Bamboo Artwork (Cover photo)

Combining traditional craft techniques with a modern art aesthetic, this stunning bamboo artwork has won plaudits around the world. The way the form curves and spirals into the distance is said to represent Japan’s energy, dynamism and flexibility of thought.

“Shiki” 2013
Courtesy of Barako Gallery, Tokyo.
Guiding Japan Back to Prosperity

The origins of the Ministry of Economy, Trade and Industry can be traced back to a truly cosmopolitan renaissance man who faced the challenges of the times with dignity and determination. That man’s name was Jiro Shirasu. Tirelessly defending Japan’s national interests after World War II, his name is synonymous with Japan’s postwar recovery.

Educated in his youth in Britain, Mr. Shirasu combined a truly global perspective with a deep love for Japan. In 1948, he was appointed Director-General of the Trade Agency, a relatively new organization established within the Ministry of Commerce and Industry. Mr. Shirasu was convinced that developing strong export industries was the key to Japan’s postwar revival and was determined to establish a new government agency to take charge of planning and implementing this strategy.

On May 25, 1949, the Ministry of International Trade and Industry (MITI) – the predecessor to the Ministry of Economy, Trade and Industry (METI) – was born.

Reflecting his deep conviction that Japan’s prosperity would be built on international trade, Mr. Shirasu added the word “trade” to the name of every bureau in the new Ministry. The story of Japan’s remarkable postwar economic revival and METI’s role in leading this recovery starts here. Since then, METI has left an indelible mark on Japan’s postwar development as the only central government ministry dedicated to wealth creation rather than wealth redistribution. METI brings an international perspective to the task of growing Japan’s presence on the world stage and opening doors to a prosperous future. We aim to bring innovative ideas and thinking to the process of developing and executing new policy initiatives.

Today, Japan’s international standing and approach are very different from Mr. Shirasu’s time. However, METI’s core mission remains unchanged.
Dawn Cityscape made from Shredded Paper

The image below of shredded METI documents piled up ready for recycling, bathed in the bright light of a new dawn, is a metaphor for METI’s drive to constantly refine our ideas and policy initiatives. Liberating ourselves from relying on the precedents of the past gives us the freedom to reimagine and shape the economy of the future. This is a particularly apt image given METI’s efforts to spearhead the government’s drive for paperless public committee meetings.

Reform

Thinking Outside the Box to Design the Economy of the Future

The economy is a living entity. That’s why concepts of demand and value are constantly changing. METI aims to challenge static ways of thinking that stifle innovation and progress. What is required from today’s METI is agility of thought – the ability to anticipate change and help navigate Japan’s economic society through those changes.

In many ways, the story of Japan’s postwar economy was a tale of overcoming a series of trials and tribulations. METI was constantly being tasked with interpreting the latest global economic trends and offering guidance on what steps needed to be taken next.

Immediately after the war, the Japanese government developed the “priority production system” to direct investment into key strategic industries. With the limited resources available at the time, this system successfully accelerated the recovery of Japan’s industrial base.

In the years following, METI helmed Japan’s drive to liberalize capital and open up its markets to the world, laying the foundations for a period of high economic growth and the rapid development of the private-sector.

During the tumultuous times of sharp currency appreciation and the oil shocks of the 1970s, METI laid the first steps towards making Japan an energy-saving society and boldly embarked on the path of structural reform in the face of international trade friction.

Today, with a new agenda for regulatory reform, METI is actively engaged in addressing a wide range of increasingly global issues. For more than half a century, whenever the Japanese economy faced rough seas, METI’s role was to help guide the way forward.

Today, Japan is facing mounting challenges and many question whether the current social and economic status quo is sustainable. Reform cannot wait. Solutions to the tough challenges Japan faces will not come from old, outdated thinking and approaches.

Turning this sense of urgency into a sense of mission, METI is driving ahead to tackle the key issue of structural economic reform.

By thinking outside the box, the Ministry aims to create a brand new blueprint for the economic society of the future and press forward with our reform agenda.
Energy is both essential to the lives of our citizens and the backbone of economic activity. For Japan, the pressing question is how we should rewrite energy policy based on the lessons learned from the Fukushima nuclear power plant accident. Japan is facing a critical turning point in the national energy debate. Japan is a country with very few natural resources, making it highly dependent on overseas imports of fossil fuels. Consequently, energy policy is both a cornerstone of Japan’s national security strategy and a policy area that requires a multifaceted, global approach. Japan’s challenge is to secure stable and economical energy supplies, while ensuring safety and environmental integrity. METI is now actively engaged in devising solutions to these complex issues.

