state apparatus and the governance of PICs remain very vulnerable. PICs seemingly have gained, and continue to seek, benefit from the geopolitical changes in the Pacific such as the emergence of China as a new donor country in this region. Responding to new demands from PICs, donor countries such as the US, EU, Australia and Japan have moved to transform their diplomatic policy toward this region to include more commitments to economic and industrial cooperation. The Pacific Islands Forum (PIF), the regional cooperation framework among PICs that was established in 1971, now fully operates as a platform to collectively negotiate with major donor countries.

Although there is an effort to reconstruct the current regional cooperation framework in the Pacific, PIF will remain at the center of regional cooperation among PICs.

Organizer: KUROSAKI Takehiro (Deputy Director, Pacific Islands Centre)

Co-researchers: IMAIZUMI Shinya (Director, Planning and Coordination Division, Research Planning Department), MIMURA Satoru (Researcher, Fukushima Future Center for Regional Revitalization), HIGASHI Yutaka (Professor, Faculty of Pedagogy, University of KinDAI Himeji), SEGAWA Noriyuki (Associate Professor, Faculty of International Studies, Osaka Gakuin University)

25. Consumption Behaviors in East and Southeast Asian Countries

In the East and Southeast Asian countries, it became possible to obtain inexpensive and abundant capital due to the spontaneous rise of the savings ratio and the increase in saving. Investment accelerated and high economic growth was realized. With the beginning of high economic growth, people were motivated to activate saving behavior, and to purchase durable consumption goods. At that time, it seemed as if the time preference rate changed from present priority to future priority. A two-period model is presented to explain this phenomenon, using a shift of utility function. To make the mechanism of shift clear and capture the effect of adequately, consumption is divided into two groups, durable goods and non-durable goods. Next, an empirical study is conducted, and the relationship between the time preference rate and economic activities is found.

Organizer: YOSHINO Hisao (Socio-Economic Analysis Studies Group, Development Studies Center)

Co-researcher: GEMMA Masahiko (Professor, Faculty of Social Sciences, Waseda University)

26. Impact of Rural Electrification on Fertility in Bangladesh

Using a panel dataset in Bangladesh, we study the relationship between fertility and rural electrification using infrastructure development and the quality of

service delivery as instrumental variables for the adoption of electricity. We find that the adoption of electricity reduces fertility, and this impact is more pronounced when the household already has two or more children. This observation can be explained by a simple household model of time use, in which adoption of electricity affects only the optimal number of children but not necessarily the current fertility behaviour if the optimal number is not yet reached.

Organizer: SHONCHOY Abu (Microeconomic Analysis Studies Group, Development Studies Center)

Co-researcher: FUJII Tomoki (Associate Professor, School of Economics, Singapore Management University)

27. The Impact of Policies to Promote the Use of Energy-Efficient Appliances in Emerging Asian Economies

Sustained economic growth and rising incomes in the emerging economies of Asia have been accompanied by an increasing demand for energy. With an eye towards avoiding future energy shortages, many of these countries have adopted policies to promote the use of energy-efficient electrical appliances, such as minimum energy performance standards and mandated labeling of energy consumption information. Some countries have also begun subsidizing the purchase of energy-efficient appliances. This research project evaluates such policies in the context of the air conditioner markets of Japan, China, India, and Thailand. We analyze detailed market data in order to quantify the welfare and energy-consumption impacts of standards, labeling, and subsidies. In addition, we study international cooperation with developing countries on energy efficiency, comparing international cooperation for mitigating climate change.

Organizer: WATANABE Mariko (Professor, Faculty of Economics, Gakushuin University)

Co-researchers: KOJIMA Michikazu (Director, Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), CHENG Fang-Ting (Law and Institution Studies Group, Inter-disciplinary Studies Center)

28. Economic Analysis on Trade Policy and Trade Agreements

Recent development of production fragmentation (or global supply chains) generates a demand for deeper integration and more individualized agreements than those promoted by the World Trade Organization (WTO). The goal of this research project is to examine recent trade policy and trade agreements by focusing on topics including outsourcing, FDI, natural persons' mobility, labor issues and firm heterogeneity. In the first year of this research project, we brushed up research questions by reviewing the existing literature, developing preliminary models, and performing preliminary empirical analyses in a feasible manner. Our research topics are generally categorized into three groups: (i) those focusing on firm-level transactions, (ii) those related to foreign direct investment (FDI), and (iii) those broadly related to the effects of economic integration and preferential trade agreements.

Our interim report, the first-year product of the project, includes the following research papers and notes. Sato's chapter (Chapter 1) proposes a simple model of foreign outsourcing with matching frictions and home bias in firms' acquisition of intermediate goods, and it shows that the government may use rent-shifting trade policy rather than mitigating production inefficiency caused by the home bias. Sugita (Chapter 2) develops a positive assortative matching model with firm heterogeneity to examine the matching of exporters with importers and the effect of the termination of the Multi Fiber Arrangement.

As for FDI-related topics, Ishido (Chapter 3) considers a firm-level model to examine the determination of FDI in the presence of non-market-mediated spillovers that are likely to occur in firms' production operations. Komoriya (Chapter 4) proposes an international oligopoly model with FDI to examine the effect of liberalization of movement of natural persons on the feasibility of liberalization of goods trade. Highlighting recent progress in aviation services and the importance of face-to-face communication in the operation of foreign affiliates, Tanaka (Chapter 5) empirically investigates the effect of the frequency of direct flights on the establishment of new foreign affiliates by Japanese firms.

Regarding the effects of economic integration and

preferential trade agreements, Ito (Chapter 6) studies the effects of the introduction of the euro currency on the quality of traded goods by developing a heterogeneous firm model. Constructing an original dataset, Kamata (Chapter 7) examines the effect of “labor clauses” in trade agreements on working conditions and trade intensity between party countries. Finally, Mukunoki (Chapter 8) proposes a three-country oligopoly model and addresses the question of how preferential trade agreements would change government usage of antidumping actions.

Organizer: SATO Hitoshi (Director, Microeconomic Analysis Studies Group, Development Studies Center)

Co-researchers: TANAKA Kiyoyasu (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), ITO Tadashi (Director, Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), SUGITA Yoichi (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), ISHIDO Hikari (Professor, Faculty of Law, Politics and Economics, Chiba University), KAMATA Isao (Assistant Professor, University of Wisconsin-Madison), KOMORIYA Yoshimasa (Associate Professor, Faculty of Economics, Chuo University), MUKUNOKI Hiroshi (Professor, Faculty of Economics, Gakushuin University)

29. Women with Disabilities in Developing Countries

This study focuses on women with disabilities in developing countries. It will outline the actual situation of women with disabilities, analyze the countries’ legal systems and policy measures that protect their rights, and indicate problems that need to be solved. The UN Convention on the Rights of Persons with Disabilities (CRPD) declares equality between men and women in its general principles. In addition, CRPD provides an independent article that requires state parties to recognize that women with disabilities are subject to multiple discrimination and urges them to take measures to ensure proper human rights and fundamental freedoms, including measures to ensure full empowerment.

In the agenda for action of the three Asian and

Pacific Decade for Persons with Disabilities, various difficulties that women with disabilities face were recognized. Stereotypes, prejudice, and harmful practices towards women with disabilities based on the country’s culture and customs critically affect women with disabilities. There are also types of discrimination that women with disabilities alone experience. In the first year of the study, members surveyed the actual situation of women with disabilities and examined the policies and legislation regarding them.

Organizer: KOBAYASHI Masayuki (Senior Researcher, Development Studies Center)

Co-researchers: MORI Soya (Senior Researcher, Development Studies Center), SAI Takanori (Japan National Assembly of DPI), ASANO Noriyuki (Professor, Osaka Ohtani University), YOTSUMOTO Kenji (Professor, Graduate School of International Cooperation Studies, Kobe University), KANAZAWA Mami (Graduate School of Economics, Hitotsubashi University), YOSHIMURA Chie (Project Lecturer, Faculty of Social Welfare, Kumamoto Gakuen University)

30. Transition from School to Work: Linkage between Education and Employment in India

Youth unemployment has become a major and challenging global issue. Particularly in India, sharp increases in youth unemployment and underemployment have been exacerbated by long-standing structural obstacles, such as skill mismatch and increased young population, and these are preventing many youth from making a successful transition from school to work. This research has deciphered the complex interrelationship among educational choices, achievements, and employment trends on the basis of different education levels and types of schools. The current state of the rapidly increasing higher education institutes and colleges was overviewed based on the recent All India Higher Education Survey. In Delhi, Uttar Pradesh, and Tamil Nadu states, the results of the field survey and interviews of higher education graduates have been reported. A study on education and employment trends among Muslims contends that the educational attainments of Muslims are lower, which eventually

affects their livelihood opportunities in the Muslim community in Uttar Pradesh. An empirical study on a new mechanism that explains skill-sorting patterns across industries by the length of an industry's production chains has been tested for several years by using India's data.

