



White Paper On Agriculture

Japan's agricultural environment is becoming increasingly severe as the nation comes under mounting foreign pressure to open its market, the 1985 government white paper on agriculture warned. The annual report also points to signs of a growing "food glut" due to sluggish consumption.

Noting a widening gap in productivity between land-based agriculture, including rice cultivation, and that centered in facilities, such as pig raising and egg production, the paper calls for expanding the scale of agricultural management by making farmland ownership more fluid. It also urges the fostering of more efficient land-intensive agriculture.

It further points to a growing polarization in Japan's agricultural structure—a division between small farms run by part-timers or elderly people and big farms run by budding "agri-businessmen" ambitious enough to expand their scale of management, mainly through facility-type agriculture.

Among rice growers, the paper reports, most farmers work only part time, while there are a few dedicated cultivators who are highly productive and are enlarging their businesses by renting farmland from others.

The report emphasizes that rice cultivation, the most representative of Japan's land-intensive agriculture, should seek economies of scale through commissioning of paddy work among farmers.



Sophistication of Light Water Reactor Technology Proposed

An advisory body to the International Trade and Industry Minister has come out with a report entitled, "A Strategy on Highly Sophisticated Technology for Development of a Light Water Reactor in the 21st Century."

The Nuclear Subcommittee of the Advisory Council on Energy urged the development of highly sophisticated technology useful to improve the existing light water reactors over the next five to ten years.

The subcommittee, headed by Isamu Yamashita, vice chairman of Keidanren (the Federation of Economic Organizations), suggested that a new light water reactor be developed by the end of fiscal 1986 and put to practical use by the mid-1990s.

It also called for the development and introduction of a next-generation light water reactor by around the year 2005, with particular emphasis laid on reducing nuclear fuel recycling costs.

The subcommittee said that the light water reactor will be used for a long period in Japan and that its operational efficiency will have to be greatly improved so that it can meet future social and economic requirements. It specified that the next-generation reactor should be one that can ensure substantial improvement in terms of fuel economy, operation time and generation cost.



Japanese Travel Abroad In Record Numbers

The numbers of Japanese going abroad in 1985 rose 6.2% over the previous year to a record 4,948,366, according to the Justice Ministry. Approximately one in every 25 Japanese made an overseas trip during the year.

Foreign travel by Japanese stagnated from 1980 through 1983. Total numbers jumped 10.1% in 1984, however, and rose for the second consecutive year last year, belying claims that overseas tourism had reached the saturation point.

The sharp rise in the number of Japanese overseas tourists during the past two years is in part a reflection of improved marketing, as travel agencies devise tour plans better meeting the needs of Japanese.

The upswing has encouraged the Transport Ministry to announce the return of the overseas tour boom. The ministry has been encouraging overseas travel by Japanese as part of a market-opening program adopted by the government in July last year.

Ministry officials say there are still great numbers of potential overseas travelers in Japan, including those going abroad on business trips. They predict the number of Japanese going overseas will continue to increase in the future.



Kagoshima Sells Land To Cargill

The Kagoshima prefectural government has decided to sell a 13,750-square-meter tract of land in the Shibushi Seaside Industrial Complex to Cargill North Asia Ltd. for construction of a feed grain factory.

The agreement to sell the land was signed at the Kagoshima prefectural government office on April 23, marking the end of a dispute that has seen local agricultural interests attempt to block the foreign feed industry giant. The land will change hands at ¥21,000 per square meter.

Cargill North Asia, a Tokyo-based subsidiary of major U.S. grain dealer Cargill Inc., was to start work on the factory in June. Production of feed grain for pigs and domestic fowl will begin in July next year. Annual output is set at 144,000 tons.

J.A. Carlson, president of Cargill North Asia, said his company will employ as many local people as possible at the Shibushi factory and seek to provide a stable supply of feed grain.

Local agricultural organizations objected to the construction of a Cargill factory in Shibushi on the grounds that it would upset the local feed supply-demand balance.



Japan Going in Right Direction: Survey

A government survey found that 39.7% of Japanese believe their country is moving in the right direction, while 25.5% fear it is on the wrong course.

Respondents optimistic about Japan's future singled out its economic power (35%), social welfare (30.5%) and diplomacy (29%).

Others, however, expressed concern about defense problems (36%), rising commodity prices (32.6%), the social climate (30.1%), the education situation and social welfare.

The survey, conducted last December by the Prime Minister's Office, also showed that while 80% of Japanese are interested in events in foreign countries, only 30% would actually like to live in a foreign country for several years, a sign that Japanese society is not yet fully internationalized.

The survey found 47.4% of Japanese anxious to contribute to society, and 44.3% thinking otherwise. It was the first time in six years the former had exceeded the latter. Nonetheless, the younger generation was still the least interested in social contribution, with more than 60% claiming not to be interested in such activities.



