

Looking Ahead

By Shoichi Akazawa

The tumultuous horse race that has been the 20th century has now rounded the last corner and entered the final stretch; and the 21st century looms ahead, imminent upon us. Prompted by the exigencies of history, the 1990s are likely to be a time of reflection upon the lessons of the nearly completed century and a time of trying to put our situation in somewhat better order for the new century ahead. Yet one wonders if, in fact, people intimately involved in shaping their times have not inevitably felt, throughout history, that theirs were the most exciting, most dangerous, and most promise-filled of times. Even so, I suspect that the 20th century will stand out as one of the most important eras ever.

For better or worse, the 20th century is the first time that humankind has had a global sense of the world community. There have been two world wars—wars that spread the length and breadth of the globe, offering no escape for anyone anywhere—and the great depression of the 1930s was a global cataclysm that demonstrated vividly that national borders are no protection against economic tides. This globalism is now being reinforced as the century draws to a close. Of the many features characterizing the world economy today, heightening inter-

dependence and heightening globalism are the two that count for most. Politically as well as economically, it is clear that all issues must be considered in their global context if our species is to have any hope of survival.

There are a number of issues confronting the world economy. There are, to name just a few of the more prominent, the unlinking of the real economy and the paper economy, the over-indebted positions of the least-developed countries, and the external account imbalances between the United States and Japan. Yet there are also hopeful signs, as epitomized by the pending European economic integration in 1992 and the economic dynamism so apparent in the Asia-Pacific region.

One player among many, the Japanese economy is currently enjoying strong economic growth powered primarily by domestic demand, in a dramatic reversal of previous trade and growth patterns. Yet far from inducing complacency, this performance should inspire us with confidence to tackle the important issues ahead, including those of further expanding imports of manufactures, increasing direct overseas investment, enhancing official development assistance, and promoting technology transfer.

These are the issues that we will be addressing in the months and years ahead, and I am honored to have been appointed to succeed Naohiro Amaya as president of the Japan Economic Foundation and publisher of the *Journal of Japanese Trade & Industry*. Having served as JETRO (Japan External Trade Organization) chairman for the past six years, I am well acquainted with the need to meld Japan into the global consciousness. There can be no prosperity for Japan unless that prosperity is global, and it is this axiom that will guide me in the years ahead as the *Journal* seeks to explain Japan to the rest of the world and to mitigate the friction of misunderstanding.

The *Journal* welcomes letters of opinion or comment from its readers. Letters, including the writer's name and address, should be sent to: the Editor, Japan Economic Foundation, 11th Floor, Fukoku Seimei Bldg., 2-2 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo, 100 Japan. Letters may be edited for reasons of space and clarity.

Better Understanding

It made me very happy to receive the July/August 1989 issue of the *Journal of Japanese Trade & Industry*. After having read it carefully I can assure you that it has contributed to my understanding of the economic conditions in the Asia-Pacific region, and that it will be of help to me in my work on my thesis. I would also like to express my positive impression both of the *Journal* itself, and of the contents.

To be located here in Norway does not exactly give me a "comparative advantage" with regard to searching for information on the Asia-Pacific region. It is therefore of great value to me to receive information from within the region.

Tore Fougner
Bergen, Norway

COMING UP

The automobile industry mirrors the economic strengths and trends in an industrialized country to a considerable degree. Automakers in Japan, who once provided the main thrust for exports, are now becoming globalized and building up their production abroad. Also, Japanese consumers are increasingly buying "imported" Japanese cars as well as foreign cars.

The March/April issue of the *Journal* will focus in its Cover Story item on changes in the Japanese automobile industry, with articles by a journalist, industry insiders and MITI officials.

This issue will also feature a new regular column, Currents, which will review articles on topical matters published in major Japanese newspapers and magazines, and show how things like developments in Eastern Europe or trade friction between the United States and Japan are being discussed within Japan. The columnist will be Yuji Masuda, a professor at Tokyo Keizai University.

Apology

The editorial staff apologizes to *Journal* readers for any inconveniences caused by publication delays affecting this issue.



Trade Ministers Confirm Uruguay Round Deadline

Senior trade officials from around the world have reaffirmed their commitment to conclude the Uruguay Round of talks for freer global commerce by the end of 1990 as scheduled. They have also agreed in principle to work out a draft framework of new rules by next July in all 15 trade areas covered by the General Agreement on Tariffs and Trade (GATT) talks.

These developments emerged from a series of ministerial talks held outside Tokyo in mid-November to give political impetus to the multilateral trade negotiations, launched in Punta del Este, Uruguay, in September 1986. Trade ministers from the world's four key economic powers—Japan, the United States, Canada and the European Community (EC)—met in the resort town of Hakone, west of Tokyo, November 12-14 for their annual gathering. The meeting was followed by a three-day informal session of 26 ministers representing the 97 GATT members in Tokyo November 15-17.

At the Hakone talks, the four major trading partners agreed to continue pursuing the creation of a stable economic environment to ensure a successful conclusion to the four-year Uruguay Round, according to Minister of International Trade and Industry Hikaru Matsunaga, who hosted the meeting. They also agreed on the need to improve GATT's dispute settlement mechanism, but remained divided over farm trade and some other key issues. Also attending the meeting were U.S. Trade Representative Carla Hills, Canadian Trade Minister John Crosbie and EC Trade Commissioner Frans Andriessen.

