

Innovative management and corporate philanthropy rooted in the community

Secrets of AEON's 55 years of successful growth

Takuya Okada, chairman of the Cultural Foundation of Okada and honorary chairman and advisor of AEON Co., talks with NPF Chairman Seisuya Tabuchi

Adapting to change through innovative management

Seisuya Tabuchi: I first met you, I think, back when I was a director of Nomura Securities Co. At that time you said, "As soon as goods are out of season, their price drops by about two-thirds, but even so you should sell them." I thought these were wise words. When share prices began to fall from their peak of 38,915 points at the height of the asset bubble, I recalled what you had said and predicted that this fall was the real thing and share prices would drop by about two-thirds. Indeed, today the Nikkei average is about a third of what it was at the height of the bubble.

Another saying you're famous for is "Attach wheels to the central pil-



lar." In fact, this is part of the title of your 1996 book *Attaching Wheels to the Central Pillar Again: The AEON Group's Distribution Revolution*. Where did this saying come from?

Takuya Okada: It's an old family maxim. Attaching wheels to the central pillar of a house, something that isn't supposed to be moved—in other words, moving the central support—means undertaking innovation on your own initiative to adapt to changing times. I'm not sure when this became a family maxim, but it was probably in my great-grandfather's time.

I belong to the seventh generation of a family kimono business. In the first generation we didn't have a shop but peddled our goods. In 1758 the first shop was opened in Yokkaichi, in what is now Mie Prefecture. Towns change over time,

too. In the Meiji era [1868–1912], when Japan began modernizing, the textile firm Toyobo built a plant in Yokkaichi, and flows of people and business locations changed. In 1887 we moved our shop to the center of town. As Shuji Hayashi, now professor emeritus of the University of Tokyo, has said, "Retail is an industry that depends on location." So in a narrow sense the maxim means moving shop in accordance with changing times. In a broad sense, it means you have to change the nature of the business itself as society changes. It's often said that the life of a business is 30 years, but I think this refers to businesses that don't remake themselves.

Tabuchi: AEON owes its present prosperity to putting that maxim into practice, doesn't it?

Okada: That's why we've constantly

ON THE INSIDE

Project Report:

Bridging the digital divide in the Pacific islands



5

Reports from the Field:

Changing Mongolia, changing Mongolians

8

Opinion:

An Asian euro?

10

Foundation Updates

12

SPF Publications

14

From the Editor's Desk

14



Takuya Okada

Takuya Okada was born on September 19, 1925, in Yokkaichi, Mie Prefecture. He graduated from Waseda University with a degree in commerce. While still a university student he became CEO of Kimono Store Okadaya Co. After graduation he continued managing the company, which was reorganized into a supermarket chain, Okadaya Chain Co. In 1970 he became the first president and CEO of JUSCO Co., formed from the merger of three companies. Buying up many regional supermarkets, he developed JUSCO into a major supermarket chain. In 1984 he became chairman and CEO, and in 2000 honorary chairman and advisor. The company was renamed AEON Co. in 2001. In addition, he served as a receiver of Yaohan Co. (now Maxvalu Tokai) from 1997 to 2002. He has also held a number of important industry positions, including chairman of the Japan Chain Stores Association, the Japan Shopping Centers Association, and the Japan Retailers Association; vice-chairman of the Tokyo Chamber of Commerce and Industry; and a director of Keidanren (Japan Federation of Economic Organizations). His many honors include the Medal of Honor with Blue Ribbon (1985), the Prime Minister's Commendation (1986), and Honorary Commander of the Order of the British Empire (1989).

changed the location, size, and type of business of our shops over the years. When Western clothing began coming onto the market in the Meiji era, my ancestors were quick to stock such goods. It's no good sticking to the same old way of doing things when the environment is changing.

Tabuchi: You started out selling

kimono, you said.

Okada: That's right. In my father's generation we reorganized as a joint-stock company, and my father set out to change the nature of the business. At the time department stores were the most modern form of retail business. He wanted to change the kimono shop into a department store. I, too, realizing that you have to keep remaking yourself, changed the company's name from JUSCO to AEON and carried out a lot of mergers.

Tabuchi: Yes, you've undertaken a lot of mergers.

Okada: I don't remember how many, but I think there have been 50 to 60.

Shopping malls with lots of shuttered shopfronts illustrate many retailers' slowness to change. This phenomenon was first seen in shopping malls that grew up after World War II in the vicinity of railway stations. In premodern times shopping malls sprang up along highways and the roads leading to famous Shinto shrines. When railways developed after World War II, shopping malls grew up around stations. The advent of the automobile society changed circumstances. Shops that didn't adapt to the times but kept doing things the same old way went under. As I've said, it doesn't work to keep doing things the old way when society changes.

Even in declining shopping malls, business sectors that have introduced new systems are prospering. One success story is Hanacupid, a nationwide network of flower shops offering flower-delivery services based on the U.S. system. No matter how distant the destination, prompt delivery is guaranteed. Hanacupid also organizes an annual flower-arrangement contest to improve skills.

Why excessive lending was stopped during the bubble

Tabuchi: I've heard that "Make money when prices are falling, not when they are rising" is another Okada family precept. This is something that has been said about stock-market dealings for a long time.

Okada: Yes. My grandfather's generation saw the great crash of 1920. At that time our family made a lot of money. That's when my grandfather said, "Make money when prices are falling, not when they are rising."

Tabuchi: Can you be a bit more specific.

Okada: We started out as retailers. This mind-set began, I think, with the attitude of actively encouraging sales when it was easy for people to buy and holding back when prices were high. In the late nineteenth and early twentieth centuries regional kimono retailers bought fabrics from weavers for summer kimono in the winter and for winter kimono in the summer, storing the cloth in warehouses. Meanwhile, the retailers sold on credit to the farmers who were their main customers. Since farmers earned their money after harvesting their rice, wheat, and other crops, they would pay at that time. It was a kind of money-lending business.

At the time of the 1920 crash, my grandfather sold goods made from his stored stock at a deep discount. At first he had the managers price the goods, but they were too expensive to sell well, so he then had his apprentices, who had little idea of the value of goods, price them lower. He sent the chief clerk and other managers to farming communities to collect payment and directed them to use that money to buy more fabrics from weavers. Profits soared, and using those funds as capital he restructured the business as a joint-stock company in 1926.

Tabuchi: It really was a case of "Make money when prices are falling, not when they are rising."

Okada: Speaking of falling prices, here's something that happened during the bubble. AEON Credit Service Co., a member of our group, makes small loans. At the time of the real-estate bubble, loans secured by real estate yielded huge profits. Since you naturally make more from a loan of ¥1 billion or ¥10 billion than from one of, say, ¥100 million, everyone from the president on down wanted to make big loans secured by real estate. But I felt intuitively that there was something

unnatural about the extraordinary rise in land prices. Since almost no one thought prices would fall, my efforts to get AEON Credit Service to stop making such lavish loans were met with stout resistance. I wasn't convinced prices would fall, either, but ultimately, by dint of much nagging, I persuaded the company to stop making loans of billions of yen and stick to small loans—¥1 million, ¥5 million, and the like—since JUSCO's core business was retail. Shortly thereafter the bubble burst, but AEON Credit Service wasn't left with any bad loans.

