

## Investment Mission To U.S.

The Federation of Economic Organizations (Keidanren) sent a mission to the U.S. in June for a first-hand look at local investment opportunities. The three-week tour was Keidanren's second mission to the U.S. this year following one in February to appeal for an end to the unitary tax system. Leaving Japan June 2, the mission toured more than 20 states in three groups to look at their investment incentives, study possible factory locations and to investigate other matters. One group, led by C. Itoh & Co. chairman Seiki Tozaki, visited New York, Oklahoma and Washington. It included representatives of Hitachi Ltd. and Sony Corp., among other companies. A second group, led by Masataka Okuma, senior adviser to Nissan Motor Co., toured Washington, Illinois, Virginia, and other states. The Industrial Bank of Japan and Komatsu Ltd. were also represented. Heading the third group was Sony Corp. chairman Akio Morita. Joined by Kyocera Corp. and Fujitsu Ltd., this group visited California, Pennsylvania and Indiana (which announced during their visit that it will abolish unitary tax, effective in 1985). Mission members conferred with state government leaders and lawmakers and visited industrial complexes, and Sony announced it would build a laser video disc plant in Indiana, to begin production in fall 1985.

## White Paper on Agriculture

Japanese agriculture faces various problems such as sluggish demand for food in an era of slow economic growth, a graying farm population and mounting overseas pressure to open the domestic market. Pointing out these problems, an annual government report on agriculture proposes that farm production be reshaped. Demand for rice, it noted, is on the decline, with per capita consumption of 76.4kg in fiscal 1982, ended in March 1983, down 1.8% from the year before. Japan has had lean rice crops for four straight years because of unfavorable weather. In this connection, the report stresses the need for farmers to take a fresh look at soil and basic rice-growing techniques. It says beef—a key issue in the Japan-U.S. farm trade dispute—will assume an important role in the redevelopment of Japanese agriculture. It also notes that mandarin orange growers are being encouraged to switch to other produce in the face of sagging consumption. The report says Japan should cope with the question of opening its market to foreign farm products by taking into account both international cooperation and development of domestic agriculture.

## Database Promotion Center

A nonprofit organization designed to facilitate expansion of computer data bases has been established by 20 companies under MITI's auspices. The organizers of the Database Promotion Center hope to broaden the scope of data bases at the initiative of business and help lay the groundwork for a sophisticated information-intensive society. Behind the move is the belief that Japan lags far behind other industrial countries in terms of data bases, although it ranks among leading nations in hardware. The center plans to subsidize preparation of data bases, collect and provide information on where and how to find needed data or what kind of data base is available, and eventually commit itself to establishing a system of software protection. It will begin operation in July. The center's organizers include the business daily Nihon Keizai Shimbun, Mitsubishi Corp., Mitsui & Co., the Industrial Bank of Japan, Toshiba Corp., NEC Corp. and the Mitsubishi Research Institute.

## White Paper on Small Firms

An annual MITI report on smaller businesses urges them to cope aggressively with three new economic trends—growing orientation to services and software, the rising volume of information, and accelerating technical innovation. It calls on them to adapt to these trends by cutting costs in the indirect management sector, such as product design, and developing new products to keep up with technical improvements. Of the three new trends, the white paper calls particular attention to information. It says smaller firms have increasingly been using computers since 1975. Today about 20% have introduced computers. They will soon enter an era of full-fledged computer-controlled information networks, according to the report. It expresses the hope that smaller businesses will voluntarily install computer-controlled data transmission systems, pointing out that success or failure in responding to this challenge could create competitive gaps among smaller companies.

## More Holidays Recommended

A government-commissioned report has called on management and labor to work together to increase the number of holidays for workers. The report, prepared by the nonprofit Leisure Development Center at the request of the Economic Planning Agency and the Labor Ministry, is based on a survey of holiday plans at 500 second-ranking manufacturing and non-manufacturing firms in the Tokyo area. It found that three-quarters of the companies observe a modified five-day workweek, making one Saturday a month a holiday rather than every Saturday. And many companies were discussing introduction of seven or more consecutive days' holidays a year (Japanese workers tend to take only a few days' holidays at a time) and a scheme of special paid holidays based on length of employment. But only 20% had adopted a true five-day workweek—a far lower rate than in other industrialized countries. The report recommends that holidays be increased in a flexible manner so as not to affect business. For example, it suggests trying to establish a five-day workweek through a work-shift system.

## Successful U.S. Legal Seminar

More than 300 persons participated in the U.S. Legal Seminar held in Tokyo May 23-25, and obtained up-to-date knowledge of anti-trust laws and taxation laws in the United States.

