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1 May 1985

JAPAN REPORT

CONTENTS

ECONOMIC

Reagan Envoy Asks Nakasone Help on Trade Issues (KYODO, 31 Mar 85)	1
U.S. Senator's Remarks on Statement Cited (KYODO, 3 Apr 85)	2
Outgoing Envoy on U.S. Attitudes Toward Japan (KYODO, 28 Mar 85)	3
Former Envoy Urges Market-Opening Initiatives (KYODO, 29 Mar 85)	4
Abe-Shultz Talks Said 'Crucial' to Trade Ties (KYODO, 3 Apr 85)	6
Abe Meets Bush, Departs for Japan 14 April (KYODO, 15 Apr 85)	7
Business Leaders Seek Understanding in U.S. (KYODO, 30 Mar 85)	9
Consuls General Hold Meeting on U.S. Criticism (KYODO, 31 Mar 85)	10
MITI Says U.S. to 'Appreciate' Export Restraint (KYODO, 30 Mar 85)	11
Nakasone in Business Stimulation, Domestic Demand (KYODO, 12 Apr 85)	12
U.S. Trade Talks Conclude Without Agreement (KYODO, 15 Mar 85)	13
Nakasone Interviewed on Trade Friction With U.S. (TBS, 30 Mar 85)	15
Nakasone's Handling of Trade Issue Criticized (KYODO, 2 Apr 85)	17

Japan, U.S. Take Steps To Defuse Trade Crisis (KYODO, 5 Apr 85)	19
KYODO on MITI Decision To Curb Auto Exports (Sen Ogawa; KYODO, 29 Mar 85)	21
KYODO Notes Oregon Welcomes Foreign Investment (KYODO, 8 Apr 85)	23
Sano To Visit Washington for Whale Talks (KYODO, 27 Mar 85)	24
EC Chairman Asks Nakasone To Widen Market (KYODO, 2 Apr 85)	25
Bonn Economic Summit To Set Policy Goals (KYODO, 2 Apr 85)	26
GATT Envoy Sees New Round Talks Lasting 3 Years (KYODO, 8 Apr 85)	27
Medical Panel Urges Easing Drug Import System (KYODO, 30 Mar 85)	29
Fiscal 1984 Trade Surplus Record Highest (KYODO, 12 Apr 85)	31
Businessmen Meet ROK Counterparts, Reach Trade Deal (KYODO, 12 Apr 85)	33
Government To Study Strategic Aid to Pakistan (KYODO, 12 Apr 85)	34
Major Consumer Goods Import Campaign Begins (Susan Moffat; KYODO, 13 Apr 85)	36
Official To Attempt Soviet Fishery Talks Restart (KYODO, 13 Apr 85)	38
Forest Products Industry To Get Government Aid (KYODO, 25 Mar 85)	39
China Asked To Curb Cotton Textile Imports (KYODO, 18 Mar 85)	40
Textile Group Asks for PRC Quota Controls (KYODO, 19 Mar 85)	41
Nakasone Vows To Cut Tariffs on Plywood (KYODO, 27 Mar 85)	42

Japan, PRC Agree To Maintain Steam Coal Price (KYODO, 22 Mar 85)	43
Japan, Thailand Agree to High-Level Trade Talks (KYODO, 8 Apr 85)	44
Nagoya Import Fair Closes With Partial Success (KYODO, 9 Apr 85)	45
Asian, Pacific Nations Back New Trade Round (KYODO, 18 Mar 85)	47
Government To Push Ahead With New Trade Round (KYODO, 20 Mar 85)	49
Japan-Mexico Study Group Ends First Session (KYODO, 10 Apr 85)	50
Ministry Moves To Open Financial, Money Markets (KYODO, 29 Mar 85)	51
Ministry Report Urges Check on Foreign Aid (KYODO, 6 Apr 85)	53
Japanese Envoy Urges 'Drastic Steps' on Trade (KYODO, 1 Apr 85)	55
Bank of Japan Governor Hopes for Stronger Yen (KYODO, 3 Apr 85)	57
Metal Workers Offered Higher Wage Increases (KYODO, 10 Apr 85)	58
Economy To Show 3.7 Percent Annual Growth (KYODO, 11 Apr 85)	59
Briefs	
Transport Vice Minister to U.S.	60
New U.S. Trade Official	60
U.S. Forestry Demands	60
Toshiba, PRC Technology Contract	61
Alaskan Crude Oil Imports	61
Medical Import Restrictions	61
Medical Equipment Market	62
U.S. Senate Resolution	62
PRC Incinerator Order	62
Japan-PRC Shipping Talks	62
Import Promotion Fairs	63
Chicken Tariff	63
Japanese Exports to PRC	63

