

PREFACE

This volume is the product of a research project entitled "Supply Chain, Industrial Location, and Agglomeration in Knowledge-based Society," which was coordinated and financially supported by the Institute of Developing Economies (IDE), Japan External Trade Organization (JETRO).

Information Technology (IT) has attracted considerable attention in recent years but little literature exists on its influence upon existing industrial organization and agglomeration. On the theoretical side, spatial economics, which has been developing in recent years, may explain some aspects of this organization and agglomeration. On the practical side, there is a hot debate that firms can choose their location without geographical consideration due to the development of IT. That is to say 'distance is dead.' However, there are, in fact, several instances of agglomeration in some industries such as automotive and software as well as traditional agglomeration of local industries. Therefore, a comparative study was carried out regarding location and industrial agglomeration and, as a result, certain practical and policy implications for, especially, small and medium enterprises in developing countries were drawn.

As in the previous year, three commanding study teams were organized (Japan, Italy and the USA) and assigned to provide insights on the above-mentioned issues as well as case studies in developing countries. Team leaders (L) and team members are listed below:

Japan:

| | |
|---------------------|------------------|
| Masatsugu Tsuji (L) | Osaka University |
| Takuo Imagawa | Osaka University |
| Mitsuhiro Kagami | IDE/JETRO |
| Koichiro Kimura | IDE/JETRO |
| Akifumi Kuchiki | IDE/JETRO |
| Yasunari Miyauchi | JETRO |
| Masashi Ueda | Kyoto University |
| Yasushi Ueki | IDE/JETRO |

Italy:

| | |
|------------------------|-------------------------|
| Giancarlo Spagnolo (L) | University of Siena |
| Luca De Benedictis | University of Macerata |
| Emanuele Giovannetti | University of Cambridge |

| | |
|--------------------|---------------------------------|
| Karsten Neuhoff | University of Cambridge |
| Roberta Rabellotti | University of Oriental Piemonte |
| Enrico Santarelli | University of Bologna |

USA:

| | |
|---------------------|------------------------------------------|
| Andrew Schrank (L) | Yale University |
| Clemente Ruiz-Durán | National Autonomous University of Mexico |

We held an international workshop for the project on December 9-10, 2002. Together with Japan team members, Professors Emanuele Giovannetti, Enrico Santarelli, Andrew Schrank and Clemente Ruiz-Durán participated in the workshop. Four commentators, Dr. Tetsushi Sonobe (Department of Economics, Tokyo Metropolitan University), Dr. Kazuhiko Odaki (Policy Planning Office, Minister's Secretariate, Ministry of Economy, Trade and Industry), Dr. Ichiya Nakamura (Stanford Japan Center-Research) and Dr. Koji Nishikimi (IDE/JETRO) also took part in the workshop. We are grateful to all participants for their stimulating comments and contributions on the occasion.

Special thanks go to Professor Masatsugu Tsuji who effectively coordinated the entire project. Our thanks also go to Mr. John Gallagher for his English proofreading and editing work and Ms. Kie Ono for her administrative support.

March 2003

Toshiaki Hayashi
Executive Vice President
Institute of Developing Economies
Japan External Trade Organization