The site of AEON's head office in Makuhari, Chiba Prefecture, bought for about ¥900,000 per *tsubo* (approximately 3.3 square meters), was worth ¥10 million per *tsubo* at the height of the bubble. Even in my hometown, Yokkaichi, land in the central business district rose to ¥5 million per *tsubo*. At present it's worth about ¥500,000 per *tsubo*, a tenth of its value at the height of the bubble. Averaging land prices throughout Japan, they seem to have returned to their old level.

A retail industry hobbled by socialistic policies

Tabuchi: When I was in Brazil during the bubble period, I happened to see a television program on Japanese land. I don't know Portuguese, but the program seemed to be saying that the grounds of the imperial palace in Tokyo were worth the same as all of California. I thought this boded no good. When I returned to Tokyo, Nomura Securites had set up a company called Nomura Finance Co., which had begun offering bank-type services. At first it was providing loans worth 75% of collateral. This rose to 90%, then 100%, then 120%. The company lost tens of millions of yen, but Nomura Securities quickly abandoned the field, sold the remaining recoverable collateral to banks, and wound up Nomura Finance.

On another subject, when the retail chain Seiyu came under the umbrella of Wal-Mart Stores, Inc., AEON found itself competing with Wal-Mart within Japan. How do

Wal-Mart and AEON differ?

Okada: For one thing, the two companies are totally different in scale. For another, in Japan's four-tier feudal system of warriors, farmers, artisans, and merchants, retailing wasn't recognized as an industry. In America, however, retailing has been a full-blown industry for a century or more. The Woolworth Building in New York was once the world's tallest building. And Sears Tower, in Chicago, built for Sears, Roebuck and Co. in the 1970s, was the world's tallest building until 1996.

In Japan, especially after World War II, there were elements of a socialist state; there was a desire to protect small enterprises, whether in agriculture or retailing. To protect small and medium retailers, the Department Store Law and the Large-scale Retail Store Law regulated the establishment of big stores for decades.

Tabuchi: It was a planned economy.

Okada: Meanwhile, a big gap appeared between the distribution industry in Japan and that in other developed countries. In countries like France and Germany five big companies have a majority share of distribution. Moreover, these companies have aggressively moved abroad. Because America had free competition within its huge market, domestic companies have had their ups and downs. The A&P supermarket chain, the world's biggest retailer, with almost 10,000 stores, was bought by a German company. Then Sears, Roebuck rose to prominence, only to be overtaken by Kmart Corp. Back when the U.S. dollar was valued at ¥360, there was a time when Sears, Roebuck is said to have had ¥4 trillion in sales—roughly equivalent to Japan's national budget at the time. But Kmart, which overtook Sears, Roebuck to become number one in the world, filed for bankruptcy in 2002.

Tabuchi: Wal-Mart Stores took over from Kmart, didn't it?

Okada: Yes. It had been chasing Kmart and suddenly overtook it. It took me 55 years as CEO to lift annual sales to ¥3 trillion, but Wal-Mart



achieved ¥30 trillion in 40 years. It's a totally different order of magnitude. Wal-Mart is far and away the world's biggest retailer. The French company Carrefour is a distant second.

Tabuchi: Has Wal-Mart done well in Asia, too?

Okada: No. It's the British firm Tesco that's done best in Asia. I explain its success as follows. Britain used to have lots of colonies around the world. I think its experience of governing colonies with completely different histories and peoples is still alive and well among British managers. If you go to the British Embassy in Tokyo, everyone in the commercial section speaks fluent Japanese. I know of only one British ambassador who couldn't speak Japanese. But if you go to the U.S. Embassy, even Japanese-American personnel can't speak Japanese.

Tabuchi: I see. When AEON began expanding overseas, where did it go first?

Okada: We set up our first overseas company in Malaysia in 1985.

Tabuchi: Is it doing well?

Okada: It's doing reasonably well. We've indigenized the staff, and the company is listed on the local stock market. Share prices are pretty good, too.

Tabuchi: So there are AEON Group companies listed on overseas stock markets.

Okada: During the bubble period, everyone was buying real estate, but I bought companies, such as the apparel chain Talbots, Inc., which was listed on the New York Stock Exchange.

When I bought it in 1988 it had about 130 stores, but it now has over 1,000 outlets. In addition to Malaysia, we have a publicly listed retail business in Hong Kong. And AEON Credit Service has listed companies in Hong Kong and Thailand. Altogether we have five such companies overseas.

Corporate philanthropy in an age of water and greenery

Tabuchi: AEON is well known for its corporate philanthropy, too. Are you yourself now concentrating on such activities?

Okada: I turned 75 four years ago. It was also my golden wedding anniversary and 30 years since the company was reorganized as JUSCO. Thinking this would be a good time to make a shift, I withdrew from all executive posts except that of receiver of Yaohan. Since there was still work to be done at Yaohan, I retained that position until 2002.

I'd been thinking for some time about what I'd do when I quit corporate life. With my future in mind, and in order to give something back to my hometown, I'd set up two foundations in Mie Prefecture, the Cultural Foundation of Okada in 1979 and the Okada Foundation for the Promotion of Traditional Hometown Industries in 1989. The two foundations merged into the present Cultural Foundation of Okada in 1999. This foundation donates artworks to the Mie Prefectural Art Museum and carries out activities to promote and develop arts and culture in the prefecture. At present I'm involved with the Cultural Foundation of Okada, the AEON 1% Club, and the AEON Environment Foundation.

Tabuchi: What's the AEON 1% Club?

Okada: The blue-chip companies in the AEON Group contribute 1% of pretax profits to the club, which uses the funds for a variety of activities in three categories: environmental conservation, international cultural and personal exchange, and promotion of local culture and society. Talbots' parent company, General Mills, Inc., has its headquarters in Minneapolis, Minnesota. Minneapolis-based companies, including 3M and Dayton

Hudson Corp. (now Target Corp.), have a tradition of vigorous corporate philanthropy. Dayton Hudson was the first to engage in local corporate philanthropy, setting up a 5% club. At one point, when Dayton Hudson was about to be bought up, the state government blocked the takeover, going so far as to change the law to prevent it. This impressed upon me the importance of local corporate philanthropy.

The AEON 1% Club is also building schools in Cambodia and Nepal. It has built 149 schools in Cambodia in three years. But this isn't due to our efforts alone. One of the good things about the retail industry is that if you want, for instance, to build schools in Cambodia because children are studying in hovels without any electricity, you can organize photograph exhibitions to raise funds and collect ¥50 million or so in two or three months. Using money raised this way, and with the cooperation of UNICEF and other organizations, we're building schools. Tens of thousands, even hundreds of thousands, of customers visit retail stores every day. If you provide them with information and appeal to them, you can gain a big response.

Tabuchi: What kinds of activities does the AEON Environment Foundation engage in?

Okada: We set up the foundation before the United Nations Conference on Environment and Development—the so-called Earth Summit—held in Rio de Janeiro in 1992. Our idea was that the twenty-first century would be the age of water and greenery. If we think of the twentieth century in terms of the East-West problem—the confrontation between the Soviet Union and the United States—then the key issues of the twenty-first century will, I think, be the North-South problem and the environment. When we proposed to set up the foundation, the Environment Agency (now the Ministry of the Environment) had a small budget, so it was very happy and approved establishment of the foundation in only two months instead of the usual two years or so.