Tariff Cuts Opposed	64
Whale Quota	64
Tariff Quotas	64
Sample Steel Sheets	64
New NTT Capitalization	65
Machine Production in U.S.	65
Trade Promotion Association	65
Chicken Import Tariff	65
Customs-Cleared Trade	66
USSR-Japan Fishery Talks	66
Auto Exports	66
Japan, Malaysia Air Service	66
Trade Friction	67
Strategic Aid	67
Trade Package Urged	67
Export Surcharges	68
Voluntary Curb Dangers	68
Enroyen Bond Issue Terms	68
Market-Opening Package Delay	68
Manufactured Goods Imports	69
Multilateral Trade Negotiations	69
Economic Package	69
Foreign Goods Market	70
Japan-Canada Gas Talks	70
New Trade Negotiations Urged	70
EC Trade Talks Decision	71
Economic Planning Agency Report	71

ECONOMIC

REAGAN ENVOY ASKS NAKASONE HELP ON TRADE ISSUES

OW311029 Tokyo KYODO in English 1001 GMT 31 Mar 85

[Text] Tokyo, 31 Mar (KYODO)--Gaston Sigur, special assistant to U.S. President Ronald Reagan, Sunday asked Prime Minister Yasuhiro Nakasone for his further efforts to open the Japanese market wider to American products and services. Sigur also handed Reagan's personal letter to Nakasone appealing for his greater market-opening efforts. Sigur made the request when he and Lionel Olmer, U.S. undersecretary of commerce, met Nakasone at his official residence in the morning.

During the 90-minute meeting, Nakasone promised his positive efforts to meet the U.S. request for wider market access to U.S.-made telecommunications equipment. Nakasone also expressed his determination to do his best to settle the trade friction between the two countries and said he would stress to the Japanese people the importance of this question when the government announces a new comprehensive market-opening package on 9 April.

While appreciating Japan's efforts made so far, Sigur called for further efforts to open the telecom market, warning that the U.S. Congress may pass a retaliatory bill this week. Specifically, Sigur urged Nakasone to study standards and regulations for telecom equipment giving due regard to U.S. views and simplify the technical criteria.

Nakasone indicated a positive attitude toward creation of a working group of Japanese and U.S. experts to review the technical standards as soon as possible. Sigur also said the U.S. Government was worried about the anti-Japan protectionist moves in Congress. Nakasone said fundamental relations between the two nations should not be harmed by the trade friction and that close bilateral cooperation was important for peace and stability in the world, particularly the Asia-Pacific region.

Nakasone asked the U.S. Government to fully brief the U.S. Congress on Japan's market-opening efforts. Sigur was to meet Foreign Minister Shintaro Abe Sunday night on bilateral trade relations.

CSO: 4100/343

ECONOMIC

U.S. SENATOR'S REMARKS ON STATEMENT CITED

OW030433 Tokyo KYODO in English 0345 GMT 3 Apr 85

[Text] Washington, 2 Apr (KYODO)--The U.S. State and Commerce Departments Tuesday hinted in a joint statement that Japan and the United States have agreed to continue negotiating to further open Japan's telecommunications market.

The statement, based on recent high-level talks between Japan and the United States specified Japan's "new concessions," hastily made in Tokyo talks held by Prime Minister Yasuhiro Nakasone with U.S. Special Presidential Envoy Gaston Sigur last Sunday.

It said Japan's technical standards and requirements for telecommunications equipment would be further reduced with the aim of making the regulatory process equitable between the two nations and communications protocols should be left to the user.

It went on, "The simplification of standards and requirements is to be completed, with the participation of U.S. experts, within 60 days," citing as evidence Prime Minister Nakasone's promise to do so sooner if possible.

The statement also said the prime minister "gave his assurances" that U.S. companies would be "represented on bodies that set such standards and make rules, and that this too would be done at an early date."

The United States, however, will "monitor the understandings reached and will continue to pursue further market opening actions to remove formal and informal barriers in this particular field," the statement added.