Participants in the informal GATT ministerial session discussed the 15 negotiating areas in three broad categories—GATT disciplines (e.g. dispute settlement procedures and "safeguards" or emergency import curbs), traditional trade areas (e.g. agriculture and textiles) and new areas (e.g. services and intellectual property rights). Japanese Foreign Minister Taro Nakayama, who chaired the meeting, said it produced a general consensus on the need to enhance the GATT system. Matsunaga praised Andriessen's



Trade ministers representing the world's major economic powers agreed to pursue the creation of a stable economic environment to ensure a successful conclusion to the four-year Uruguay Round.

statement that the EC would prohibit local content requirements for foreign business investment. The Japanese trade minister also said all participants recognized that unilateral trade action should not be taken.

Japanese officials said the meeting made progress toward agreement on the method of tariff cuts, with the United States offering a compromise proposal based on both bilateral and multilateral negotiations. The U.S. had demanded a bilateral request-and-offer approach seeking tariff cuts through bilateral negotiations, in contrast with a universal tariff-reducing formula supported by most other participants.

Developing countries expressed dissatisfaction with slow progress in negotiations over subjects of primary concern to them, such as textiles and tropical products. They insisted that industrial nations give them extra time to adjust to new GATT rules to protect their fledgling industries, including services trade such as

finance and telecommunications. Services are one of the most contentious areas, along with agriculture.

Japan defended its rice policy during the meeting. Agriculture, Forestry and Fisheries Minister Michihiko Kano reiterated Japan's position that it needs to maintain a certain level of rice production because the crop is the country's staple food. Kano said Japan is preparing its own proposal on farm trade decontrol for presentation in Geneva, where negotiations are under way on each of 15 individual issues.

Many delegates took issue with a U.S. proposal that seeks to phase out farm export subsidies within five years and national support measures for farmers within 10 years. They described the proposal, advanced in October, as too ambitious and unrealistic. But a group of exporters of farm products led by Australia backed the U.S. initiative.

Japanese government sources said the outcome of the Tokyo meeting was fruit-

ful in that industrial and developing nations came closer to reaching an agreement on intellectual property rights. Although the two sides are still far apart on the issue, it is "extremely significant" that developing countries have at last come to the negotiating table, one source said. ■

Giant Convention Center a Success

The widely publicized Japan Convention Center opened recently in the Makuhari area of Chiba, east of Tokyo. The largest in Asia and the first exhibition complex of its kind in Japan, the center, known as Makuhari Messe, was an immediate success as the venue of the 28th Tokyo Motor Show, held October 26–November 6, 1989, which had been previously held every two years at Tokyo's Harumi fairgrounds. The Makuhari Messe motor show, the first major event held there, claimed a single-day record of more than 230,000 visitors. Officials were happy with the huge turnout at the motor show. Chiba's governor, Takeshi Numata, pointed out the future of the Makuhari Messe depended on the success of the curtain raiser.

The Makuhari Messe, which cost ¥45 billion to build, is the centerpiece of the "New Makuhari Urban Center," a multi-functional frontier technology city of the future to be built on 520 hectares of reclaimed land by the Chiba prefectural government. Many large-scale events are scheduled to be held here over the next several years. In effect, the center has added a new 21st-century attraction to Tokyo's waterfront.

The center comprises three buildings: an international exhibition hall (with a total floor space of 54,700 sq. meters and up-to-date air-conditioning) where trade fairs and exhibitions can be held, a multi-purpose event hall with an accommodation capacity of 9,000, which can be used for a variety of sports events, concerts and other activities, and an international conference hall for large-scale meetings and parties.

The international exhibition hall, which is the hub of the Makuhari Messe, houses eight halls. Measuring 520 meters



Over 230,000 people visited the 28th Tokyo Motor Show held as the first major event at Makuhari Messe in Chiba, on the outskirts of the capital.

long, 150 meters wide and 28 meters high, it has already proved its worth, enabling Japanese and foreign exhibitors at the Tokyo Motor Show to display their latest models side by side under the same roof for the first time in the history of the event.

Despite the uniqueness of the Makuhari convention complex, it does have problems; it lacks an easy traffic access network, and there are few refreshment facilities for visitors such as restaurants and restrooms. This is because priority was given to the completion of structures, and facilities have not yet caught up with the structures. During the motor show, visitors faced a shortage of parking lots, heavy congestion on the toll road leading to the event site and a lack of eateries.

In addition to the Makuhari Messe, various gigantic projects are under way in the Tokyo Bay area, highlighting the construction of the Tokyo Teleport Town, part of the Tokyo metropolitan government's "New Waterfront City Project," Minato Mirai 21 (Port Future for the 21st Century), an ambitious redevelopment

project now being promoted by the city of Yokohama, and construction of the Trans-Tokyo Bay Highway. Takenaka Komuten Co., a leading construction firm, has unveiled a plan to build on Tokyo's waterfront what it describes as a "midair city," a 1,000-meter tall high-rise building in which 35,000 people will live and 130,000 will work.

These blueprints partly reflect the intensity of the private sector's investment drive amid a booming economy. The rapid internationalization of the Japanese economy and metropolitan Tokyo also plays a part. The waterfront projects are eyed by the Tokyo metropolitan government as the trump card for a decentralization of the capital.

For smooth implementation of the waterfront development, many hurdles have yet to be cleared, such as the lack of adequate coordination among government, local public entities and private enterprises, uncoordinated development methods, the bearer of the cost of the project, and environmental disruption through overhasty development. ■