The aims of the foundation are to protect and foster water and greenery. It's carrying out tree-planting activities both in Japan and overseas—along the Great Wall of China, in Cambodia, on the Shiretoko Peninsula of Hokkaido, and elsewhere.

Tabuchi: I would have thought Shiretoko has lots of trees.

Okada: There are also treeless areas, where land was cleared and cultivated to boost food production during World War II. There are lots of such wastelands. We're reforesting these areas, but there are difficult problems because of the destruction of the ecosystem.

Tabuchi: Hasn't part of the peninsula been made a national park?

Okada: Yes. The foundation is cooperating with a national-trust campaign to restore wastelands to virgin forest by buying and reforesting private land within the national park. We're now in the third year of a five-year plan.

Tabuchi: What kinds of ecosystem problems are there?

Okada: Originally, wolves used to inhabit Shiretoko, but because they were all killed deer proliferated. The deer eat the young leaves and bark of trees, so the trees wither. A three-meter fences were built around the reforestation areas, but last year, when snow piled up the deer were able to leap over the fence and ate all the young leaves. It's a difficult situation.

Tabuchi: Once an ecosystem is destroyed it's very hard to restore it. You said the foundation is planting trees along the Great Wall of China, too.

Okada: These days there are lots of people who want to do more than just travel; they want to do something useful. We're running tours that take people to the Great Wall to help with tree planting, after which they tour for about a week. About 4,000 people have taken part in three years. There's an increasing number of retirees who want to do this kind of thing. I think this is Japan's only salvation.

Tabuchi: You're right. You're doing wonderful work. Thank you for your time today.

SPF

Project Report

Bridging the digital divide in the Pacific islands

Pacific Islands Digital Opportunity Research Project established

By Akio Watanabe

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Research committee set up to propose assistance policies for Pacific island nations

The Sasakawa Pacific Island Nations Fund (SPINF) was founded in 1989 in order to promote mutual understanding and exchange between Japan and the Pacific island nations. It aims at human resource development for the people of the Pacific islands and has been extending support for, among other things, distance education throughout the Pacific region.

As use of the Internet spreads throughout the globe, the problem of the digital divide was recognized, requiring closer attention to and intense discussion of the state of affairs in the Pacific island nations. From around the year of 2000 various organizations from the United Nations, developed nations, and NGOs began to address issues of the digital divide. As for the Japanese government, it announced an IT Charter on the occasion of the G8 Summit at Okinawa in 2000, indicating its supportive stance in alleviating the digital divide problem. Despite this and other

encouraging initiatives, the Pacific island nations have not received adequate attention. While there have been various projects for assisting the developing nations in Asia and Africa, none of them have included specific consideration of the Pacific island nations. Having been involved in distance education and other aspects of information and communication technology (ICT) policies for longer than 10 years, SPINF established the Research Committee for Pacific Islands Digital Opportunity (PIDO) in April 2002, asking it to come up with assistance policies for Japan to implement. The committee enlisted the cooperation of 13 Japanese and foreign experts in the field of telecommunications policies.

The significance to Pacific island nations of cultivating the information and communications environment

There are several reasons that ICT assistance is of special importance for the Pacific island nations. Apart from the obvious benefits to be obtained from such activities as distance education and telemedicine, ICT can and should be utilized to enable the Pacific island nations to survive and thrive in the world under extensive globalization.

Globalization means different things to different people. They all agree, however, on the fundamental fact that it is characterized by facilitation of the movement of capital, labor, information, and other resources on a worldwide basis. There are various ways of utilizing ICT to overcome the peculiar difficulties of being a small island country surrounded by

a vast ocean and located far from the centers of economic and cultural activities of the world. Put it differently, small island nations can take advantage of those characteristics to create new opportunities by making the best use of ICT. This is what makes the development of ICT infrastructure vital to the Pacific island nations. Let me try to illustrate the point by considering four socioeconomic options that will, it is hoped, be made available in the age of ICT for the Pacific island nations.

Traditionally, it was the nation that chose capital; now, capital chooses and moves to locations in search of favorable conditions. However, remoteness and mini-scale—geographical and social conditions peculiar to most of the Pacific island nations—are not conducive to attracting sufficient capital. Rather, it is the people of the islands that emigrate overseas in search of more favorable labor markets. For example, a higher percentage of Tongans and Samoans live abroad than in their home countries. If their home islands become depopulated as a result of emigration of productive age groups, that will be unfortunate both for those families that remain on the islands and for the emigrant workers themselves, who risk suffering from an identity crisis and degenerating into diasporas. However, in the age of globalization, with the facilitation of movement of people and distance communication, it is becoming easier for island people to have, shall we say, double homelands by sustaining economic and psychological ties between the emigrant workers abroad and those who remain on the home islands. Remittance is already an important means of connecting the emigrants and their homelands. ICT can be utilized to reinforce those traditional means of connecting the emigrants and their homelands.



A scene from a workshop held at the University of Hawaii in August, 2002.

(2) Tourism

Even in the age of globalization, there is one thing that does not move, namely land. Rather, people from overseas attracted by the beauty of nature, for instance, do come to remote lands. That is why tourism is an important industry for many island nations. By developing an adequate ICT infrastructure the Pacific island nations can publicize tourism information more effectively and grasp the market needs of target countries more easily. Online reservations will eliminate troublesome booking procedures and payment can be easily accommodated with online credit card remittance.

(3) Capital

Due to the limited size of their markets, island countries are not usually suitable places for attracting capital. In some cases, though, they provide an attractive option for capital moving across national boundaries in a rather ironical manner. An outstanding example of this is the offshore banking of Grand Cayman. This island, with a population of about 30,000, is said to rank fifth in the world in terms of booking bank loans. The fact that tax regulations and other legal restrictions are loosely enforced is a factor of interest to investors. This also is a hardheaded approach that takes advantage of the region's peculiarities, namely, the difficulty for the regulating authorities to fully exercise their control over transnational activities based on the island.

The Cook Islands, for instance, place an emphasis on offshore banking. Another example is Vanuatu, which adopts various preferential measures in taxation (so-called tax haven). The maintenance and operation of these offshore financial systems require a highly reliable ICT environment.

(4) Transnational crimes

It is not only risk-taking investors who try to exploit the nature of the islands, where it is relatively easy to evade the law, but also those who engage in illegal and indecent activities, such as drug trafficking, gambling, weapons smuggling, money laundering and so on. In this age of the global war on terrorism, in which countries are called upon to strengthen counterterrorism measures, we

need to be particularly aware of the danger that Pacific island nations can be used as bases for international crime.

It also is true that capital does not always lead to favorable results, as is illustrated by the 1997 financial crisis of the Asian countries, when the sudden influx and corresponding outflow of short-term capital (portfolio investment) brought about major financial chaos. In any case, there is a tendency for dubious transnational actors to become concentrated in the islands, where legal regulations are loose to begin with and even if there are regulations the government lacks the capability to enforce them. From that point of view, ICT can be a double-edged sword, although that can and should be avoided. In conclusion, always keeping in mind the last-mentioned pitfall, ICT should be actively developed as a tool to broaden the socioeconomic opportunities available to Pacific island nations by compensating for the handicap of geographical distance.