The U.S. Senate Finance Committee Tuesday passed a bill asking President Ronald Reagan to lash back at Japan in 90 days unless it opens its markets to U.S. products.

In presenting the bill, Sen. John Danforth (R-Mo.) said it was not a retaliation against Japan but rather a measure to urge the country to further open its markets, thus emphasizing its non-protectionist nature.

The U.S. House of Representatives' Ways and Means Committee also approved a resolution similar to one unanimously adopted last week by the Senate urging the president to restrict imports from Japan unless it opens its markets.

CSO: 4100/343

ECONOMIC

OUTGOING ENVOY ON U.S. ATTITUDES TOWARD JAPAN

OW280853 Tokyo KYODO in English 0803 GMT 28 Mar 85

[Text] Tokyo, 28 Mar (KYODO)--Former Japanese ambassador to Washington Yoshio Okawara said Thursday that a solution to the current U.S.-Japan market opening negotiations in the telecommunications area must be reached by 1 April, to coincide with the privatization of NTT, Japan's telecommunications monopoly.

Okawara, 65, who returned to Japan 9 March, told reporters at the Japan National Press Center that it is necessary for Japan to strive its utmost to allow greater Japan market access to U.S. products in the four areas of telecommunications, electronics, pharmaceuticals and medical equipment, and forest products.

"If Japan does not cooperate on these issues, the protectionist tendency toward Japan in the U.S. Congress will gain more ground," he said, adding, "it is in Japan's interest to open up its markets."

The envoy pointed out that a speedy solution in the telecommunications area will probably be reached before Nippon Telegraph and Telephone Corp, (NTT) starts functioning as a private firm next Monday, while the other three areas should be solved prior to the Bonn summit meeting of seven major industrial democracies slated 2-4 May.

Okawara, also former ambassador to Australia, took up his Washington post 5 years ago during the Carter-Reagan presidential transition period. He said, "U.S. perceptions concerning Japan have changed in ways we couldn't have imagined 10 years ago." He added that Americans are beginning to identify such "software" items as food, fashion and cultural information with Japan instead of the hardware goods in the car, camera and videotape recorder range.

However, Okawara warned that a "perception gap" still exists, especially in the area of trade and market access. While Japan maintains that its markets are open, U.S. officials contend that the Japanese Government is not making concrete efforts. "As a result, a major task facing Japan is to change this perception gap," he said.

The former ambassador explained that the new U.S. pressure on Japan to open up can be attributed to the "America is back" sentiment sweeping the country. He said, "The United States has regained its confidence along with economic recovery and stature as a world power."

Concerning Japan's role in the U.S. strategic defense initiative (DSI or star wars) plan, Okawara reiterated the position that "Japan understands" the SDI plan and refused to comment further on the role of Japanese high technology in SDI development.

CSO: 4100/343

ECONOMIC

FORMER ENVOY URGES MARKET-OPENING INITIATIVES

OW290821 Tokyo KYODO in English 0722 GMT 29 Mar 85

[Text] Tokyo, 29 Mar (KYODO)--Former ambassador to Washington Yoshio Okawara called Friday for Japan's market-opening initiatives to protect its own interests and defuse trade frictions with the United States. He defended as temporary the Ministry of International Trade and Industry's "painful" decision Thursday to limit Japan's car shipments to the American market to 2.3 million units for fiscal 1985 beginning 1 April.

The voluntarily-set limit, Okawara argued, will give Japan's No 1 trading partner "a certain period of transition so that the market would absorb the situation without any abrupt shock."

Addressing some 250 diplomats, businessmen and reporters at the foreign correspondents' club of Japan, the former envoy warned of a "very high" level of anti-Japanese sentiment in U.S. Congress because of "the sheer size of trade imbalance" that reached a record 36.7 billion dollars in Japan's favor in 1984.

The 65-year-old career diplomat returned home last week after a five-year stint in Washington. He had been envoy to Australia before that. He met Prime Minister Yasuhiro Nakasone, Foreign Minister Shintaro Abe and other ruling party and business leaders and emphasized the need for Japan to make independent efforts to open up the Japanese markets in telecommunications, electronics, forest products, and pharmaceuticals and medical equipment.

"We should not view such pressures from the United States and pressures of outside sources," Okawara emphasized. "We should make our own policy decisions in order to protect Japan's own interests.

