

White Paper on Small and Medium Enterprises


The Ministry of International Trade and Industry (MITI) on May 16 published a white paper on small and medium enterprises for fiscal 1985, which points out that small and medium businesses now face ordeals in a "new era of internationalization."

The paper states that they have been thrown into the midst of changes in economic environments characterized by the yen's sharp appreciation, further opening of the Japanese market to foreign goods and renewed pressures for expansion of domestic demand.

Under such circumstances, the 278-page report urges small and medium companies to diversify their business or even switch to other fields, to create new demand at home and to make positive direct investment abroad.

It says that the rapidly rising value of the yen against the dollar is damaging the activities of export-oriented small firms. An increasing number of small firms are on the verge of bankruptcy as a result of a substantial fall in their backlogs of orders, a total suspension of new contracts and difficulties in raising necessary funds. Big companies have cut the prices of products they pay to their subcontracting firms. More companies which sell their products only in Japan now expect to face stiffer competition from newly industrializing countries.

The report stresses the need for small and medium enterprises to improve their information-gathering activities, develop high-technology products and strengthen financial management.



Review of NTT's Information Network System Proposed

A private panel of advisers to the Posts and Telecommunications Minister recommended on June 16 that Nippon Telegraph and Telephone Corporation (NTT) undertake an overall review of plans for its information network system (INS), an advanced telecommunications system that links equipment like telephones, facsimile machines and personal computers.

The panel, headed by Eishiro Saito, chairman of Keidanren (Federation of Economic Organizations), proposed that NTT adopt international standards for the INS project. NTT originally planned to put the system into practice first with its own standards and

then to develop equipment conforming to international standards. The panel said NTT should drop its standards to avoid unnecessary dual investment and better serve users by achieving low prices for equipment through mass production under a single system.

NTT was also urged to expand the ongoing test operations for the INS to Tokyo, Osaka and Nagoya, where business activities are lively, by linking the areas with digital lines. The test run has been undertaken only in the Mitaka-Musashino area in the western suburbs of Tokyo since September 1984. The panel said that the test has allowed only a limited number of corporations to use the system and that individual users appear to have found the system somewhat "unmanageable."

NTT is expected to comply with the recommendations and to start digital telecommunications services by early 1988.




¥100,000 Gold Coin to Commemorate 60th Year of Emperor's Reign

Ten million ¥100,000 gold coins will be issued in November to commemorate the 60th year of Emperor Hirohito's reign. They will be the first gold coins issued in Japan since a ¥20 coin was minted in 1932, 54 years ago.

The commemorative coins will be pure gold, measure 30 millimeters in diameter and weigh 20 grams. One side will feature a dove and water pattern and the other the chrysanthemum crest of the Imperial Family. The dove, a symbol of peace, is modeled on the mother-of-pearl inlay in a five-stringed rosewood *biwa* (Japanese lute) preserved in the Shoso-in, the ancient imperial treasure repository in Nara. The water pattern represents Japan's rice paddy culture and natural environment.

The then Finance Minister Noboru Takehisa minted the first ¥100,000 gold coin at a ceremony July 10 at the Ministry's Mint Bureau in Osaka. Lottery tickets with a one-in-five chance of winning will be distributed in October by financial institutions to people wishing to buy the coins. Winners will receive their coins on November 10. A commemorative ¥10,000 silver coin and ¥500 nickel coin will also be issued.

Approximately 7.7 million gold coins in 161 varieties are issued every year by 57 countries, and Japan's 10 million will be a substantial addition to the world total. Almost 16% of the world's annual production of 1,400 tons of gold bullion will be used to mint the ¥100,000 coins. The entire amount was imported via the U.S., in part to help reduce Japan's trade surplus with that country.



1985 White Paper on International Trade

On June 3, International Trade and Industry Minister Michio Watanabe reported to the Cabinet an annual white paper on international trade which analyzed changes in Japan's export-import and economic climate stemming from the yen's appreciation against the dollar and changes in the world economy in 1985. Specifically, the white paper took up such issues as a slowdown in the growth of the U.S. economy, the correction of the high value of the U.S. dollar, the decline of crude oil and primary product prices and the world debt problem.

The report analyzed deepening relations between the Japanese and world economies, brought about by the internationalization of Japanese corporate activities.

It pointed out that changes in Japan's industrial and trade structures will progress simultaneously with world structural changes in the 1980s. World economies will become increasingly interdependent as new forms of international trade are developed, it added.

Based upon those analyses, the white paper stressed that Japan should strive to transform its economic structure into one led by domestic demand so as to achieve further economic growth and prosperity in the future.

It also called on Japan to take the initiative in promoting coordination of economic policies among advanced nations and establishing new rules for world trade to ensure sustained growth of the world economy, and to increase its investment in intellectual resources.



Japanese Companies Doing Well in U.S.

Japanese-owned manufacturing companies in the United States are hiring more workers and boosting sales despite soaring prices for parts and material, according to a survey by the Japan External Trade Organization (JETRO). The survey was based on questionnaires sent to 545 Japanese-owned plants in March and April. Some 302 responded. The respondents employed 82,000 workers, up 3,600 over a year before, despite cutbacks in the workforce of the total U.S. manufacturing industry. In all, 119 had hired more workers in the past year, while 49 had laid off employees.

