

**The National Institute for Research Advancement  
Annual Report 2006**

**( Part 2 )  
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**(Part 1)**

**FOREWORD**

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## **NEW RESEARCH PROJECTS IN FINANCIAL 2005**

### **NIRA-Conducted Research**

#### **<Maintenance/Enhancement of the "Comprehensive Capacity" of Japan and the Japanese People>**

##### **Comprehensive Strategy for Improving "Total Human Capacity"**

Research Period: July 2005 - June 2006

In order for Japan to continue enhancing the total capacity of the nation and the citizenry in light of the trend of increasing globalization and decreasing population, it must endeavor to compensate for the population decrease, namely a decline in quantity, by improving the quality of its citizens. This means that every Japanese citizen must strive to improve his/her intellect and moral character.

Consequently, this research project examines the optimal social system necessary to improve an individual's total capacity focusing on an approach from the perspective of a "subjective individual citizen who endeavors to implement self-actualization."

To be more precise, this research will examine issues such as the optimal system for providing education, lifelong learning and job training to families, companies and society as a whole, and the course for efforts aimed at implementing an environment in which citizens can take active part. Citizens then will be able to acquire high ethical standards and make full use of their potential in a wide range of fields such as industry, public policy and culture. In addition, discussions will be developed concerning measures to foster and to utilize outstanding personnel who are globally minded. These citizens are expected to actively present their opinions concerning ideal international

##### **Research on the Strengthening of Individual Ownership in the Social Security System**

Research Period: September 2005 - September 2006

Amid the rapid aging of the population resulting from the decline in the birthrate, it is urgent to establish a sustainable social security system. For the social security system to be "sustainable," it must not fall into financial ruin and must be able to meet people's present and future needs. It is also desirable for people to fully understand and support their burdens (insurance expense and tax), which sustain the system.

As a factor that leads to "individual understanding," this research project focuses upon the perspective that the social security system is closely linked to peace of mind and stability in peoples' lives, or the perspective of "individual ownership" (sense of ownership, self-determination and personal responsibility) towards the social security system. Then, the project will explore the backgrounds and effects of prior examples and the possibilities regarding how those examples can be introduced into the Japanese social security system. It will also examine measures to strengthen individual ownership and propose a basic design for the social security system that is suitable for the twenty-first century.

##### **The Second Decade of the New Millennium: The World's Anxieties and Japan's Agenda**

Research Period : October 2005 - October 2006

To enhance the "comprehensive capacity" of Japan and the Japanese people with the progress of globalization and depopulation, it is desirable to elucidate in advance what kind of issues will arise in the rapidly changing world and consider the content of the "comprehensive capacity" that the Japanese society should maintain and enhance. Moreover, in considering these topics, a change in perspective is also essential. That is to say, it is necessary to first extract issues not from the traditional perspective focusing on Japan but from the perspective of the "world" and then consider Japan's role.

As the results of NIRA's comprehensive research projects to explore the course for solving a group of problems facing the modern society, NIRA published "Japan Toward the 21st Century" in 1978 and "Agenda for Japan in the 1990s" in 1987 after examining the issues surrounding Japan's internationalization. In 2001, NIRA compiled "Perspectives and Tasks for the Twenty-first Century" and has compiled "Japan's issues and roles" approximately every 10 years. About half of the first decade of the 21st century has already passed, and there is an increasing need to extract the issues for the second decade.

This research project will use "anxieties" as a key word and extract global issues that will cause global "anxieties" in the 2010s with the change in the population balance, aggravated global environmental problems, and the expansion of cultural self-assertiveness. Then, as factors of the "comprehensive capacity" that will be required to solve those issues, this project will present the role that Japan should play.

### < Regional Revitalization/Recreation and Civil Society >

#### **The Form of a Desirable Decentralized Self-governed Nation -- Basic Principles of National Land and Ideal Regional Development Strategies Looking Towards 2030 --**

Research Period: September 2005 - September 2006

Problems facing Japan such as population decrease, aging, and the hollowing of industry, have become increasingly serious in many regions, although the degree of seriousness varies geographically. Therefore, so that each region will become activated by utilizing its culture and natural environment, it is critical to reexamine the traditional centralized, uniform policy system and to "establish a decentralized self-governed nation" as a foundation for supporting regional development by the region's residents.

Therefore, this research project will utilize the accumulated results of NIRA's previous research projects and consider the "form of a desirable decentralized self-governed nation" based on recent regional policy trends. Specifically, through an examination and evaluation of Japan's post-war land policies and an examination of foreign regional policies (the European Union, particularly England), this project will propose basic policies and the ideal form of national land with an eye towards 2030 and the desirable regional development strategies (including systems) to achieve it.

The results of this research project are intended to be topics for discussion that bring into view the formation of national and regional development plans.

#### **The Future of Cities Created by Cultural Urban Policies - Visions for Improving Creativity in Cities and Regions**

Research Period: October 2005 - September 2006

Globalization and decentralization has progressed in Japan, and the people are emerging from the prolonged sense of frustration that occurred after the burst of the bubble economy, but financial difficulties still continue. Against this backdrop, a change in thinking and new policies that are different from those of traditional development are required as a step towards sustainable regional revitalization. To create attractive cities and regions, an additional important task will be to consider how to enhance creativity by utilizing region-specific resources, including the natural environment, culture, and citizens' vitality and abilities, in a strategic and effective manner. In NIRA's previous independent research project and the commissioned research "Cooperation and Collaboration in the 'Century of the City' - Case Research" that was conducted as a part of the project, whether the concept of "creative city" (Note) could be a new paradigm for urban and regional policies and cooperation among cities would contribute to regional revitalization was examined.

This research project positions 21st-century-type urban policies led by cultural policies as "cultural urban

policies" and explores more concrete policy visions towards the future of creative urban space. This project also considers methodologies for grasping regional "creativity" quantitatively.

