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The Season of Kouyou (fall foliage)

Autumn is a special season in many ways in Japan. There is a Japanese saying that “Autumn is the time to enjoy sports, art, reading, and food.” As you can see from this saying, autumn is the season when Japanese people relax and to recuperate from the long, hot, summer.

In autumn, Japanese people enjoy going to the mountains or to the countryside to see Kouyou, the foliage. Since Japan has four full seasons, in other words, it has a long winter and summer, the colors of the leaves in the fall are said to be very beautiful.

October is one of the best and most crowded times to travel due to the trips to see Kouyou. During autumn, people pay close attention to determine the best time to see Kouyou and even the weather reports announce the dates for the Kouyou all over Japan. Although there are often terrible traffic jams on the way to and from seeing Kouyou, most Japanese still think it is worth seeing, before the cold, dark winter arrives.

The Banking & Finance Academy Summer Course Program in Tokyo

The PRI held a seminar entitled “The Banking & Finance Academy Summer Course Program in Tokyo” from July 29 to August 29. The Summer Course Program is conducted annually, and this was the sixth time for this seminar to be held. Twelve students and two instructors from the Banking & Finance Academy in Uzbekistan participated. The purpose of the seminar was to broaden their knowledge and to assist the students with their dissertations.

In Japan, it is very hot and humid in the summer. Despite such conditions, participants engaged fully in the Seminar, attending many lectures concerning Japan’s experiences with its financial, banking and taxation systems. Participants also went on observation tours of the Tsukiji Fish Market, the East Japan Railway Company, the Shiba Regional Tax Office, and a commercial bank, for example. In addition, they traveled to Kyoto and Osaka, where they had a chance to appreciate the traditions and culture of Japan.

On the last day of the seminar, the participants gave presentations regarding their dissertations, which were focused on comparative research of the budgetary, tax, and financial systems of Japan and Uzbekistan. Their presentations made it quite clear that they had obtained much useful knowledge and information from the seminar.

We sincerely hope that, all of the participants will apply what they have learned in Japan and play an important role in the development of Uzbekistan.



Observation tour to Tokyo Stock Exchange, Inc.



Mr. Kitamura, giving a lecture in Honjo Campus, Waseda University.

Message from Ms. Usmonova Dilafuz, participant of The Banking & Finance Academy Summer Course Program in Tokyo 2002

Despite it has already been several days since we returned from the 6-th annual BFA summer course, which took place in Japan in August of 2002, and have completely regained from cultural shock, we are still under impressions from that beautiful and amazing country and its people.

First of all, on behalf of all 12 trainees and 2 masters, I would like to thank all organizers of the seminar, particularly, special gratitude to Ministry of Finance of Japan. Also the atmosphere during lectures that took place at different financial institutions of Japan was very friendly and exciting.

The seminar was very diversified and rich in events, which let us enjoy our trip even more and to get to know closer culture and habits of traditional Japanese life.

The beginning of our seminar coincided with the official visit of Uzbekistan delegation. Therefore, it was also a very special trip for us, as we became witnesses of historical and exciting moments. Our President was admitted to honored doctor of Waseda University, and gave speech at the meeting.

Generally speaking we have a lot in common between our two nations. Both nations have very deep and rich history, and our relations go deep into centuries to times of Great Silk Road. Also, the fact that the people of Japan are very nice and hospitable, let us feel like home.

We do believe that the seminar was very fruitful and we do hope that we will do our best to implement all knowledge and experience we have gained during the trip, to financial sector development of Uzbekistan. Also we do hope this will be

one of very important steps in further Uzbekistan-Japan friendship and integration.

Those impressions and memories of the unforgettable visit, full of exciting moments and valuable memories will live forever with us!



Ms. Usmonova Dilafuz, receiving the certificate from Mr. Iwashita, the President of PRI



a shot during the trip to Kyoto

Workshops Held by Visiting Scholars

The Policy Research Institute receives outstanding researchers and government officials from overseas as visiting scholars and offers them opportunities to study the systems and policies of Japan. This spring and summer, two visiting scholars worked energetically on their individual research areas, and presented their findings at workshops before leaving the PRI.

