

# Kyoto APEC finance minister's meeting

(Publicity)

## APEC finance ministers search for growth

As host, Japan likely to seek discussions on exchange rates, free trade agreements

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Finance ministers from the 21 APEC member economies came to Kyoto on Nov. 5 for a two-day meeting ahead of the leaders' session of the Asia-Pacific Economic Cooperation forum, to be held in Yokohama later this month.

The participants in Kyoto are expected to draft a report on the efforts of the bloc in achieving growth in the Asia-Pacific region as well as comment on recent hot topics, such as currency rates.

In the history of the APEC forum, the Kyoto meet, which ends Nov. 6, will be the first time APEC finance ministers will come up with a concrete report on specific issues.

It was decided in last year's APEC leaders' session in Singapore that the finance ministers will be in charge of putting together a progress report on APEC economies' efforts to achieve the region's growth.

One major agenda for this year's APEC forum is to formulate a comprehensive mid-to long-term strategy for the region that puts an emphasis on balanced, inclusive, sustainable and knowledge-based growth.

The report from the finance ministers' meeting is likely to contribute to that agenda.

Meanwhile, issues such as currency rates and fiscal reconstruction, which have brought some impact on the global economy this year, will probably be touched on at the Kyoto meeting.

Currency rates have especially been a pressing issue in Japan, as the yen has hit 15-year highs against the dollar, impacting Japan's export-driven economy.

Although the Japanese government intervened in the for-

ign exchange market for the first time in six years on Sept. 15, the yen's value versus the dollar continues to rise.

Dow Jones Newswires reported last month that Thai Finance Minister Korn Chatikavanij said the participants at the APEC Finance Ministers' Meeting will discuss the effect of U.S. "easy money" policies on the regional economy.

The 21 APEC member economies are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Taiwan, Thailand, the United States and Vietnam.

At the G-20 finance ministers and central bank governors' meeting held Oct. 22 to 23 in South Korea, participants agreed to "refrain from competitive devaluation of currencies."

"Advanced economies, including those with reserve currencies, will be vigilant against excess volatility and disorderly movements in exchange rates," according to the joint statement issued after the meeting.

It is possible that the Kyoto meeting will reconfirm the G-20 stance, though many economies in APEC are not members of the G-20.

Satoru Ogasawara, an economist at Credit Suisse in Tokyo, said the Kyoto meeting will probably touch on topics from the G-20 meeting, especially the currency issue and the reduction of the global trade imbalance.

He also said Japan may face difficulties in adjusting and putting voices of other economies together to draft a joint statement.

"Before, the global tendency was expansion of fiscal spending and monetary eas-

ing," Ogasawara said, "but some economies started tightening their spending. As for finance policy, while advanced economies are taking an easy money policy, emerging economies are tightening.

"This difference can be a difficult factor to put together a joint statement," Ogasawara added.

The government, as host nation, feels an obligation to produce something from the meeting.

"As the chair economy, we will listen to various opinions from participating economies and draft a firm statement," Finance Minister Yoshiko Noda said.

Other than drafting a growth plan, this year's major agenda at the APEC forum includes seeking agreement on how to explore possible pathways to a regionwide free trade bloc called the Free Trade Area of the Asia-Pacific

(FTAAP) and checking on the progress that advanced economies have achieved regarding the Bogor Goals of liberalizing trade and investment in the region by 2010.

The goals were adopted in 1994 in Bogor, Indonesia, in which open, free trade and investment were to be realized for industrialized economies by 2010 and for developing nations by 2020.

APEC, which was formed in 1989, accounts for 53 percent of the world's gross domestic product (GDP) and 43 percent of the world's trade.

While APEC is a nonbinding and relatively loose international framework compared to other international bodies, such as the Association of Southeast Asian Nations (ASEAN) and the World Trade Organization (WTO), this year's APEC forum can be a chance for Japan to increase its global presence as

the host country, especially as its economic standing in the world has declined.