"Whatever action Japan takes should not be viewed as a result of conceding to pressures from the outside but rather should be viewed as a policy decision by Japan in order to promote Japan's own interest," he maintained.

Failure to offer the United States and other trading partners proper trading opportunities means "Japan simply cannot stand" by itself due to the country's heavy dependence on external trade, Okawara warned.

The former envoy asserted that Japan should take additional market-opening measures before the Organization for Economic Cooperation and Development (OECD) convenes an annual ministerial meeting in Paris 11-12 April.

Foreign Ministry officials say Japan's bulging trade and current account surpluses will be among main topics of discussion during that meeting described by Okawara as "the first important target date" to gauge Japan's determination to make its market more accessible to imports.

As the veteran diplomat sees it, the so-called "perception gap" or an alleged lack of knowledge about Japan and its people among Americans may be partly responsible for trade disputes.

Okawara recalled that he was once introduced by an unidentified U.S. senator as "ambassador from the Republic of Japan."

CSO: 4100/343

ECONOMIC

ABE-SHULTZ TALKS SAID 'CRUCIAL' TO TRADE TIES

OW031201 Tokyo KYODO in English 1150 GMT 3 Apr 85

[Text] Tokyo, 3 Apr (KYODO)--Foreign Ministry Shintaro Abe's talks 13 April with Secretary of State George Shultz will be crucial to overall trade relations between Japan and the United States, a ministry official said Wednesday. He made the prediction in connection with the dispatch to Washington Thursday of Reishi Teshima, the ministry's key trade negotiator.

Abe had briefed Teshima earlier in the day before flying to Mexico to attend a two-day bilateral meeting there Monday and Tuesday.

Abe decided to send Teshima to Washington shortly after the U.S. Senate Finance Committee Tuesday approved 12-4 a bill calling for President Ronald Reagan to seek greater market access from Japan.

The House Ways and Means Committee also adopted a non-binding resolution soliciting Japanese measures to open up its market to trim the bilateral trade imbalance, which was \$37 billion in Japan's favor in 1984.

The Foreign Ministry official said Abe's meeting in Washington 13 April with Shultz is "crucial" because of rising protectionist sentiment on Capital Hill.

He said Teshima's trip to the United States was hastily arranged despite a joint statement issued in Washington Tuesday by the Departments of State and Commerce hailing progress in Japan-U.S. telecommunications talks.

"It is a good development," the ministry official said. But he was quick to warn of growing impatience among American lawmakers who want to see Japan give greater access to competitive telecommunications, timber products, electronics, drugs and medical equipment.

"We suggest congress should think twice" before legislating protectionist bills, warned the Foreign Ministry official, who spoke on condition that his name should not be used.

Abe is expected to explain to Shultz Japan's market-opening measures, including a new market-opening package to be released 9 April.

CSO: 4100/343

ECONOMIC

ABE MEETS BUSH, DEPARTS FOR JAPAN 14 APRIL

OW140114 Tokyo KYODO in English 0048 GMT 15 Apr 85

[Text] Washington, 14 Apr (KYODO)--United States Vice President George Bush Sunday criticized Japan's tough bureaucracy for hampering effective implementation of the country's market-opening measures.

Bush voiced the criticism in his meeting with visiting Japanese Foreign Minister Shintaro Abe, which focused on the current serious trade friction between the United States and Japan, according to Japanese officials.

Bush appreciated as a "bold action" the latest package of market-opening measures, which Prime Minister Yasuhiro Nakasone announced last Tuesday.

But in the eyes of Americans, Bush reportedly said, such measures have not been carried out effectively in the past because of "resistance" by Japan's bureaucracy.

Last week's package was the seventh in a series of Japanese market-opening measures, and was chiefly aimed at providing more market access to foreign products in four key areas--telecommunications equipment, forestry products, medical supplies and electronics products.

Bush told Abe that the United States hopes Japanese politicians will exercise greater leadership over the bureaucracy so that the market-opening measures will produce tangible results, according to the officials.

The vice president also said the atmosphere against Japan in the U.S. Congress has "dramatically worsened"--a situation completely different from in the past when dissatisfaction with Japan was confined to particular groups, such as those with interests in the automobile and steel industries.

Bush asked the Japanese to fully recognize the increasing moves in congress toward a retaliatory bill to restrict Japan's imports to the United States, the officials said.

