

### Foreign Visitors Top 3 Million

Some 3 million foreigners visited Japan and more than 10 million Japanese went abroad in the first 11 months of 1990, according to preliminary statistics filed by the Justice Ministry's Immigration Bureau. Both were record levels, according to the bureau.

Final figures for the January-September period put the number of foreign visitors at 2,166,000 and Japanese overseas travelers at 8,330,000. Adding preliminary figures for the months of October and November, foreign visitors almost certainly topped the 3 million mark in early November and Japanese overseas travelers passed the 10 million level late in the month, according to the bureau.

Final figures for the first nine months of 1990 show that 494,000 South Koreans visited Japan—topping the list of foreign visitors—followed by 436,000 Taiwanese and 384,000 Americans. The number of Brazilians entering Japan increased by the highest margin of 149.2% over the same period of the previous year.

Some 2,810,000 Japanese went to the United States in the first nine months of 1990, making that country by far the most popular destination for Japanese travelers. South Korea and Hong Kong were the second and third most popular destinations for Japanese, attracting 1,014,000 and 742,000 Japanese, respectively. Visitors to Thailand increased by the highest margin, 53.8% over 1989. Travelers to Australia and Singapore also rose sharply in number. Travelers to China, however, declined 10.6%, apparently due to the negative impact of the crackdown on the pro-democracy movement in 1989.

### Gov't Proposes FY'91 Budget of ¥70.35 Tril.

The government has announced a ¥70,347.4 billion draft budget for fiscal 1991, a 6.2% increase over the initial fiscal 1990 budget.

The draft budget, yet to be approved by the Diet before its April 1 implementation, features an 8.0% increase in official development assistance (ODA) to a total of ¥883.1 billion. The increase, which is the largest among major expenditure items, comes primarily from larger loans and grant aid earmarked for East European countries and developing nations. In addition to the ODA funds, the budget calls for technical cooperation in support of the Soviet Union's *perestroika* reforms.

Defense spending totals ¥4,387 billion, up 5.47% from fiscal 1990. The

growth rate in military spending is 0.6 percentage point lower than in the previous fiscal year. In consideration of the present detente in East-West relations, spending for weapon and equipment procurement has been restrained, with greater emphasis laid on support services such as the improvement of living quarters for Self-Defense Forces personnel.

Public works appropriations for 1991 amount to ¥6,589.7 billion, up 6.0% from fiscal 1990 and comprising the second-biggest increase of all budget expenditure items. The total includes ¥200 billion set aside specifically for the improvement of sewerage, parks and other facilities designed to improve social infrastructure.

### Tokyo Stock Prices Plunge by 48%

The Tokyo Stock Exchange was hit hard in 1990 by rising interest rates at Japanese banks and by the Persian Gulf crisis, with the 225-issue Nikkei Stock Average plunging as much as 48% in the first nine months of the year.

High interest rates were the biggest single factor behind the dramatic fall. In 1989, the Bank of Japan raised its official discount rate three times in a bid to check the yen's depreciation, an overheated economy and spiraling land prices. Stock prices kept on rising, however, unaffected by the rate hikes. In 1990, the soaring price of crude oil that resulted from the Gulf crisis forced the central bank to raise the discount rate twice more. Stock prices, which had risen too far too fast, plummeted this time around.

Too much equity financing on the market simply broke the balance of supply and demand. A slowed rate of funds flowing into the stock market, together with futures-linked arbitrage selling, accelerated the stock-price plunge.

### Mercedes Top Seller Among Imported Cars

West German cars continued to dominate the Japanese market for imported cars in 1990, with Mercedes-Benz overtaking Volkswagen as the best-selling foreign car for the first time, according to the Japan Automobile Importers' Association. This trend underscores the continuing preference of Japanese consumers for luxury vehicles, association officials said.

According to association figures for 1990, there were 38,844 Mercedes sold during the year, compared with 36,770 for Volkswagen and 36,527 for BMW. VW has been the perennial best-selling imported car since statistics for this category began to be kept in 1966. Mercedes-Benz had held third place, following VW and BMW, since 1984.

Sales of imported new automobiles in Japan in 1990 totaled 223,923, up 22.9% over the previous year and marking a new record for the fifth consecutive year. The association says, however, that the foreign car boom that started around 1986 is now on the wane, with sales having reached an apparent plateau in the summer of 1990.