For instance, the government appears to be taking advantage of this year's APEC events to speed up the discussion of Japan's free trade partnership strategy with a special focus on the Trans-Pacific Partnership (TPP) agreement. The U.S., Australia, Malaysia, Peru and Vietnam are negotiating to join the four-nation framework involving Brunei, Chile, New Zealand and Singapore.

Prime Minister Naoto Kan has shown an interest in joining the TPP and is expected to announce Japan's stance at the APEC summit meeting in Yokohama.

The series of APEC 2010 ministerial meetings lead up to the main event, the APEC Economic Leaders' Meeting, scheduled for Nov. 13 and 14 in Yokohama.

## Former capital lends its history to key finance meeting

Junichi Murata  
CHAIRMAN OF THE KYOTO PROMOTION COUNCIL FOR THE APEC  
JAPAN 2010 FINANCE MINISTERS' MEETING

Kyoto boasts a long history since the time it was Japan's capital more than 1,200 years ago. Kyoto flourished as Japan's political and cultural center then, and as proof of its prosperity, it is home to numerous historic buildings and cultural assets that symbolize the respective ages of Japan, some of them designated as UNESCO World Heritage sites or Japanese national treasures. Kyoto is such an attractive area that every year it draws many tourists, not only from the other regions of Japan but also from foreign countries.

In such a historical atmosphere, Kyoto's unique culture and art have been fostered by its affluent nature and the people who have lived there over the years, and they have come to symbolize today's Japan.

In recent years, Kyoto is also developing as a new hub city that accommodates facilities for environment-related and cutting-edge technologies as well as those for academic studies and research and development.



It is also well-known that Kyoto has drawn global attention as a theater for many international conferences. Thirteen years ago, Kyoto hosted the third Conference of the Parties (COP3) to the United Nations Framework Convention on Climate Change. The meeting took place at the Kyoto International Conference Center, producing the internationally known Kyoto Protocol, and the center will this time be the venue of the APEC Finance Ministers' Meeting.

The world economy aims for sustainable development, while at the same time, countries in the world have undergone unprecedented economic upheavals. These were triggered by the subprime mortgage issue in the United States and aggravated by Lehman Brothers' downfall in 2008 and fiscal crises that occurred in some European countries. The series of incidents has seriously affected the economic situation in each country and these memories are still fresh.

The incidents show us it is difficult for a single country to solve financial, fiscal, foreign exchange and other economic issues alone, at a time when the world economy is becoming even more globalized and interconnected. They also tell us that countries and areas concerned need to work closely together to find a solution under the name of international cooperation.

APEC groups 21 major economies in the Asia-Pacific region and the finance ministers who are responsible for steering their economies will get together in Kyoto. I do hope that they will have fruitful dialogues at the meeting.

## Tradition, innovation go hand-in-hand in Kyoto

Kyoto, the venue of The 17th APEC Finance Ministers' Meeting, is the historic and cultural heart of Japan as it served as the nation's capital from 794 to 1867.

At the same time, Kyoto has been the center of an industrial region for the past 1,200 years. Today, the region houses numerous industry-leading companies with global operations, including Kyocera Corp., Omron Corp., Nintendo Co., Murata Machinery, Ltd., Murata Manufacturing Co., Shimadzu Corp., Rohm Co. and Wacoal Corp.

Observers say the characteristic that is reflected in companies from Kyoto stems from the following factors:

- Unparalleled high quality: In Kyoto, there are scores of large and small companies that have the largest share in their respective industries.

- Active cooperation between industry and academia: Neighboring universities and companies in Kyoto have cooperated actively and this collaboration has proven to be effective in developing outstanding technologies and products.

- Original management philosophy: Kyoto is a "special city" in Japan due to its trait of treasuring originality. Moreover, companies in Kyoto have been successful by making "originality" their management philosophy.

