

Two Americans Win Japan Prize

The Science and Technology Foundation of Japan has awarded the second Japan Prize to two American scholars for their scientific and technological achievements.

The recipients were David Turnbull, Harvard University professor and a leading expert on materials technology, and Willem J. Kolff, a Utah University professor who has helped develop numerous medical devices.

Each winner received ¥50 million (about \$278,000 at the rate of \$1/¥180) at an award ceremony at the National Theater in Tokyo on April 19.

Turnbull, 71, was born in Illinois in the United States. In 1958 he predicted the possibility of making amorphous materials. His work laid the foundation for the development of amorphous material now used in semiconductors and transformers.

Kolff, 74, a native of the Netherlands, invented the world's first artificial kidney in 1943 using a cellophane tube, and later contributed to the development of the artificial lung and artificial heart.

The Japan Prize was established by the private Science and Technology Foundation of Japan in 1985 to honor persons who have contributed to the prosperity and peace of mankind through scientific and technological achievements.

This year's prize honored persons who have contributed to the development of materials and medical technology. Some 200 candidates from around the world were nominated this year.

Foreign Lawyers: Door Ajar

The government has submitted legislation to the Diet conditionally allowing foreign lawyers to practice in Japan. The action was taken to meet intensifying demands by the United States for Japan to liberalize its legal services market.

The U.S. government considers the legal services industry one of the pillars of service market liberalization, a bone of contention in trade friction between the two countries.

In working out the bill, the Justice Ministry and the Japan Federation of Bar Associations (JFBA) agreed to open the legal services market on a reciprocal basis and on the condition that foreign lawyers be tightly supervised by JFBA. Their activities would be limited to handling laws relating to their own country or to laws designated by the Japanese Justice Ministry.

The U.S. government has already expressed dissatisfaction over the restrictive nature of the new legislation however.

Saito to Succeed Inayama As Keidanren Chairman

Eishi Saito, 74-year-old chairman of Nippon Steel Corp., has been named to succeed Yoshihiro Inayama as chairman of Keidanren (the Federation of Economic Organizations).

Inayama, 81, is presently in his third two-year term and will retire at the end of the current term ending in May.

Saito's appointment as new chief of Keidanren, the most influential economic organization in Japan, came at a meeting of the chairman and vice chairmen of Keidanren on March 10 when Inayama proposed Saito as his successor and won unanimous consent.

Formal approval of Saito's appointment is expected to come at a Keidanren general meeting scheduled for May 28.

Besides Saito, Gaishi Hiraiwa, chairman of Tokyo Electric Power Co., had been mentioned as a candidate for the next Keidanren chairmanship. But Hiraiwa declined to compete with Saito.

Both Saito and Hiraiwa were among the ten vice chairmen of Keidanren. It has been customary for a Keidanren chief to be selected from among its vice chairmen. The number of vice chairmen will be increased to 12 from this year.

Saito, the sixth Keidanren chairman, joined Mitsubishi Mining Co. in 1935 after graduating from the University of Tokyo. In 1941 he joined Nihon Steel Co. which became the present Nippon Steel Corp. He became president of Nippon Steel in 1977 and chairman in 1981.

Most business leaders hold that Saito will serve only one term. But Saito himself told a press conference following his appointment that he cannot say how long he will stay in the post.

Saito has retained Hiraiwa as well as Eiji Toyoda, chairman of Toyota Motor Corp., and Nihachiro Hanamura, chairman of Japan Air Lines and secretary general of Keidanren, as vice chairmen of Keidanren. He also named nine new vice chairmen including Akio Morita, chairman of Sony Corp., Toshikuni Yahiro, chairman of Mitsui & Co., Takuji Matsuzawa, chairman of Fuji Bank, and Ichiro Isoda, chairman of Sumitomo Bank. Their appointments will also be formalized at the May 28 general meeting.

U.S. Auto Parts Makers Aiming at Japanese Market

American auto parts makers have established an association to expand their business in Japan. The association, called American Automotive Parts Industry Association in Japan (AAPIAJ), meets bimonthly in Tokyo to discuss ways to promote sales in Japan. Guest speakers are invited from the Japanese auto industry.

The 14-member association is headed by Steve Chang, president of Nippon Champion Spark Plug, the Japanese subsidiary of plug-maker Champion Spark Plug. Hiromichi Itoh, president of Japan Borg-Warner, the Japanese subsidiary of auto parts maker Borg-Warner, is association secretary.

Sales of American automotive parts in Japan are tiny compared with sales of Japanese cars in the United States. The officials say the association, with the support of the U.S. Embassy, will seek to increase American auto parts sales in Japan by having Japanese automakers use them in cars earmarked for export to the U.S. market.

Association leaders say they have already obtained a favorable response from the Ministry of International Trade and Industry.

Japan's International Air Services Liberalized

All Nippon Airways (ANA) began scheduled flights from Tokyo to Guam on March 3, breaking Japan Air Lines' (JAL) three-decade monopoly on Japan's international air service and heralding the liberalization of the nation's air industry.

JAL and ANA now operate 11 and four weekly flights to Guam, respectively.

The liberalization stems from a government decision last December to abolish the "Aviation Constitution," a 1972 Transport Ministry directive which granted JAL sole rights to operate internationally.

ANA officials said the Tokyo-Guam service was going well, with 6,700 passengers booked and the load factor averaging 62% as of the end of March. The airline plans to follow up with Tokyo-Los Angeles and Tokyo-Washington flights beginning in July. Japan's other major airline, Toa Domestic Airlines (TDA), is also branching out into international service on the Tokyo-Honolulu route.

