



## TSE Eyes More Members

The Tokyo Stock Exchange (TSE) is moving to expand its membership to meet growing overseas demand for access to the Japanese securities market. Some 15 brokerage houses—10 foreign and five Japanese—seem likely to be granted seats on the nation's largest stock exchange, possibly by the end of this year.

There are presently 36 foreign securities firms operating in Japan. Only six, however, are numbered among the TSE's 93 full members, adding fuel to foreign—and especially U.S.—pressures for easier access to Japan's financial market. The so-called Schumer rider, for instance, sponsored by New York Democrat Charles E. Schumer and attached to a package trade bill approved recently by the U.S. House of Representatives, mandates retaliation against any country that fails to offer American financial institutions the same opportunities its own institutions enjoy in the U.S. market.

The TSE intends to select new members this fall and admit them when its new main building is completed next May. In view of calls for early membership, however, it is also considering admitting new members within the year. In that case, the new members would not have booths on the trading floor until the completion of the new building.



## Structural Change Affecting Employment

Software houses and private preparatory schools for youngsters taking high school and college exams mushroomed during the five years from 1981 to 1985, while work forces plunged in the steel and shipbuilding industries. A clear shift in the nation's industrial structure and in lifestyles was revealed by a Management and Coordination Agency survey of workshops and employees issued April 25.

According to the survey, the number of software companies and private preparatory schools increased 2.5-fold and 1.8-fold, respectively, during the five-year period, while employment dropped to about 48,000 in steel and 62,000 in shipbuilding.

Banking and insurance industry workplaces increased 13%, followed by service industry workshops, up 9.2%. The service industry topped the employment list, with its total work force climbing by 15.2% or 1,605,000, more than half of the total increase in jobs.

In manufacturing sector employment, processing industries gained and materials industries lost.

The number of workshops in the retail industry declined for the first time from the figure posted in previous surveys. Department stores and large supermarkets gained markedly. Even more conspicuous was a sharp rise in the number of take-out lunch counters, convenience stores and other foodstuffs retailers.



## 5.5 Million Japanese Go Abroad in 1986

A record 5,516,000 Japanese traveled abroad in 1986 as the yen soared to record levels against the dollar. According to statistics filed by the Immigration Bureau of the Justice Ministry, the number represented an increase of 11.5% over the preceding year.

Foreign travel by Japanese has increased every year since 1980. Last year was the first time the number topped 5 million. Of the total, 81.7% were tourists, while the remaining 13.7% were on business trips.

The United States (including Hawaii and Guam) was the most popular destination, attracting as many as one-third of Japan's globe-trotting tourists. Taiwan was second, followed by South Korea and Hong Kong.

Meanwhile, the number of foreigners visiting Japan in 1986 declined 238,000 from the previous year to 2,021,000. The weaker dollar apparently accounted for the decline. It was the first time since the 1974 oil crunch that the number of foreign visitors declined from a year before. Most visitors were Americans, followed by Taiwanese. Visitors from the Philippines increased a striking 22.9%, reflecting a sharp rise in the number of Filipinos seeking jobs in Japan. The number of Chinese visiting Japan dropped an abrupt 25% after years of steady growth.



## Specialist Shortage Eases

Mirroring sluggish economic activity, Japan's chronic shortage of technical workers eased slightly in fiscal 1986. According to an annual Labor Ministry survey, there was a shortfall of some 520,000 specialists in the year ended March 31, 1987, or 55,600 fewer than in fiscal 1985. The shortage represented 4.2% of the total number of experts needed by industry, down 0.7 percentage points from the previous year's 4.9%.

The shortage in the manufacturing sector—hardest hit by the recent strong yen—eased by 93,500 to 192,500, or 3.1% of total demand against 4.9% in fiscal 1985. Shortages were also less acute in the banking, insurance, real estate, transportation and communications industries. Categories with greater shortages included services, which could use 20,300 more workers; construction, short 10,900, wholesale, retail and restaurants, short 18,900. Services had a particularly high shortage of 7%.

By job, systems engineers and programmers were in acute shortage—56,400 more are needed. Also in shortage were holders of chauffeur's licenses, short 45,600; draftsmen, 28,100; and typists and word processor operators, 26,500. Overall, demand for workers handling high-tech machines such as computers and industrial robots outstripped supply by 160,000, or 7.6% of total demand.



## White Paper on Small and Medium Enterprises

The annual government report on small and medium enterprises, entitled "Small and Medium Enterprises Challenging Shift in New Industrial Structure," focuses on small and medium enterprises facing structural change. The report, recognizing that small and medium enterprises play an important role in the shift in industrial structure, states that the recent sharp appreciation of the yen has caused not only short-term but also long-term problems including changing competitive conditions between the Asian NICs and Japan and moves by major Japanese manufacturers to shift production overseas and expand parts imports. Small and medium enterprises must cope with these economic changes by improving their management resources relating to technology, information, personnel and financing.

The Japanese government recognizes the vital role of small and medium enterprises in the national economy and national life. Thus, the white paper concludes that along with programs to expand domestic demand, maximum effort should be put into the flexible and comprehensive development of measures that meet the actual conditions of small and medium enterprises.



## Daini-Denden to Expand Service Area

A group of firms led by telecommunications venture Daini-Denden Inc. has been granted permission to provide cellular car phone service using U.S. equipment in northern Japan in addition to the western part of Japan as originally planned.

