

NATIONAL SCIENCE FOUNDATION

TOKYO REGIONAL OFFICE

October 19, 2010

The National Science Foundation's Tokyo Regional Office periodically reports on developments in Japan that are related to the Foundation's mission. It also provides occasional reports on developments in other East Asian countries.

Tokyo Office Report Memoranda are intended to provide information for the use of NSF program officers and policy makers; they are not statements of NSF policy.

Report Memorandum #10-04

Japanese Government S&T-related Budget Request for JFY2011

This report memorandum briefs Japanese S&T-related budget request for JFY2011.

Should you have questions, please contact Kazuko Shinohara at nsftokyo@nsf.gov

An exchange rate of ¥80/\$ is used throughout the report.

The budget for JFY2011 (beginning April 2, 2011) is the first time the present Democratic Party of Japan (DPJ) government has controlled the whole budget process from guidance and request through enactment. The DPJ ousted the long-ruling Liberal Democratic Party in September 2009, inheriting budget requests made under LDP guidance. The new government made efforts to put their own stamp on the budget and budget process, including seeking public comment and holding public sessions to review requests.

The DPJ continues to introduce new elements into the budget process, which at this time adds uncertainty. For the JFY2011 budget, the administration limited each ministry/agency's request to no more than 90 percent of the actual JFY2010 budget. However, the government then allowed additional requests in a separate category for projects that support Japanese economic revitalization and the DPJ's realization of its party platform. These additional requests could be up to three times the difference between the 90 percent threshold and the actual request. In other words, if a ministry's main request came in at 87 percent of their

JFY2010 budget, then the ministry could make an additional request of up to 9 percent (3 times 3 percentage points [90-87]) of its JFY2010 budget for economic revitalization projects. These added requests are to be reviewed competitively and funded from a pool of funds whose size has yet to be determined, but is separate from the regular budget. Under this economic revitalization category, 189 requests totaling ¥2.9 trillion (\$36.3 billion) were received. Only 15 percent were for S&T related programs, including ¥2,254 million (\$28 million) for photonic network R&D, ¥2,000 million (\$25 million) for equipping the Okinawa Institute of Science and Technology, and ¥48,400 million (\$605 million) for training young researchers.

Compilation of the S&T Budget Request

JFY2011 budget requests were due to the Ministry of Finance by August 31. The Cabinet Office has compiled the science and technology-related request based on those requests. Including both the regular and additional requests, the total S&T request for JFY2011 is ¥3,636 billion (\$45.5 billion). As Table 1 shows, the request by the Ministry of Education, Culture, Sports, Science and Technology (MEXT) is ¥2,376.3 billion (\$30 billion), 2.3 percent higher than its JFY2010 allocation and 65.4 percent of the total S&T request for next year.

Review Process and Schedule through End March 2011:

From among the S&T-related requests, including the above-mentioned additional requests, the Cabinet Office (CAO) selected 282 programs/projects to be posted to their website through September 17, 2010 for public comments. The projects were selected based on size: new programs/projects with budgets more than ¥100 million (\$1.3 million) and continuing with budgets of ¥500 million (\$6.3 million) and up. Referring to comments from the public and experts, the Council for Science and Technology Policy (CSTP) will rank order the new programs/projects as S (Excellent), A (Very good), B (Good), and C (to be Reviewed). The continuing programs/projects are prioritized as Accelerate, Continue, and Decelerate. This evaluation and ranking process is expected to be complete by the end of October.

The Ministry of Finance (MOF) references the CSTP ratings during negotiations with the ministries/ agencies in October-December. MOF then prepares an overall Japanese Government budget proposal for Cabinet approval at the end of December. When approved, the Cabinet will submit the budget to the National Diet for discussion in the January-March 2011 Diet session. The final budget will be announced at the end of March 2011. Historically, the Diet made few, if any, significant changes to the budget as compiled by the Finance Ministry. While the DPJ government is making efforts to increase the role of elected politicians

and the public in the budget process, to date the added involvement has been concentrated in the review and evaluation of requests. Additional budget debate may occur in the Diet session, although Japanese observers do not currently expect this to be the case.