The seminar was planned with the view that knowledge of U.S. laws concerning business is essential for smooth operation of Japanese enterprises in the United States. It therefore aimed at deepening businessmen's knowledge of U.S. government policy with regard to unfair competition and price control, as well as the taxation system, in particular the unitary tax system, in the United States.

The seminar was arranged by JETRO and JOEA (Japan Overseas Enterprises Association) under the auspices of MITI and the Federal Trade Commission (FTC). The participants comprised mainly businessmen from all sectors, scholars and lawyers.

Among the lecturers at the three-day seminar were J. Paul McGrath, assistant attorney general of the U.S. Justice Department, James C. Miller III, chairman of the FTC, and Robert B. Baxter, professor of Stanford Univ., and a predecessor of Mr. McGrath.

Most of the participants expressed satisfaction about the contents of the seminar, saying it gave them a deeper understanding of U.S. legal systems.

## Labor Productivity Up 4.5% in 1983

Japan's labor productivity—daily output per worker—rose 4.5% in 1983 in the mining and manufacturing industries, far outpacing the previous year's 1% gain, reports the nonprofit Japan Productivity Center. The solid improvement reflected the economic recovery, which boosted capacity-utilization ratios at mines and factories. Showing one of the best productivity gains was the chemical industry, up 8%. It was supported by brisk fine-chemical activity and increased petrochemical production. Steel posted a 1% rise, the first increase in three years, as exports recovered slightly, new efficient management policies were introduced and the industry's work force was cut 3.5%. Electric machinery showed a 15% surge, bolstered by booming demand for electronics such as semiconductors. Another bright spot was precision instruments, up 9.1%.

## New Trends in Consumer Spending

With personal income rising steadily in the wake of sustained economic growth, Japanese consumers in the year 2000, can look forward to an affluent society with stress on quality and individuality, predicts a government report. The Economic Planning Agency report analyzes past changes in the pattern of consumer spending and forecasts what the future will be like. It says household spending in the last 20 years was characterized by proportionately less expenditure for basics such as food, clothing and living expenses, and an increased share of spending on transport, communication, culture, amusement and education. In other words, the weight of services spending has risen against the backdrop of improved income and increased leisure time. These structural changes will continue, causing Japan to shift from the conventional pattern of mass production and consumption to a new age of services and culture, the report concludes.

## Business Capital Spending To Grow 4.9%

Business capital spending will rise 4.9% in fiscal 1984, according to a MITI survey of some 1,800 major Japanese firms. The gain is larger than an estimated 3.8% increase in fiscal 1983, ended March 31, but lags behind an annual surge of around 10% in the first years after the second oil crisis of 1979. Investment by the manufacturing sector will expand 6.4%. But industries producing basic materials will spend 3.7% less on new plant and equipment, as steel mills plan to curb investment following completion of major spending programs such as for seamless pipe plants. In contrast, processing and assembly industries will boost investment 15.6%, led by electronics machinery makers, who are planning to spend 43.9% more, mainly in the fields of computers and semiconductors. Increased investment is planned generally on new business and R&D; few companies plan to reduce R&D investment. The firms surveyed plan to provide 80.3% of their funding needs themselves—the first time the rate has exceeded 80%. The balance is to come from borrowing—mainly direct financing through equity offerings, notably overseas bond flotation, which offers easier terms than in Japan.

## Technopolis Seminar

An international seminar on "Technopolis," a Japanese regional development policy based upon high technology complexes, was held in Tokyo May 22 under the auspices of the Japan Industrial Location Center with the support of the Ministry of International Trade and Industry and Asahi Shimbun.

The seminar discussed the technopolis project from the viewpoint of promoting regional development. Government officials, businessmen and scholars from Japan, Canada and Europe participated in the one-day seminar.

Keynote speeches were delivered by Gov. Morihiko Hiramatsu of Oita Prefecture and Robert Howard, British consultant to the Organization for Economic Cooperation and Development (OECD). Gov. Hiramatsu represented eleven prefectures in Japan where technopolis plans will be carried out.

Hiramatsu and Howard also attended a panel discussion on technological development and regional development held with Prof. Takemochi Ishii of the University of Tokyo in the chair. Other panelists included T. Reid, Canadian Assistant Deputy Minister of Regional Industrial Expansion and R. Charlier, Director General of the Belgian Ministry of Economic Affairs.

Discussions centered mainly on the role the technopolis plan will play in creating jobs.