(Note) The desirable form of cities in the era of knowledge which will foster citizens' creativity by effectively utilizing cities' soft resources, including culture, which will attract creative human resources, and in which culture, technology, and industry fuse together in the creative environment and develop.

### <Regional Cooperation in Asia>

#### **Research on India and China in 2030**

Research Period: April 2005 - March 2006

India and China continue their remarkable economic growth, and their presence in the world has been rapidly increasing. The problem is for how long will their current high growth continue, and what effect it will have on East Asia and the world? In Japan, much research on China has been conducted to date, and there are several areas of specialized research on India. However, analysis focusing on the interdependence of India and China and critical comparisons of the two nations were insufficient. It is crucial for Japan to establish strategic political and economic cooperation that considers the balance with the two nations. In order to contribute to the debate of specific policies towards strategic cooperation, NIRA will conduct the following research.

First, regarding both India and China, this project will consider growth factors (e.g., population and foreign direct investment) and growth constraints (e.g., the environment and energy issues, insufficient social and institutional infrastructure, and gaps between regions and social classes). At the same time the project will compare the two nations based on their level(s) of interdependence to elucidate similarities and differences. Then, it will compare the two nations' high growth with the development process of Japan and other nations, identify similarities and differences, and search for the determining factors. In addition, the project will critically examine the forecast that both nations will continue at a high rate of economic growth, a forecast made by both nations' governments, international organizations and the private sector, and point out problems.

Second, to present a scenario of the two nations' growth approaching the year 2030, the project will identify the trends of comparative advantage in the Indian and Chinese economies and consider possible policy responses to growth constraints from the perspective of, inter alia, regional cooperation. Based on the above, the project will plot several growth scenarios and explore their effects on East Asia and the world. In addition, within these scenarios, this research project will propose a basic direction for strategic political and economic cooperation between Japan and India and between Japan and China.

#### **Research on a Grand Design for Northeast Asia: Phase III**

Research Period: April 2005 - March 2006

Recently, Northeast Asia has shown rapid development of interdependence with Japan in terms of trade and investment. However, because of the differences in political and economic systems, level of economic development, and historical issues, regional economic integration lags behind not only the European Union (EU) and the North American Free Trade Agreement (NAFTA), but also in East Asia as a whole. In Japan, with the exception of a few researchers and concerned people, sufficient interest and resources are not applied to the issue of strengthening the region's development and economic cooperation, despite of its significance.

In this sense, it can be said that it is time to urge the region's governments and their citizens to consider the construction of multilateral infrastructure to maximize common profits and the establishment of the related systems, based on the concept of a Grand Design (GD) for Northeast Asia about which NIRA has been conducting research.

NIRA positions the research on a GD for Northeast Asia as a prioritized research project for its 5-year

Midterm Research Plan commencing in 2005. This research project will be conducted as a medium-term research project based on the results of NIRA's prior research on a GD for Northeast Asia: Phase I and II, in cooperation with leading Chinese and South Korean research institutes and with the guidance and help of the domestic study group. This year, the project will consider the status, tasks, and problems of national land development throughout the region, and the steps necessary to reflect the GD concept, which integrates those tasks and problems, in each nation's national land development plan and their future directions. It will also present a roadmap towards the regional integration of Northeast Asia. In addition, the project will consider the roadmap by grouping issues into the following five areas: 1) energy and the environment, 2) transportation, physical distribution, and telecommunications, 3) strategic development cluster, 4) ecotourism, and 5) development finance. Then, it will specify the area(s) that should be prioritized for the near term, and prepare concrete pilot project proposals if possible.

### **Strategic Vision for Implementing Integration in the East Asian Financial Market**

Research term: July 2005 - June 2006

The rapid progress of globalization has facilitated free competition among nations and regions. In this climate, obtaining funds and efficiency in the circulation process have become fundamental to all industries. As a result, there is growing demand for improving the quality of soft infrastructure in the financial market.

The European Union (EU) has made pioneering attempts aiming to establish a common soft infrastructure in the financial market by accumulating both consultations and achievements. Similarly, in East Asia the establishment of a common soft infrastructure in the region's financial market has become an urgent priority.

The project's study group will be chaired by Professor Hideki Kanda of the University of Tokyo and participated in by researchers and policy specialists from Japan and South Korea. Participants will jointly endeavor to reexamine the importance of a common East Asian financial market.

In addition, with reference to the EU as a pioneering case, an integrated financial market appropriate for the region will be explored. Concurrently, the optimal direction of collaboration essential to establishing an integrated market will be studied. This project aims to present a grand design and action plan for creating a strategic vision for the establishment of a soft infrastructure.

### **Confidence Building in the East Asian Sea**

Research term: June 2005 - March 2006

In light of the progress of regional integration as exemplified by the North American Free Trade Agreement (NAFTA) and the European Union (EU), it is time for the nations in East Asia to implement substantial regional integration and establish the framework necessary for its implementation. This is considered the task which the region must implement in the early portion of the twenty-first century. In order to achieve this goal, it is important to shift from the conventional perspective that is land-oriented. A perspective oriented on the East Asian Sea focusing on its history is essential given that the East Asian Sea, the sea of fertility, is shared in common by the nations of the region.

Regarding the strained relations among East Asian nations, which is being aggravated periodically by territorial and historical issues, the necessity and feasibility of building confidence in the region will be explored focusing on the sea shared by the nations, together with measures that will contribute to building confidence. This project tried to provide a venue for discussions, in which specialists in the field will participate, in pursuit of these objectives. Socio-economic data was collected from the nations of the region which then was analyzed from a macro-economic perspective concentrating on comparative advantage and mutual complementarity.

In addition, a descriptive analyses was carried out using the textbooks of each nation. The target areas of the research include Japan, China, South Korea, major ASEAN nations and the Oceania nations.