Gasoline Imports Begin

In January, Japan began to import three petroleum products—gasoline, kerosene and gas oil—in addition to the fuel oil and naphtha already imported in large quantities based upon the report of the Special Subcommittee of the Petroleum Council recommending that Japan start imports of the three petroleum products to cope with changing situations at home and abroad. To facilitate such imports, a special law was enacted last December. The recommendations and the swift legislative action have been highly appraised by the governments of the U.S. and other countries and the International Energy Agency. Imports of gasoline in the first three months of 1986 totaled 531,000 kl, those of kerosene 1.01 million kl and those of gas oil 238,000 kl, all well over the estimate made by MITI in January. In particular, the volume of kerosene imports was more than five times the MITI estimate due to increased demand caused by a cold wave. Supply sources included Mideast countries, Singapore, the U.S., Korea, China, Canada and Malaysia. The varied supply sources suggest importation according to market trends. MITI's new oil supply estimate prepared in April envisages imports of 2.05 million kl of gasoline, 1 million kl of kerosene and 400,000 kl of gas oil, indicating steady growth of these imports.



Tax System Revision Proposed

The government's Tax System Council, an advisory panel to the Prime Minister, called for income tax cuts, especially for middle-income salaried workers, and corporate tax reductions in an interim report published on April 25.

The report proposed simplifying the existing 15-step progressive income taxation system, reducing the maximum tax rate (involving both income and personal local taxes) from the current 88% to lower than 70% and allowing salaried workers to deduct expenses from their income to pave the way for self-assessment.

As for corporate taxes, the report called for lowering the effective corporate tax rate, including local corporate taxes, from the present 52.92% to less than 50%. It also proposed a review of the present system concerning depreciation expenses and other special taxation systems applicable to business corporations.

The report made no clear reference to possible revenue sources that would make up for the proposed tax cuts. But the council may study a possible introduction of large-scale indirect taxes and a review of the existing tax-exemption systems such as the one called "maruyu" which provides for tax-free small bank deposits and postal savings.

The report also put off the solution of the so-called "kuroyon" gaps in taxation arising from differences in occupations—one of the biggest issues in Japan's tax system.

The council is expected to complete a final report on tax reform by October and seek to have it implemented in the 1987 tax year.



Employment Structure In 21st Century

Most simple work in manufacturing industry in the 21st century will be performed by industrial robots and information equipment, and demand for software development and other service industries will expand in step with technological innovation.

These are some of the salient points of a recent Economic Planning Agency report on how technological innovation will affect Japan's employment structure in the next century.

The report predicts the share in total employment of the production and construction sectors of primary and secondary industries will drop to 35% in 2000 from 44.5% in 1980. At the same time, the share of tertiary industry will grow to 65% from 55.5%, with two out of every three employees engaged in the services sector.

The report foresees that technological innovation will make the employment structure more and more creative. Along the way, however, there may be supply and demand imbalances for workers in different jobs and different age brackets, particularly among aged and female workers. To cope with this problem, greater efforts should be made to shorten working hours and develop systems for lifetime education, the report concludes.



Atomic Power Generation on Top

Atomic power topped the list of Japan's sources of electricity in fiscal 1985 with a 27% share, followed by oil thermal and gas thermal with 24% each, according to a report by the Central Electric Power Council. The council, representing nine power companies and the Electric Power Development Co., attributed the advance of atomic power generation to an increase in atomic power plant operating ratios to 76% in fiscal 1985 from 73.9% in fiscal 1984. Moreover, an additional four power plants entered service during the year under review.

Total electric power generation in fiscal 1985 reached 578.8 billion kWhs, of which atomic power accounted for 156.9 billion kWhs, up 17.8% over the previous year. Gas thermal accounted for 140.6 billion kWhs, almost unchanged from a year before, while oil thermal was down 15.7% at 140.5 billion kWhs.

Meanwhile, a long-range forecast for electric power generation predicts atomic generation will gain in weight over the next decade, with its share rising to 29% by fiscal 1990 and 36% by fiscal 1995.



Private Competition Planned for KDD

A group of Japanese firms led by three trading giants is making a bid to share a portion of Japan's international telecommunications service market, presently monopolized by Kokusai Denshin Denwa (KDD). The group, led by Mitsubishi Corp., Mitsui & Co. and Sumitomo Corp., carried out a feasibility study, and hopes to launch operations in two years. Current plans call for using either an INTELSAT (International Telecommunications Satellite Organization) satellite or a third trans-Pacific cable now being laid by KDD. Services would include telephone, facsimile, data transmission and teleconferencing with the U.S. and Western Europe.

The operations will be a partnership with a foreign telecommunications company. Candidates include ITT Corp. of the U.S. and British Telecommunications.

Meanwhile, another major Japanese trading house, C. Itoh & Co., is reportedly considering entering the international telecommunications business in cooperation with Cable & Wireless (C&W) of Britain to provide global telecommunications services through C&W's worldwide network.