Contents of the report

After two years of work, the PIDO Research Committee prepared a report containing a number of policy recommendations. Here are the contents of the report, along with our proposals. The committee made the following 10 recommendations, dividing them into the three categories of human capacity building, infrastructure development, and policy dialogue promotion.

Chapter 1 introduces the committee's policy recommendations. For reference purposes, the chapter includes the working group's report on the Hawaii Workshop held in August 2002. At the workshop many suggestions were brought to light, many of which are incorporated into the committee's policy proposal.

I. Human capacity building

(1) Support the interconnection of existing distance/training networks

(2) Facilitate content sharing and joint content development for human

capacity building

(3) Promote human resource development of local people

II. Infrastructure development

(4) Evaluate options for broadband access to the Internet at affordable rates

(5) Investigate narrowband access options

(6) Encourage the establishment of a Common Spectrum Policy

(7) Promote remote island telecenter projects

(8) Increase networking among hospitals, health centers, and dispensaries

III. Policy dialog promotion and policy assistance

(9) Promote policy dialog to expand the Asia Broadband Initiative to the Pacific island nations

(10) Support efforts in telecommunications policy development and implementation in the Pacific islands

Chapter 2 reports on the current state of affairs of Pacific island nations' ICT. Various institutions have compiled reports on the Pacific island nations' ICT status, many of which are available online (e.g. www.pita.org.fj/). We requested Robert Guild, a former IT policy advisor of the secretariat of the Pacific Islands Forum (PIF), to write the outline. Committee member Kenji Saga, a visiting researcher at the National Institute of Information and Communications Technology, compiled an analysis of the ICT Policy and Strategy Plan; a plan mainly created by PIF in 2002 and fundamental when considering IT policies for the region. It also includes a review of telehealth in the Pacific region based on a field report by committee member Isao Nakajima, a professor at Tokai Uni-



Participants from an August, 2002, workshop at the University of Hawaii.

versity Medical Research Institute, on his visit to the Secretariat of the Pacific Community located in New Caledonia. That was conducted as part of the committee's activities in March 2003.

Chapter 3 addresses the current issues facing Micronesia and contains the results of surveys conducted by committee members Saga, Toshio Kosuge (a professor at the University of Electro-Communications), Masatomo Tanaka (a researcher at the Historical Museum, University of Electro-Communications), and Christina Higa (director of the Social Research Institute, PEACESAT, University of Hawaii) during their visit to Micronesia in March 2003. Also included is a field report by Tomonori Orita (with IBM Japan), who stayed in Micronesia for four months as a Japan International Cooperation Agency (JICA) expert. Orita was supported by the committee in information gathering prior to the on-site survey for JICA and later became a member of the committee. The last item arose out of the attendance of Saga in August 2003 at the workshop held by the Palau ICT Advisory Committee, Palau National Communications Corporation, and PEACESAT of University of Hawaii. Higa authored the report on the workshop.

Chapter 4 relates to the World Summit on the Information Society (WSIS) organized by the United Nations and International Telecommunication Union. Originally included in the committee plan (in addition to establishing an ICT assistance policy for the Pacific island nations) was the goal of creating a place for people of the Pacific island nations to participate in dialogue on the world's IT policies. As of 2002 the Digital Opportunity Task Force (DOT Force) activities were highly recognized as an outgrowth of the Okinawa IT Charter. In January 2003, at the WSIS Asian

Pacific Regional Conference held in Tokyo, the PIDO committee in association with the Foundation for Development Cooperation (Australia) held a side event concerned with the Pacific island nations. This was instrumental in having the issues facing the Pacific island nations addressed in the WSIS Tokyo Declaration. This also led to the PIDO committee's placing more emphasis on WSIS-related activities. Committee member, Adam Peake (an executive research fellow at the Center for Global Communications, International University of Japan), reports on the Tokyo conference, and Stuart Mathison (a program manager at the Foundation for Development Cooperation) reports on the Pacific events held by WSIS in Geneva, Switzerland.

Chapter 5 contains a summary by KDDI R&D Laboratories' Katsuyuki Yamazaki on the promotion and use of wireless LAN systems that were piloted on the island of Amami Oshima, south of Kyushu, Japan. This is a method that could be applied in the Pacific island nations. Committee member Higa, who stayed in Japan during 2002 as a visiting associate professor at the National Institute of Multimedia Education, reports on her research into the potential for distance education in linking Japan with the Pacific island nations from a technological and content perspective. Finally, Saga writes about the Asia Broadband Program, Japan's first concrete policy for ICT international assistance. The PIDO committee offered comments in December 2002 to a request for public comments on the Asia Broadband Program (Ministry of Public Management, Home Affairs, Posts, and Telecommunications), which was overseen by the Prime Minister's Office.

Finally, I would like to thank the many individuals and organizations

that have generously offered us cooperation ever since our committee's inception. Many individuals, including the Education Minister of Samoa, attended the Hawaii Workshop at their own expense. We were also deeply impressed by those participants from the Pacific island nations in the Tokyo WSIS conference, who worked hard from early morning to late at night on creating the draft of the report.

I sincerely hope our report will be used for improving Japan's ICT assistance policy for the Pacific island nations. It is also hoped that it will contribute to improvement of ICT in the Pacific island nations. The PIDO committee enters its second phase, which will continue for two years beginning in fiscal 2004.

Akio Watanabe was born in 1932. He graduated from the University of Tokyo with a degree in Japanese history and earned a Ph.D. in international relations at the Australian National University. Having served as an associate professor at Meiji University, an assistant professor and professor at the University of Tokyo, and a professor at Aoyama Gakuin University (April 1993–March 2001), he is now a professor at Teikyo University and a professor emeritus of the University of Tokyo and Aoyama Gakuin University. He has also been president of the Research Institute for Peace and Security since April 2000. His special fields are international politics and Japanese foreign policy. He is the author of *The Okinawa Problem: A Chapter in U.S.-Japan Relations* (in English) and *Asia-Pacific International Relations and Japan and Fluctuation of the Major Power Japan* (in Japanese), and editor of *The Postwar Foreign Policy of Japan*, *The San Francisco Accord*, *Prime Ministers of Postwar Japan*, *Modern Japan's International Policy*, and *Asia's Human Rights from the Viewpoint of International Governance* (in Japanese). He has been a member of the SPINF steering committee since 1998, and the chairman since 2000.

The committee's report, *Report of the Research Committee for Pacific Islands Digital Opportunity: Creating New Value and Knowledge for Pacific Islanders*, is available in English and Japanese. Please contact the program coordinator below. Copies will be distributed free of charge while supplies last. The report is also available at www.yashinomi.to/pacific/digitalopp.html

The committee is to continue its activities into a second two-year phase starting in fiscal 2004. In December 2004, together with the United Nations Educational, Scientific, and Cultural Organization and other bodies, it will host a telecenter workshop in Brisbane. In Jan-

uary 2005, with assistance from such sources as the World Health Organization, it will organize a policy workshop on distance education and telemedicine. And during fiscal 2005 it will organize another workshop focused on Micronesia and send a delegation of representatives of Pacific island nations to the concluding phase of the WSIS, to be held in Tunisia.