Organizer: NAKAMURA Mari (Poverty Alleviation and Social Development Studies Group, Development Studies Center)

Co-researchers: ASUYAMA Yoko (Poverty Alleviation and Social Development Studies Group, Development Studies Center), SASAKI Hiroshi (Associate Professor, Graduate School of Integrated Arts and Sciences, Hiroshima University), HARIZUKA Mizuki (Lecturer, Faculty of Humanities, Beppu University), Kabir Md Humayun (Part-time Lecturer, Hiroshima Jogakuin University)

31. An Empirical Study on the Investment/Financing Activities of Philippine Corporations

As the interim report of this research project, we published two papers: 1) an analysis of the trends of Philippine holding corporations' equity investments in their affiliates and subsidiaries, and the debt-to-equity ratios, and 2) an analysis of the trends of the Philippine/foreign universal and commercial banks' loan commitments and maturity structure, including each bank's dataset. Our findings are as follow. Firstly, Philippine business groups' presence in the domestic economy has been quite large, based on their main business areas of domestic demand, but some of them have started to seek business opportunities overseas in the areas of retail sales and real estate development. Secondly, the holding corporations are relatively discreet in their business group management, as the debt-to-equity ratio has been controlled below 100% even in the process of increasing the investments within the group.

In the banking sector, we found 1) the Philippine universal/commercial banks' outstanding loans have resurged only since 2010, 2) in the interim analysis, no clear correlation exists between the level of commitments to long-term loans and the business group banks, and 3) the Western banks' presence in the

Philippine credit market has been generally declining throughout the 2000s, and some Asian banks are deemed to be taking up the slack due to their decreasing lending.

For our final output in FY2015, we will develop further analyses focusing on: 1) clarifying the differences of the functional roles played by a holding company and a universal/commercial bank as a financial circulator in a business group and 2) the banks' position in the business groups and demarcation between holding companies.

Organizer: KASHIWABARA Chie (Director, Financial and Fiscal Policy Studies Group, Development Studies Center)

Co-researcher: SUZUKI Yurika (Deputy Director, Current Affairs Studies Group, Area Studies Center)

32. Microeconomic Developments in Prewar Japan: An Integration of Economic History and Development Economics

The goal of this research project is to review the experiences of Japanese economic development and to draw practical lessons for the current developing countries. We utilize theories and methods in development microeconomics to analytically understand the causes and consequences of the Japanese experience and to form a foundation for communication between Japanese economic history and development economics. We particularly focus on agricultural technology diffusion and adoption, agricultural insurance, farmland and irrigation investment, agricultural marketing, and infant mortality.

As an interim report of the project, we reviewed the key findings and discussions presented in the existing literature in both development studies and in Japanese economic history. On technology diffusion, Matsumoto reviews the literature after 2010 on agricultural technology adoption in the field of development economics, while Sakane overviews the experience with the eradication of fake fertilizer in pre-war Japan. On agricultural insurance, Kojima reviews insurance arrangements in prewar Japan, with emphasis on traditional informal institutions. On farmland and irrigation investment, Tsukada summarizes the literature in development studies with a

focus on impact evaluation of large-scale irrigation projects, decentralization in the operation and maintenance of the irrigation facilities, and private investments in underground water irrigation. Saito reviews the experience of the “land improvement projects” in prewar Japan facilitated by government initiatives and financial aid but also significantly supported by local communities. On agricultural marketing, Arimoto overviews the obstacles that prevent market integration with emphasis on information transmission, transportation networks, search and matching, and contract enforcement, and reviews the experience of agricultural marketing in prewar Japan. Shigetomi summarizes the marketing chain, grading, and inspection institutions from historical perspectives. On infant mortality, Ogasawara reviews the literature in economics and epidemiology and describes facts about the decline of infant mortality in the 1920s in Japan.

Organizer: ARIMOTO Yutaka (Microeconomic Analysis Studies Group, Development Studies Center)

Co-researchers: SHIGETOMI Shinichi (Director-General, Area Studies Center), TSUKADA Kazunari (Microeconomic Analysis Studies Group, Development Studies Center), SAKANE Yoshihiro (Professor, Faculty of Commercial Sciences, Hiroshima Shudo University), MATSUMOTO Tomoya (Assistant Professor, National Graduate Institute for Policy Studies), KOJIMA Yohei (Lecturer, Graduate School of Economics, University of Tokyo), OGASAWARA Kota (Assistant Professor, Graduate School of Decision Science and Technology, Tokyo Institute of Technology), SAITO Kuniaki (Assistant Professor, College of Economics, Rikkyo University)

33. Current Conditions and Challenges of Rice Production in Cote d’Ivoire

To achieve an Asian-type Green Revolution in sub-Saharan Africa (SSA), not only the adoption of modern inputs, such as improved seed varieties and chemicals, but also the application of care-intensive management practices is important. However, the public-sector extension system in SSA is deplorably weak, partly because the structural adjustment policy implemented in the 1980s had destructive impacts on the extension system. The ultimate goal of this research

project is to explore the role of private firms as a substitute for the public sector extension and to assess the impact of contract farming between a private firm and small-scale rice farmers on rice production in Cote d’Ivoire. As a first step toward that goal, this study collected data on 120 rice-growing farmers in the Yamoussoukro district.

Organizer: TAKAHASHI Kazushi (Microeconomic Analysis Studies Group, Development Studies Center)

Co-researchers: OTSUKA Keijiro (Senior Professor, National Graduate Institute for Policy Studies), MANO Yukichi (Lecturer, Graduate School of Economics, Hitotsubashi University)

34. De-dollarization in Transitional Economies of Southeast Asia

Dollarization, which is widespread use of foreign-currency-denominated assets for payments/settlements and store of value, is commonly observed, though in various degrees, in Cambodia, Laos, Myanmar and Vietnam (hereafter CLMV countries). While a large body of literature has accumulated on the dollarization experiences in Latin America, empirical studies are still scant on CLMV countries, where dollarization started with an underdeveloped banking sector. With due recognition of the interaction between the underdeveloped banking sector and dollarization, this research project provides an analytical narrative on the trends of dollarization and the prospects for de-dollarization in CLMV countries. Four country studies are complemented by the thematic studies on monetary policies and behaviors of banks under dollarization in the context of CLMV countries.

Country studies confirm that disinflation and a stable exchange rate are the keys to curtailing the asset-substitution-motivated dollarization in Lao PDR and Vietnam. As for Cambodia which is well known for its persistent dollarization motivated by currency substitution, a nationwide survey of households and firms reveals that the use of riel is widespread for certain economic activities especially in rural areas. On the other hand, in Myanmar the demand for foreign currency deposits is mostly shaped by the regulations on foreign exchange and trade. Thus, conditions of dollarization vary considerably among CLMV

countries, and so do the appropriate measures for de-dollarization.

Organizer: KUBO Koji (Bangkok Research Center)

Co-researchers: Bhanupong NIDHIPRABHA (Professor, Faculty of Economics, Thammasat University, Thailand), ODAJIMA Ken (Executive Senior Research Fellow, JICA Research Institute), NGUYEN Anh Duong (Researcher, Department of Macroeconomic Policy Studies, Central Institute of Economic Management (CIEM), Vietnam), Phetsathaphone KEOVONGVICHITH (Director-General, International Relations Department, Bank of Lao PDR), OKUDA Hidenobu (Professor, Graduate School of Economics, Hitotsubashi University)

35. Supply-chain Industrialization and Growth: Does Value-added Matter?

The aim of this research project is to unveil production fragmentation and industrialization thereby especially in Asia and to explore its implications for growth. Fiscal year 2014 was the second and final year of this research project.

The project team is composed of Tadashi Ito of IDE and head of this project, Hitoshi Sato also of IDE, and Pierre-Louis Vézina (University of Oxford, University of Birmingham). We also launched an overseas joint-study with the Centre for Economic Policy Research, a world-renowned research institute based in the UK.

Upon the completion of the above-mentioned research platform, we wrote the following four papers as interim reports.

1. Factory Asia: Unveiling the Supply-chain in Asia with an Intra-industry Trade Index (Tadashi Ito)
2. Production Fragmentation, Upstreamness, and Value-added: Evidence from Factory Asia 1985-2005 (Pierre-Louis Vézina, Tadashi Ito)
3. Unveiling the Evolving Sources of Value Added in Exports (Richard Baldwin, Rikard Forslid and Tadashi Ito)
4. Economic Globalization and Fluctuations: How Does Trade Induce Output Co-movements? (Hitoshi Sato)

The first paper attempts to unveil the production fragmentation in Asia through an intra-industry trade index. The second paper computes value-added exports using the Asian International Input-Output Table, attempts to unveil the production fragmentation in Asia, and discusses its impact on growth. The third paper studies the shift of value-added in Asian exporters using the value-added computed from the Asian International Input-Output Table, explores the underlying causes of such phenomena, and discusses its development policy implications. The fourth paper studies the effect of the supply-chain on business cycle synchronization.

Organizer: ITO Tadashi (Director, Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center)

Co-researchers: SATO Hitoshi (Director, Microeconomic Analysis Studies Group, Development Studies Center), Pierre-Louis VÉZINA (Post-doctoral Fellow, University of Oxford)

36. Catch-up Industrialization in the 21st Century

How can we reduce the income gap between developing and developed countries? This has long been an important issue for society to solve. A catch-up industrialization strategy had been considered one of the most effective solutions until the 1980s. In the 1990s, however, the development of latecomer countries has increasingly deviated from the single path of catch-up industrialization. Since early latecomers such as Korea and Taiwan have already achieved remarkable development and their economic structures have become considerably complicated, catch-up industrialization is no longer seen as the single engine of growth and instead has been intimately interacting with other mechanisms such as linkage effects. At the same time, as these early latecomers' graduation from catching-up is approaching, they are starting to seek paths beyond the end of catch-up industrialization. Others have tried to create different paths from catch-up industrialization based on their respective advantages and in response to changes in the external environment, e.g., accelerated globalization in particular. And some countries have discovered unique paths such as "catch-down innovation," revised resource-based industrialization and tertiary sector-led

development. This study aims to reconsider our understanding of the development of latecomers in Asia based on catch-up industrialization theory and establish a more comprehensive view that incorporates these changes.