### <First-layer Project>

#### ***NIRA Seisaku Rebu (NIRA Policy Review) and Dialog Series***

Research Period: March 2006 - March 2007

In order to clarify contemporary policy issues, to collect, organize and analyze related information and to provide such information in an easy-to-understand form to a wide range of people, NIRA disseminated information regarding a First-layer Project.

### **NIRA-Commissioned Research**

#### <Regional Revitalization/Recreation and Civil Society>

##### **Collection and Analysis of Administrative Evaluation Data towards the Improvement of City Government Management**

Research Institute: Kansai Institute of Information System & Industrial Renovation

Research Period: September 2005 - June 2006

NIRA has received data from city governments and analyzed them qualitatively and quantitatively thus far. However, to prepare specific proposals for city governments' operational improvement, it is necessary to expand targeted city governments and to conduct further research, including the collection of information on their attributes.

Therefore, this research project will obtain administrative evaluation data for fiscal 2004 and information on attributes from city governments and organize them. In addition, the project plans to utilize the data to conduct comparative examination and analysis of city governments based on their attributes and prepare basic materials that include proposals of best practices.

#### <Special Research Project>

##### **Research on the "Government Documents Management Law (tentative title)" (I)**

Research institute: Commercial Law Center (commissioned research project)

Research term: July 2005 - March 2006

Japan lacks a unified legal system concerning the management of government documents, which serve as the basic system supporting the nation's accountability and democracy. In comparison to other nations, including the U.S. and U.K., this is an extremely inadequate situation from the perspective of appropriate provision of policy information. In other words, the nation of Japan lacks the faculty to document the government's activities and keep records.

Recognizing this, this research project explores the optimal "government documents management law" necessary for Japan in the twenty-first century with reference to similar laws adopted by other nations. The desired law is a unified legislation that stipulates in detail government document management including drafting, management and preservation, and archiving.

The first phase of the project, which will continue until the end of this year, will focus on basic issues constituting the law, and the results will be summarized. With these as a base, the second phase of the project will be conducted next year aiming to explore the details of the "government document management law" (tentative title) and then present it as a proposal.

## **NIRA-Subsidized Research**

### **<Subsidized Research in Specific Fields>**

#### **Administration of Cultural Heritage in the “Century of the City”: Programs of Evaluation and Cooperation**

Research Institute: Research Institute of Regional Economy  
NPO Gunma

Research term: April 2005-March 2006

#### **Research on a Regional Residence System for the Elderly: Vision and Strategy for Realization**

Research Institute: Kansai Inter-Disciplinary Studies, Inc.

Research term: April 2005-March 2006

#### **Risk Communication to Promote Dynamism in Local Communities**

Research Institute: Kobe Institute of Urban Research

Research term: April 2005-March 2006

#### **A Proposal for China-Japan Environment Cooperation in Kyushu**

Research Institute: Kyushu Economic Research Center

Research term: April 2005-March 2006

#### **Establishment of a Strategic Model for International Tourism in Japan’s Regions**

Research Institute: Shizuoka Research Institute

Research term: April 2005-March 2006

### **<Subsidized Research Projects in General Fields>**

#### **Cultivation of Citizens in the Regions**

Research Institute: Joint research project by the Hokkaido Research Institute for the Twenty-First Century  
and two other institutes

Research term: July 2005 -October 2006

After carefully examining the candidates from the public call for proposals for "NIRA subsidized research in general fields for fiscal 2005", the joint research project conducted by the Hokkaido Research Institute for the Twenty-First Century and two other institutes was selected as the winner.

This research project aims to formulate policy proposals on model measures and activities contributing to "cultivating personnel" from the perspective of education, study, job training and policies designed to foster and utilize personnel, which then will be presented to the central and local governments. The research will focus on the "cultivation of personnel in the tourism sector," a field requiring new policies and measures to respond to changing social needs.

Case studies such as the "outdoor qualification system" introduced by Hokkaido prefecture and Wakayama University's plan to establish a tourism department will be examined focusing on process and methodology. Based on these data, the status of and issues facing "personnel cultivation" will be analyzed from the perspective of the distribution of functions and cooperation among the various entities (administration, educational institution and business). The results will be categorized into issues that are region-specific and those that can be generalized. The feasibility of applying strategies and measures designed to cultivate personnel in the tourism sector to other fields, will also be examined.

#### **Regional Revitalization towards Improving Creativity**

Research Institute: Hokkaido Institute for the Future Advancement

Research Institute for Regional Planning & Development  
Tottori Research Center

Research Period: December 2005 – December 2006

The topic of this subsidized research project is to consider the "creativity" possessed by individual regions while acknowledging that ideas and measures different from the traditional, development type are required in moving towards sustainable regional revitalization. How to increase the "creativity" by utilizing region-specific resources, including the natural environment, culture, citizens' vitality and abilities, is an important issue to make cities/regions attractive. Based on this recognition, this research project analyzes a random collection of cities qualitatively and quantitatively. Based on the results, the project intends to make policy proposals concerning requirements and mechanisms to increase regions' creativity.

In line with this task, this research project will use various kinds of statistics to enrich indexes for grasping the creativity displayed by pioneering research and grasp quantitatively the current creative industries and classes at the different organizational levels of Japanese society. At the same time, this project will clarify the features of Japan's creative industries and classes and their regional structure by comparing with the seminal research results in Britain and the U.S.