Mr. Jahyeong Koo, economist at the Federal Reserve Bank of Dallas, U.S.A.; and Mr. Dennis Yasutomo, a professor at Smith College, U.S.A., held workshops entitled, respectively, “Possibility of a Common Currency Area in Northeast Asia” on July 5, “Latest Developments in Japan’s ODA Policy” on August 2. At each workshop, there was animated discussion between the presenter and the participants.

Memoir of Visiting Scholars

We received messages from Mr. Koo

and Mr. Yasutomo.

The message from Mr. Koo is as follows:

When I was looking for a visiting scholar position at the Policy Research Institute (PRI) late last year, I thought the chance of getting one would be very low. I guessed less than 30 percent. I knew of no one in the Federal Reserve System who had ever had the privilege of working at the Japanese Finance Ministry. You can imagine my delight when Mr. Isome sent me an acceptance email early this year. My pleasure was doubled when my father gave me money designated for the sole purpose of drinking with my new friends. I knew my father was pleased over my opportunity at the Ministry of Finance, and I knew he would brag to his Korean friends, who did not know much about the Federal Reserve but knew quite a lot about “Okurashou.”

I was eager to deepen my understanding of the Japanese culture and society during my stay in Tokyo. However, I was aware that cultural differences might cause some difficulties. My worry disappeared on my first day at the Ministry. Upon meeting Mr. Nishikawa in the visitor’s lounge, I knew immediately that we could drink together. He ushered me to other PRI members, who were also very friendly. From that moment, I began indulging in the Japanese culture and continued throughout my three-month stay.

As a visiting scholar at the PRI, I also extended my cultural expedition beyond Japan as there were four other foreign visiting scholars and more than twenty young foreign government officials, who participated in the Seminar on Economic Policy. I attended the seminars presented by the ministry of finance staff and professors. The presentations were very candid and sharp. I wondered where the image of the vague dialogue between the Japanese bureaucrat and the American counterpart came from.

The Policy Research Institute provided me an ideal environment for pursuing my research topics, a common currency area in East Asia and stability of the Japanese financial system. I was honored to join the policy discussion meeting on the Japanese Economic System. I met with many government officials, bankers, businessmen and politicians, all eager to share information and wisdom with me. Mr. Mutoh helped me arrange some of the meetings. I received first-hand information and began disagreeing with some foreigners’

comments on the Japanese economy.

The atmosphere at the PRI was very serious but more policy oriented than that of the US central bank. I felt that at the lunch meetings, I was initially too aggressive when I presented my paper and asked questions to other presenters. My behavior was dictated by American academic standards, and I soon learned regrettably that it did not coincide with the Japanese norm. In spite of my non-Japanese behavior, the members of the institute eagerly shared their ideas and data with me. I want to express my gratitude especially to Dr. Morinobu, Mr. Harada, Mr. Kuzumi and Mr. Nakazawa for their comments and data.

I feel very honored that I was able to interact closely with such caring, sincere and hardworking Japanese people during my visit. One evening I was with Mr. Yoshida at a subway station on the way home. It was very late, after midnight. He got a phone call from his wife who was also going home from her work. It is one of the most lingering memories of my visit to Tokyo.



Mr. Koo (second from the left) and Mr. Yasutomo (second from the right) with another Visiting Scholar, Mr. Park (on the left) and Mr. Daito (on the right, the former researcher of OIRC)



Mr. Park and Mr. Koo, with the members of OIRC, in front of the Ministry of Finance

The message from Mr. Yasutomo is as follows:

One of the greatest joys for me of spending time in Japan is the opportunity to meet celebrities whom I would never have a chance to meet back home. I have been traveling back and forth to Japan now for about three decades, and over the years, I have met a wide variety of interesting people in all different walks of life. These encounters ranged from team members of the San Francisco 49ers and the (then) Los Angeles Rams football teams at a reception before the first "Am-erican Bowl," an exhibition game held in the summer, to the Emperor of Japan at a reception in Yokohama. This past summer was no exception, as I had an opportunity to meet memorable people like Alberto Fujimori, the former president of Peru.

However, the most memorable people I meet in Japan are really not "dignitaries" in the traditional sense, as exciting as that may be. Rather, the most impressive people are those who, in their own way, contribute to Japan's relationship with the international community. Again this summer, I had opportunities to meet many people who were making a difference in the world. I would place everyone at PRI in this category because they do make a tremendous difference by fostering friendship and understanding across borders. And there were those representatives of Japanese NGOs who were active in the nation building process in Afghanistan. I was invited as an observer to sit in on two sessions of a special study group on Afghanistan nation building. One session in particular was devoted to presentations by Japanese NGO leaders who informed us about their activities in all different regions of Afghanistan since 9/11 as they attempt to assist the Afghan people to help themselves return to a semblance of normalcy in their lives.