Organizer: SATO Yukihiro (Director-General, Inter-disciplinary Studies Center)

Co-researchers: SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center), SATO Yuri (Chief Senior Researcher, Area Studies Center), ABE Makoto (Senior Researcher, Inter-disciplinary Studies Center), KANG Byeongwoo (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center), MARUKAWA Tomoo (Professor, Institute of Social Science, University of Tokyo), OIKAWA Hiroshi (Professor, Faculty of Commerce, Kansai University), ITO Shingo (Unit Chief, China Unit, Research Department-Asia, Mizuho Research Institute, Ltd.), YOSHIOKA Hidemi (Professor, Faculty of Law, Kumamoto University), Jyoti SARASWATI (Lecturer, Stern School of Business, New York University (London Business School))

37. An Empirical Study of Service Sector Development in Developing Countries: The Case of Thailand

What causes the firm-level performance in the trucking services in developing economies? This paper answers questions about the role of managerial inputs that influence profitability, operational efficiency, and quality of truck service. We conducted in-depth interviews and a unique and detailed firm-level survey of the trucking industry in Thailand. The firm-level dataset shows that there is a large variation in basic firm-level characteristics and performance in trucking services even within the same service. This is verified by field research. We asked how operational efficiency and quality of service drives firms' profitability. The dataset implies that an increase in profitability is associated with an increase in usage efficiency, increase in driving distance with cargo, and reduction in costs. Furthermore, to seek the sources of variation in profitability, efficiency, and quality in service, this paper constructs a score for management practices to

understand what managerial technologies firms have. This paper focuses on incentive payment schemes as the main management practice in the trucking industry. We then estimate the effects of incentive pay scheme on profitability, operational efficiency, and quality of services. Empirical results show the following findings: (1) the adoption of an incentive scheme itself does not lead to higher profitability, (2) the adoption of incentive pay can increase profitability and efficiency as long as firms invest in firm-sponsored training for drivers, and (3) a joint adoption of teamwork and training does not lead to improvement in efficiency and quality as well as profitability.

Organizer: MACHIKITA Tomohiro (Economic Integration Studies Group, Inter-disciplinary Studies Center)

Co-researchers: UEKI Yasushi (Economist, ERIA), TSUJI Masatsugu (Professor, Graduate School of Applied Informatics, University of Hyogo), Chawalit JEENANUNTA (Head of the School of Management Technology, Sirindhorn International Institute of Technology, Thammasat University)

38. Political Limits on Trade: Implications for Developing Economies

International politics affects the oil trade, but why? We construct a firm-level dataset for all US oil-importing companies during 1986-2008 to examine what kinds of firms are more responsive to changes in the "political distance" between the US and its trading partners, measured by divergence in their UN General Assembly voting patterns. Consistent with previous macro evidence, we first show that individual firms diversify their oil imports politically, even after controlling for unobserved firm heterogeneity. We conjecture that the political pattern of oil imports from these individual firms is driven by hold-up risks, because oil trade is often associated with backward vertical FDI. To test this hold-up risk hypothesis, we investigate heterogeneity in responses by matching transaction-level import data with firm-level worldwide reserves. Our results show that long-run oil import decisions are indeed more elastic for firms with oil reserves overseas than those without, although the reverse is true in the short run. We interpret this

empirical regularity as indicating that while firms that trade in the spot market can adjust their imports immediately, vertically-integrated firms with investment overseas tend to commit to term contracts in the short run even though they are more responsive to changes in international politics in the long run. We also find that oil import decisions are more elastic when firms import from developing countries, although the reverse is true in the short run. Our results suggest that international politics can affect oil revenue and hence long-term development in the developing world.

Organizer: KASHCHEEVA Mila (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center)

Co-researcher: Kevin TSUI (Associate Professor, John E. Walker Department of Economics, Clemson University, US)

39. The Role of Policy in Building Up the Yiwu Market

We found that traditional marketplaces and modern distribution channels coexist under lower fixed costs in marketplaces. It was shown that marketplaces become larger when transaction costs and fixed costs are lower. From numerical analysis, we found that the coexistence of traditional marketplaces and modern distribution channels improves welfare compared with the case in which no marketplace exists. Furthermore, we found that the lower transaction or fixed costs in marketplaces improve welfare when marketplaces and modern distribution channels coexist. These results are obtained due to the increase in varieties in the economy. Since transaction costs can be regarded as the cost of protection of intellectual property rights, the results mean that the protection of intellectual property leads to more firms and more varieties in marketplaces and in the economy, which improve welfare.

Organizer: GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center)

Co-researchers: DING Ke (East Asian Studies Group, Area Studies Center), ZHU Xiwei (Zhejiang University)

40. Institutional Innovations and Adaptation to Marketization in Rural China: Economic Analysis of Cooperative Organizations and the Collective Ownership System

Since the early 1980s, two remarkable institutional innovations have emerged in rural China. The first is the rapid development of a new type of intermediate organization called cooperative organization to improve the efficiency of agricultural production. The other is the innovation of a cooperative ownership system under the rural collective ownership system which is peculiar to China. In the first year of the two-year research project, we conducted a literature review on microeconomic theoretical models like the agency model and game theory. Then, we discussed the economic relations among stakeholders including local governments, firms, brokers and farmers to reconsider the role of cooperative organization and the cooperative ownership system in rural development. Based on a previously conducted farm household survey and a newly conducted village committee survey, we have examined the economic features and impacts of the establishment of the Farmer's Professional Cooperative and Community Shareholding Cooperative on farm households as well as local communities. In addition, according to a company-level panel survey of the hog industry, a preliminary analysis on the determinants of suppliers' channel selection by hog-processing companies has been performed. The major results of our research activities are summarized in three interim reports.

Organizer: HOKEN Hisatoshi (Hangzhou, Senior Overseas Research Fellow)

Co-researchers: YAMADA Nanae (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), WATANABE Mariko (Professor, Faculty of Economics, Gakushuin University)

41. Formation and Operation of Laws, Institutions, and Organizations Concerning Resources and Environmental Policy

By analyzing the current status and the formation process of legal systems and administrative organization in connection with the resource and environmental policies in developed and developing

countries, we will show the reason why many developing countries could not promptly conquer the environmental and resource constraints faced in process of economic development. Also, we will show the required conditions for legal systems and administrative organization to implement resource and environmental policy efficiently in developing countries by making comparisons with the formation process of other public policies, such as a development policy and social policy and the examples of the formation process in developed countries.

Organizer: TERAO Tadayoshi (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

Co-researchers: FUNATSU Tsuruyo (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), OTSUKA Kenji (Deputy Director, Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center), KITAGAWA Susumu (Associate Professor, Faculty of Life and Environmental Sciences, University of Yamanashi), OIKAWA Hiroki (Associate Professor, Faculty of Environment and Information Sciences, Yokohama National University), SATO Jin (Professor, Institute for Advanced Studies on Asia, University of Tokyo)

42. Air Cargo and Airports in Asia

This research project was established to clarify the situation of air cargo in Asia, and it was noted that the airport is a necessary facility for air cargo. Through this research project, we clarified why the usage of air cargo spread. Compared to marine transportation, the volume of air cargo is very small, but air cargo can be transported faster than marine cargo. So, air transportation has recently become a significant transportation means for cargo in the international physical distribution.

For air transportation, the maintenance of airport is necessary. By this maintenance, the country will contribute to international division of labor of manufacturing industry over the country. Also, the effective operation of air cargo in the airport is necessary for the international physical distribution. As globalization progressed, the air cargo will increase more and more. In this situation, air transportation

gains importance on par with marine transportation because manufacturers need to establish a more effective physical distribution system.

Since FY2014 is the first year of this research project, the research team members gained an overview of the situation of air cargo and airports by inviting researchers and practitioners actively engaged in the study and usage of air cargo and airports. Also, the research team members wrote interim reports concerning air cargo in Asia and presented an analysis of the main airports as the first year's results.

Organizer: IKEGAMI Hiroshi (Deputy Director, Business and Industry Studies Group, Inter-disciplinary Studies Center)

Co-researchers: ONISHI Yasuo (Chief Senior Researcher, Inter-disciplinary Studies Center), UMEZAKI So (Director, Economic Integration Studies Group, Inter-disciplinary Studies Center), KOJIMA Suelo (Professor, School of Asia 21, Kokushikan University), HANAOKA Shinya (Associate Professor, Graduate School of Science and Engineering, Tokyo Institute of Technology), WATANABE Daisuke (Associate Professor, Graduate School of Marine Science and Technology, Tokyo University of Marine Science and Technology), AMENO Hiroko (Professor, Faculty of Commerce, Kansai University)

43. Economic Division in British India: An Analysis of Population Dynamics

This project aims to construct a database from the Census of India. Due to the vast statistical information in hard copy and microfiches, the construction is not yet complete. Although it is part of our plan, our deep analysis of data is prevented to start. However, we were able to finish two interim papers on "Changing Population Geography in South Asia" and "Some Notes on Spatial Representation". Both papers are in the preliminary stages. The first paper used district level population data covering 100 years. By using the Theil Index, it suggests how population geography changed over time. It also provides the distribution within Bengal. Since the time when Bengal was separated into east and west, such combined analysis had not been done. The second paper is an attempt to work with GIS data and remote sensing techniques. At this stage, we

are considering the origin of spatial biases between the true centrality and the centrality of polygons of districts.