First and foremost, we must create a roadmap for the revitalization of Fukushima, working hand-in-hand with local communities to address the issues related to plant decommissioning and contaminated water. There is also an urgent need to address the issue of rising LNG imports. Following the Great East Japan Earthquake, Japan’s dependence on fossil fuels returned to levels last seen before the oil shocks in the 1970s, putting increasing pressure on Japan’s trade balance. METI leverages global resource diplomacy to promote the diversification of energy supplies and sources. Japan is a major maritime nation, with the world’s sixth largest marine area when our exclusive economic zone is added to territorial waters. Marine resources, such as methane hydrate, lying under the waters around Japan, offer great potential as energy sources of the future. METI is responsible for realizing the dream of putting these resources into practical use.

The issue of global warming is one of the greatest challenges facing modern civilization. Cost and supply stability are the two major obstacles to the widespread adoption of renewable energy sources such as solar, wind, geothermal and biomass. Energy policy is also a major driver of new economic growth. METI will lead the way in forging a responsible energy policy that overcomes Japan’s lack of natural resources while encouraging healthy competition in the private sector and maximizing Japan’s capabilities in the areas of energy-saving initiatives and state-of-the-art environmental technology.

Responsible Energy Policy
Liberating Japan from Resource Dependence

Energy Policy

Liquefied Natural Gas (LNG) Plant
LNG is created by cooling natural gas to -162 degrees Celsius. Once liquefied, it is transported by special tankers to LNG plants for storage in tanks. Japan was the first country in the world to develop this supply chain method.
Bringing Innovation to Policy through Creative Thinking

Policy development is much more than securing budgets and enforcing legislation. The ability to create mechanisms that stimulate the private sector and drive society forward is the key to good policymaking. That is why innovation is especially critical in government.

For instance, let’s take a look at the Top Runner Program initiated by METI. This program was created to encourage the steady advance of energy conservation while promoting private-sector technological innovation. Under this program, the efficiency level of the most efficient product in each category is set as the minimum standard that all products must meet within a few years. By continually raising the bar, METI has created an institutional incentive for private-sector firms to pursue technology development. This program has resulted in major energy savings nationwide, including vehicles with greater fuel efficiency and air conditioners with greater energy efficiency.

Ensuring safety and offering a sense of security are important. However, excessive, outdated regulations may discourage private-sector enterprises from thinking outside the box. METI’s System of Special Arrangements for Corporate Field Tests, offering designated companies special exemptions from certain regulatory restrictions, is a great example of a policy innovation which addresses this challenge. Rather than relaxing regulations across the board, this program experimentally allows selected companies that have demonstrated the ability to independently conduct thorough safety controls a greater degree of self-regulation. This innovation enables METI to review real-world case studies and identify unforeseen opportunities. Carefully accumulating case studies and precedents is the key to consistent regulatory reform.

METI sees proactive information disclosure as a critical tool in promoting greater engagement with the public. The Pollutant Release and Transfer Register system (PRTR) requires companies to publicly disclose information about potentially hazardous chemical emissions. Encouraging companies to make voluntary efforts to reduce emissions under the watchful eyes of citizens, represents one example of innovation in regulation.

METI’s work extends far beyond regulation. For example, METI has developed a range of programs to promote closer links between venture firms and big business to help to unlock potential at Japan’s small and medium-sized enterprises. METI is also promoting policy initiatives in areas including tax and accounting reform, intellectual property and standardization as well as new technology projects. With creative policy thinking, the tools to drive innovation are limitless.

METI aims to infuse national policy initiatives with new ideas and promote innovation in policy creation. This drive will, in turn, sow the seeds for innovation throughout society.
The concepts of “public” and “private” are definitely not mutually exclusive. METI aims to team up with the private sector to create public-private partnerships that help Japan’s full potential.

Japan is a trading nation. Thanks to the efforts of our predecessors, “made in Japan” is synonymous with world-class products and technology. Today, people around the world look to Japan for much more than just products and services.

Japan can offer leadership in areas such as the energy conservation technology which it has been actively developing since the oil shocks of the 1970’s as well as environmental technologies to combat pollution. Other areas of leadership include world-leading railway networks and industrial plants, water management systems to supply clean drinking water and “smart communities,” where energy needs are managed in real-time.

METI supports a range of international projects to export the benefits that this kind of infrastructure can offer to people around the world.

Culture is a valuable asset that can be exported. METI’s “Cool Japan” initiative, which promotes Japanese movies, music, fashion and design as well as pop culture such as animation and manga, is capturing young people’s hearts around the world.