A breakdown of the figures shows 221,706 were passenger cars, up 22.9%, and there were 2,191 trucks, up 29.0%, and 26 buses, down 43.5%.





## Japan Keeping Curbs On Car Exports to U.S.

MITI Minister Eiichi Nakao announced that Japan will continue its voluntary curbs on car exports to the United States for another year beyond March 1, 1991, with the annual quota unchanged at 2.3 million vehicles. Nakao said it was both necessary and desirable to continue the practice, first introduced in fiscal 1981, in order to minimize the impact of Japanese car exports on the U.S. auto industry, which is already hurting badly due to the recession in that country.

Annual auto exports to the U.S. have been declining steadily ever since Japan met the 2.3 million quota in fiscal 1985 and 1986. An increase in the number of Japanese auto manufacturing plants in the U.S. has only accelerated this declining trend in auto exports from Japan. In fiscal 1989, exports fell far short of the quota, at 1.95 million, and shipments in fiscal 1990 are expected to show a further decline. Some Japanese auto executives have called for abolition of the voluntary restraint, arguing that given the continuing decline in export shipments a further extension of the practice is pointless.

Japanese autos, including those produced in the U.S., carved out a nearly 30% share of the American market as of the end of 1990. American manufacturers have suffered poor sales that have in turn given rise to serious unemployment problems. In response to these trends the United Auto Workers (UAW) trade union has called for continued restrictions on Japanese cars, with new quotas based on market share.



## Japan's Population Tops 123.6 Mil.

Japan's population totaled 123,611,541 as of last October 1, according to preliminary figures of the national census taken on that date. The figures represent an increase of 2,560,000, or 2.1%, over the last census in 1985. However, the population growth rate was down from 3.4% in 1985, marking the third consecutive decline.

The 2.1% growth rate is even below the average rate of 2.7% in industrialized countries, as estimated by the United Nations. The 1990 census marked the first time in 25 years that Japan's population growth dropped below the industrial countries' average. (In 1965 there was a sharp fall in the birthrate, which was attributed to a widespread superstition that it was an unlucky year for girls to be born.)

Japan's population, which represents 2.3% of the world's total population, has increased 2.2 times since 1920, when the first Japanese census was conducted. Japan has remained the seventh most populous country in the world, with a population density of 332 per square kilometer, or 8.5 times the world average of 39. Today, however, Japan's annual population growth rate is down to 0.4%, one of the lowest in the world. It has been steadily declining since it hit a peak in 1973, at the crest of the baby boom.

The latest census shows the population decreasing in 18 of Japan's prefectures, compared with only one in 1985. Still, population surged in prefectures adjoining Tokyo, such as Chiba and Kanagawa, and around Osaka (e.g. Shiga and Nara), this continuing a five-year trend of accelerating population concentration in the Tokyo metropolis and the Kinki district.

Final census figures will be available in November this year.



## EPA Estimates GNP Will Grow 3.8%

The Economic Planning Agency estimates inflation-adjusted growth of Japan's GNP at 3.8% in fiscal 1991, a slower pace of growth than the 4% target set for each of the two previous fiscal years. EPA officials have singled out soaring oil prices and high interest rates due to inflationary pressure as the key factors restricting the growth of domestic demand. In past years, domestic demand has been the main support of economic expansion.

In 1991, 4 percentage points of the projected growth will come from domestic demand, with external factors such as exports reducing the rate by 0.2 percentage point, according to the EPA.

The double-digit growth estimated for private equipment investment in fiscal 1990 will be reduced by roughly half in the new fiscal year, according to EPA projections. Housing investment will suffer negative growth, with a slowdown also believed to be inevitable in personal consumption, the agency says.

Domestic demand will continue to lead economic growth, however, with the trade surplus expected to be reduced to \$56 billion and the current account surplus cut to \$30 billion, the agency projects. Wholesale prices, meanwhile, will drop by 0.1%, but consumer prices are expected to rise by 2.4%. The projected fall in wholesale prices is based on the assumption that the dollar's average exchange rate will drop from an estimated ¥139.0 in fiscal 1990 to ¥128.1 in fiscal 1991.