Abe told Bush that the U.S. manner of laying all the responsibility for its trade deficit on Japan "is unwarranted," and that high interest rates and the budget deficit in the United States should also be blamed.

"American congressmen might be under a misunderstanding," Abe was quoted as telling Bush.

Abe agreed, however, with Bush's view that Japanese politicians should play a larger role in further opening up Japanese markets to foreign goods, said the officials.

Abe, who visited Washington after attending an OECD ministerial meeting in Paris, left for home later Sunday.

CSO: 4100/343

ECONOMIC

BUSINESS LEADERS SEEK UNDERSTANDING IN U.S.

OW300945 Tokyo KYODO in English 0652 GMT 30 Mar 85

[Text] Washington, 29 Mar (KYODO)--True mutual understanding between Japan and the United States is now vital for solution of the trade dispute between the two countries, the leader of a Japanese fact-finding mission said Friday.

Gaishi Hiraiwa, vice chairman of the powerful Japanese business organization Keidanren, said at a press conference at the end of his mission's 10-day survey in the United States Friday that he keenly felt the need for better understanding.

The mission, mostly composed of business leaders, has studied the form of a possible publicity campaign by Japan to overcome a gap in perceptions arising from cultural differences and lying behind the trade frictions with the United States.

Hiraiwa said he had heard from many quarters in the United States that the bilateral trade imbalance and other economic friction overshadow the general relations between the two countries.

He quoted Allen Wallis, undersecretary of state for economic affairs, as saying that sentiment is growing among Americans in general against Japan, and Spark Matsunaga, a senator of Japanese descent, as proposing that Japan ought to consider taking fairly drastic measures.

Hiraiwa, saying historical and cultural gap underline these American criticisms, proposed that Japan should undertake publicity activities that will help promote basic mutual understanding between the two countries, while stressing that they share the common values of liberty and democracy.

CSO: 4100/343

ECONOMIC

CONSULS GENERAL HOLD MEETING ON U.S CRITICISM

OW310622 Tokyo KYODO in English 0556 GMT 31 Mar 85

[Text] Washington, 30 Mar (KYODO)--Japanese consuls general stationed in various parts of the United States have described as "considerably serious" the recent U.S. sentiment toward Japan-U.S. trade friction and agreed to promote public relations activities to calm them down.

The assessment and agreement were reached at a meeting Friday and Saturday of 13 consuls general and newly arrived ambassador Nobuo Matsunaga held at the Japanese Embassy, embassy officials said.

The consular officials shared the view that U.S. criticism of Japan over trade friction has mounted to an extent demanding careful attention.

They quoted some Americans as saying they are sick and tired of Japanese excuses and explanations about the massive U.S. trade imbalance with Japan.

The present criticism of Japan is different from the past one "in character," they said and added: "It is considerably serious."

They said the criticism is most acute in Washington. In New York, Chicago and other major cities, there is also bad sentiment toward Japan, they said.

They agreed to promote public relations activities aimed at congress, congress-related groups and the mass media to correct the situation unfavorable to Japan, and not leave the matter only to talks between the two governments.

CSO: 4100/343

ECONOMIC

MITI SAYS U.S. TO 'APPRECIATE' EXPORT RESTRAINT

OW300953 Tokyo KYODO in English 0825 GMT 30 Mar 85

[Text] Tokyo, 30 Mar (KYODO)--Keijiro Murata, minister of international trade and industry, Saturday expressed confidence that the United States will eventually come to "appreciate" the Japanese decision to continue restraints on car exports there.

Murata made the statement in response to an opposition member of the House of Councillors who asked why the government has decided to continue the "voluntary" auto export controls while the Reagan administration is not seeking such a measure.

The Japanese decision, announced by Murata Thursday, has caused an unfavorable reaction in the U.S. Government, congress and automobile industry, because it sets the ceiling of Japanese car shipments to the American market for the year beginning 1 April at 2.3 million units, some 24 percent more than in the current year ending Sunday.

Murata said the government decided to continue the restraints because there were fears that Japanese car exports to the U.S. market would increase to about 2.7 million units a year, from the present 1.85 million, if the controls were removed, having an adverse effect on overall Japan-U.S. economic relations.

He said he is confident that the United States will in time understand this is the correct action, although there is currently speculation about the Japanese decision in that country.

Murata also said the decision does not violate the principle of the General Agreement on Tariffs and Trade (GATT) calling for free international trade, and will not cause any antitrust problems in the United States.