The cities to be surveyed are selected from the following perspectives: (1) Clusters of creative industries (the area around Shibuya-ku, Tokyo, Kitaku-ku, Sapporo, and Yokohama); (2) Area revitalizing traditional industries (Kanazawa, Nagoya, Higashiosaka, and Kyotango); (3) Areas working to promote cultural tourism by utilizing the region's creativity (Moerenuma Park in Higashi-ku, Sapporo, Asahiyama Zoo in Asahiyama, Kyoto, Shirakawa-go in Gifu Prefecture, Tottori-sakyu (sand dune) in Tottori, Asahi-machi, Nishimurayama-gun, Yamagata Prefecture); (4) Areas whose creative problems have been solved by NPOs (Tatsuno, Nagano Prefecture, and Minamata); (5) Areas in which regional finance (currency) is practiced (Kuriyama Town, Yubari-gun, Hokkaido, and Joetsu, Niigata Prefecture); (6) Foreign case studies (Austin, Texas, Bologna, Italy, and Amsterdam, Netherlands). This project will grasp these areas in a quantitative manner and analyze them qualitatively through hearing investigation.

In implementing this research project, we plan to establish an examination committee, exchange information with foreign research institutes and participate in international symposiums.

## **PROJETS CONTINUED FROM PREVIOUS FISCAL YEARS**

### **NIRA-Conducted Research**

#### **<Regional Revitalization/Recreation and Civil Society>**

##### **Research on the Establishment of a Municipal Administrative Evaluation Forum (tentative title)**

Research Period: June 2004 - June 2005

In recent years, many local governments have endeavored to introduce evaluation procedures in order to improve the efficiency of administrative management. The evaluation standards, however, are applied independently, and therefore, a common platform whereby local governments are able to exchange their evaluation results is necessary.

With reference to the measures taken by the Center for Performance Measurement (CPM) of the International City/County Management Association (ICMA), U.S.A., a proposal for establishing a municipal administrative evaluation forum (tentative title) using the NIRA benchmarking model was designed based on the cooperation of local government officials and researchers in this field.

The forum will serve as a venue for diverse actors to develop discussions on administrative data and the results of their analysis from a wide range of perspectives and also by comparing the municipalities. As a result of the discussions, it is expected to explore clues for improving the services provided and operational procedures taken by local governments. The forum will be composed of local governments, members of the Local Think Tank Council, Japan Institute for Urban Policy and NIRA. Preparations are underway to establish the forum in the fall of 2005. The forum will also accumulate administrative data and analysis results, and collect information on the municipalities that succeeded in improving operational procedures. At the same time, the forum will sponsor conventions and workshops.

#### **<Regional Cooperation in Asia>**

##### **Research on the Free Trade Area among Japan, China and South Korea (Trilateral Joint Research on the Long-term Vision of Northeast Asia)**

Research Period: January 2004 - March 2006

In the world economy, liberalization of trade and investment advanced on a global scale and efforts to realize systematic regional integration became active beginning in the 1990s. Northeast Asia, the region in which Japan, China and South Korea are located, has achieved rapid development and evolved into an important region capable of competing with North America and Europe in terms of production, trade and investment capacities. Northeast Asia, however, is lagging behind North America and Europe in terms of regional integration. Although regional integration is proceeding, a systematized framework for regional integration that can match the European Union (EU) or the North American Free Trade Agreement (NAFTA) remains unrealized in Northeast Asia.

Free trade agreements (FTAs) are drawing increasing attention as an effective means to promote systematic economic integration. The establishment of FTAs has become a major trend among nations around the world in pursuit of effective external economic policies. In Japan, government organizations related to foreign relations and international trade seem to regard FTAs as contributing to trade liberalization. It is observed in general that Japan has shifted the emphasis of its policies particularly as regards Asian nations from multinational trade liberalization to the establishment of FTAs. Given this, increased attention has been placed on a free trade agreement between Japan, China and South Korea, the constituent nations of Northeast Asia.

The origin of this trilateral joint research project dates to the ASEAN+3 Conference held in November 1999, at which a summit meeting was held between the leaders of China, Japan and South Korea. It was agreed upon at this meeting that a joint research project would be conducted by the three nations to strengthen economic cooperation between them. In accordance with this agreement, the Development Research Center of the State Council (DRC) of China, the Korea Institute for International Economic Policy (KIEP) of South Korea, and the National Institute for Research Advancement (NIRA) have since 2001 explored the smooth promotion of trade and investment between the three nations, and analyzed the potential economic effects of the trilateral FTA. The findings of this project were summarized as proposals and presented at the annual summit talks held between the leaders of the three nations. Given the importance of the trilateral FTA in exploring the long-term vision of the three nations, this research project intends to analyze the trilateral FTA in greater detail building upon the results of the previous research project.

As presented in last year's joint research project, the trilateral FTA would provide macro-economic benefits to all three nations. In addition, an FTA is capable of contributing to the promotion of competition and the consolidation of corporations. This research project aims to explore in depth the optimal trilateral FTA and the FTA Japan should pursue by analyzing the policies adopted and the impact of the trilateral FTA on individual industries.

### **What We should Do Now to Achieve Northeast Asia's Economic Integration**

#### **-- Asia Economic Forum**

Research Period: June 2004 - May 2005

While the movements towards regional integration (e.g. the EU and NAFTA) are accelerating, East Asia has gotten a relatively late start. However, even in East Asia, interest in regional cooperation and integration issues is increasing, and there are various movements to strengthen regional cooperation among the nations concerned. In East Asia, however, due to differences in political systems and level of economic development, or even historical concerns, there are many problems and obstacles to promoting regional cooperation and integration.

This project focused upon East Asia's aforementioned economic dynamism and considered the feasibility of establishing an "East Asian Economic Community" and proposed a roadmap. In addition, in order that the development and prosperity of Northeast Asia (including, Russia, Mongolia, and North Korea) would lead to the coexistence of East Asian nations and the formation of a regional economic zone, this project also attempted to determine the keys for preparing a comprehensive development plan (Grand Design) for Northeast Asia.