Hearing about their efforts first hand, the task they face seems almost futile as they grappled with the most basic requirements -- issues related to food, shelter, and health. Their activities are small-scale, diverse, uncoordinated, and geographically extensive, and they are stymied by the absence of social and political stability and order. Their stories confirmed what we have heard about the difficulties of stabilizing life at the grassroots level in Afghanistan. And their

experiences drove home the point made by policymaking officials that the basic need at present is the establishment and maintenance of both the physical and social infrastructure even before large-scale foreign assistance from donor nations and international organizations can have a significant impact. But these individuals have accepted that challenge, and it was an impressive series of presentations by Japanese who are trying to make a difference in the lives of Afghans. Individuals like these are the real celebrities and dignitaries.

Here is an abstract of Mr. Yasutomo's workshop.

By 1990, Japan had become the world's largest aid-giving nation as ODA became a major diplomatic tool. In the mid-1990s, however, domestic political dynamics undercut the once privileged status of aid policy. Since 1997, Japan's ODA budget underwent annual reductions, and by 2001, Japan lost its top donor status to the United States.

The ODA budget reduction reflects numerous domestic developments. The current state of Japan's economy and financial situation has resulted in a significant loss of support for ODA among the people and political leaders, with strong feelings that these resources are needed at home. Aid-related scandals have also damaged the public support for aid increases, with calls for greater aid efficiency, effectiveness, and policymaking transparency. In addition, ODA may not be as necessary as in past decades. Japan's major recipients, Asian nations, have graduated or are on the verge of graduating. A shift is occurring from infrastructure loans to smaller scale "soft" and humanitarian aid, which require less funding. Yen loan repayments have greatly increased, and previously committed aid has gone unused on occasion. And aid to some of the largest aid recipients has been reduced, including China for political reasons, and India and Pakistan because of nuclear testing.

The medium-term policy impact may be a shift in ODA priorities. Asia is likely to be given higher priority, with the implication that other regions and multilateral institutions will receive lower priority. Within Asia, priority will shift to

those nations that have yet to graduate from borrowing nation status (e.g., Vietnam, Laos, Cambodia) and focus on relatively new Asian recipients (e.g., the Central Asian Republics and Afghanistan). This may not necessarily signify a retreat from international aid commitments, however, because Japan has recently demonstrated a willingness to take the lead in times of crisis despite aid budget reductions (e.g., the Asian Financial Crisis and Afghanistan).

In sum, the medium term prospects for Japan's ODA policy are a general downward trend in aid budgets, greater selectivity in aid usage and recipients, and a reform of the aid policymaking process.



Mr. Yasutomo, during his workshop

Introduction of reports published by PRI

The Policy Research Institute (PRI) conducts comprehensive surveys and studies with a policy-oriented focus. The PRI has recently published some interesting reports, including "Japanese Economic System: Revised" and "New Economic Prospects in Asia." Following are synopses of the two reports.

(a) "Japanese Economic System: Revised"

Up until the early 1990s, the Japanese economic system reflected the high level of economic growth that had been achieved, and was highly regarded throughout the world. However, since the 1990s there has also been ore focus on its problems, as the Japanese economy has stagnated.

This report, to begin with, considers the issue; "What exactly is the Japanese economic system? If the Japanese economic system is an excellent system, why isn t it functioning now? " And then, it reviews the issues discussed in connection with the Japanese economic system, and clarifies the role that has been filled up until now by the Japanese economic system, as well as its merits and limitations. In addition, the

report investigates the way this system should be operated, using some concrete examples.

(b) “New Economic Prospects in Asia”

In the past, the economic relationship between Japan and Asia was described as a shoulder-to-shoulder V-formation with Japan in the lead position. However, with the rapid development of the Chinese economy, this view is an outdated. China is now nicknamed “the world’s factory.” Chinese economic development has a large influence on Asian trade and investment, and has given rise to a fear of a “hollowing out” of industry in Japan.

“New Economic Prospects in Asia” focuses particularly on China. It investigates the current Chinese economy, studies what influence the development of China has on the Japanese economy, as well as considers how Japan should respond in the future.