CSO: 4100/343

ECONOMIC

NAKASONE IN BUSINESS STIMULATION, DOMESTIC DEMAND

OW121153 Tokyo KYODO in English 1129 GMT 12 Apr 85

[Text] Tokyo, 12 Apr (KYODO)--Prime Minister Yasuhiro Nakasone said Friday Japan may take business-stimulating action later this year or early next year to promote domestic demand.

Nakasone, who invited foreign journalists to his office to talk over lunch, said the government is flexible over economic policy in the latter half (September 1985-March 1986) of the current fiscal year.

The prime minister, however, said he was not planning measures to stimulate business at present because the current situation was steady.

Japan is under strong pressure from the United States and Western Europe to reduce trade surpluses and expand domestic consumption. Official figures put Japan's global trade surplus in 1984 at \$44 billion.

On Tuesday, Japan announced a set of market-opening measures which included a 3-year action program to increase imports.

Nakasone appeared on TV that day and appealed to the 120 million Japanese people to buy at least \$100 worth of imported goods each.

Prime Minister Nakasone told the foreign newsmen Japan wishes to treat imports "free from regulations in principle."

Nakasone said his government made an error in increasing Japan's self-imposed quota on auto exports to the United States from 1.86 million to 2.3 million units.

The government fell short of understanding what the U.S. Government, congress and people hoped of Japan, he said. It might have been better not to announce a concrete figure and to await developments, Nakasone said.

The U.S. Congress and American automakers have complained of such a sharp increase in the auto quota, while the White House had hoped for no more voluntary controls.

The 12 journalists were from the United States, Britain, France, West Germany, Italy and Canada which are all member countries of the annual seven-nation economic summit meeting, which Nakasone will attend in Bonn, in early May.

ECONOMIC

U.S. TRADE TALKS CONCLUDE WITHOUT AGREEMENT

OW150919 Tokyo KYODO in English 0852 GMT 15 Mar 85

[Text] Tokyo, 15 Mar (KYODO)--Japan and the United States wound up a week of trade talks Friday without reaching agreement on telecommunications and other crucial issues.

But Japanese and American trade negotiators insisted that they made some progress in the consultations and deepened their understanding of four key areas and related matters. The four areas are telecommunications, electronics, forest products and pharmaceuticals and medical equipment.

Deputy Foreign Minister Reishi Teshima said at a news conference the United States hopes to make "a useful review" of progress in sectoral talks when President Ronald Reagan meets Prime Minister Yasuhiro Nakasone in West Germany in May.

The two leaders will be in Bonn to attend the seven-nation economic summit 2-4 May.

During a Friday morning session, the Posts and Telecommunications Ministry verbally replied to America's nine demands for greater access to the Japanese telecommunications market, Teshima said.

The Posts and Telecommunications Ministry will present a report on the Japanese response to the American demands to the U.S. Government shortly, he added.

W. Allen Wallis, undersecretary of state for economic affairs, told a separate news conference here: "We will analyze them intensively" before determining whether his government should take additional steps to press Tokyo to open up its markets wider in the areas.

The remarks by Teshima and Wallis followed 5 days of trade talks at the Foreign Ministry on the four areas as well as on energy, international economy, a proposed new round of multilateral trade negotiations, the Bonn summit and other matters of mutual interest.

Despite the wide variety of topics discussed in the talks, the American trade negotiators emphasized the telecommunications issue because of huge market potential in Japan for competitive U.S. telecommunications equipment.

The Americans have repeatedly expressed concern about planned Japanese ordinances governing value added networks (VANS), standards and certifications of telecommunications equipment and other aspects of the telecommunications industry.

Wallis argued at the news conference at the U.S. Embassy that Japanese explanations about some of the American demands were "favorable" but not so for the others. He declined to elaborate.

This week's trade talks here were a follow-up to a 2 January meeting between Nakasone and Reagan who singled out the four vital areas and of sectoral talks the two countries have held since then.

The eighth Japan-U.S. trade committee meeting Monday, sectoral talks on medical goods and pharmaceuticals Tuesday and on telecommunications Wednesday and Friday and the ninth subcabinet consultations Thursday and Friday were related one way or another to the merchandise trade imbalance between the two countries.

The United States wants Japan to buy more American products to help rectify the trade imbalance which reached a record \$33 billion in Japan's favor last year.