### **NIRA-Commissioned Research**

#### **<Regional Revitalization/Recreation and Civil Society>**

#### **Research on Data Collection for Establishing a Municipal Administrative Evaluation Forum (tentative name)**

Research Institute: NPO Gunma

Research Period: December 2004 – June 2005

The NIRA Benchmarking Model, on which research began in the spring of 2001, has taken form as a template that can be submitted to the Municipal Administrative Evaluation Network Conference as a result of various examinations conducted in collaboration with 16 municipal governments and 10 local think tanks.

As the "New Local Administrative Reform Guide" of the Ministry of Internal Affairs and Communications requires indexes that will enable comparison with other organizations, the interest in

and the necessity of benchmarking has been rapidly increasing in municipal governments that have actively introduced administrative evaluation. This paper reports the maturity and methods for proposing administrative improvement of the draft NIRA Benchmarking Model as identified by research, tasks and examination results of the s version (the introduction of grasping secular change, openness, simplicity, and the significance of additional statements, and clarification of index compositions), a draft template to be submitted, and the significance of workshops (the examination of the validity of definitions and indexes, the examination of the validity of rough standards and numerical analyses, and the response to new movements).

## **NIRA-Subsidized Research**

### **<Subsidized Research Projects in General Fields>**

#### **Regional Renovation – Studies for creating community open to overseas countries -To activate regions by multicultural interactions**

Research Institute: Architects, Regional Planners & Associates (Kyoto) and six other research institutes

Research Period: October 2005 – December 2005

Community open to overseas countries is attractive in every area in the region and should stay physically, systematically and psychologically open through collaboration of physical and functional communities under the global network in which information, merchandise and culture are moving on a global bases. In such community, visitors should find the place nice to live in, nice to learn in and nice to visit.

What should be considered in multicultural interaction.

To promote multicultural interactions, the followings should be considered. Firstly, “multicultural interaction is to know our self.” What is asked of us is originality of Japan or the region. Secondly, the effect is difficult to measure. Qualitative examination of the prior regional change should be continuously conducted. Thirdly, culture should be “transferred” by community whether to send it out or take it in. Fourthly, as the number of organizations and individuals who work on multicultural interaction is growing, there must be a change from interaction by officials to interaction by people.

## **SYMPOSIUMS, FORUMS AND RESEARCH EXCHANGES IN FISCAL 2005**

### **Colloquium: “Regional Development in China: Status and Issues”**

May 12, 2005 Tokyo

### **The First NIRA Policy Forum: “The Necessity for a ‘Japanese Financial Services Market Law”**

June 1, 2005 Tokyo

### **The Second Workshop of the Trilateral Joint Research among Japan, China and South Korea: “Research on a Free Trade Agreement among China, Japan and South Korea”**

June 2, 2005 Sapporo,

June 6-7, 2005 Yunnan Province (China)

### **The Second NIRA Policy Forum: “Japan’s 21<sup>st</sup> Century Vision” and “Competitiveness of Financial Services Businesses”**

July 5, 2005 Tokyo

### **The First International Workshop of the Project “Research on a Grand Design for Northeast Asia: Phase III”**

July 5, 2005 Changchun (China)

### **2005 Symposium of the Trilateral Joint Research among Japan, China and South Korea: “Research on a Free Trade Agreement among China, Japan and South Korea”**

September 25-27, 2005 Beijing (China)

### **The Second International Workshop of the Project “Research on a Grand Design for Northeast Asia: Phase III”**

September 28 2005 Anyang-si (Korea)

### **The Third NIRA Policy Forum: “Public Pensions and Management of Accumulated Funds”**

October 4, 2005 Tokyo

### **The Fourth NIRA Policy Forum in Sendai: “Governance of Local Government Bonds – The Public Good and Market Functions –“**

October 21, 2005 Sendai (Japan)

### **The Fifth NIRA Policy Forum: “Energy and Environment Strategies in Northeast Asia”**

November 30, 2005 Tokyo

### **Japan-Italy International Symposium: “Creativity, Culture, and Technology”**

December 2-3, 2005 Tokyo

Co-sponsored by: Embassy of Italy in Japan  
Istituto Italiano di Cultura di Tokyo  
Nihon Keizai Shimbun, Inc.  
Digital Ambassadorship Committee

### **The Sixth NIRA Policy Forum: “The Role of the Public Pension System: Direction and Future Agenda of Public Pension Reform”**

January 17, 2006 Tokyo

**NIRA Forum: “Prospects for Treasury Management by Next-generation Companies”**  
January 24, 2006 Tokyo

**2006 Workshop in Numazu City of the Trilateral Joint Research among Japan, China and South Korea: “Research on a Free Trade Agreement among China, Japan and South Korea”**  
February 7-8, 2006 Numazu-City (Japan)

**The Third International Workshop of the Project “Research on a Grand Design for Northeast Asia: Phase III”**  
March 10, 2006 Tokyo

**The Seventh NIRA Policy Forum: “Alternative Dispute Resolution (ADR): Current Status and Future Prospects”**  
March 13, 2006 Tokyo

**NIRA-ADB Joint Forum: “Prospects for an Asian Joint International Bond (Asian Bond) Market”**  
March 27, 2006 Tokyo

### **International Research Exchange**

**World Civilization Forum 2005**  
July 20-22, 2006 Tokyo  
Co-sponsored by: Japan Foundation, United Nations University  
<http://www.nira.go.jp/newse/paper/forum2005/forum2005.html>

**The Third International Workshop: “Japanese-German Cooperation in and with Central Asia – Building a New Silk Road and Possible Approaches –“**  
October 6-7, 2006 Tokyo  
Co-sponsored by: Japanese –German Center Berlin, Konrad Adenauer Foundation  
<http://www.nira.go.jp/newse/events/ws200510/wsprog.html>