The 189 additional economic revitalization category requests are presently posted on the Prime Minister's Office homepage for public comment, with comments due by October 19, 2010. An evaluation committee consisting of Diet members was established to review the 189 programs. The committee has just begun to discuss the review criteria for the additional requests and will complete its review by early December. The evaluation of the 189 projects – including those that are S&T-related – is made in a process that is independent of the scientific review currently underway at CSTP, although the CSTP ranking will be available as one input to the committee.

Supplemental Budget for JFY2010:

In parallel with making JFY2011 budget, a supplemental budget for JFY2010 is being discussed at the present Diet session. NSF Tokyo Regional Office will include the JFY2010 supplemental S&T budget in a future report on the development of Japanese S&T budget.

Table 1: S&T-related Budget Request for JFY2011

(Unit: Billion ¥)

Ministry/Agency	JFY2010 Budget	JFY2011 Budget Request+ Request for Budget to Revitalize Japan	Increase/ Decrease	Increase/ Decrease (%)
Ministry of Education, Culture, Sports, Science and Technology (MEXT)	2,323.6	2,376.3	52.8	2.3
Ministry of Economy, Trade and Industry (METI)	538.9	611.1	72.2	13.4
Ministry of Health, Labor, and Welfare (MHLW)	154.1	160.1	6.0	3.9
Ministry of Agriculture, Forestry and Fisheries (MAFF)	123.8	118.4	-5.4	-4.4
Ministry of Defense	171.4	105.9	-65.5	-38.2
Ministry of Internal Affairs and Communications (MIC)	61.0	63.8	2.8	4.6
Cabinet Secretariat	63.6	63.2	-0.3	-0.5
Ministry of Land, Infrastructure, and Transportation (MLIT)	55.1	55.2	0.1	0.2
Ministry of Environment (MOE)	38.0	44.6	6.6	17.3
Cabinet Office	19.9	18.2	-1.7	-8.4
Ministry of Foreign Affairs (MOFA)	8.4	7.4	-1.0	-12.3
Ministry of Justice (MOJ)	6.4	6.9	0.5	8.4
Police Agency (PA)	2.4	2.2	-0.2	-6.9
Ministry of Finance (MOF)	1.4	1.4	0	1.3
Diet	1.1	1.2	0	1.5
TOTAL:	3,569.0	3,636.0	67.0	1.9

Examples of the New and Continuing Programs in the JFY2011 budget request*

Ministry of Education, Culture, Sports, Science and Technology (MEXT)		
New programs/projects	(¥Million)	(\$Million)
- Ph.D. Programs to Train Researchers of World Leaders	5,150	64.4
- University-oriented Green Innovation Creation Program	5,000	62.5
- Next-generation Cancer Research Promotion Project	3,800	47.5
Continuing programs/projects		
- Grants-in-Aid for Scientific Research (unsolicited competitive funds)	210,000	2,625
- High Performance Computing Infrastructure	39,800	497.5
- Global COE (Center of Excellence) program	26,429	330.4
Ministry of Economy Trade and Industry (METI)		
New programs/projects		
- Gallium Nitride for Next-generation Lighting Technology	2,400	30.0
- Power Storage System	2,000	25.0
Continuing programs/projects		
- Research on Methane Hydrate as Future Energy Source	8,930	111.6
- Ultra Low-cost Electric Power Device	4,225	52.8
Ministry of Health, Labor and Welfare (MHLW)		
New programs/projects		
- Chronic Pain	260	3.3
Continuing programs/projects		
- Lifestyle-related Diseases/Rare Diseases	11,000	137.5
- Comprehensive Research on Infectious Diseases	6,005	75.1
Ministry of Agriculture, Forests, and Fisheries (MAFF)		
New programs/projects		
- Analysis/Evaluation of Agriculture/Forestry/Fisheries Products	500	6.3
Continuing programs/projects		
- Genome Project to Develop New Agricultural Business	3,050	38.1
- Basic Research to Create Innovation	5,627	70.3

* - These figures represent total requests, including both the regular and the additional economic revitalization requests.