The Cool Japan Fund financially supports efforts to adapt original creative contents for international audiences to promote successful cultural exports to overseas markets. METI is constantly engaged in developing new policy ideas aimed at enhancing Japan’s global “soft power.”

Striking an effective balance between competition and cooperation is at the heart of effective industrial policymaking. In areas such as primary research & development programs for setting technical standards and international standards certification, private-sector companies need to cooperate closely. While government has a key role in fostering new ventures in emerging areas such as next-generation vehicles, robot helpers for nursing care and new medical and healthcare services like genomics testing.

METI professionals closely monitor and evaluate business trends both in Japan and overseas to identify the potential for new business opportunities in emerging growth areas. Infrastructure exports, Cool Japan and the development and practical application of new technology; METI’s mission is to be at the heart of the process of nationwide coalition-building to ensure that Japan unleashes its full potential.

Masdar City (UAE)
A futuristic city being built near Abu Dhabi, the capital of the UAE. With the goal of zero CO2 emissions, all of the city’s electricity is supplied from renewable energy sources.

The Japanese government is partnering with private-sector firms in actively participating in this project.
Many of the issues facing Japan, such as reconciling globalization with the need for healthy regional economies, building a sustainable society with a growing elderly population and fewer children as well as global environmental and energy challenges, are set to impact countries around the world. These seemingly intractable challenges can only be resolved by a change of mindset. Identifying solutions to some of these issues is not only in Japan’s best interests but will enable METI to make a greater contribution on the global stage. With the highest longevity rate in the world, Japan is ideally placed to drive the development of the healthcare industry and lead the world in areas such as the application of robots for nursing care and the wider adoption of regenerative medicine. METI actively supports technological developments in healthcare and promotes the adoption of the Japanese model for medical services in emerging countries.

Inspired by traditional Japanese “waste-not-want not” values, METI initiatives to encourage the development of sophisticated recycling programs for automobiles and electric home appliances are attracting a great deal of attention from other Asian countries. Technological breakthroughs to address the growing problem of global warming are critical. Clean coal-fired power generation systems developed in Japan greatly reduce emissions of CO2 and air pollutants. If this technology were to be adopted in other major economies, it would more than offset all of Japan’s annual CO2 emissions. The “Bilateral Offset Credit Mechanism,” enabling Japan to offset CO2 emissions in Japan by providing technical assistance to other nations offers an effective mechanism to promote international technical cooperation in both the public and private sectors.

Japan will continue to pursue the development of the cutting-edge environmental technology that produced hybrid automobiles and high-performance rechargeable batteries. New World Trade Organization trade rules and economic partnership agreements will serve as a driving force in opening doors for Japanese products and services that can make a difference in markets around the world. METI aims to proactively share our expertise and learnings with partners around the world to build win-win relationships. METI believes that Japan’s economic and social models can make a broader, global contribution and is committed to spearheading this process.

Ripples Spreading Around the Globe
From addressing Japan’s issues to making a contribution to addressing global issues. New models developed in Japan are set to make ripples across the world.
The Interlocking Ribbons of a Traditional Japanese Stole

These beautiful stoles are made by craftsmen in Kyoto using a traditional Japanese dying technique. They employ vertical and horizontal inter-locking strands to produce different color variations. This structure mirrors the organization of METI – the vertical threads represent policy teams that serve industry verticals and the horizontal threads the cross-industry teams, with the threads interlocking together to form a unified organizational fabric.

METI’s Hands-on Approach

One of METI’s key principles is to take a hands-on approach. Ministry officials believe it is imperative to gather first-hand information through dialogue with business managers and engineers in the field. Bureaus and divisions responsible for strengthening the competitiveness of individual business sectors identify issues on-site and work with cross-industry policy teams to translate them into policy. The Plan-Do-Check-Act cycle is based on close coordination between METI bureaus and policy teams, combining micro and macro perspectives to develop solutions to issues that span the wider economy.

Culture of Respecting Individual Opinions and Encouraging Open Debate

The breadth of METI’s policy mandate spanning the entire economy means that building individual officials’ expertise is imperative. METI personnel are given opportunities to build expertise in a wide range of fields through posts in different policy areas as well as temporary transfers outside of METI to develop broader insights into the economy. This breadth of experience is the source of our ability to bring a variety of perspectives to the table when developing new policy initiatives.

Leveraging the Power of Our Network

The METI network reaches far beyond Tokyo, extending throughout Japan and the world. It extends to the Prime Minister’s Office, other Japanese government ministries and agencies, METI regional branches offices and local government, to Japanese embassies around the world as well as through personnel seconded to companies and organizations in the private sector and academia. This ubiquitous network is the source of our ability to create and enact effective, transformative policy.