We have also consulted comments from various scholars on Indian economic history. All of them agree on the significance of the insights which we have gained and will offer, thus confirming the direction we are pursuing.

Organizer: TSUBOTA Kenmei (London, Overseas Research Fellow)

Co-researchers: KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center), SHONCHOY Abu (Microeconomic Analysis Studies Group, Development Studies Center)

44. Socio-economic Analysis of Taiwan under the Ma Ying-jeou Administration

This research project aimed to build a new framework that helps analyze the interactions among economic, political and social actors in contemporary Taiwan. The existing literature on international area studies has classified research subjects into economic, political and social issues, and researchers have rarely investigated cross-field dynamics, such as the formation of alliances or conflicts among political and economic actors or the penetration of social forces into market economies. To break through such a trichotomy, we reviewed existing literature on economic sociology and political economy and tried to combine their implications with the findings of literature on Taiwan studies. As part of this research, we conducted two empirical case studies, i.e., analysis of the economic statecraft that China employs towards Taiwan and analysis of tax reform by the Ma Administration. By so doing, we tried to present a new inter-disciplinary perspective that captures the dynamics of Taiwan's economic society.

Organizer: KAWAKAMI Momoko (Director, East Asian Studies Group, Area Studies Center)

Co-researcher: SATO Yukihito (Director-General, Inter-disciplinary Studies Center)

45. Social Associations in the Constitutional Revolution in Siam: A Case Study of the Siam Chamber of Commerce and its Roles

By analyzing the activities of the founding members of the Siamese Chamber of Commerce (SCC) since 1932 to 1941, this study depicts the relation between Thai bureaucrats and the SCC merchants after the Thai Constitutional Revolution. In this study, the activities of the SCC founding members who had tried to adapt to the new policies of Thai Economic Nationalism are described. This group of Sino-Thai merchants raised many ideas to foster infant industries run by Thai enterprises, and they also made important suggestions to the People's Party government concerning establishment of a sugar cane factory and paper mill company. Some of their schemes were adopted by the People's Party politicians, and they later became state enterprises as a part of the Thai Nationalist schemes. Through these facts, this study made clear that the founding members of SCC had an important role in the conduct of Thai Economic Nationalist policies and that they succeeded in constructing close ties with the Thai elite bureaucrats and politicians in the 1940s.

Organizer: FUNATSU Tsuruyo (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

46. Bank of Taiwan's Southward Strategy and Management Philosophy

This project elucidates the management and business development of the Bank of Taiwan during 1899 to 1925, focusing especially on the presidents of the bank and their times. The Bank of Taiwan was established in 1899 as a colonial development bank in Taiwan, a new colony of the Japanese Empire. In the first 10 years after the bank started, it concentrated on note issues and development finances. On the other hand, the bank originally had a plan to expand its business to the overseas market, especially South China and Southeast Asia. In the 1910s, the bank started rapid overseas business development, but it was troubled and faced difficulties within a few years. In the early 1920s, its balance sheet and finances were in critical condition, and finally it closed its door temporarily in 1927. From the analysis of the management and business

development of each president and their times, it is possible to understand how their background and management skill affect the direction of the bank.

Organizer: HISASUE Ryoichi (Hong Kong, Overseas Research Fellow)

47. Inequality and Governance in Water Environmental Issues in China

China has enjoyed rapid economic growth for several decades. However, simultaneously, China has not effectively controlled environmental pollution and has followed the road of “polluting on one hand, while treating it on the other hand,” which has resulted in frequent pollution-related accidents and conflicts. Long-sustained water pollution has damaged the idyllic rural life along many rivers and lake basins in the country and, in the worst cases, caused serious health hazards to rural communities. This study first has examined state policy to review how the state has responded to the pollution health impacts and how they have enhanced pollution control measures, and then examined the social responses in terms of the local voices and actions. In particular, this study has examined the role of one local environmental NGO (ENGO), which has been working on the water pollution and its related health hazards in one county in the Sha-Yin River area, the largest tributary of the Huai River, where many cancer-plagued villages exist. Through such examination, this study has sought to reveal how the state, media, and an ENGO have interacted to nurture a “public sphere” that can address the risks in and inequalities beyond the locality.

Organizer: OTSUKA Kenji (Deputy Director, Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

< Funded Research >

1. ASEAN Connectivity Monitoring and Evaluation (M&E) (World Bank)

The remarkable economic growth in ASEAN member states has been supported by continuous improvement of the transport network in the region. This endeavor is

still ongoing, and the key transport initiatives in the ASEAN Transport Action Plan (ATAP) were incorporated into the AEC Blueprint. We overviewed the status of Master Plan on ASEAN Connectivity (MPAC) prioritized projects and conducted an impact analysis on the implementation of the MPAC using the IDE Geographical Simulation Model (IDE-GSM) to make policy recommendations to facilitate their steady implementation as integral steps toward the establishment of the AEC.

We gained some insights from the simulation analysis. For instance, many projects on “Below Class III” and “Missing link” routes are only of benefit to the limited areas along the routes. We should be aware that some projects contribute to higher economic growth of a country and the region while others benefit narrower development gaps. ASEAN member states conduct domestic infrastructure projects, bilateral cooperation, and sub-regional initiatives. We should strategically combine projects for higher economic growth and projects for narrowing development gaps as shown in the Comprehensive Asia Development Plan.

Organizer: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow)

Co-researchers: UMEZAKI So (Director, Economic Integration Studies Group, Inter-disciplinary Studies Center), ISONO Ikumo (Economic Integration Studies Group, Inter-disciplinary Studies Center), KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center), HAYAKAWA Kazunobu (Bangkok Research Center), TSUBOTA Kenmei (London, Overseas Research Fellow), KAWANA Yojiro (Research Coordination Office, Research Planning Department), SASAKI Akiko (Planning and Coordination Division, Research Planning Department)

2. Synthesizing the Impact of Thailand’s Logistics Infrastructure Management and Supply Chain Redesign within the Context of the ASEAN Economic Community (AEC) through the Use of the IDE-GSM Model (Phase 2) (Thammasat University, Thailand)

Through collaboration between IDE-JETRO and Thammasat University, we calculated the economic impacts of the transport infrastructure development

plan in Thailand and AESAN member countries using the IDE Geographical Simulation Model (IDE-GSM). Following the estimation of the economic impacts of the two-trillion-baht transport infrastructure development plan (2TB Plan) in FY2013, we estimated the economic impacts of the trade and transport facilitation measures related to the ASEAN Economic Community (AEC) in FY2014.

We have four main scenarios as follow: 1) the “most likely” scenario in which the projects in each country are partially implemented, 2) the “best” scenario in which the planned projects are fully implemented, 3) the scenario in which only Thailand implements the development projects, and 4) the scenario in which all countries other than Thailand implement the development projects.

The simulation analysis revealed that the economic impacts of the “most likely” scenario are sizably smaller than the “best” scenario. Thus, the steady implementation of the planned project is strongly recommended for each government. For scenarios 3 and 4, the economic impacts differ for each country in a complex manner, and we cannot simplify the results as “the projects are basically complementary.”

Organizer: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow)

Co-researchers: ISONO Ikumo (Economic Integration Studies Group, Inter-disciplinary Studies Center), GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center), KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center), HAYAKAWA Kazunobu (Bangkok Research Center), TSUBOTA Kenmei (London, Overseas Research Fellow)

< Projects Funded by

Grants-in-Aid for Scientific Research >

1. Locations of States and Economic Development

The purpose of this research is twofold. First it aims to visualize locations of states with micro-geographical data. Specifically, it seeks to visualize states through

roads, which is one of the most basic and indispensable state facilities among major public infrastructure such as hospitals, schools, government buildings, etc. Second, it attempts to quantify locations of states using many spatial indices such as clustering and autocorrelation and to compute sectorial GRP (gross regional products) with remote sensing data in order to estimate relationships between locations and growth or narrowly defined economic developments.

Since big data analysis is indispensable in this research, the following five tasks constitute the main parts of this project: (i) hardware environment preparation, (ii) data compilation, (iii) literature review, (iv) hypothesis testing, and (v) research outputs. Tasks (i), (ii), and (iii) were, in principle, completed in fiscal year 2014. The necessary equipment has been put in place, so several terabytes of data can be efficiently processed by external super computers. Free and commercial global spatial data, of both domestic and foreign sources, have been collected and aggregated by subnational regional level, or the spatial unit of analysis of this particular research project. The literature is reviewed in an interdisciplinary manner, covering research studies in many fields such as political sciences, history, anthropology, and natural sciences in addition to economics. Tasks (i) to (iii) have been practically completed, and their results are ready to be utilized in tasks (iv) and (v) in fiscal year 2015.

Organizer: KEOLA Souknilanh (Economic Integration Studies Group, Inter-disciplinary Studies Center)

2. Analyzing Markets and Industrial Development in Developing Countries Using the Structural Estimation Method: The Case of the Motorcycle Industry in Southeast Asia

The purpose of this research is to capture the structure of the market and industry cohesively, by conducting a structural estimation on the behavior of consumers and producers and the interactions among the players. We take up the case of the motorcycle industries in Vietnam and Indonesia, which have experienced remarkable growth driven by competition between foreign and local producers. The research specifically aims at making a quantitative assessment of (1) features of the markets, (2) value added generated by producers'

strategies (e.g., quality improvement and branding) and allocation of the value added among producers participating in the production chains, and (3) change in consumer welfare resulting from market competition.