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Reports from the Field

Changing Mongolia, changing Mongolians

Observations based on participation in a Mongolian NGO

By Yukiyasu Arai

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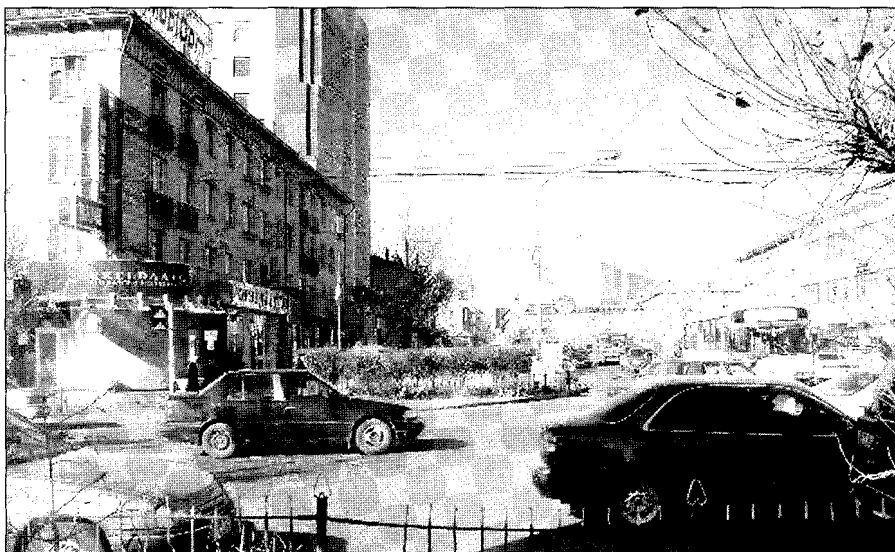
Six years of growth for MDRC

Three months have passed since I arrived in Mongolia in late July 2004. It was hot then, but there is now a definite bite in the air. Someone once said that Mongolia has four seasons: June is spring, July is summer, August is autumn, and the rest of the year is winter. Indeed, snow began falling in mid-September. It is said that winter is especially cold in the year of the monkey in the Chinese calendrical cycle, such as 2004, and that in most such years the snow causes hardship for many of Mongolia's nomads.

This is my second prolonged stay in Mongolia. The first was also in the year of the monkey. In January the temperature dipped to minus 40 degrees Celsius. I well remember how bitterly cold it was. At the time, I thought this was normal for Mongolia.

The office of the Mongolian Development Research Center (MDRC), where I work, is in central Ulaanbaatar. Located in the district known as "Mongolia's Wall Street," it is surrounded by banks, nonbank financial institutions, and moneychangers. The building housing MDRC is directly south of the Ulaanbaatar City Bank. From my window I can see the Trade and Development Bank of Mongolia. While this district, where Mongolia's major banks, including the Mongol State Bank, stand cheek by jowl, may be called "Wall Street," the buildings are not particularly grand. Although some buildings are new, most financial institutions occupy the refurbished ground floors of older buildings.

MDRC is a private-sector not-for-profit think tank established in 1998. In cooperation with The Nippon Foundation and SPF, it holds many



Mongolia's "Wall Street" in Central Ulaanbaatar.

conferences examining Northeast Asian regional cooperation and Mongolia's role in the light of various aspects of politics, economics, and society and has published over 20 books. In the six years since its founding MDRC has built up a solid body of experience and is growing into a think tank capable of drawing up policy proposals.

This growth owes a great deal to the SPF-funded project Role of Mongolia for Peaceful and Stable Development of Northeast Asia, initiated in fiscal 2000. Next year will mark the second year of phase II of the project, and I hope in my small way that I can help develop it still further.

Mongolia's growing affluence

My first substantial stay in Mongolia was 12 years ago. Since then I have made several visits, but aside from a stay of a month or so in 2002 this is the first time I have had a chance to observe Mongolian society at leisure. In these 12 years Mongolia has changed greatly. To begin with, as I walk around I am amazed by the number of signboards. Twelve years ago, all you saw was the kinds of slo-

gans you would expect in a socialist state. Now you see signs advertising everything from cars, industrial machinery, banks, cosmetics companies, and insurance firms to events.

The shops lining the streets are much more attractive than they used to be, and are larger. Chain stores have proliferated, as well. Supermarkets and small shops alike used to offer little choice of merchandise. Now there is much greater variety, and the days of wondering when goods that had sold out would be restocked are gone. Whereas Russian and Chinese products used to predominate, now you also see a lot of South Korean products.

Another change is in the range of cuisine available. Before, your choices were confined to Mongolian cuisine and a smattering of restaurants offering Russian and East European cuisine. Today you have your pick of Chinese, Korean, Thai, Indian, Turkish, and other Asian cuisines, as well as quite authentic European dishes. This wealth of choice bears witness to Mongolia's increasing affluence.

Another sign of growing affluence is the rise in the number of cars. Twelve years ago, you did not see that many cars, and there were some

people on horseback, flocks of sheep and cattle, and camel trains. Seeing horses cropping grass in the square directly in front of the government buildings, I thought what a pastoral country this was. Now it is completely different.

In the morning, if I am not in a hurry, I catch a bus to my office, but it is usually crowded. I do not know if it was always so, but almost no one obeys the traffic rules. Cars blithely ignore red lights if no pedestrians or other vehicles are approaching. Sometimes cars mount the sidewalk and push pedestrians aside. Not surprisingly, I see accidents almost every day. This is the downside of affluence, I suppose.

Of course modern gadgets have also entered Mongolia. Mobile phones are fairly widespread, and young people have taken eagerly to the Internet. Twelve years is both a brief period and an eon. Because things had changed so much, it took me a long time to gain a grasp of the situation. Just recently I was startled to discover a laundromat. "How things have changed!" I thought.

Foreign-language diversification

As Mongolia becomes more affluent, its people are changing, as well. Since a few months is not really enough time to allow me to comment on internal changes, I will limit myself to observations on an external phenomenon: the diversification of the foreign languages that Mongolians can speak.

During the socialist era practically the only foreign language encountered in Mongolia was Russian. There were people who had studied in Eastern Europe who could speak German and various East European languages and people who had studied English, French, or Spanish in the Soviet Union. Still, Russian was far and away the dominant foreign language. At one point, I have heard, Russian was even used in parliamentary debates.

Nowadays, though, English is the dominant foreign language. School foreign-language instruction switched from Russian to English more than 10 years ago, which means that the present generation of university students has never studied Russian.

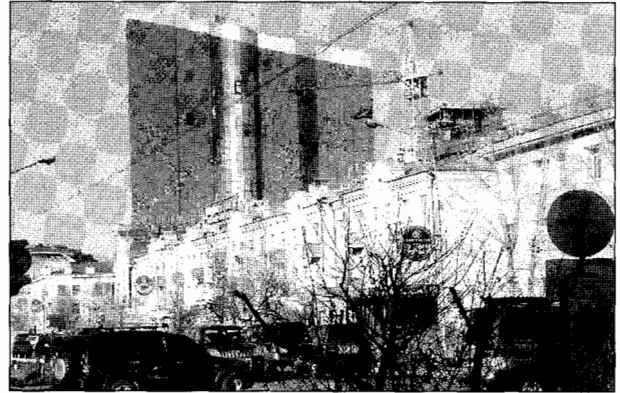
Many signboards are in both Mongolian and English. There is a daily English-language television news program presented by Mongolians. And the recorded message conveying instructions for making international phone is in English.

