

Buy Foreign Chips, MITI Tells Users

The Ministry of International Trade and Industry (MITI) has urged Japanese users of semiconductors to buy more of their supplies from abroad.

The request came at a conference on expanding market access for foreign semiconductors held at the ministry on April 17. Participants included representatives from some 90 major semiconductor users, most of them members of the Electronic Industries Association of Japan (EIAJ) and the Japan Auto Parts Industries Association (JAPIA), together with officials from 60 distributors of foreign semiconductors and 20 foreign semiconductor suppliers.

MITI officials asked Japanese semiconductor users and distributors to quickly work out and implement plans for expanding market access for foreign semiconductors. The officials particularly urged the auto parts, high-definition television and consumer electronic equipment industries to procure more semiconductors from foreign makers.

The officials said foreign makers should be allowed to participate in the development of semiconductors in Japan from the design stage, and that long-term cooperative relationships be established between Japanese semiconductor makers and their foreign counterparts.

Four Japanese semiconductor-related organizations—the International Semiconductor Cooperation Center (INSEC), the Users' Committee of Foreign Semiconductors of the EIAJ, the JAPIA and the Distributors' Association of Foreign Semiconductors (DAFS)—used the meeting to announce their fiscal 1989 action program for improving market access.

Asian Manufacturers Raise Import Share

Japan's imports of manufactured goods from Asian countries continued to increase in 1988 and their share in the nation's total manufactured imports totaled 30.2%, topping the 30% mark for the first time, according to a survey by the Japan External Trade Organization (JETRO). The continued increase in imports of manufactured goods from Asian countries reflected closer connections between the Japanese consumer market and the economies of other Asian countries, JETRO said.

It said 5.1% of the total came from China, up 0.6% over the previous year, and 25.1% from other Asian countries, up 1.4%, with South Korea, Taiwan and other NIEs accounting for 18.6%, up 1%, and member countries of ASEAN 5.0%, up 0.3%.

If Asian countries are to expand their exports of manufactured goods to Japan, they will have to further improve quality and design rather than simply maintaining low prices, JETRO suggested.

Asian manufacturers will also find it necessary to step up cooperation with Japanese importers in developing products suitable for the sophisticated Japanese consumer market, it said.

Price Cheats Profit From New Tax

A Tokyo metropolitan government survey shows that some businesses—particularly in the service sector—are taking advantage of the 3% consumption tax to raise prices and charges by more than justifiable margins.

In April, when the new tax was introduced, the survey of 98 items showed that 18 had increases of more than 3% from the previous month. They included *tofu* bean curd (up 7.4%), mechanical pencils (up 6.9%) and notebooks (up 6.0%).

Consumer complaints were particularly numerous about services such as hair-dressing charges. The survey found that 29.7% of hairdressers covered had raised charges by an average 7.7%, and 48.6% of beauty parlors had boosted the fee for a permanent wave by an average 5.3%.

Some of the hikes were regarded as deliberate profiteering using the new tax as a pretext. The metropolitan government plans to keep a closer watch on such price rises through further checks by price monitors. The survey was based on visits to 1,278 business establishments in Tokyo, including supermarkets.

Overseas Plants Report Turnover of \$433 Bil.

Sales of goods manufactured by Japanese companies' overseas affiliates totaled a record \$433.8 billion in fiscal 1987, up 32.3% over the previous year, according to a survey by the Ministry of International Trade and Industry.

The overseas production ratio (the ratio of the value of sales of goods manufactured by Japanese companies overseas to total sales by domestic manufacturers) during the year—which ended on March 31, 1988—stood at 4.0%, up 0.5 percentage point over the previous fiscal year.

Imports into Japan of products made by Japanese firms' overseas affiliates, known as "reverse imports," totaled ¥1,180 billion, up 45% over the previous fiscal year, accounting for 11.5% of Japan's total manufactured imports, as compared with the previous year's 9.2%. It is the first time Japan's reverse imports have topped 10%.

Despite the sharp increase in total sales, the ratio of current profits to total sales of overseas affiliates of Japanese companies stood at only 0.9%, as compared with 2.5% achieved by domestic-based Japanese companies.

According to MITI projections, both the overseas production ratio and the reverse imports ratio are believed to have continued to increase in fiscal 1988, contributing to a shrinking in Japan's huge trade surplus.

Business 'Genius' Matsushita Dies

Konosuke Matsushita, founder of Matsushita Electric Industrial Co. and regarded in Japan as a "management genius," died on April 27 at the age of 94.

Born in 1894, Matsushita left home and began working in Osaka at the age of 9. He began his business career at 22, establishing a small factory to produce an improved electric light socket. A bicycle light of his own design was a big hit, paving the way for his company to eventually become Japan's largest manufacturer of home electrical appliances, with its National and Panasonic brand names known worldwide.

He formed a business philosophy based on his own experience. In the years before World War II, he had already introduced an unprecedented company system of business divisions, where profit-making responsibility was made clear on a product-by-product basis. In addition he pioneered a five-day workweek, retirement at 60 and labor participation in business management.

He also devoted himself to philanthropic causes. In 1946, he founded the PHP Institute, Inc. to disseminate his philosophy—peace and happiness through prosperity. He established a ¥7 billion private school at his own expense in 1979 to foster future political and business leaders.

A regular name on the annual list of top taxpayers since the end of the war, Matsushita was regarded as a classic example of the successful businessman who has risen from poverty.

Average Adult Drinks 95 Liters

Japanese drank a record 8.45 million kiloliters of alcohol last year, an average 95.1 liters for every adult, and paid taxes on it amounting to ¥2,170 billion or ¥24,400 (about \$163 at the rate of ¥150/\$) each, also a record, the National Tax Administration Agency reported.

Of the total amount of alcohol sold, which was up 5.9% from the previous year, domestic products accounted for 8.3 million kiloliters, up 5.5%, and imported products 145,900 kiloliters, up 35.5%, a rise attributed to the continued increase in the value of the yen. Wine and beer consumption both set new records, the agency said in a white paper on 1988 sales of alcoholic beverages.

The amount of wine consumed rose 21.6% to 107,600 kiloliters, of which 40% was imported. Whiskey imports were up 15%, taking total whiskey consumption to 280,700 kiloliters, a rise of 3.9%. Beer drinkers downed 5.79 million kiloliters, up 8.2%, and accounting for 68.5% of all alcohol sold. The surge in popularity of beer was attributed to the introduction of new "dry" and malt-type beers onto the market.