

## Fiscal 2001 Budget Focuses on Prime Minister Mori's "Reborn Japan" Projects

Japan's general-account budget for fiscal 2001 will total about 84.83 trillion yen, decreasing 0.2 % from the initial budget for fiscal 2000 but marking the third consecutive year that expenditures will exceed 80 trillion yen.

Government ministries and agencies filed their budget requests with the Finance Ministry by August 31. By screening the requests, the ministry will compile a draft budget by late December.

Requests for general expenditure, or spending on policy measures such as public works projects and social welfare, amounted to about 48.4 trillion yen, up 2.1 % . The increase reflects the government's efforts to continue to bolster the economy rather than reforming the nation's fiscal structure so as to ensure a self-sustaining recovery.

The budget requests for fiscal 2001 focus on Prime Minister Mori Yoshiro's pet projects for creating a "reborn Japan," such as the acceleration of the Information Technology (IT) revolution, measures for dealing with the aging of the population, and upgrading urban infrastructure.

Debt-servicing costs, which include repayment of the principal and interest on government bonds, are expected to total 18.37 trillion yen, and account for 22 % of general expenditure. The ratio is lower than the 26 % in the fiscal 2000 budget, but will still place quite a burden on taxpayers and put pressure on social welfare and public works projects. Reflecting upbeat corporate earnings on the back of the gradual business recovery, tax revenues are expected to increase from the current fiscal year, which posted the first year-on-year rise in four years.

Budget requests from the Ministry of International Trade and Industry focus on the promotion of the IT

revolution and environmental measures, including 1) the establishment of an "electronic government" for simplification of administrative procedures by the Internet, 2) a "digital meister project" aimed at transferring technologies of skilled workers to computer software for the preservation of traditional skills, 3) the development and renovation of energy technologies, such as the disposal of carbon dioxide and generation of solar-powered electricity, and 4) support for activities to prevent climatic change undertaken by local governments and non-governmental organizations.

Budget requests for public works submitted by the Ministry of Construction, the Ministry of Transport, the National Land Agency and the Hokkaido Development Agency totaled about 8.122 trillion yen, accounting for more than 80 % of the government's entire public works spending planned for fiscal 2001 which will total 9.7 trillion yen. The four ministries and agencies will be consolidated into the National Land and Transport Ministry in January 2001.

Among the public works projects envisaged in the budget requests from the four bodies are 1) the installation of barrier-free facilities in and around railway stations, 2) the installation of the Electronic Toll Collections (ETC) system at highway toll gates, 3) the installation of optical fiber lines for managing sewers in 50 cities in preparation for the introduction of a "fiber-to-the-home" system which links the optical network with homes.

### Japan Aims to Become Super-IT Power in Five Years

Japan will overtake the United States as a "super-express IT power" in five years and bring about a new era of high economic growth

through the creation of new businesses.

This goal was decided at an August 30 joint meeting of the governmental IT Strategy Headquarters, chaired by Prime Minister Mori Yoshiro, and a private sector panel, the IT Strategy Council. The two panels agreed to draw up a final blueprint by the end of the year. The government will then present two related bills to the next session of the Diet to achieve the goal. The IT Basic Law will clarify the roles to be played by the government and the private sector. The other bill is aimed at deregulating transactions on the Internet and simplifying procedures for e-Commerce Internet trading.

Idei Nobuyuki, the chairman and CEO of Sony Corp. and the chairman of the IT Strategy Council, said that Japan's IT strategy should be based on the recognition that while Japan has surpassed the international level in terms of infrastructure in the telephone and communications sectors, the country is falling behind other industrialized countries in use of the Internet. Idei specifically cited the lack of high-speed Internet networks in Japan. He also pointed to the slow transmission speed and extremely high costs of low-speed Internet networks in Japan, because Internet connections in the country rely solely on telephone networks.

Furthermore, Japan has failed to fully establish wide-band trunk line networks, a factor which deters the



Prime Minister Mori Yoshiro (second from left) and Sony Chairman Idei Nobuyuki (left) at the joint meeting of the IT Strategy Headquarters

Photo : Kyodo News

development of the IT industry and prevents the country from catching up with the U.S. in the vitalization of the information economy, Idei also noted.

He outlined a four-point strategy for Japan to outperform the U.S. as a super-express IT power in five years and achieve high economic growth through the creation of new businesses and the revitalization of existing industries.

Specifically, he called for 1) concentrated investment in super high-speed Internet networks and acceleration of competition in the data communications sector, 2) the removal of regulations hindering e-Commerce and establishment of new rules governing intellectual property rights, privacy and security, 3) higher efficiency of the government through the introduction of information technology and the realization of an "electronic government" which will provide enhanced services to people through the Internet, 4) measures to nurture personnel who will shoulder responsibility for the "super-express Internet era," particularly school education's focus on information technology.

Prime Minister Mori said it would be indispensable for Japan to pursue its own national strategy to bring about a Japanese-style information technology society.

## Auto Makers Launch Restyled Cars

Toyota Motor Corp., Nissan Motor Co., Honda Motor Co. and other auto makers have released remodeled versions of cars one after another. Sales of automobiles in Japan are showing steady performance on the back of a gradual recovery of the domestic economy.

At the end of August, Toyota announced the launch of its third-generation luxury Celsior sedan, which is sold under the Lexus brand name in the United States. The Celsior made its debut in the marketplace in 1989. Nissan is also scheduled to fully



Photo : Toyota Motor Corp.

The third-generation luxury Celsior Sedan was launched by Toyota in August 2000

remodel the luxury Cima car. In the volume-sale family car sector, Nissan restyled the Bluebird, while Toyota remodeled the popular Corolla car, the first model changeover in five years. Fuji Heavy Industries Ltd., the maker of Subaru cars, remodeled the Impreza for the first time since its debut in 1992. Moreover, Honda is set to fully restyle the popular Civic car by the end of the year.

Sales of new cars, buses and trucks in Japan, excluding those of mini-vehicles, for the first six months of this year grew 2.0% from a year earlier to 2.11 million vehicles, the first year-on-year rise in three years. Sales for all of 2000 are expected to recover strongly after falling below the 4 million level for the first time in 15 years in 1999. Auto makers hope the successive releases of restyled models will help to buoy up the domestic demand for vehicles.

Toyota raised the engine displacement of the Celsior to 4300cc from 4000cc, thus improving driving power and stability. While the length and width of the new car are the same as those of the previous Celsior, the interior has been expanded. In addition, the new model's emission level is 75% lower than the nation's emission standard. Toyota President Cho Fujio said: "We have achieved the world's highest environmental and safety per-

formances. The new Celsior is a luxury car for the 21st century." While cumulative domestic sales of the Celsior for the last 11 years totaled 255,000 units, its exports rose to around 330,000 units. This indicates that the luxury model has fully satisfied customer needs in the United States and other foreign nations, along with Mercedes-Benz and BMW models. Nissan, for its part, is scheduled to launch a restyled 4500cc class Cima sedan featuring a V-8 engine by the end of the year.

As for the family car sector, Nissan released a new 1800cc Bluebird Sylphy which it calls the world's cleanest gasoline engine-powered car. In February this year, the car manufacturer marketed on a limited scale the Sentra CA equipped with a low-emission engine in California in the U.S., where environmental standards are the world's strictest. It then started volume sales of the car after reducing costs and mass-producing the model.

Honda will introduce a remodeled Civic, one of the most popular in the small car sector, centering on a four-door sedan and five-door hatchback models. Like Nissan's Bluebird and Toyota's Corolla, the new Civic is targeted not only at younger generation but also at middle-aged and elderly consumers as well as families.