English is not alone, however. Perhaps because there are a lot of cosmetics and other products from South Korea, I see quite a few signs and posters with messages in the Korean alphabet, Hankul. When I eat at restaurants I am often asked whether I am South Korean. A considerable number of Mongolians are also working in South Korea. At one time, I am told, there were an estimated 20,000 Mongolians there. This would be almost 1% of Mongolia's 2.4 million people. Perhaps because of the heavy traffic of goods and people, there are several direct flights from Ulaanbaatar to Seoul a week.

Recently I asked students who were studying Japanese at the National University of Mongolia what kinds of TV dramas they liked to watch. South Korean historical dramas, they replied. Nowadays, South Korean dramas popular in Japan have already been shown in Mongolia. Such is their popularity that you can buy notebooks adorned with photos of South Korean actors.

Thanks to increased trade with China, quite a few Mongolians are also studying Chinese. I often see young people looking for Chinese-language textbooks in bookstores. And while Russian has lost its pre-eminence, many people are still studying and using it. Because of Japan's image as a developed Asian country, many people are studying Japanese, too. New acquaintances, on learning that I am Japanese, invariably tell me of a relative or a friend who has been to Japan and speaks Japanese. I know of two parliamentarians who speak Japanese.

At conferences and in other forums I also meet people who have studied in Turkey, European coun-



The Mongolian Development Research Center in central Ulaanbaatar, surrounded by banks, and other financial institutions.

tries, or the United States. This, of course, testifies to the fact that Mongolians have worked or studied in a variety of countries over the last 12 years. How times have changed!

At a conference I attended recently, a young Mongolian political scientist told me that he and his colleagues had had a vigorous debate over what country Mongolia should be most friendly with: Russia, China, South Korea, or Japan. One had argued for Russia, another championed China. When I suggested that as long as there was a choice, surely Mongolia could engage with all those countries in a balanced manner, he agreed that I had a point. It is natural for researchers to tend to be partial to the countries where they have studied or with which they have had close relationships. Some may say that this shows a lack of objectivity, but it seems to me that the present diversity of opinions based on differing values, in contrast to the uniform values seen during the socialist period, holds out hope for Mongolia's future.

This is the ultimate aim of the projects MDRC is engaged in. Our activities seek to encourage a Mongolia that is not joined at the hip to Russia or China but establishes its own place in the East Asian region and amid diversity. This calls for human resources with a variety of priorities. The diversification of the languages that Mongolians can speak illustrates the way in which Mongolia has developed relations with a variety of countries over the last 12 years. MDRC hopes to help Mongolia relate in a balanced way to many countries in East Asia.

SPF

Opinion

An Asian euro?

The prospects for a common Asia-Pacific currency unit

By Akira Iriyama

President

The Sasakawa Peace Foundation

The concept of a currency basket

It used to be that traveling in Europe meant changing money every time you crossed a border. This was a bit of a bother, but it gave you a sense of being in a different country. Those days are gone. No longer do we see the familiar Deutsche mark, or the Italian lira, with all its zeroes. Instead, though the details of the design vary slightly from country to country, the euro reigns across most of the continent.

Would it be possible to create a simi-

lar unified currency here in Asia? If so, it would be convenient. I am sure I am not the only person to whom such thoughts have occurred.

Of course it would probably not be possible to switch directly to such a currency. In the European Union, the process of currency integration started with the adoption of the European Currency Unit, or ECU, as a common benchmark; it was only a number of years later that national currencies were replaced with euro bills and coins issued by the European Central Bank. In Asia's case, we should similarly think first of adopting a common currency unit (the Asian Currency Unit, or ACU).

This idea was originally proposed in 1995 by Ritsumeikan University Professor Takehiko Kondo (now president of Hamamatsu Gakuin University). In simple terms, Kondo's proposal would define ACU as equal to the contents of a basket made up of various national currencies, with their relative weights determined by a set of economic indicators. It would serve first as a "numeraire," or standard of value, so that it would be possible to refer to currencies like the Japanese yen and Chinese yuan as being equal to certain numbers of ACUs.

I will touch on the merits of this approach and its feasibility below. SPF has been interested in the topic

Table 1: Currency Weights in the ACU According to Export Value and GDP, 1990-2002

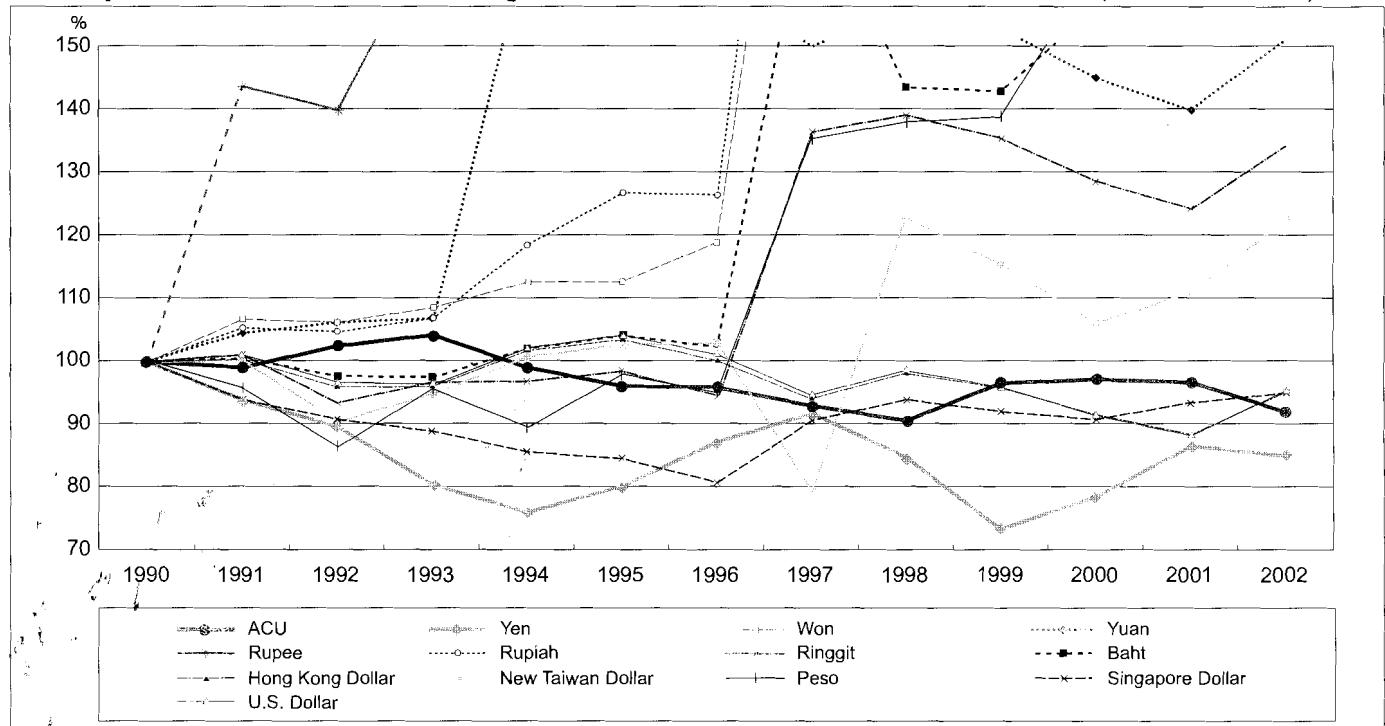
		Weighted by 1990-2002 GDP (a)	Weighted by 1990-2002 export value (b)	Weighted by 1990-2002 GDP and export value (0.5a+0.5b)	Amount of each currency includ- ed (U.S.\$)	Average rate of each currency against the dol- lar, 1990-2002	Amount of each currency included (local currency units)
Japan	Yen (JPY)	28.75%	21.11%	24.93%	0.354	118.683	42.02
Korea	Won (KRW)	2.89%	6.41%	4.65%	0.066	970.631	64.12
China	Yuan (CNY)	5.38%	8.86%	7.12%	0.101	7.411	0.75
India	Rupee (INR)	2.62%	1.68%	2.15%	0.031	35.174	1.07
Indonesia	Rupiah (IDR)	1.08%	2.44%	1.76%	0.025	4879.515	122.02
Malaysia	Ringgit (MYR)	0.53%	3.65%	2.09%	0.030	3.089	0.09
Thailand	Baht (THB)	0.87%	2.70%	1.79%	0.025	31.944	0.81
Hong Kong	Hong Kong Dollar (HKD)	0.94%	8.59%	4.77%	0.068	7.759	0.53
Taiwan	New Taiwan Dollar (NTD)	1.72%	5.74%	3.73%	0.053	29.035	1.54
Philippines	Peso (PHP)	0.45%	1.20%	0.83%	0.012	33.770	0.40
Singapore	Singapore Dollar (SGD)	0.50%	5.50%	3.00%	0.043	1.638	0.07
United States	U.S. Dollar (USD)	54.27%	32.10%	43.19%	0.613	1.000	0.61
		100.00%	100.00%	100.00%			