**The Second Japan-EU Think Tank Roundtable**  
November 14-15, 2005 Brussels  
Co-sponsored by: Japan Foundation, The European Policy Center  
<http://www.nira.go.jp/newse/events/japan-eu2/index.html>

**East Asia-Pacific Forum (The 9th Academic Forum on East Asian Economy): “Economic Integration in East Asia: New Development and Regional Growth”**  
November 24-25, 2005 Nanning City (China)  
Co-sponsored by: China Development Institute, Chung Hua Institution for Economic Research, Korea Institute for International Economic Policy

### **Research Dissemination**

**Local Think Tank Forum: “Regional Revitalization from a Regional Perspective”**  
June 10, 2005 Osaka  
Co-sponsored by: The Council of Local Think Tanks

## PUBLICATIONS IN FISCAL 2005

### NIRA - Conducted Research / NIRA - Commissioned Research

<p><i>A Proposal for a Wide-Area Local Government System -- Revitalizaion of the Nation and Its Regions</i> [in Japanese]</p> <p>NIRA, April 2005 ¥2,100</p>	<p><i>Fourth Japan-Russia Forum Report: Prospects for Japanese-Russian Cooperation in the Globlizing Asia –Pacific Region</i> [in Japanese]</p> <p>NIRA, April 2005 ¥1,050</p>
<p><i>NIRA Market Governance Report 2005 Proposal for Enactment of a Japanese Financial Services and Marktes Act Vol.1 Overview, Vol.2 Issue Points and Vol.3 Case studies</i> [in Japanese]</p> <p>NIRA, May, June 2005 ¥2,100 (each volume)</p>	<p><i>Comprehensive Strategies for Governance Reform -- New Forms of Government, Civic Society, Market, East Asia, and Local Community</i> [in Japanese]</p> <p>NIRA, June 2005 ¥1,050</p>
<p><i>Policy Formation Support Tool: Proposal of a NIRA Policy Evaluation Model</i> [in Japanese]</p> <p>NIRA, September 2005 ¥1,050</p>	<p><i>Is India Shining?</i> [in Japanese]</p> <p>NIRA, September 2005 ¥1,050</p>
<p><i>Coordination and Cooperation in the Century of the Cities -- Case Studies</i> [in Japanese] Kansai Institute for Information Systems &amp; Industrial Renovation and others, October 2005 ¥2,100</p>	<p><i>A Grand Design for Northeast Asia – A Functionalistic Approach for Collaborative Development</i> [in Japanese]</p> <p>NIRA, November 2005 ¥1,050</p>
<p><i>Long-Term Outlook for North-East Asia -- Alternative Scenarios</i> [in Japanese]</p> <p>Foundation for Advanced Studies on International Development, March 2006 ¥1,050</p>	<p><i>The Third International Workshop : Japanese-German Cooperation in and with Central Asia -- Building a New Silk Road and Possible Approaches</i> [in Japanese] NIRA, March 2006 ¥1,050</p>

### NIRA - Subsidized Research

#### <Subsidized Research in Specific Fields>

<p><i>Research concerning Revaitalization Local Community and Forming Broad Regional Government – Restructuring of the Local Self-Government System That Takes Advantage of Local Features</i> [in Japanese] Kansai Institute for Social and Economic Research and Tohoku Regional Development Research Center May 2005</p>	<p><i>Research on Reginal Management after Municipal Merger: Regional Governance and Promotion</i> [in Japanese] Architects, Regional Planners &amp; Associates, Kyoto and Research Institute of City Planning and Comunities August 2005</p>
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<p><i>Establishing a Third Party Evaluation System for Elderly Nursing Care – Based on a Practical Survey Conducted in Fukushima Prefecture</i> [in Japanese]</p> <p>Fukushima Economic Research Institute, August 2005</p>	<p><i>Research and Study on Urban Wide-area Administration Utilizing ICT Bases Created through Joinc Public-Private Sector Initiatives</i> [in Japanese]</p> <p>Kansai Institute of Information Systems &amp; Industrial Renovation and Hyogo Economic Research Institute August 2005</p>
<p><i>Regional Welgare Planning and the Potential of a Small-Scale Welfare Exchange Salon</i> [in Japanese]</p> <p>The Institute of Regional &amp; Medical Planning September 2005</p>	<p><i>Research on Policy Issues towards a Sustainable Society in the Chita Peninsula</i> [in Japanese]</p> <p>The Institute of Chitahanto Reginal Studies, Nihon Fukushi University October 2005</p>

## Others

### <Other Publications>

<p><i>Almanac of Think Tanks in Japan 2006</i> [in Japanese]</p> <p>Edited by NIRA, December 2005 ¥5,250</p>	<p><i>World Civilization Forum 2005 Report</i> [in Japanese / in English:]</p> <p>Edited by NIRA, October 2006 ¥1,050</p>
<p><i>The Second Japan-EU Think Tank Roundtable Report</i> [in Japanese / in English]</p> <p>Edited by Japan Foundation, European Policy Centre and NIRA, March 2006</p>	

### <Books>

<p><i>A Draft of a Law on Bioethics</i> [in Japanese]</p> <p>Edited by Takeshi Kawai and NIRA April 2005 ¥4800</p>	<p><i>Policy Research by Case Studies: A Methodological Approach</i> [in Japanese]</p> <p>Co-authored by Masayasu Kitagawa, Koichiro Agata and NIRA, Horitsubunka-sha September. 2005 ¥3,465</p>
<p><i>Crating Urban Spaces: Cultural Urban Policy in the Transborder Age</i> [in Japanese]</p> <p>Edited by Nobuyuki Hata, Hirochika Nakamaki and NIRA, Nihon Keizai Hyoron-sha. March 2006 ¥3,570</p>	<p>(NIRA Challenge Book series) <i>Global Governance – In Pursuit of a New International Order</i> [in Japanese]</p> <p>Edited by Yoza Yokota, Fumiaki Kubo, Ryo Oshiba and NIRA, Nihon Keizai Shimbun-sha February 2006 ¥2,940</p>