In 2014, we mainly conducted the following three activities. First, we reviewed the latest literature analyzing the behavior of consumers and producers using the structural estimation approach as well as the literature analyzing the distribution of profits between assemblers and component suppliers. Second, we designed a survey of motorcycle sales to collect data on consumer behavior in the motorcycle industry. Third, in order to test the viability of the survey design and to improve it, we conducted a pilot survey of motorcycle sales in Indonesia and Vietnam.

Organizer: FUJITA Mai (Deputy Director, Southeast Asian Studies Group II, Area Studies Center)

Co-researchers: SATO Yuri (Chief Senior Researcher, Area Studies Center), WATANABE Mariko (Professor, Faculty of Economics, Gakushuin University), MACHIKITA Tomohiro (Economic Integration Studies Group, Inter-disciplinary Studies Center)

3. Reaching the Unreached: Ultra Poverty Reduction 2

The purpose of this study is to examine the possible reasons behind the lack of outreach by microfinance to the ultra poor. The reasons include: lack of entrepreneurship, convex technology, inability to save, and aversion by the lenders. We use a randomized controlled trial (RCT) to empirically test the hypotheses.

We began the study with an NGO who offers microfinance services in northern Bangladesh. The interventions include traditional small-scale loans, loans with grace periods, and livestock leases. We have conducted follow-up surveys on the progress of the small-scale businesses that the lenders have started. We have also collected information on periodical repayment installations.

Organizer: ITO Seiro (Stellenbosch, Senior Overseas Research Fellow)

Co-researchers: SHONCHOY Abu (Microeconomic Analysis Studies Group, Development Studies Center), TAKAHASHI Kazushi (Microeconomic Analysis

Studies Group, Development Studies Center), KUROSAKI Takashi (Professor, Institute of Economic Research, Hitotsubashi University)

4. Potential of Index-Based Livestock Insurance towards Strengthening Resilience: Economic Analysis through Experiments and Structural Estimation

The majority of people in arid and semi-arid zones in southern Ethiopia are pastoralists. Since livestock is by far the most important asset that generates their income stream, its death causes not only a temporary income loss but also a long-term income loss. Nevertheless, pastoralists in those areas have experienced recurrent and severe drought almost every five to six years since the 1970s.

Against this background, we introduce an innovative livestock insurance scheme, called index-based livestock insurance (IBLI), in southern Ethiopia. Unlike the traditional insurance, IBLI does not insure actual individual loss but pays indemnity if the normalized differenced vegetation index (NDVI) — a numerical indicator of the degree of greenness based on remotely sensed data collected by satellites that is highly correlated with livestock loss — is below the predetermined threshold level.

This year, we explore the factors underlying the demand for IBLI, in collaboration with researchers at Cornell University and the International Livestock Research Institute. The study was published as IDE Discussion Paper 480 and presented in the development seminar at GRIPS and the annual conference of the Japan Economic Association.

Organizer: TAKAHASHI Kazushi (Microeconomic Analysis Studies Group, Development Studies Center)

5. Transformation of Agro-processing Industries in Myanmar: From the Viewpoint of Spatial Economics

Our focus is whether the variation of the efficiency on sesame oil production in one region affects the variations in the neighboring regions. Myanmar has produced sesame and sesame oil the most in the world recently. Additional supply of sesame, however, tends to be required in Myanmar. Better production efficiency

of sesame oil may mitigate this circumstances. In our research, the measure of the inefficiency is obtained as the price of sesame oil divided by the price of sesame, based on the first order condition of profit function with respect to the amount of sesame. The data on the weekly price of sesame and the weekly price of sesame oil in Myanmar can be obtain for six markets in the following cities: Monywa, Mandalay, Myingyan, Pakokku, Pyay and Pyinmana. We estimated a purely spatial autoregressive model, using some neighboring relationships. The spillover of efficiency toward neighboring regions cannot be found in this research.

Organizer: KUDO Toshihiro (Director-General, Research Planning Department)

Co-researcher: GOKAN Toshitaka (Economic Integration Studies Group, Inter-disciplinary Studies Center)

6. The Shariah Courts 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 analyzed the diversity of institutional configurations of the Shariah court systems including judge selection like a Shariah Bar Exam. Generally, judges in Shariah courts are appointed from among the Muslims who have studied Islamic law (Shariah) within the country or abroad. This study covered Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Organizer: IMAIZUMI Shinya (Director, Planning and Coordination Division, Research Planning Department)

7. Study on the Grassroots Situation of Peasant Movements in Thailand during the 1970s

In the mid-1970s, Thailand experienced active uprisings of peasants who were struggling to recover

land ownership, reduce land rent, and protect their other rights. Although there are some preceding studies that described the development and fate of this movement, the actual situation at the village level has rarely been documented and studied. This study will fill the gap in the knowledge about what happened at the village level and why the villagers stood up for movements in those years. I implemented an intensive interview survey in several villages in Lamphun Province. I recorded the life history of a former peasant leader. If published, it will be an important record of peasant movement and the rural situation in those years. I have examined the microfilm of local newspapers that were published in the northern region in those years and found reports on the peasant and student movements. In the central region, I interviewed a former peasant leader, a relative of former peasant leaders, and student activists who supported farmer movements. In this region, the farmers were not organized by village but through personal networks with the leaders.

Organizer: SHIGETOMI Shinichi (Director-General, Area Studies Center)

8. Changes and Continuity of Indonesian Business Groups

This research aims to explore the development mechanism of Indonesian business groups as major economic players that survived institutional transformation from authoritarianism to democracy.

In the third and final year of the project, I proceeded to organize my findings in written form while continuing to collect additional data and interviews. I attempted to draw a consistent logic from a five-decade history of the birth, rise, fall, and rebirth of Indonesian business groups. The major findings consist of the following two points.

First, I found continuity in owner-managers and discontinuity in businesses. In the top 100 groups in the 2010s, more than 80 percent had survived the regime change and the crisis. New faces who appeared in the 2000s were the minority. Nevertheless, even the old faces greatly restructured their business lines, shifting from heavy manufacturing to plantations, mining and newly emerging service sectors.

Second, I hypothesize that Indonesian business

groups developed and survived with owner-managers as their core, using networks for procuring external resources as needed time to time. I call this the “core & network hypothesis”. In the literature, business groups have been regarded as “parasites” that seek rent as the source of profit to reinforce their monopolistic market power (rent-seeking hypothesis) or as “paragons” that use their internal market as the source of profit for generating efficiency to make up for imperfect external markets and institutions (market substitution hypothesis). In the core & network hypothesis, business groups can derive their profit from simultaneous multiple utilization of a “core” resource, that is, the entrepreneurial capabilities of owner-managers, and from “networks” that save costs for mobilizing external resources. This hypothesis can present a business model of corporations in emerging countries that flexibly adapt to an ever-changing environment.

Organizer: SATO Yuri (Chief Senior Researcher, Area Studies Center)

9. Development Aid as Modernization Transformer

Since 2014 marked the final year of our three-year research project, we have tried to disseminate our research results in English. We also edited “Book Guide to Development Sociology” (in Japanese). Through these activities, we tried to expand the recognition of development sociology in Japan.

For dissemination in English, Dr. Tatsumi and Dr. Sano gave presentations at XVIII ISA World Congress of Sociology held in Yokohama. Dr. Y. Sato and Sato Kan participated in the Development Studies Association (DSA) annual meeting held at the Institute for Education, University of London, and made presentations.

For establishing development sociology, we conducted two activities. One was a research meeting series named “Development Sociology” as an activity of JASID (Japan Society for International Development). In this activity, we invited sociologists who have been studying development issues in developing countries, although they never identify themselves as “development sociologists”. We discussed with those sociologists their research implications and how they can contribute to

development sociology in Japan.

Another significant result of our research project is the publication of “Guidebook to Development Sociology: 60 basic books” which is forthcoming in the summer of 2015. All of the research team members (Sato Kan, Tatsumi, Hamamoto, Sano and Y. Sato) assisted in selecting 60 books for neophytes in development sociology and divided the work of writing 60 chapters for the guidebook. This guidebook will be the first of its kind and will contribute to the establishment of development sociology in Japan.

Organizer: SATO Kan Hiroshi (Chief Senior Researcher, Research Planning Department)

Co-researchers: TATSUMI Kazuko (Professor, Faculty of Economics, Fukuoka University), HAMAMOTO Atsushi (Associate Professor, School of Humanities and Social Sciences, Nagoya City University), SANO Mayuko (Associate Professor, Faculty of Integrated Human Studies and Social Sciences, Fukuoka Prefectural University), SATO Yutaka (Assistant Professor, Faculty of International Liberal Arts, Akita International University)

10. The Middle-Income Trap from the Viewpoint of International Trade: The Case of Malaysia

The middle-income trap has been a buzzword in international development society for the last few years. By combining macro-economic and trade data analysis with industry and firm-level observations, this research project tries to critically analyze the issues such that the middle-income trap is a real threat for East Asian countries at present and in the near future, and what the mechanism behind the trap is, if it really exists. In FY2014, I conduct an empirical analysis on the relationship between income level and net export ratios for different types of goods for trapped and non-trapped samples separately. Here, I use the real growth rate of GDP per capita in local currencies as the indicator of economic growth. When the growth rate is zero or negative for at least a decade, then I classify that period as a ‘trapped’ period. The findings indicate that industrial upgrading appears to occur exactly as depicted by the flying-geese model for non-trapped countries. Trapped countries tend to depend on the export of primary commodities, and industrialization

appears to be driven by forward linkages to processed goods. This suggests that the middle-income trap could be a form of a resource curse at the middle-income stage.