Note: The amount of each currency included is set so that the total value equals \$1.42, which was the dollar-SDR rate as of 1990.

Table 2: Exchange Rates against the U.S. Dollar, 1990-2002

		1990	1994	1998	2001	2002	Average
Japan	Yen (JPY)	144.79	102.21	130.91	121.53	125.39	124.96
Korea	Won (KRW)	707.76	803.45	1401.44	1290.99	1251.09	1090.95
China	Yuan (CNY)	4.78	8.62	8.28	8.28	8.28	7.65
India	Rupee (INR)	17.50	31.37	41.26	47.19	48.61	37.19
Indonesia	Rupiah (IDR)	1842.81	2160.75	10013.60	10260.80	9311.19	6717.83
Malaysia	Ringgit (MYR)	2.70	2.62	3.92	3.80	3.80	3.37
Thailand	Baht (THB)	25.59	25.15	41.36	44.43	42.96	35.90
Hong Kong	Hong Kong Dollar (HKD)	7.79	7.73	7.75	7.80	7.80	7.77
Taiwan	New Taiwan Dollar (NTD)	3.28	26.24	32.22	35.00	37.75	26.90
Philippines	Peso (PHP)	24.31	26.42	40.89	50.99	51.60	38.84
Singapore	Singapore Dollar (SGD)	1.81	1.53	1.67	1.79	1.79	1.72

Currency Fluctuations in Terms of SDRs against the ACU and Local Currencies, 1990–2002 (annual variations)



Source: Based on data in *IMF Financial Statistics*, September 2004.

Notes: Figures above 100% indicate that a currency has depreciated against the SDR. Fluctuations beyond 150% are not plotted.

of “Asianness” for some time, and for this reason we have been intrigued by this currency basket-based concept of a common currency unit since it was originally advanced.

Related factors underlying our interest in this concept include the increasing share of intraregional trade in Asia, persistent memories of the currency crisis that struck the region in 1997–98, and the tremendous foreign currency reserves held by the countries of the region, which amount to as much as \$2 trillion.

Of course, the concept does not stop with the creation of the ACU as numeraire to serve as a handy tool. Ultimately the idea is that it would be used for actual transactions and that financial products could be denominated in this unit. At this point, however, the ACU is still in the realm of imagination.

Points in favor of the ACU

To consider this matter further, we asked two Chuo University graduate students, Masashi Chikahiro and Yoshihiro Kogure, to write an essay about the effectiveness and advantages of creating a common currency unit for the Asia-Pacific region. Their article, titled “Toward the Birth of a Common Asia-Pacific Currency: Reduction of

Private-Sector Currency Risks through a Basket Currency,” will soon be made available on a publishing-on-demand basis in Japanese. Following is an overview of the contents.

The ACU currency basket would consist of 10 East Asian currencies plus the U.S. dollar and the Indian rupee (Table 1). The dollar is included because U.S. trends are the most important factor affecting Asia-Pacific currency issues and the feasibility of the ACU as a common standard of value. In view of current economic trends in Asia, it was deemed more realistic to include the rupee, as well.

The euro would not be included in the basket, because if it were, the ACU would lose much of its Asian color and become virtually indistinguishable from the Special Drawing Rights, or SDRs, of the International Monetary Fund.

The authors present calculations of the weights for the currencies in the basket using export value, gross domestic product, and a combination of these two indicators.

A currency basket can also be expected to allow for reduction of risks through the diversification of asset portfolios among multiple currencies. In fact, each of the simulations based on the above three calculations shows the introduction of the ACU to be

effective in reducing currency risks.

To explain the significance of the reduction of currency risks: A basket currency, which is a composite of currencies, cannot itself serve as a vehicle for saving or for transaction settlement. It is merely a unit of calculation and has no official status as foreign exchange. It would be possible to use such an ACU for contracts and payments, though the actual monetary transactions would have to be carried out in national currencies. If an amount in some currency were converted to ACUs and later converted back into the original currency, the risk from changes in the exchange rate could be expected to be less than in the case of a similar set of transactions using a single foreign currency. This is the starting point for the idea of the ACU.

This ACU, however, would have no real existence; it would be nothing more than a set of national currencies. If the costs of carrying out the foreign exchange transactions involved in acquiring the constituent currencies were too high, this disadvantage might cancel out the advantage of lower currency risk. The key to successful implementation of this concept thus lies in the creation of an ACU bond market or something similar.

SPF

Foundation Updates

Civil society organizations in Japan and Britain

By Junko Chano

Program Officer
The Sasakawa Peace Foundation

SPF is supporting the project Toward a Better Legal Framework for Public Benefit Organizations, implemented by the Japan Association of Charitable Organizations (JACO), to ensure that the voice of the private sector is reflected in the government-initiated reform of public-interest corporations that is now underway. Under the auspices of the project JACO organized a private legal and tax investigative council made up mainly of legal experts and practitioners. The council met 13 times to discuss such issues as the definition of "public interest" and issues regarding tax incentives.

JACO also organized a total of 20 forums nationwide to stimulate public opinion, culminating in a convention in Tokyo on October 29, 2004.

In addition, on October 19 and 21 a symposium, "Research Seminar on Civil Society Organizations in Japan and Britain," was held in Tokyo. The symposium compared the circumstances and systems of civil society in Japan and Britain and discussed possible



A scene from the symposium "Research Seminar on Civil Society Organizations in Japan and Britain," held October 19 and 21 in Tokyo.

civil society systems for Japan.

