



Increasing Local Procurement

The ratio of local parts procurement by Japanese-affiliated companies overseas has risen sharply over the past five years, a recently published survey shows.

The survey by the Japan Chamber of Commerce and Industry found that the average local procurement ratio in five countries—the United States, South Korea, Indonesia, Malaysia and Mexico—went from 29.9% to 42.7% during the period. At the same time, the ratio of parts imported from Japan declined from 67.1% to 51.0%.

Titled "Toward Smooth Local Procurement of Parts," the survey was intended to investigate business relations between Japanese affiliates and local suppliers. Conducted from the autumn of 1985 through the spring of 1986, it covered 100 affiliates and 227 local suppliers in the five countries. The survey found that the number of local suppliers dealing with Japanese affiliates increased from 48 to 70 on average in each of the countries.

The main reasons given for increased local procurement were "equipment shortages," "cost saving" and "concentration of production on high value-added sectors."

Reflecting the accelerated appreciation of the yen, 68.7% of the Japanese affiliates polled said they intended to increase their overseas procurement. They said the main obstacles to doing so were the low technological level of local suppliers and poor quality of their products, except in the U.S., the lack of proper parts subcontractors near their factories and high cost. Local suppliers, meanwhile, expressed dissatisfaction about what they considered excessive Japanese concern over quality.



MITI to Compile International Input-Output Table

The Ministry of International Trade and Industry (MITI) will spend the next six years in compiling an international industrial input-output table to be used as an effective means to grasp the overall picture of global economic activities. MITI has already started gathering and translating necessary information, making databases and other work preparatory to compiling the table.

MITI expects the envisaged international version of an input-output table to help ease economic friction among countries. The government compiles such a table covering domestic industrial activities every five years. Despite the agreement by heads of seven leading industrial democracies at the Tokyo summit in May 1986 to adjust industrial structures on an international scale, there exist no basic data on interdependent relations among industries in different countries.

First, the ministry will compile a bilateral table covering Japan and the United States by obtaining and sorting out information about U.S. industry with assistance from the U.S. Department of Commerce. The table, expected to be completed in fiscal 1991, will provide, among other things, detailed information about where each Japanese export item goes in the United States.

Then, starting in fiscal 1987, the Institute of Developing Economies will work on an Asian version of the table covering Japan, South Korea and the ASEAN countries. Work on Japan and the European Community (EC) will start in fiscal 1988. The ministry plans to complete a table covering Japan, the U.S. and Europe in fiscal 1990 and a combined overall table in fiscal 1991.

The projected international table will make it easier to tell where each of the major industries, such as electric machinery, automobile and steel, acquire materials and services and to what industries they supply their products. The ministry expects the table to help countries compare different industrial structures and make necessary simulation analyses. MITI intends to present it as "international public property."



On-line Patent Literature

A unique on-line service for retrieving patents and utility models on a computer screen has been inaugurated by Japan's Patent Office. The new system replaces hours of searching through pages of voluminous patent gazettes with a simple terminal keyboard.

There were 1,100,000 patent and utility model applications around the world in 1984, about 500,000 of them in Japan. Keeping track of these applications is an administrative nightmare, and the Patent Office has been working for years on a project to build a computerized database of patent gazettes and other patent-related literature to improve efficiency and enhance its patent information service. The on-line service, launched on October 27, 1986, is part of this project. It enables the public to read any of 30 million patent documents from Japan and abroad, including gazettes recording applications for patents and utility models.

The database presently contains the approximately 15 million Japanese patent documents filed since the concept of industrial ownership was established in the country in 1885. In Phase II, the Patent Office will add foreign patent documents and literature under a database exchange agreement among the patent offices of Japan, the United States and European countries.

Terminals have been installed on a trial basis at the Industrial Property Library of the Patent Office in Akasaka, Tokyo, and at the Patent Office of the Osaka Bureau of International Trade and Industry in Nishi-ku, Osaka. A similar terminal will be set up in Fukuoka, Kyushu, in fiscal 1987.

There is no charge for retrieving patent gazettes, utility model gazettes and other patent literature on the screen. However, there is a charge for copies of the documents. The on-line service is available between 9:40 a.m. and 4:30 p.m. on weekdays and until noon on Saturdays.



Job Security Over Wage Hikes

A report released in October 1986 by the Japan Productivity Center called on Japanese corporations to put greater emphasis on better employment security and shorter working hours in distributing benefits from a rise in labor productivity.

Now that people's income standards have risen to high levels, the White Paper on Productivity stressed the necessity to improve Japanese workers' living standards rather than emphasizing "physical richness" in the form of wage increases. Up to now, the distribution of increased profits arising from improved labor productivity has centered on wages and labor unions have been interested in winning wage hikes, it said.

The suggestions come against a background in which Japanese corporations are no longer able to offer big wage increases as they did in the past because of the slowdown in annual economic growth rates. The proposals may affect labor-management negotiations in the annual spring labor offensive in 1987 as they call for new approaches: greater employment security and shorter working hours.

The paper said labor productivity in the manufacturing sector had increased 10.24 times over the past 30 years, compared with an 18.40-fold rise in wages in nominal terms. But in real or inflation-adjusted terms, wages show a mere 3.6-fold increase, the paper said, pointing out that there is a wide gap in increase rates between real wages and productivity.

By international comparison, Japanese labor productivity rose substantially in the 1970s and came to 86% of that in the U.S. as of 1982, surpassing that in Britain and West Germany, the paper added.



White Paper on National Life

Japanese living standards equal or exceed those of Europe and America, says a white paper on Japan's national life published by the Economic Planning Agency (EPA) in October 1986. But in the same breath, the report says Japan lags behind other advanced nations in housing, food prices, leisure time and other basic needs.