A majority of the companies reported increased sales in 1985, and more than 70% anticipated sales increases in 1986. But 189 plants said they had been adversely affected by the appreciation of the yen, which has driven up the cost of parts and materials shipped from Japan. A full 80% of those affected anticipated rising costs and falling profits.

City for Scientific Research

The government has approved construction of a new city for cultural and scientific research in the Kansai area in central Japan. The decision was reached at a June 19 liaison meeting of the National Land Agency, Construction Ministry, Posts and Telecommunications Ministry and other ministries and agencies concerned.

The project, based on surveys and plans by the Kyoto, Osaka and Nara prefectural governments, envisages a new city on a 16,000-hectare hilly site overlapping the three prefectures that will serve as a hub of cultural and scientific research in the next century. The city will be structured around 11 cultural and scientific research zones covering some 3,000 hectares. Population is expected to increase from the present 110,000 to about 350,000.

Plans envisage making maximum use of private-sector vitality and resources in three-way cooperation among industry, government and the academic community. Public infrastructure will also be improved, including the Second Kyoto-Osaka Highway, National Highway 163 and the Kinki Nippon Railway's Higashi-Osaka Line. Given the tight national budget, the private sector is expected to play a key role.

Guidelines for DNA Recombination

The Ministry of International Trade and Industry issued guidelines June 19 for the production of chemical products using recombinant DNA technology. The guidelines, aimed at ensuring safety in the commercial use of DNA recombination, were based on recommendations submitted on May 30 by the Chemical Product Council, an advisory body to the MITI Minister.

Similar to guidelines adopted by the Organization of Economic Cooperation and Development (OECD), they provide for specific administrative guidance for each recombinant and the facility using it, but do not provide for penalties.

The guidelines set four safety categories and lay out requirements for each concerning facilities, equipment and operating and control methods and systems.

In these four categories the concept of GILSP (good industrial large-scale practice) already adopted by the OECD was introduced for recombinants considered especially safe. For such recombinants it is sufficient to use conventional apparatus, so long as the work takes place at well-equipped plants.

Nuclear Energy Vision

On July 18, the Nuclear Subcommittee of the Advisory Committee for Energy, chaired by Isamu Yamashita of the Board of Councillors, Keidanren (Federation of Economic Organizations), submitted a report entitled "Nuclear Energy Vision—Nuclear Energy Use in the 21st Century" after one full year of research.

The report presents a forecast on nuclear power generation for the 45 years until the year 2030, during which time increasing competition is expected between nuclear power, oil, coal and natural gas energy supplies. Recommended strategies for the adoption of reactor types and the nuclear fuel cycle, and policies on matters ranging from technological development to personnel training are included in the report.

In the aftermath of the Chernobyl accident, the Nuclear Subcommittee report reaffirmed the need for Japan's nuclear energy policy to put safety first by implementing the "Safety 21" program. Safety 21 covers safety regulations, safety-related technology development, emergency procedures and international cooperation in assuring the safe use of nuclear energy.

The Ministry of International Trade and Industry (MITI) is expected to adapt the main suggestions in the Nuclear Subcommittee report in its future promotion of nuclear energy use by both the public and private sectors.



Lineup of New Nakasone Cabinet (Reorganized on July 22, 1986)

Prime Minister
Yasuhiro Nakasone

Prime Minister	Yasuhiro Nakasone	68
Deputy Prime Minister	Shin Kanemaru	71
Justice Minister	Kaname Endo	70
Foreign Minister	Tadashi Kuranari	67
Finance Minister	Kilichi Miyazawa	66
Education Minister	Masayuki Fujio	69
Health and Welfare Minister	Juro Saito	46
Agriculture, Forestry and Fisheries Minister ..	Mutsuki Kato	60
International Trade and Industry Minister	Hajime Tamura	62
Transport Minister	Ryutaro Hashimoto	48
Posts and Telecommunications Minister	Shunjiro Karasawa	56
Labor Minister	Takushi Hirai	54
Construction Minister	Kosei Amano	79

Home Affairs Minister	Nobuyuki Hanashi	57
<i>(Chairman of National Safety Commission)</i>		
State Minister	Masaharu Gotoda	71
<i>(Chief Cabinet Secretary)</i>		
State Minister	Kazuo Tamaki	63
<i>(Director General of Management and Coordination Agency)</i>		
State Minister	Tamisque Watanuki	59
<i>(Director General, National Land Agency; Hokkaido Development Agency; Okinawa Development Agency)</i>		
State Minister	Yuko Kurihara	66
<i>(Director General, Defense Agency)</i>		
State Minister	Tetsuo Kondo	56
<i>(Director General, Economic Planning Agency)</i>		
State Minister	Yataro Mitsubayashi	67
<i>(Director General, Science and Technology Agency; Chairman of Atomic Energy Commission)</i>		
State Minister	Toshiyuki Inamura	50
<i>(Director General, Environment Agency)</i>		

Profile of New Minister of International Trade and Industry



Hajime Tamura, 62, is a veteran parliamentarian who has previously served as labor minister in Kakuei Tanaka's Cabinet in 1972 and as transport minister in Takeo Fukuda's Cabinet in 1976. As labor minister, he made a name as the first dietman of the Liberal-Democratic Party to propose the introduction of a five-day workweek.

He entered politics at the age of 30 and has been elected to the House of Representatives 12 times from his native Mie Prefecture.