Organizer: KUMAGAI Satoru (Kuala Lumpur, Senior Overseas Research Fellow)

11. The Effects of Public Interest Litigation on the Indian Socio-Economy

The aim of this research project is to consider the effects of public interest litigation (PIL) on the Indian socio-economy. PIL, which appeared in the late 1970s, seems to have now become securely rooted in Indian society. While PIL has been widely studied in terms of what has enabled and prompted such judicial activism in the field of legal studies, it is often referred to, nowadays, as a distinct example of judicialization of politics in the sphere of political science. In this context, this project attempts to study PIL by considering its effects on the economic development of India. Specifically, the project focuses on some important environmental cases that have had major impacts on the economy. In so doing, this project will also contribute to an interdisciplinary attempt in understanding both the uniqueness and universality that characterize PIL.

Organizer: SATO Hajime (Deputy Director, South Asian Studies Group, Area Studies Center)

12. Empirical Study of Capacity Building of Firms in ASEAN for Innovation

The objectives of the research are to model the association between external knowledge sources and capacity building for innovation, and between innovation capability and the probability of innovation, and to examine empirically the models by applying statistical methods. The research team will utilize a unique firm-level dataset constructed from questionnaire surveys of manufacturing firms in ASEAN and other datasets for the empirical study. The team will conduct field surveys in Thailand or other ASEAN countries to follow up quantitative studies and gain a deeper understanding of the current situation within firms. In FY2014, the research team attempted to measure the innovation capacity and performance of

manufacturing firms in ASEAN by applying econometric methods and structural equation modeling (SEM). The research team conducted interviews with Japanese firms in ASEAN regarding R&D activities in ASEAN and East Asia. Additionally, the research team, in cooperation with Thai researchers, conducted interviews with Thai trucking firms to collect information on innovation in the service sector related to manufacturing industries.

Organizer: UEKI Yasushi (Economist, ERIA)

Co-researcher: TSUJI Masatsugu (Professor, Graduate School of Applied Informatics, University of Hyogo)

13. The Impact of Out-migration on Economic Disparities in Rural India

This research project aims to examine the impact of increasing out-migration on economic disparity in rural India in the short and medium terms by collecting primary data. Specifically, this research focuses on Bihar, one of the most underdeveloped states in India. By revisiting the same households in rural Bihar where project members conducted surveys before, economic changes in households and villages are examined by paying attention to migration. Moreover, the impact of migration on the changes in agricultural and non-agricultural wages and female participation in the rural labor market, among other economic and social changes, are analyzed. Ultimately, an attempt will be made to illustrate the mechanisms of widening or redressing economic disparities. During FY2014-15, the second year of this four-year project, household surveys were conducted. Of the original 1,000 households in 20 villages and five districts surveyed in 2011-12, 986 households were traced and 14 could not be followed up. However, because of the fragmentation of households, the total number of surveyed households was 1,050. Qualitative data collection and analysis will follow in the coming years.

Organizer: TSUJITA Yuko (South Asian Studies Group, Area Studies Center)

14. Structural Change of Chinese Labor Market after the Arrival of the Lewisian Turning Point: Occupation Selection and Generation Gap among Migrant Labors

The purposes of the research project are twofold. First, we investigate the features of the occupational choice of the migrant laborers by employing data-matching techniques to combine a large-scale migrant labor survey with our factory-based employee survey. Second, we evaluate the effects of personnel management provided by manufacturing enterprises on the commitment of the workers, making a comparison between the first and second generations of migrant laborers.

Based on existing studies on human resources and organizational management, we propose three hypotheses to examine in this project. First, socialization tactics provided by employers such as orientation, training and advice from superiors and colleagues encourage employees to become embedded within the organization, and thereby enhance employees' perceived organizational support (POS) as well as organizational commitment. Second, organizational commitment and job satisfaction mediate the negative relationship between on-the-job embedment (or POS) and turnover intention, whereas they mediate the positive relationship between on-the-job embedment and willingness to acquire new skills. Third, disparity in the work-related attitude between the first and second generations of migrant employee is significantly influenced by the types of personnel management adopted by employers.

In order to test these hypotheses, we contracted a research agreement with Nanjing Agricultural University (NAU) in 2014 to carry out a manufacturing factory employee survey in Suzhou City, Jiangsu Province. We randomly selected around 60 to 70 employees from three foreign-affiliated enterprises and three private ones, thus the total sample size amounted to approximately 400 employees. Prior to the questionnaire survey, we had performed a preliminary survey of manufacturing factories located in a special economic zone in Suzhou to collect information on human resource management adopted by the factories. The preliminary survey enabled us to select more appropriate sample factories to conduct the employee

survey.

In cooperation with NAU, we carried out data-clearing procedures and estimated descriptive statistics of the surveyed data to summarize the features of the dataset. Then, preliminary estimations of structural equation models were performed to examine the hypotheses, and the estimated results appeared to support our speculations.

Organizer: HOKEN Hisatoshi (Hangzhou, Senior Overseas Research Fellow)

Co-researchers: YAMAGUCHI Mami (East Asian Studies Group, Area Studies Center), SATO Hiroshi (Professor, Graduate School of Economics, Hitotsubashi University)

15. GMS Economic Corridors: Focusing on Human Connectivity

Three economic corridors consisting of the East-West Economic Corridor, the North-South Economic Corridor and the Southern Economic Corridor have been developed. As for the utilization of the three economic corridors, cross-border intra-corporation supply chains of multinational corporations (MNCs) using specific languages including English or cross-border movements of vehicles have been the focus of research topics. On the other hand, economic corridors are not only utilized by MNCs but also by local people along the economic corridors for trade using different local languages. This study focuses on such "human connectivity" of local people using different languages.

More concretely, merchants along an economic corridor conduct trade with merchants of other countries along the economic corridor, and travel agents in different countries along an economic corridor develop tours from one country to another one. First, I analyze such case studies, then I look at the current situations of the schools (from elementary to high schools) and universities where students from neighboring countries study as a place for nurturing players in the future who will activate the human connectivity along the economic corridors.

In the first fiscal year, I conducted a survey of the literature related to cross-border trade of agricultural products, value-chains and distribution systems. In the

second fiscal year, I will conduct field surveys in collaboration with research institutes and universities in the Mekong Region.

Organizer: ISHIDA Masami (Director-General, Development Studies Center)

16. International Solidarity against Apartheid: The Case of Japanese Citizens' Movements

This research project aims to trace the historical development of the anti-apartheid movement in Japan, which started in 1960s and continued until early 1990s when the apartheid regime fell and was replaced by a democratic government in South Africa. It also explores ways to conserve primary source materials of the movement (such as newsletters, pamphlets, and so on) so that they can be used for reference by future scholars and citizens.

For above purposes, we conducted (1) literature review, (2) archival research at the University of Western Cape and the University of Fort Hare (both in South Africa), and (3) interviews with former members of anti-apartheid and other citizens' movements. Collection of primary source materials for the purpose of conservation has also been started, and some of them were digitized and published on the project website (http://www.arsvi.com/i/aajp_top.htm).

During FY2014, the organizer gave two presentations on the interim findings of the project, at the 51st Annual Meeting of the Japan African Studies Association, and at Doshisha University GRM International Conference on "Africa and Asia: Entanglements in Past and Present".

Organizer: MAKINO Kumiko (African Studies Group, Area Studies Center)

17. Multi-archival Research for Reexamination of the Taiwan Strait Crises during the Cold War

This research focuses on the two Taiwan Strait crises during the Cold War by conducting multi-archival research. This year, I reexamined the characteristics of Chiang Kai-shek's strategic thinking and his strategic vision toward East Asia by using Taiwan's archival documents. In doing so, I tried to assess whether or not Chiang Kai-shek was a "reckless" or "irrational" leader

as often described in the previous research. Furthermore, I tried to examine the oscillation of US policy concerning the ROC's offensive toward mainland China and the defense of the offshore islands before and after the initiation of the First Taiwan Strait Crisis in 1954-1955. Doing so highlighted the contradictory US attitude that contributed to the crisis and weakened its ability to control Chiang.

Organizer: MATSUMOTO Haruka (East Asian Studies Group, Area Studies Center)

18. De-dollarization in Myanmar

This research aims to shed light on the state of dollarization, i.e., domestic residents' holdings of foreign-currency-denominated assets as a means to store value and for payments, in Myanmar, and to clarify issues for the country to de-dollarize its economy. Since the opening of the economy in 2012, a concern has been growing that dollarization hampers macroeconomic management. Based on a questionnaire survey of firms, this research investigates firms' motives for holding foreign-currency-denominated assets. By doing so, this research identifies the root causes of dollarization and draws policy prescriptions for de-dollarization in Myanmar.