**Monthly Magazine: NIRA Seisaku Kenkyu (NIRA Policy Research) [in Japanese]**

Vol.18 No.4 April 2005	Circumstances Surrounding the Young Generation: Towards a Welfare Society - Future Ways of Living and Working	Vol.18 No.10 Oct. 2005	<i>Doshusei</i> Regional System: What are the goals of the "doshusei" regional system? - Debate over a larger-scale local government system
Vol.18 No.5 May 2005	The Future Course of "Multicultural Coexistence": Issues in the Creation of a Society in which Citizens from Diverse Backgrounds Work and Live Together	Vol.18 No.11 Nov. 2005	Public Governance: Reform - The Whole Picture and Factors
Vol.18 No.6 June 2005	Social Capital: the Basis of Governance - Restoring Connection Skills	Vol.18 No.12 Dec. 2005	2005: Where Are We Headed and How Far Have We Come?
Vol.18 No.7 July 2005	Evaluation: Foundations for Governance Reform of Municipal Governments	Vol.19 No.1 Jan. 2006	East Asian "Regional Integration": New Regional Order in Northeast and East Asia
Vol.18 No.8 Aug. 2005	The Picture of "Wa-no-kuni": A Sustainable Society and Lifestyle	Vol.19 No.2 Jan. 2006	Social Security for the First Half of Life - Employment, Marriage, Childbirth and Childraising: Risks and Guarantees
Vol.18 No.9 Sep. 2005	Restructuring "Incentives": Towards Social Integration and Liquidity	Vol.19 No.3 March 2006	Moving Society Forwards Public Sector / New Public Sphere / Private Sector - Towards the Establishment of a New Public Sphere

●NIRA's publications are available from the Government Publication Center and Government Gazette Shop in Japan, and can be ordered from bookstores.

● NIRA Publication List (1995 – 2004)

A list of NIRA research reports published is presented on NIRA's website at

<http://www.nira.go.jp/pibj/output/idex.html> and <http://www.nira.go.jp/publ/houko/index.html>

For publications in Japanese, please use the NIRA publications Japanese database to search the necessary publications at <http://www.nira.go.jp/niradb/index.html>.

● For further information on NIRA publications, please contact:

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## FISCAL 2005 FINANCIAL STATEMENTS

### List of Property

(Units: yen)

Outline	Amount	Total
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Deposit	323,153,519	
Cash	58,277	
Ordinary Deposits (3 accounts):	322,283,187	
Sumitomo Mitsui Bank, Ebisu Branch and Another Bank		
Postal Book-transfer Saving (1 account) : Shibuya Post Office	812,055	
Accrued Income (110 accounts)	289,776,105	
Accounts Receivable (royalties and others)	1,768,816	
Other Current Assets (4 accounts)	173,258	
<b>Total Current Assets</b>		<b>614,871,698</b>
<b>Fixed Asset</b>		
Tangible Fixed Assets	20,280,703	
Equipment (Fireproof Safe and 111 others)	7,694,103	
Acquisition Cost	46,675,840	
Accumulated Depreciation	38,981,737	
Other Tangible Fixed Assets:	12,586,600	
Other Facilities Attached to the Yebisu Garden Place Building		
Acquisition Cost	125,866,000	
Accumulated Depreciation	113,279,400	
Intangible Fixed Assets		
Telephone Rights (95 subscriptions)	8,250,967	
Investments and Other Assets	31,838,387,174	
Operating Fund Assets	20,180,500,000	
Ordinary Deposits (1 account): Resona Bank, Tokyo kourumubu	11,566,970	
Government Bonds (5 units): Face Value: 1,700,000,000	1,697,870,000	
Municipal Bonds (5 units) : Face Value: 1,549,000,000	1,547,171,960	
Special Bonds (12 units) : Face Value: 3,686,500,000	3,678,521,600	
Corporate Bonds (23 units): Face Value: 7,396,795,453	7,395,369,470	
Yen-dominated Foreign Bonds (14 units): Face Value: 5,850,000,000	5,850,000,000	

<b>Outline</b>	<b>Amount</b>	<b>Total</b>
Grant Fund Assets	5,815,445,100	
Ordinary Deposits (1 account): Resona Bank, Tokyo kourumubu	8,136,216	
Government Bonds (5 units): Face Value: 2,000,000,000	1,987,962,000	
Municipal Bonds (6 units): Face Value: 1,106,000,000	1,096,795,020	
Special Bonds (8 units): Face Value: 1,183,600,000	1,164,332,694	
Corporate Bonds (8 units): Face Value: 1,108,469,440	1,108,219,170	
Yen-dominated Foreign Bonds (2 units): Face Value: 450,000,000	450,000,000	
Investment Securities	5,438,457,360	
Municipal Bonds (5 units): Face Value: 984,000,000	981,891,200	
Special Bonds (3 units): Face Value: 880,000,000	870,724,800	
Corporate Bonds (8 units): Face Value: 1,594,735,107	1,585,841,360	
Yen-dominated Foreign Bonds (6 units): Face Value: 2,000,000,000	2,000,000,000	
Deposits on Rental Properties (Yebis Garden Place Building)	403,984,714	
<b>Total Fixed Assets</b>		<b>31,866,918,844</b>
<b>Total Assets</b>		<b>32,481,790,542</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Retirement Payable	984,750	
Income Taxes Payable	3,800,000	
Accrued Expenses (Overtime pay and 18 others)	64,190,040	
Deposits Received (Income tax and 2 others)	3,533,743	
Total Current Liabilities		72,508,533
<b>Fixed Liabilities</b>		
Allowance		
Allowance for Retirement Benefits	228,966,403	
<b>Total Fixed Liabilities</b>		<b>228,966,403</b>
<b>Total Liabilities</b>		<b>301,474,936</b>
<b>Net Property</b>		<b>32,180,315,606</b>