JACO invited Stuart Etherington, chief executive of the National Council for Voluntary Organisations (NCVO), and Nolan Quigley, NCVO's European and international officer, to attend from Britain. Participants from Japan represented a wide range of fields, including public-benefit corporations, NPOs, the government sector, and the research community.

The participants gained a better understanding of the organization and activities of NCVO, reforms of the charitable sector in Britain, and the work of the Charity Commission, an independent organization that registers charitable organizations in that country. There was also discussion of the circumstances of Japan's civil sector, the status of public-private collaboration, and the preferred form of tax-system support.

Asia-Middle East Journalist Meeting

By Tetsuya Ishizuka

Associate Program Officer
The Sasakawa Pan Asia Fund

Building on the experiences gained through supporting journalists in Southeast Asia, as part of its initiatives to promote exchange between journalists in Gulf countries and Asian countries, the Sasakawa Pan Asia Fund organized the Asia-Middle East Journalist Meeting on October 1, 2004.

With the cooperation of the Gulf Research Center (GRC), a United Arab Emirates private-sector think tank, reporters from the Qatar-based satellite network Al Jazeera and newspaper *Al Rayah*, as well as people operating the GRC website Gulf in the Media (www.gulfinthemedia.com), which carries stories about Gulf countries, attended. Participants from Asia included Daiji Sadamori, an editorial writer for the *Asahi Shimbun*; Yasuhiro Goto, an editorial writer for the *Nihon Keizai Shimbun*; Reizo Utagawa, a distinguished fellow of the Tokyo Foundation; Yoshiaki Hatanaka, director of the Energy and Environmental Program of the International Development Center of Japan; and journalists from Indonesia, Malaysia, the



Journalists from Gulf and Asian countries met to exchange ideas.

Philippines, and Singapore contributing to the online magazine *AsiaViews* (www.asiaviews.org), an initiative supported by the Fund as a medium disseminating news and views from Asia.

Participants from the Middle East expressed eagerness to build partnerships with Asia that are not biased toward the West and the wish to develop cooperation with SPF. Asian representatives said they sensed a freshness in the open-ended debate on the role of the media in Gulf countries and other issues, observed that problems they had been aware of when stationed in the Middle East, such as the need for capacity building of journalists in Gulf countries, still persisted, commented on the importance of further opportunities for Asian and Gulf countries to learn about one another, and emphasized the need for personal exchange and for opportunities to learn about one another's cultures.

New book on Japanese and Chinese historical views

By Yoshiyuki Kobayashi

Intern

The Sasakawa Japan-China Friendship Fund

Repeated diplomatic clashes between Japan and China from the 1980s onward in regard to the treatment of Japan's actions in China before and during World War II in Japanese textbooks and Japanese prime ministers' visits to Yasukuni Shrine, which enshrines the spirits of Japanese war criminals as well as other war dead, have severely damaged the relationship of trust between the peoples of the two countries. Despite the dramatic expansion of bilateral economic relations, popular sentiment in each country vis-à-vis the other can be said to be at its lowest point since the restoration of diplomatic relations in 1972. Differences in historical perceptions have cast a pall over political, diplomatic, military, and cultural exchange. In view of the importance of Japan-China relations, improving bilateral trust is an urgent priority.

Many causes of conflicting perceptions of history have been advanced. Prominent among them are the low level of academic exchange between Japanese and Chinese historians, the fact that historical materials have not been shared, and lack of interest in the other country's

view of history and methods of historical research.

Based on this understanding, in fiscal 2001 the Sasakawa Japan-China Friendship Fund initiated the project Japan-China Young History Researchers Conference. Activities include regular study meetings of young history researchers from both countries, invitation of Chinese researchers to Japan, international symposiums, and compilation of collections of research materials.

Building on the project's first three years, a handbook of basic sources on the history of modern Japan-China relations, *Issues in the History of Japan-China Relations: Historical Sources and Commentaries*, is to be published in the summer of 2005 in order to make the project's research findings widely available to policymakers, students, and teachers in both countries. To deepen readers' understanding of the historical facts, the handbook will contain historical sources on issues closely related to the problem of differing historical perceptions as well as commentaries by young history researchers. After publication in Japan, publication in China and the United States is planned.

Civilizational Dialogue seminar series

By Minoru Kayamori

Intern

The Sasakawa Pan Asia Fund

Initiatives in dialogue across cultures and civilizations represent one of the priority areas of SPF's Operational Guidelines for the Third Midterm Program. As one such initiative, in fiscal 2002 the Sasakawa Pan Asia Fund inaugurated the project Civilizational Dialogue: Promotion of Intellectual Exchange and Mutual Understanding in Asia. The project has organized a number of seminars aimed at forward-looking dialogue.

In fiscal 2002, a series of seminars on Hindu civilization was held in Tokyo, contributing to better understanding in Japan of Hinduism as well as broader understanding of the relationship between Hinduism and Buddhism and India's historical links with Japan.

In fiscal 2003, a seminar, "Religious Dialogue between Japan and Iran," was held in Tehran in February 2004. In addition, opinion leaders from 16 Asian countries (including the Middle East) engaged in fruitful discussion at another seminar, "Asian Civilizational Dia-



A scene from "Civilizational Dialogue: Science, Technology, and Civilization," held in Tokyo on September 22.

logue," held in Delhi in March.

In fiscal 2004, the final year of the project, a seminar, "Civilizational Dialogue: Science, Technology, and Civilization," was held in Tokyo on September 22. Following a keynote address by University of Tokyo Professor Takafumi Matsui on the significance of undertaking civilizational dialogue from the jumping-off point of science and technology, internationally known specialists in science and technology and biotechnology from China, India, and Pakistan expressed their views on the rapid advance of science and technology and the ethical problems this is raising. Another seminar on religious dialogue in Iran and a retreat-type conference in India of scholars from Japan and India on religious diversity are also planned.

SPF PUBLICATIONS

• *The Future of the Enlarged EU and Its Relations with Asia, Especially Japan* — Published by SPF (Internet on-demand Publishing service BookPark). Proceedings of the lecture co-organized by SPF and Fondation Fran-

co-Japonaise Sasakawa, held on May 11, 2004.

• *Report of the Research Committee for Pacific Islands Digital Opportunity: Creating New Value and Knowledge for Pacific Islanders* — For details please see pp.5-7

FROM THE EDITOR'S DESK

Every issue of this newsletter opens with a conversation between SPF Chairman Setsuya Tabuchi and a leading figure from some sector of Japanese society. This series, which has attracted favorable reader response, began in 1998. Apart from a brief suspension, it has been the newsletter's showpiece for over six years. There have been more than 20 guests so far, and discussion has ranged from the economy and education to the aging society, information technology, bioethics, and other "hot button" issues. Space limitations sometimes oblige us to abridge these conversa-

tions. As editor I regret this. At the same time, my job has given me the "fringe benefit" of being able to sit in on these discussions and hear them in full.

This has been an unsettled and unsettling year in Japan, what with an extremely hot summer, devastating typhoons, and powerful earthquakes. On behalf of everyone at SPF, I wish to express belated sympathy to all those affected by natural disasters and best wishes for the new year. I also ask our readers for even greater support and guidance next year.

Akinori Seki

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