In the first year of the research in 2014, the state of dollarization was examined using available macroeconomic statistics and information on foreign exchange and trade regulations. Foreign currency deposits as percentage of broad money, which is a conventional index of dollarization, is estimated at 41.8 percent in 2007, indicating a significant degree of dollarization. Nonetheless, demand for foreign currency deposits is considered to be largely shaped by administrative controls including the controls on the foreign exchange budget in the state sector and restrictive regulations on foreign exchange and trade. Reforms of these controls and regulations would lead to a decline in dollarization in Myanmar.

Organizer: KUBO Koji (Bangkok Research Center)

19. Rise of Latecomer Firms as Platform Vendors: Case of Taiwanese SoC Vendors

"Industry platforms" are products, services or

technologies that serve as foundations upon which other firms can build complementary products, services or technologies (Gawer 2009). This research project examines the case of Taiwanese SoC (system-on-chip) vendors that dominate the SoC market for TVs, optical drivers and mobile products and investigates how these latecomer firms came to lead the industry as platform vendors. In FY 2014, I conducted the following studies as a part of this research. First, I investigated the interactions between Taiwanese SoC vendors and first-tier TV brand companies and analyzed how Taiwanese firms acquired the system-level knowledge required for platform vendors. Second, I conducted intensive interviews in Taiwan and Silicon Valley and collected information on the evolution of linkages between SoC vendors in these two areas. I also analyzed how these linkages helped Taiwanese SoC vendors to create their unique business model that underscore their success in the markets.

Organizer: KAWAKAMI Momoko (Director, East Asian Studies Group, Area Studies Center)

20. Empirical Assessment of Welfare Improvement in Japan by Trade Liberalization

This research project attempts to compute the welfare gains from trade liberalization of Japan. Japan has promoted its trade liberalization through GATT/WTO and recently also through bilateral trade agreements. Now that the Trans-Pacific Partnership (TPP), the largest trade liberalization agreement, is negotiated, it is important to evaluate how much of welfare gains Japan has benefited from past trade liberalization. Welfare gain through international trade is a cornerstone of international economics literature. Although theoretical work on the issue has been done since the 19th century, empirical assessment was not done until recently because of lack of data. However, data availability improved around 15 years ago, and the development of methodologies proposed by Broda and Weinstein (2006), Feenstra and Weinstein (2010), and Arkolakis, Costinot, and Rodríguez-Clare (2012) has enabled researchers to do empirical assessments of welfare gains from trade. Building on these methodologies and the data we compile, this research project will estimate the welfare gains of Japan from its trade liberalization of

agricultural products and then the total trade.

Organizer: ITO Tadashi (Director, Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center)

Co-researcher: MATSUURA Toshiyuki (Associate Professor, Keio Economic Observatory, Keio University)

21. Environmental and Disaster Risk Reduction Governance Based on Practical and Relational Knowledge by the Community: Comparative Case Studies in Japan and China

We held research meetings in Tokyo among members as well as invited scholars and researchers from inside and outside Japan. The research meetings with invited guests focused on the disaster caused by and recovery from the Great East Japan Earthquake and the Fukushima Daiichi Nuclear Power Plant Accident in Japan, the social impact of and response to the Great Sichuan Earthquake disaster and soil contamination issues caused by lead-zinc mining in Hunan Province in China. Besides the cases of Japan and China, we also invited one scholar who conducted an anthropological survey on people's responses to the risk of earthquake disaster in Turkey. We have conducted field research several times in Japan and China, such as in Kochi, Minamata, and Toyama in Japan and Henan and Shanxi provinces in China. In addition to the field research, we also attended several public meetings held in Tokyo and at the sites of the Great East Japan Earthquake and Nuclear Power Plant disaster to understand the current situation and tasks to be accomplished as well as research exchange with participants. Some of our members talked about their insights based on their research results not only to academic professionals but also to members of the public who are involved in environmental volunteer activities.

Organizer: OTSUKA Kenji (Deputy Director, Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

Co-researchers: ISONO Yayoi (Professor, Faculty of Contemporary Law, Tokyo Keizai University), FUJITA Kaori (Professor, Faculty of Applied Sociology, Kinki University), YAMASHITA Yusuke (Associate Professor, Graduate School of Humanities, Tokyo Metropolitan

University), MATSUNAGA Kohei (Project Senior Assistant Professor, Graduate School of Media and Governance, Keio University), YAMADA Nanae (Environment and Natural Resource Studies Group, Inter-disciplinary Studies Center)

22. Exporters' Benefits from Preference Use

In this project, by employing two approaches, I empirically investigate the effects of free trade agreement (FTA) utilization on export prices. The first approach is to employ firm-level import data in Thailand and then to examine the effects of import firms' FTA utilization on their import prices. In the second approach, I employ worldwide trade data at a tariff line-level and then explore how export prices change after FTA rates are available. In the former approach, although the analysis is restricted only to the case of Thailand, the investigation can be rigorously conducted. On the other hand, in the latter approach, although we cannot identify whether or not trade in FTA eligible products is actually conducted under FTA schemes, the analysis is conducted on a worldwide sample. In FY2014, I constructed the databases for analysis, conducted some preliminary analyses, and completed the first drafts. The results are as follow. In the first approach, I find that, on average, the use of FTA schemes raises (tariff-exclusive) import prices by 3% in total. In the second approach, it is revealed that the average pass-through rate for tariff reduction by FTAs is higher than that for reduction by the most-favoured-nation rates.

Organizer: HAYAKAWA Kazunobu (Bangkok Research Center)

23. The Central-Local Relationship and the Strategy of Street-level Government in Coastal Areas of China

Examination of the central-local relationship is a basic approach to understanding modern China. Previous works mainly focus on the relationship between the central level and the provincial level. It is still unclear whether the relations of the governments below the provincial level are institutionalized or not. This research tries to analyze relationships at the central

level, provincial level and local level through case studies of land expropriation and demolition.

Organizer: REN Zhe (Berkeley, Overseas Research Fellow)

24. Black Entry into the Commercial Farming Sector in South Africa: Case Studies of the Wine and Sugar Industries

This study explores the extent and forms of black entry into the commercial farming sector in South Africa through case studies of the wine and sugar industries. In the final year of this three-year project, I examined different trajectories of three sugarcane farms in the KwaZulu-Natal Province that were transferred to black people by land reform programmes in the mid-2000s. In two cases, the new black owners failed to continue sugarcane production. While in the first case the farm was returned to productive use and the black owner began growing fresh vegetables with the additional financial assistance provided by an NGO and the government, in the second case the farm was completely abandoned by the black owner who also left the area. The third farm can be considered the only successful case as the sugarcane production was maintained, thanks to the realisation of scale of economy through the amalgamation of 13 farms into a single management unit through land reform. In addition, this third farm was able to obtain a transport subsidy and a loan for the operational cost from the sugar mill to which it supplied its sugarcane. The importance of interdependence between sugarcane farmers and sugar mills is often pointed out. The sugar mill which provided assistance to the third farm had been sold to a prominent black businessman in the province. This suggests that the advancement of black people in the entire value chain of sugar production, and not just on the sugarcane farms, is the key in transformation of the commercial farming sector in South Africa.

Organizer: SATO Chizuko (Cape Town, Overseas Research Fellow)

25. The Impact of Foreign Firms on the Productivity of Domestic Firms: The Case of Cambodia

This research project uses Cambodia's first economic census, in 2011, to investigate the impact of foreign direct investment by foreign investors on the productivity of domestic firms. First, we estimate the productivity of firms in Cambodia and examine whether foreign firms are more productive than domestic firms. Second, we conduct a firm survey on transaction relationships in input supplies between foreign and domestic firms, and examine whether such relationships affect the productivity of domestic firms. Finally, we investigate whether the transaction relationships with foreign firms increase the productivity of domestic firms. Thus, we formally assess the impact of foreign firms on domestic firms in Cambodia and provide policy implications for investment promotion.

Organizer: TANAKA Kiyoyasu (Technological Innovation and Economic Growth Studies Group, Inter-disciplinary Studies Center)

26. Firms, Workers, and Global Supply Chains

In October 2011, the Thailand Flood Crisis occurred; large-size suppliers including more than 400 Japanese firms were affected. Thailand has a 60% share of the world's hard-disc drive production and is also a center for auto production, exports, and consumption. Moreover, many local technical workers with skills that Japanese firms and workers lacked moved from Thailand to plants in Japan to maintain operations. It has become important to gain a deeper understanding of how economic globalization and industrial upgrading affects firms, workers, and organizations through production chains. The aims of this research project are the following: first, we will advance our knowledge and understanding of the empirical facts on (1) the relationship between intra-industry trade across borders and labor, and in particular, the rapid introduction of temporary workers in the Japanese labor market and (2) the relationship between industrial upgrading in emerging economies and changes in division of labor across countries. Second, we will improve our understanding of the effects of trade on changes in employment to develop a model of industrial

organization that incorporates firm size, product types, product upgrading, information exchanges and outsourcing. Finally, this model could explain the above empirical patterns on trade and labor through global supply chains. The proposed research thus contributes to the existing literature and policy discussions to identify and estimate the globalization channel of changes in the labor market.

Organizer: MACHIKITA Tomohiro (Economic Integration Studies Group, Inter-disciplinary Studies Center)

27. An Empirical Analysis of the Impact of Dowry on Women's Intra-household Bargaining and Human Capital Investment in Children

The objective of the research is to empirically explore the impact of dowry on women's welfare in the marital household and to explore the related policy implications. The practice of dowry is prevalent in South Asian countries, and it is often broadcast sensationally in the media as if it were the root cause of violence against, and dowry murders of, brides. Some argue that the practice of dowry leads to unequal treatment of girls in the household, including malnutrition, infanticide, sex-selective abortion, and a lower level of education for girls. Regarded as an evil practice, dowry is prohibited or restricted in South Asian countries, but is still illegally practiced. Empirical studies on the impact of dowry are not sufficient, partly due to the lack of data, while on the other hand, sociological and anthropological studies are abundant. This research seeks to empirically reveal the impact of dowry and to provide a foundation for discussion of effective policies to enhance women's welfare.

