

A View by the New JETRO Chairman

Interview with Toyoshima Toru, chairman of JETRO, by Suetsune Takashi, managing editor of the *Journal of Japanese Trade & Industry*.

Japan External Trade Organization (JETRO) is a unique organization, 100% subsidized by the Japanese government for the purpose of promoting import to Japan. A government agency with an aim of exporting Japanese products abroad is understandable. But JETRO's task is to help other countries in selling their goods to Japan. JETRO operates with more than 70 offices abroad, investigates and analyzes overseas business situations, not to penetrate into overseas market but to find opportunities for foreign businesses to sell to Japan. The history of JETRO reflects the Japanese economy. It was founded in 1958 to increase exports from Japan. It has achieved a great deal, maybe too much. With increasingly intensified trade conflict in the late 1970s, JETRO was obliged to function as a troubleshooter in overseas markets and during this period of changing circumstances reversed its policy by 180 degrees to become a promoter of export to its mother country.

Mr. Toyoshima Toru was appointed chairman of JETRO last July. The *Journal* interviewed him in Tokyo recently.

Question: *Has there been no difficulty for JETRO in adapting itself to the government's shift in policy?*

Answer: As a matter of fact, in the late 1970s JETRO's function was no longer that of promoting export from Japan, but already that of reducing and solving trade conflicts. Usually, when the entire objective or function of an organization undergoes a substantial change, the organization is dismantled or reshaped into a smaller one, which did not happen to JETRO. The experience and skill accumulated by the staff were successfully mobilized to respond to the new international trade environment. JETRO could perfectly adapt itself to the needs of a new era.

Q: *Would you cite examples of JETRO's success in promoting imports?*

A: I can mention some examples. First JETRO has posted abroad 34 experts from



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Japanese trading and manufacturing companies. In the developed countries such as the United States, many nations in western Europe, Canada etc., they work with local trade offices providing advice and information about the Japanese market and help local business people in dealing with their Japanese counterpart. JETRO also dispatches abroad import product specialists of medium and small industries for a period of two or three months to let them find local goods suitable to the Japanese market. Often these goods are shipped to Japan as samples to be displayed to potential Japanese buyers.

In March 1993, JETRO opened the JETRO Business Support Center in Tokyo. For those who come to Japan to sell to the Japanese market, this center can be used free of charge as their offices with advice, if requested, to be provided by JETRO advisers. I was once told that President Clinton of the United States used to consult our expert in Arkansas. Those experts and specialists are highly appreciated abroad. One expert was requested by one state of the United States to be a representative of their state trade office in Japan after he

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returned home. Through these activities, various concrete business contacts were successfully made in such products as metal detectors, small computer system interface adapters, etc.

Q: *Don't you detect skeptical or suspicious eyes overseas about the intent and role of JETRO to encourage export to Japan, while other countries are furiously endeavoring to increase their exports?*

A: In a period when the Japanese economy is sluggish with assembly lines slowing down, it may look absurd to promote import, encourage foreign businesses to sell more to Japan or strengthen market competitiveness of developing countries. As a matter of fact we are sometimes asked if we are serious. But we are serious and I believe what we are doing is right for Japan as well.

We are now operating on the following principles. The first is that the Japanese economy today should be more consumer-oriented. The second is that the import increase of foreign products works as an incentive to market competitiveness and serves to vitalize domestic industries. The third is to reduce the enormous trade surplus which is a target of criticism from abroad and partly a cause of the excessively high appreciation of the yen. What we are doing is not a disguise or any tricky policy.

Q: *There are some who say that the world economy is heading toward regionalism. What is your assessment of the world economy?*

A: Whether you call it regionalism or not, so far as regional economy is open and not discriminatory, there is nothing wrong with the system itself. Its aim is to vitalize the industry and to strengthen the economy of the region which may eventually contribute to the expansion of the world economy as a whole. The important thing is that it remains open. It should not become protectionist or discriminatory. You cannot deny that a regional economic alliance tends to become discriminatory and protective to some extent. If it begins to discriminate, I think it should be amended.

Q: *The Asian economy is experiencing a rapid growth. The impact of this growth will be strong on the world economy. How do you see it?*

A: The Asian economy is not one but diversified. There are ASEAN economies, NIEs and now the Chinese economy. They are on different development stages. But as a whole the potential of Asian economies is enormous. It is no wonder that the United States is today focusing its attention on Asia. It is also interesting to note that in America there are views based on the theory that civilization shifts from one region to another in the long history of mankind. According to these views it is now Asia's turn to play its role as a center of economic growth.

Then, what is the role for Japan? One role Japan will be requested to play is to assist Asian countries to elevate the standard of their industries so that they can acquire more competitiveness in the world economy. Another role Japan can play is to function as coordinator between the United States and Asian economies because there is some fear among the Asian countries that the United States will force them to behave in the same manner as developed nations without considering each country's level of development.

Q: *How do you see the Chinese economy?*

A: China with that vast potential market and enormous labor power is no doubt very attractive in the eyes of everyone. Investment in China today may have merits and demerits. However, we should not be shortsighted when we see China. A long-ranged perspective is indispensable. JETRO has three offices in China. Our job is not only to assist them to export to Japan but also help them to attract Japanese investment in China.

Q: *What about the so-called deregulation urged in Japan even by some industrial circles?*

A: Very frankly speaking, I believe that unless we go ahead with deregulation, which is necessary because regulations in a way protects some industries less competitive and inefficient, there will be the hollowing-out of more competitive and stronger industries when they undergo restructuring and re-engineering. Hollowing-out will occur with industries that are more efficient than weak ones. That will be a disaster for Japan and should be avoided. ■

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