These two reports are posted on our Website as are other reports recently published by the PRI. For more details, please visit our Website
http://www.mof.go.jp/english/soken/pri_top.htm .

Information on Forthcoming Seminar -Seminar on Policy Finance (Agriculture) 2002-

The PRI will hold a seminar entitled “A Training Course on Policy Finance (Agriculture) for the Central Asian and the Caucasus Countries” from October 21. Arranged in cooperation with the Agriculture, Forestry, and Fisheries Finance Corporation, the two-week course will contain both lectures and field trips. This is the sixth annual seminar. The first week will feature lectures given by MOF officials, scholars, and finance experts in Japan, and field trips to farms, manufacturing factories, and organizations related to agriculture will be offered in the second week.

This year, twelve people from seven countries are scheduled to participate. Since the participants all work at agricultural finance corporations in their respective countries, they will have the chance to learn not only about Japan’s agricultural finance system, but also about the differences among the participants’ countries. The discussion will include an exchange of views.

The field trip this year is planned for Matsue, Shimane Prefecture, and the

participants are sure to enjoy the beautiful autumn in western Japan, including the foliage. Through the course, the participants will learn firsthand about Japanese agriculture and the policy finance system that supports its development. Since agriculture is the main industry in the participants’ countries, they are expected to apply the knowledge they gain in Japan to the development of their own countries.

Visiting Scholars and Researchers

The PRI accepts foreign researchers and government officials who want to conduct in-depth studies on general Japanese economic policies. Currently, there are four Visiting Scholars and Researchers (as of October, 2002).



From left to right

Mr. Park, Sang-Jo (Director, Ministry of Finance and Economy, Korea)

Ms. Chao-Chi Lin (Ph.D. student, Stanford University)

Mr. Sevic Zeljko (Principal Lecturer in Accounting and Finance, University of Greenwich)

Mr. Do Ngoc Huynh (Ministry of Finance, Vietnam; Ph.D. student, Osaka University)

People at the PRI and the OIRC

New PRI President Appointed



Mr. Iwashita, President of the PRI

On July 9, Mr. Tadashi Iwashita was appointed President of the Policy Research Institute (PRI). Prior to assuming this post, he had been the Senior Deputy Director-General of the International Bureau.

He joined the Ministry of Finance in 1970 and spent his career mainly in the fields of tax and international finance.

Mr. Hiroyasu Watanabe, former President, was appointed Commissioner of the National Tax Agency.



Mr. Satoh, Director of the OIRC and OIRC staff members

On July 9, Mr. Masayuki Satoh was appointed Director of the Office of International Research and Cooperation (OIRC). He had formerly worked for the Japanese Mission to the World Trade Organization (WTO) in Geneva, Switzerland for the last three years, and has considerable international experience.

Mr. Masao Uno, former Director, was appointed Director for Research and Planning at the Minister's Secretariat.

<New Members from April >

Mr. Kazunori Tanuma, Senior Officer

Ms. Chieko Imazato, Senior Officer

<New Members from July>

Mr. Katsuya Kida, Deputy Director
Ms. Miho Hashidate, Section Chief
Mr. Katsutoshi Sakaji, Officer
Mr. Kaoru Iwamoto, Researcher

Farewells!

< March >

Mr. Sokura Imai, former Senior Officer, returned to the Agriculture, Forestry and Fisheries Finance Corporation of Japan.

Mr. Hiroshi Ogihara, former Senior Officer, returned to Nippon Oil Corporation.

< July >

Mr. Shizuki Mutoh, former Deputy Director, was appointed Assistant Professor of the Research Department, National Tax College.

Mr. Munenari Nomura, former Section Chief, was appointed Deputy Director of the Co-ordination Division, International Bureau.

Mr. Satoru Nishikawa, former Officer, was appointed Officer of the Research Division, PRI.

Mr. Hisao Daito, former Researcher, returned to the National Life Finance Corporation.



Issued by:
Office of International Research and Cooperation,
Policy Research Institute,
Ministry of Finance, Japan
3-1-1, Kasumigaseki Chiyoda-ku, Tokyo
100-8940 JAPAN
Tel : +81-3-3593-0312
Fax: +81-3-5251-2171
URL: http://www.mof.go.jp/english/soken/pri_top.htm