JAL, now 35.7% government owned, is to be privatized in the near future. It recently concluded tie-ups with Delta Air Lines and Western Airlines of the United States to cope with the increasing competition brought on by liberalization.

MITI Sends Investment Mission to U.S.

The Ministry of International Trade and Industry dispatched a team of specialists to the U.S. states of Kansas, Missouri and Oklahoma in March to explore possibilities for Japanese direct investment.

The 28-member mission's visit came at a time of growing interest in overseas investment among Japanese enterprises.

MITI has sent similar investment survey missions to 36 countries since 1975, but this was the first to be dispatched to the United States. The three Midwest states were chosen because Japanese investment there to date has been limited.

The mission was headed by Kunio Komatsu, a MITI adviser, and included representatives of financial institutions, auto parts makers and electronic equipment manufacturers. The three states are reportedly anxious to attract Japanese auto parts and electronics makers.

Mission members met state government officials and inspected universities, research institutes and plants built by foreign firms. Upon their return, they briefed Japanese companies on the local investment environment.

MITI officials hope increased Japanese investment in the three states will promote cooperation between Japanese and American enterprises.

Foreign Businessmen's Study Tour of Japan

A group of 50 businessmen from the United States, Canada and the European Community participated in a one-month study tour of Japan starting late last March under the cosponsorship of MITI and Japanese private enterprises.

The group was the fifth invited to Japan under a program implemented by the Institute for International Studies and Training in March 1984 in accordance with a 1983 agreement between trade ministers of the United States, Canada, Japan and the EC.

The tours are designed to give foreign middle-management executives a first-hand look at the Japanese economy and Japanese management practices.

The one-month program consists of lectures on the Japanese economy, labor-management relations and business management, visits to industrial plants around the country and briefings by officials of foreign-affiliated companies.

The fifth group brought the number of businessmen invited to Japan under the program to more than 240.

Some of the previous participants have later returned on business trips or been assigned to posts in Japan.

Package Bill for Greater Private-Sector Role in Public Projects

On March 7 the Japanese government gave the go-ahead to a package bill designed to encourage the private sector to contribute funds and expertise to projects of a highly public nature, thus boosting domestic demand. The bill was submitted immediately to the current session of the Diet. Initially, four ministries—International Trade and Industry, Construction, Posts and Telecommunications and Transportation—had planned to prepare similar but separate bills. However they were combined into a single package at the urging of Prime Minister Yasuhiro Nakasone, who advocates greater private-sector participation in public projects as the cornerstone of a reflationary economic package now in the making. The prime minister sees 1986 as the starting point for promoting the use of private-sector vitality.

The proposed ten-year legislation specifies six "specific facilities," construction of which will be subject to tax incentives, lending and investment by the Japan Development Bank, and official guarantees for commercial obligations owed by participating companies. The facilities include research institutes for industrial technology which will be opened to the private sector ("research cores"), basic facilities for sophisticated telecommunications ("telecom plazas") and international fairgrounds for import promotion. "About 100 projects across Japan will be included," says Masumi Esaki, director general of the Management and Coordination Agency. "Total investments, including related spending, will reach some ¥10 trillion in ten years."

World's Third-Biggest Investor

The global total of outstanding overseas direct investments stood at \$549 billion at the end of 1984, up 1.5% over the previous year, according to an annual report on world and Japan's direct investments released March 6 by the Japan External Trade Organization (JETRO). Investments in developing countries by industrial nations as a whole were slack. But Japanese and European investments in the U.S. increased sharply. Japan's outstanding direct investments abroad totaled \$37.9 billion, accounting for 6.9% of the world total. The figure was the third largest after the \$233.4 billion (42.5% of the total) invested by the U.S. and the \$85.3 billion (15.5%) by Britain. Japan was the fifth-largest investor at the 1983 year-end. Ranking fourth on the 1984 list was West Germany with \$36.6 billion (6.7%) and fifth was Canada with \$31.3 billion (5.7%).

Japan's new direct overseas investments have swollen to an annual flow of some \$10 billion, partly because production abroad has been spurred by expansion of overseas operations of Japanese businesses and the yen's recent sustained strength against foreign currencies. It is the responsibility of Japan, as a country running huge trade surpluses, to promote international division of labor and contribute to revitalization of the world economy by stepping up overseas direct investments, the report said. It added that Japan's direct investments abroad have yet to mature compared with those by the U.S., Britain and other developed countries, leaving much room for further expansion.

FY 1986 Capital Spending to Rise 1.6%

Capital spending planned for fiscal 1986 by major Japanese businesses will slow to a 1.6% rise from an estimated 9.2% increase in fiscal 1985, which ended March 31, according to a Japan Development Bank survey. The slowdown will result from the first decline in three years in investment by the manufacturing sector, where pessimism is growing about business prospects in the wake of the yen's steep appreciation. A separate survey by the Long-Term Credit Bank of Japan projects a 5.3% gain in overall fiscal 1986 capital spending, compared with an estimated 10.2% surge the previous year. According to the Japan Development Bank survey, the manufacturing sector plans to spend 4.1% less on new plant and equipment in fiscal 1986 in contrast to a 9.7% leap the year before. Non-manufacturing investment is projected to rise 5.7% following an 8.8% gain. Manufacturing industries planning reduced investment include electrical machinery, which is projected to show an 11.0% drop for the second straight double-digit annual decline, due mainly to the protracted semiconductor market slump. Also on the minus side are general machinery, paper/pulp and steel. Autos, foods and oil are among industries planning increased spending. Non-manufacturing investment will be led by the electric power industry, up 10.5%, and service industry, up 12.3%.

CORRECTION

On page 44 of the March/April issue, Yoshitaro Magoku was inadvertently identified as Yoshitaro Sonko.