



**Gov't Now Predicts
3.8% Economic Growth**

The government has set an inflation-adjusted economic growth target of 3.8% for fiscal 1988, beginning April 1, up from the estimated 3.7% growth thought to have been achieved in fiscal 1987. Private research institutes, meanwhile, are forecasting an average 3.7% growth rate for the new fiscal year.

The official projection was contained in the government's annual economic forecast unveiled in December. The forecast says growth led by domestic demand will contribute 4.7 percentage points. A decline in net exports will offset this by 1.0 percentage point (the resulting figure and the projected rate differ due to rounding out fractions).

Japan's current account surplus is projected to decline some \$10 billion from fiscal 1987 levels to \$72 billion. Exports will grow 4.8% and imports 15.9% in dollar terms, while consumer spending, accounting for 60% of Japan's GNP, will rise 3.8% after fiscal 1987's 3.6% gain. The increase in private-sector housing investment will slow, however, rising only 1.9% year-on-year after the 16.5% surge recorded in 1987. Capital spending will climb a strong 9.8% compared with the previous year's 7.1% advance, becoming a driving force behind economic growth.



**Takeshita Offers \$2 Bil.
Fund for ASEAN**

Prime Minister Noboru Takeshita has offered to establish a special \$2 billion fund to boost industrial projects in the six-member Association of Southeast Asian Nations (ASEAN).

Takeshita made the offer while attending a summit meeting of the leaders of ASEAN countries held in Manila December 15-16. It was his first overseas trip since becoming prime minister on November 6. He was the only leader of a non-ASEAN country invited to the conference.

Takeshita's Manila visit was designed not only to strengthen Japan's ties with ASEAN, but to indicate support for President Corazon Aquino's administration in the Philippines. At a plenary session with the ASEAN leaders, as well as in individual sessions, Takeshita gave them a pledge of Japan's political and economic support for the organization.

The proposed \$2 billion ASEAN-Japan Development Fund (AJDF) will be in addition to Japan's current economic assistance to the region. It will be provided over the next three years in the form of two-stage loans. Annual interest will be set approximately 0.5 percentage points below the rate of 3.1% which is carried by current yen loans.

The proposed fund will also provide for "mixed loans" to be jointly extended by the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund for multilateral regional projects. Japanese officials said the fund will be a model case of recycling funds from Japan's trade surplus.



**Keidanren Proposes
Business Hot Line**

The Federation of Economic Organizations (Keidanren) has proposed establishing a business hot line among Japanese, American and European business leaders to help them coordinate their economic and market policies.

Keidanren Chairman Eishiro Saito said the three-way hot line would enable business executives to maintain closer contact with each other, exchanging information on economic trends and stock and foreign exchange markets, as well as making policy recommendations to their respective governments.

Saito said such an information system separate from government channels is urgently needed at a time when major Western industrialized countries are having difficulty coordinating their policies on exchange rates and other key business matters.

The proposed hot line would be run by Keidanren and its counterparts in the United States and Europe, the Business Round Table (BRT) and the European Round Table (ERT). Akio Morita, a Keidanren vice chairman and chairman of Sony Corp., and Keidanren Senior Managing Director Masaya Miyoshi are expected to represent Japan on the hot line, which has already been endorsed by the European Round Table.

Officials said Keidanren plans to hold a meeting with the two other round-table groups in June to discuss ways to improve policy coordination among them.



Three-Nation Scientific Database Launched

A new three-nation database network is providing easy access to information on science and technology in Japan, the United States and West Germany via personal computers.

The commercial network, dubbed Scientific & Technical Information Network (STN), links host computers in the three countries, offering low-cost information in English on 40 million items in 42 fields, including chemicals, energy, medicine and patents.

The information comes from the Chemical Abstracts Service (CAS) of the U.S., FIZ Karlsruhe (FIZ-K) of West Germany, and the Japan Information Center of Science and Technology (JICST). In Japan, subscribers registered with JICST can retrieve information from the U.S. and West German databases while paying only for domestic communication lines. Service hours are from 8 a.m. Monday to 10 a.m. Saturday and from 10 p.m. Saturday to 3 a.m. Sunday.



Families Pay More Toward Education

Educational expenses are rising steadily in Japan, posing a serious headache for households in big cities already hard-hit by skyrocketing land and housing prices.

According to a survey by the Ministry of Education, average educational expenses in 1986 ranged from ¥178,000 for a student in a public primary school to ¥588,000 for a private senior high school student. The figures represented increases of 1.7% and 2.0% respectively over the previous year.

Nonschool educational expenses, such as fees for cram courses and private tutors, have also increased. In 1986 they totaled an average ¥93,000 for a primary school student, ¥87,000 for a junior high school student and ¥51,000 for a public senior high school student.

Nationwide, education-conscious parents of primary and junior high school students paid out a total of ¥301.1 billion to cram schools and family tutors in addition to expenses for compulsory schooling in 1986.



First Tax Reforms Setting Modest Tone

Advisory panels to the government and the ruling Liberal Democratic Party (LDP) have recommended fiscal 1988 tax reform plans featuring minor overhauls of the nation's land and residential property taxes. The plans also call for tax cuts totaling some ¥330 billion. But such sweeping reforms as the introduction of a major new indirect tax, revisions to the liquor tax system and sharp income and corporate tax cuts will be incorporated in a drastic comprehensive tax reform to be worked out later in 1988.

The modest proposals are certain to draw some criticism. The EC has been calling for reform of the liquor tax, which it claims discriminates against imports. GATT also ruled in November that the taxes are in violation of GATT rules. Despite EC demands for change early in the new fiscal year, however, the Finance Ministry decided to put the matter off until the drastic reform is worked out on the grounds that the recommended revision is limited to minor changes.



Toshiba COCOM Book Becomes Best-Seller

A manual prepared by Toshiba Corp. to prevent violations of COCOM rules has found unexpected popularity among companies trading with the Communist bloc. More than 10,000 copies of the 53-page Japanese-language manual were sold as of the end of January. It was originally intended for in-house use, to forestall any recurrence of COCOM violations like those committed earlier by its subsidiary Toshiba Machine Co.

Initially about 5,000 copies were expected to be sold, and 10,000 copies were printed in mid-December. But the manual sold so well that an additional 3,000 copies were printed in January. The manual details Toshiba's export-checking system, staff training and other measures necessary to meet COCOM obligations when exporting sensitive products to Communist countries.