(As of March 31, 2006)

## Balance Sheet

(Units: yen)

<b>Assets</b>		<b>Liabilities and Shareholders' Equity</b>	
<b>Assets</b>	<b>32,481,790,542</b>	<b>Liabilities</b>	<b>301,474,936</b>
Current Assets	614,871,698	Current Liabilities	72,508,533
Cash and Deposit	323,153,519	Unpaid Retirement Benefits	984,750
Accrued Income	289,776,105	Income Taxes Payable	3,800,000
Accounts Receivable	1,768,816	Accrued Expenses	64,190,040
Other Current Assets	173,258	Deposits Received	3,533,743
Fixed Assets	31,866,918,844	Fixed Liabilities	
Tangible Fixed Assets	20,280,703	Allowance	
Equipment	7,694,103	Allowance for Retirement Benefits	228,966,403
Other Tangible Fixed Assets	12,586,600	<b>Shareholders' Equity</b>	<b>32,180,315,606</b>
Intangible Fixed Assets		Common Stock	20,730,500,000
Telephone Rights	8,250,967	From the Central Government	15,550,000,000
Investments and Other Assets	31,838,387,174	From the Local Public Sector	5,085,000,000
Operating Fund Assets	20,180,500,000	From the Private Sector	95,500,000
Grant Fund Assets	5,815,445,100	Surpluses	11,449,815,606
Investment Securities	5,438,457,360	Capital Surpluses	
Deposits on Rental Properties	403,984,714	Donations	5,815,445,100
		Earned Surplus	5,634,370,506
		Surplus Reserve	5,632,091,588
		Net Profit	2,278,918
<b>Total</b>	<b>32,481,790,542</b>	<b>Total</b>	<b>32,481,790,542</b>

(As of March 31, 2006)

Note: For fiscal 2005, NIRA posted net profits of ¥2,278,918 and in accordance with the provisions of Article 30 clause 1 of National Institute for Research Advancement Act (Japanese Law No. 51, 1973), the surplus reserve has been increased.

## Statement of Income and Expenditures

(Units: yen)

<b>Expenses</b>		<b>Income</b>	
Operating Expenses	1,066,920,656	Ordinary Income	1,077,345,781
Research Activities	483,100,175	Endowment Income	851,555,027
Research Programs	97,719,971	From Operating Fund	689,117,730
International Research Exchange Programs	16,375,720	From Grant Fund	162,437,297
Regional Research Exchange Programs	5,586,990	From Research Dissemination Activities	
Research Grants	58,678,260	From Sale of Publications	14,678,621
Administrative Costs	304,739,234	Non-operating Income	211,112,133
Research Publications and Dissemination Activities	173,443,311	Interest Securities	210,788,958
Research Publications	58,275,959	Miscellaneous Income	323,175
Information Programs	98,669,988		
Other Publications	11,669,539		
Training Programs	4,827,825		
General Operating Expenditures	410,377,170		
General Operating Expenditures	403,301,009		
Provision for Accrued Retirement Allowances	6,889,033		
Depreciation Expenses	187,128		
Additional Expenses			
Loss on Disposal of Fixed Asset	616,207		
Corporate Tax, Inhabitant Tax and Enterprise Tax	7,530,000		
Net Profit	2,278,918		
<b>Total</b>	<b>1,077,345,781</b>	<b>Total</b>	<b>1,077,345,781</b>

(From April 1, 2005 to March 31, 2006)

### Notes

1. Criterion and method of evaluating negotiable securities:  
Negotiable securities are valued at the moving average of their original prices.
  
2. Depreciation of fixed assets:  
The corporate tax law standard has been adopted, and depreciation of tangible fixed assets is calculated using the fixed depreciation method. The accumulation of depreciation of tangible fixed assets total is as follows.  
  

<u>Tangible fixed assets</u>	<u>¥152,261,137</u>
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3. Summing up standard for reserves:  
The allowance for retirement benefits is calculated as the sum that would have to be paid at the end of the accounting period if all employees retired voluntarily during the period.

4. Another important point regarding the financial statement:  
The accounting system for consumption tax is the tax-included method

## Appendix

### Important Policy of Administrative Reform

(Passed by the Cabinet on December 24, 2005)

(A Tentative Translation)

The portion of the document relating to the National Institute for Research Advancement is excerpted below:

(2) Review of Activities and Organizational Structure of Government-operated Gambling Enterprises and the National Institute for Research Advancement

-- Omitted --

b. In accordance with the stipulations of the Reorganization and Rationalization Plan for Special Public Corporations (passed by the Cabinet on December 19, 2001), the measures described in Appendix 3 will be adopted with regard to the activities and organizational form of the National Institute for Research Advancement.

#### Appendix 3

Name of Corporation (Governing Ministry)	Measures to be adopted with regard to activities	
	Measures to be adopted with regard to organizational form	
National Institute for Research Advancement (Cabinet Office)	Activities	<ul style="list-style-type: none"> <li>○ NIRA will specialize in interdisciplinary and pioneering policy-related research which is of clear public benefit and which will be of medium- and long-term importance for the central and local governments.</li> <li>○ NIRA will establish an internal committee consisting of academic specialists to review research plans and evaluate research results, and will make the results of these evaluations public.</li> </ul>
	Organization	<ul style="list-style-type: none"> <li>○ NIRA will become an incorporated foundation (NIRA's operations will be subject to government review in accordance with the policy of promoting fundamental reform of the public interest corporation system)</li> <li>○ Contributions from the central government will be converted to interest-free loans, which NIRA will repay in installments after a specified period.</li> </ul>



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