The EPA white paper, titled "Pursuing an Affluent Life Open to the World," analyzes

Japanese consumption patterns and delves into the internationalization of Japanese life and the problems involved. It notes that consumption in Japan is becoming increasingly diverse and sophisticated, with a clear division of lifestyles among young families, early Showa families (those born during the first 10 years of the Showa Era, 1926-35) and singles.

Reflecting the trend toward increased sophistication, the report says, Japanese today tend to buy what high-grade goods they can within the limits of their income. The paper observes that the recent outward individualistic consumption trend does not necessarily reflect individual consumers' principles but merely represents a slight difference in consumers' tastes.

While admitting that the life of the nation is being internationalized as the economy expands, the paper points out that Japanese living standards are still low by every yardstick. There is continuing excessive export of goods and excess import of information services, it says, pointing to relatively small quantities of foodstuffs and finished consumer goods imports and a small number of foreigners living in Japan.

Energy Vision for 21st Century

The Ministry of International Trade and Industry has blueprinted what Japan's energy policy should look like in the 21st century. The "Energy Vision for the 21st Century" specifies various long-term tasks to be tackled by Japan on both supply and demand fronts, and outlines policy directions to be followed in doing so.

The five-chapter report devotes the first four chapters to a review of past energy situations and an outlook for international energy supply-demand prospects, Japan's socioeconomic situation and energy use and technology development. The fifth chapter describes basic ideas about Japan's long-term energy policy.

The international oil supply-demand relationship will become tense again in the medium and long terms despite the current undertone of easiness, according to the report.

Japan's energy demand, on the other hand, is expected to continue rising mildly, reaching the equivalent of 660-860 million kiloliters in terms of crude oil in the year 2030.

Against that background, the report cites three main viewpoints for Japan's energy policy: assured supply, cost minimization and adaptation to user demand. This last is expected to become an important consideration as greater stress is placed on improving the quality of life rather than simply supplying necessities.

The report recommends that Japan, paying attention to the optimum balance between the three viewpoints, promote diversification of energy sources and more effective use of energy in pursuit of a flexible and resilient energy supply-demand structure befitting the multiple energy era. As keys to realizing these goals, it calls for technology development, sound competition in the use of different energy sources and promotion of independent policies on international resources.

Estimated Energy Demand in 21st Century

Year	Energy demand (million kl)		Rate of increase (%)	
	2000	2030	Up to 2000	2000-2030
Low estimate	about 520	about 660	1.6	0.8
High estimate	about 590	about 860	2.4	1.3
Actual	410 for 1985		1.3 for 1975-85 period	

Nobuhiko Ushiba Foundation Established

A foundation commemorating the late diplomat Nobuhiko Ushiba has been created to promote research on international relations, focusing on the North-South issue, Japan's role in the international economy and international cooperation.

Ushiba (1909-1984) served as ambassador to the United States in 1970-1973, and as state minister for external economic affairs in the Fukuda cabinet (1977-1978). He contributed greatly to promoting cooperative relations between Japan and other countries.

The Nobuhiko Ushiba Memorial Foundation, with operating funds of ¥500 million, will support exchanges of Japanese and foreign researchers, sponsor international seminars and publish research reports.

Shintaro Fukushima, senior adviser at the *Japan Times* and a close friend of Ushiba's, and Akio Morita, chairman of Sony Corporation, have been named president and vice president of the foundation.

Prime Minister Yasuhiro Nakasone and Finance Minister Kiichi Miyazawa were among those attending a reception to mark the creation of the foundation at a Tokyo hotel on November 7. David Rockefeller, former chairman of Chase Manhattan Bank and present head of the Japan Society in New York, and Robert Ingersoll, former U.S. ambassador to Japan, joined many other foreign friends of Ushiba's at the reception. In a speech, Rockefeller eulogized Ushiba as a world citizen who had demonstrated the indispensability of interdependency for the countries of the world.

Off-the-job Training

An increasing number of Japanese corporations are adopting off-the-job training (OFF-JT) systems, according to a Labor Ministry survey of private training and educational activities. The survey, conducted in March 1986, covered corporate vocational training programs for coping with rapid technological innovation. Some 4,000 industrial corporations with work forces of 30 or over took part.

In addition to standard on-the-job training (OJT) in which senior workers train newcomers in necessary skills on the actual assembly line, 46% of the companies surveyed said they provide occasional OFF-JT. A full 84% said the need for such OFF-JT will increase even further as they race to survive in an age of technological innovation, corporate competition and managerial diversification.

Survey respondents said the need for OFF-JT will be especially great in the training of specialists, education for "corporate revitalization" and office automation and information processing. The most popular OFF-JT systems are privately sponsored seminars and correspondence courses, the survey found.

Working Women Increasing in Japan

The number of working women in Japan increased by some 4 million between 1976 and 1985, according to a 1986 government white paper on women in the work force.

The increase was particularly noticeable in information, leasing and other service-related industries, underlining how the growing weight of the service sector in the Japanese economy is creating job opportunities for women.

According to the white paper, employed women, including part-timers, numbered 15,480,000 in 1985, up 300,000 or 2.0% over the previous year, and accounting for 35.9% of the total work force. Both the number and rate of increase exceeded men's 170,000 and 0.6%, respectively.

Including women either self-employed or working for their own families, the number totaled 23,670,000, or 39.7% of the work force. Women aged 35 or older accounted for 58.3%, up 1.6 percentage points over the previous year. Part-timers increased by 50,000 to 3,330,000, accounting for 22% of all women workers. Working women slightly outnumbered nonworking women for the first time in 1984, and the gap widened to 200,000 in 1985.