The decision reflects an agreement reached in Tokyo April 22 between Posts and Telecommunications Minister Shunjiro Karasawa and U.S. Trade Representative Clayton Yeutter. The U.S. side had expressed dissatisfaction with an earlier scheme limiting the Daini-Denden group, which will use a system developed by Motorola, to the western part of Japan where car phone service is not prevalent.

Daini-Denden, Kyocera Corp., Kansai Electric Power Co. and other major companies established a car phone service company in the Kansai area (the area centering on Osaka) on June 1 and plan to inaugurate car phone service toward the spring of 1989.

NTT currently monopolizes the Japanese cellular telephone market, which is now limited to the Tokyo metropolitan, Osaka and Nagoya areas.

## Cigarette Imports Sharply Higher

Cigarette imports have increased sharply since the spring of 1985 when the Japan Tobacco and Salt Public Corporation was privatized as Japan Tobacco Inc. The recent appreciation of the yen and the abolition of tariffs on processed tobaccos this last April have further accelerated the trend.

According to surveys by the Finance Ministry Customs and Tariff Bureau and Tokyo Customs 11.7 billion cigarettes were imported in 1986, compared with 5 billion in 1981. The share of imported cigarettes in the Japanese market rose to 3.9% from 2.4% the previous year. Sharp price cuts of as much as 22% are behind the increase. The Japanese penchant for famous foreign brands also helped boost tobacco imports.

The United States was the biggest exporter, with 9,457 million cigarettes, or 80% of all foreign-made tobacco products entering Japan. Switzerland was next, followed by Britain.

In the face of the heightened competition, 1986 sales of Japanese cigarettes sagged 2.2% from the previous year to 296.5 billion. It was the biggest year-on-year decline of the past decade. Sales in 1985 were off only 0.9% from the year before.

## ADB Meet Held in Osaka

The annual meeting of the Asian Development Bank (ADB) was held in Osaka April 27-29, where it heard a Japanese proposal for creating a special fund aimed at recycling the nation's trade surplus to developing countries in Asia. The proposal was advanced by Finance Minister Kiichi Miyazawa, chief Japanese delegate.

The ADB meeting, attended by delegates from 44 member countries and regions, was the first to be held in Japan since the inaugural session of the regional lending agency in Tokyo in 1966. The Osaka meeting was marked by a confrontation between the United States and the NICs of Asia over U.S. demands for the further appreciation of their currencies. The U.S. says stronger currencies in South Korea and other NICs would help trim its bilateral trade imbalances with those countries.

ADB President Masao Fujioka said after the meeting that the bank will consider resuming syndicated financing with private financial institutions and offering ADB guarantees for private-sector loans to developing countries.

China was elected a member of the ADB's Board of Governors at the meeting, in which the Soviet Union also took part for the first time as an observer. The ADB will hold its 1988 meeting at its headquarters in Manila. China will sponsor a 1989 meeting in Beijing.

## Beefing Up the New Business Conference

In an unusual move, former Vice Minister of International Trade and Industry Keiichi Konaga has been appointed special adviser to the New Business Conference. The decision came at a general meeting of the conference on March 16 that also elected five new vice presidents. The choice of Konaga, currently an adviser to the Industrial Bank of Japan, was said by conference sources to underline MITI's positive support for the council. It is quite rare for a former MITI vice minister to join a business organization.

The New Business Conference, established in September 1985, differs from previous Japanese business organizations in its active support of new and venture businesses. At present, 240 companies, including not only

venture businesses but also major corporations advancing into new business areas, are represented in the conference, which is headed by Tadahiro Sekimoto, president of NEC Corp.

Under its new lineup of officers, the conference hopes to develop into Japan's fifth major business organization after the Federation of Economic Organizations (Keidanren), the Japan Federation of Employers' Associations (Nikkeiren), the Japan Committee for Economic Development (Keizai Doyukai) and the Japan Chamber of Commerce and Industry. It will make proposals representing the viewpoint of new and venture businesses on such matters as expansion of the industrial new frontier, maintenance of industrial vitality, activation of the economy and promotion of employment.

## White Paper Admits Farm Mart Opening

Amid mounting criticism of Japan's agricultural administration, the government has for the first time admitted the need to open the domestic agricultural market. But the Agriculture White Paper for fiscal 1986, presented by Minister of Agriculture, Forestry and Fisheries Mutsuki Kato and approved by the Cabinet on April 3, cautions that Japanese agriculture needs time to become internationally competitive.

Pointing out that Japan's farm product prices are rising higher than world levels due to the high yen, the annual report called for greater efforts to boost agricultural productivity and to set prices at levels acceptable to the Japanese people. The paper recognizes the need to lower the producer's price of rice and other politically determined prices.

Referring to farm products trade, the paper calls attention to the growing severity of problems confronting the recession-hit United States and other exporting countries. It calls on Japan to take an active role in formulating new agricultural trade rules in the new round of multilateral trade negotiations under GATT. It also urges that Japan open its agricultural market wider to foreign products while working to place Japanese agriculture on a sounder footing.

The 1986 white paper is believed to herald a gradual change in agricultural policy as it noted the necessity of opening the market, although with some conditions, for the first time. Past white papers all expounded the need for import restrictions to boost domestic self-sufficiency and emphasized the national security aspects of food production.