- Creativity: In Kyoto, the importance of preserving and handing down traditions has

been deeply understood, which has created an enterprising spirit that new and original development should be rooted in traditions.

- Blending of tradition and innovation: There are as many as 1,636 companies, which have been active at the forefront of their markets for more than 100 years, and these long-established businesses have supported the development of new venture companies.

When it comes to the blending of tradition and innovation, the centuries-old "Kiyomizu-yaki" or "Kiyomizu-yaki" technique of making ceramic ware has developed into the production of ceramic condensers.

The traditional technique of printing images on kimono textile has developed into the technology for the manufacture of printed wiring boards and screen printing, which are essential for the information technology industry today.

Brewing techniques are another asset. The Fushimi area of Kyoto is blessed with good water, which is essential for good-quality sake, and there are many sake breweries in this region. The brewing techniques that have long been cultivated here have developed into advanced technologies, such as in biotechnology, genetic engineering enzymes and biological reagents.

Meanwhile, many local companies have evolved the technique for decorating Bud-

dhist altar fittings into the technology of manufacturing advanced precision molds for flexible print circuits and electronic components.

It's possible that the development of these techniques could only happen in Kyoto. New forms of science, technology, skill and design have developed from the foundations of the traditional industries. When traditional elements and new "wisdom" are combined, new lifestyle products are created.

In today's Kyoto, there are many high-technology industries, which developed from the precision techniques and unique management methods of the many traditional industries. A long history of innovative business approaches has led to the successful foundation of many new businesses.

Cutting-edge industries and traditional industries exist side by side in Kyoto. When Kyoto's "wisdom" is added to Kyoto's unique industry structure, new business models are developed. Often, these business models focus on small-lot production of a variety of products characterized by high added value. These cutting-edge industries compete on a global level and are the center of Kyoto's economy.

As mentioned earlier, the close collaboration between industry and academia is an outstanding strength of Kyoto.

Kyoto is home to around 40 universities and most of them have research institutes that

are in active cooperation with research and development departments at various companies. These centers of learning have produced original technological development methods and high-value-added products or services for society.

One of these is Kyoto University, which has produced several Nobel laureates. The university aims to expand its capacity for making contributions to the world with significant results from research and innovation. In addition to the extension of its education and research centers, a new base, called Katsura Campus, will be developed in the western part of Kyoto. The university's Graduate School of Engineering, Graduate School of Information and International Innovation Center will be relocated to the Katsura Campus. The neighboring zone will also be developed into the Katsura Innovation Park, where a Techno-Science Hill will be located. Also, in Keihanna in the southern part of Kyoto, the prefectural government is promoting the Kansai Science City as an active incubation business center and R&D base in cooperation with international partners.

These areas will be essential integration centers of technology and science in Japan. The ultimate strategic goal of this plan is to enhance the local potential by promoting collaboration among industry, academia and govern-



The Kansai Science City in the Keihanna area of Kyoto has advanced research facilities, contributing to scientific development in Japan.



The technique of making "Kiyomizu-yaki," Kyoto's traditional ceramic ware, helped lead to the production of ceramic condensers.

ment. The local governments of Kyoto are playing an important role in such collaborations. For instance, the Kyoto Municipal Government is promoting a project to create a carbon-free city by introducing next-generation electric vehicles and the infrastructure to sustain it. Nissan Motor, Mitsubishi Motors and Horiba, a Kyoto-based leading maker of measuring equipment, are participants in this venture.

As Kyoto is also internationally known for hosting the Third Conference of Parties to the U.N. Framework Convention on Climate Change (COP3) in 1997, when the Kyoto Protocol was adopted, there are a number of businesses that are globally active in the environmental sector. All kinds of "wisdom" accumulated in Kyoto have resulted in the creation of a "model city for a sustainable society,"

which is environmentally advanced, and where the environment and the economy exist in harmony.



The Kyoto International Conference Center is the main site of The 17th APEC Finance Ministers' Meeting.

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