In 2014-2015, we conducted an empirical analysis based on a rural household survey covering the entire area of Punjab in Pakistan that was completed in the previous year, and we wrote a paper on it. According to the empirical results that take the endogeneity of dowry into consideration, a higher amount of dowry increases women's decision-making power and freedom of movement in the marital household and decreases son preference in children's education and time spent on household chores. In the context of South Asia where

women do not have inheritance and property rights in reality, dowry seems to be a complementary institution to protect women's rights. The empirical results imply that a universal ban on dowry might conversely reduce women's welfare and that policy should be formulated with its unexpected consequences in mind.

Organizer: MAKINO Momoe (South Asian Studies Group, Area Studies Center)

28. Comparative Studies on the Role of Parliament in Governance Improvement in Authoritarian Regimes: The Case of the Gulf Monarchies

The tasks for this year, the third year of this research project, are to analyze the government's engagement with improvement of governance in response to requests from the opposition to improve the accountability and transparency of the government's development policy preventing it from corruption, to do additional field surveys to clarify issues that emerged through the analysis of data obtained from past field surveys, and to prepare the results for publication.

While conducting an ongoing survey, I have analyzed the process of establishing a new anti-corruption authority apart from the Audit Bureau in Kuwait using collected public information and interviews with related people. The process can be acclaimed as the engagement of government with improvement of the governance; however it is necessary to follow its development and to analyze effectiveness because the actual authority is still uncertain. For Bahrain, I did participatory observation of the parliamentary election in November and exchanged views with ex-MPs and NGO members on the engagement of government with improvement of governance. They passed stern judgments on it.

To prepare for publication, I gave presentations on related topics at international symposiums and conferences and received beneficial feedback for summarizing the research outcome in terms of the state-business relations, competition between social groups for political resource allocation, and the effect on development of businesses in the Gulf States.

Organizer: ISHIGURO Hirotake (Middle Eastern Studies Group, Area Studies Center)

29. An Empirical Analysis of Impacts of Women's Old Age Concerns on Investment in Kinship Networks in Rural Tanzania

Based on original household data, this study empirically explores whether and how married women's old age concerns (expected cost of old age security) affect their social relationships with relatives (investment in kinship networks) in rural Tanzania. This research will provide policymakers with a prediction about how establishing social protection programs in the developing world will mitigate or enhance the impacts by changing social links and resource allocation within an extended family network.

Organizer: KUDO Yuya (Microeconomic Analysis Studies Group, Development Studies Center)

30. Impact Evaluation of Decentralization in Indonesia through Natural Experiment

Indonesia implemented radical decentralization in 2001. The purpose of this project is to evaluate the impact of its decentralization on the welfare of residents as well as residents' responses to the performance of their local governments through voting. More specifically, in this research project, I will analyze: 1) changes in the supply of public goods/services, such as the condition of roads and the number of schools/healthcare centers, in districts using village level panel data, 2) changes in the welfare level of residents measured by expenditure, income, and health status, etc., and 3) voting behaviors of residents observed in elections of local assemblies and direct district heads' elections (retrospective voting) as well as yardstick competition among local governments.

In 2014, the second year of the study, I collected data from sources such as the National Socio-economic Survey (SUSENAS), village census data (PODES), voting results of the 2014 general election in Indonesia, and local governments' financial data. Subsequently, I have been constructing a village-level panel data using PODES.

Organizer: HIGASHIKATA Takayuki (Southeast Asian Studies Group I, Area Studies Center)

31. Latin America's Post-Transitional Justice in Comparative Perspective

This study aims to elucidate the dynamics of post-transitional justice in Latin America in comparative perspective.

This is the first year of my three-year project. I first overviewed previous studies to test their theoretical frameworks. The problem is that the number of studies with a comparative perspective is still limited, and the plausibility of their theories is also questioned. This study tries to fill this gap.

In August, I conducted interviews with human rights activists in Mexico and Peru. The main findings of this field research were about their memories and transitional justice, and the factors that impeded or promoted justice in the post-transitional period. In Peru, where various projects of memory have been undertaken, we can observe the active participation not only of the NGOs and other social actors but also some local governments. In any case, however, the military and the conservatives have shown their strong discontent with such projects, which diluted the presentation of human rights abuses of the past. In the Mexican case, I found the importance of promotion of justice by the international judicial system inside the country. More detailed research is needed to clarify the mechanism by which the international system actually promotes domestic justice.

Organizer: BABA Kaori (Latin American Studies Group, Area Studies Center)

32. State Failure and Transboundary Relations: Integrative Use of MAS and GIS

In this project, I analyzed civil conflicts in northeast African countries (e.g., Sudan, Somalia) with a distinctive focus on the accompanying dynamics of state territorial disintegration. A unique combination of methodologies — multi-agent simulation (MAS) and geographic information system (GIS) — enabled empirically relevant as well as policy-oriented research on these phenomena. In FY2014, the last year of this 3-year project, I focused on communicating and publishing relevant works. Specific products include a book chapter on civil conflicts in Sudan ('Multi-Agent Simulation for Sustainable Peace in the Sudan') and a

co-authored working paper about the state collapse and reconstruction in Somalia (Multi-Agent Simulation of State Collapse and Reconstruction: Analyzing the Past and the Future of Somalia). Seeking policy relevance, both works contains extensive policy experiments that examine the possible effects of different institutional designs for peacemaking.

Organizer: SAKAMOTO Takuto (JSPS Research Fellow)

33. Federalism and the Limits of Presidential Authority: Legislative Behavior of Argentine and Brazilian Senators in Comparative Perspective

Focusing on the federal upper chamber, which represents the interests of subnational units, this research project aims at unpacking the influence of subnational politics on the national executive-legislative relations. The existing studies on legislative politics fail to show this influence since most of them deal with the lower chamber, which represents the interests of the electorate. Analyzing the quantitative data on roll-call votes as well as the qualitative information of the Argentine Senate and the Brazilian Senate in comparative perspective, I will develop a general theory that explains how senators react to bills initiated by the executive branch.

In fiscal year 2014-2015, the first year of this project, I extensively reviewed the existing work on legislative behavior and federalism as well as started collecting data on roll-call votes. These tasks required me to conduct field research in Argentina and Brazil. As a result, I found that the Argentine Senate (not only after democratization in 1983 but also in the democratic periods before 1983) was characterized by the strong influence of reelected governors over the legislative process as well as the high independence of senators with experience in the presidency or governorships. In addition, various discussions during the field research led me to consider that the difference in the structure of subnational politics between Argentina and Brazil could be an important explanatory variable. The task for the next fiscal year thus would be writing a paper paying attention to the relationship among intergovernmental transfers, candidate selection process, and the legislative process in the upper chamber.

Organizer: KIKUCHI Hirokazu (Latin American Studies Group, Area Studies Center)

34. Sustainability of Mobile Pastoralism and International Cooperation in Northeast Africa: Wide Regional Analysis with the Application of Information Technology

In this three-year project, I purport to employ various advanced methodologies to analyze the sustainability of mobile pastoralism in dry areas in northeast Africa. Specifically, I will perform satellite image analyses to derive spatio-temporal information on pastoralist movements as well as the surrounding environment. With these fine-grained data, I will also conduct extensive simulations of pastoral mobility and land use in the region. In FY2014, the first year of this project, a substantial amount of time was devoted to collecting and reviewing the relevant literature. I also conducted preliminary analysis of the dryland environment in northeast Africa by using Landsat imagery and reported about it in a poster session at the 51st Academic Conference of the Japan Association for African Studies. From November 2014, I have been staying at ETH Zürich, one of the leading institutions in the field of computational methodologies, for learning the state of the art in this field and its applications.

Organizer: SAKAMOTO Takuto (JSPS Research Fellow)

35. Evolution of Indian Politics: Democracy in Diversity

Although India has been maintaining the democratic

system basically since its independence in 1947, the contents of its democratic politics have been changing greatly. The Indian National Congress, which has occupied the center of Indian politics as the dominant party since independence, for example, has experienced reduced popularity since the 1990s as a result of the long-term socio-economic changes in society. There are few studies which have focused substantially on the process of long-term changes in the democratic politics of India, and at the same time, have presented a perspective for evaluating India's democracy. Given this situation, the book entitled *Evolution of Indian Politics – Democracy in Diversity* was published in order to analyze the process of long-term change of democratic politics in India systematically using a subsidy from the Japanese government.

This book has, firstly, analyzed the evolution of India's political economy from independence to the present. Secondly, it has analyzed the people's political participation and party preference on the basis of election data as well as the trust people have in society and government, based on opinion survey data. Thirdly, it has also looked into the problem of national integration, especially problem of communalism and federalism. An important message in this book derived from these analyses is that the unfavorable conditions of poverty and ethnic diversity have not necessarily damaged the robustness of Indian democracy. This will contribute to an understanding of the possibility of democratic development in developing countries.

Organizer: KONDO Norio (Director, South Asian Studies Group, Area Studies Center)