The Japanese and American negotiators briefly discussed energy-related problems Thursday, including America's future coal exports to Japan.

Although they failed to make a specific commitment, the discussion about coal was "very constructive," Wallis told reporters.

The American officials emphasized that "good results from telecommunications talks have a symbolic meaning and are important" to other sectoral talks on the three other areas, according to a Japanese official.

The Japanese negotiator said the two countries will hold their second sectoral talks on electronics in Tokyo Monday. He also said the two countries will maintain "various channels of communication in connection with the telecommunications" dispute, although part of the dispute concerns how related Japanese ordinances will be implemented.

"It is necessary for Japan to show clear evidence it is not standing still," said the negotiator who requested anonymity.

CSO: 4100/343

ECONOMIC

NAKASONE INTERVIEWED ON TRADE FRICTION WITH U.S.

OW312102 Tokyo TBS Television Network in Japanese 2330 GMT 30 Mar 85

[The "Random Talk on Current Events" program: Interview with Prime Minister Nakasone conducted by commentator Ryugen Hosokawa at the prime minister's official residence on 30 March--recorded]

[Excerpt] [Hosokawa] After all, the largest issue that Japan now faces in the international arena is that of economic frictions, is it not?

[Nakasone] Yes, it is.

[Hosokawa] At a certain party yesterday, I sat next to Mr Fujio, chairman of your party's Policy Affairs Research Council. When I expressed the view that the Diet had been progressing quite smoothly in general, he replied that the Diet had a big problem; that is, the issue of economic frictions. I could feel that he was attaching great importance to that issue as chairman of the Policy Affairs Research Council. It is quite natural to put importance on the issue.

It is reported that the U.S. Senate has adopted a resolution on import surcharges. The House of Representatives has many Republicans who belong to President Reagan's faction. Therefore, we have yet to see what action the House of Representatives will take. The White House expressed its opposition to the resolution through an announcement by its press secretary. Therefore, I suppose that the resolution will not be carried into effect after all. Nevertheless, Japan should fully consider the fact that anti-Japanese moves are occurring in the United States. Japan must not take that fact lightly. Japan should pay careful attention to this issue and take necessary measures to prevent these moves, should it not?

[Nakasone] The U.S. Senate passed the resolution unanimously.

[Hosokawa] Yes, unanimously. I was quite surprised to hear that.

[Nakasone] At its plenary session, the Senate unanimously called on Japan to exercise self-restraint and take measures to meet the situation. This is the first time the Senate has taken such an action since its country began.

[Hosokawa] You are right.

[Nakasone] Therefore, I believe that we have to fully realize the seriousness of this action, and Japan should take measures to cope with this development.

[Hosokawa] I agree with you.

[Nakasone] Based on this belief, I intend to take these measures.

[Hosokawa] I understand that you are having discussions with the foreign minister and others in this connection.

[Nakasone] Yes, I am.

[Hosokawa] There was a brief announcement from official quarters in this connection, but we have not yet heard any formal announcement from the government.

[Nakasone] Around 9 April we are planning to announce immediate measures and a guideline for mid-term steps.

[Hosokawa] Of course, the measures will be submitted to a cabinet meeting before their announcement, will they not?

[Nakasone] Yes, they will.

[Hosokawa] It is necessary for the measures to be decided on by the Cabinet, is it not?

[Nakasone] Yes, it is. We are now working to finalize the package of measures. If necessary, I am considering issuing the prime minister's statement to explain to the world what measures Japan is going to take.

[Hosokawa] If some statement is not made in this regard, the Japanese people will continue to think that a slow response is still good to patch things up. This thinking is no longer valid in the present day.

[Nakasone] Yes, you are right. If necessary, I would like to appear on television to directly ask the people for cooperation after explaining the situation and measures to be taken.

[Hosokawa] I think it is very important to make a television appearance when an important policy or a policy shift is going to be announced.

[Nakasone] Yes, it is.

[Hosokawa] This practice is quite prevalent in the United States. Of course, Japan has its own customs. Nevertheless, an appeal on television will reach listeners throughout the country. They will listen attentively and understand your appeal. The public at large does not know much about diplomacy toward foreign countries. I really hope that you will make the appeal on television.

CSO: 4100/343

ECONOMIC

NAKASONE'S HANDLING OF TRADE ISSUE CRITICIZED

OW021219 Tokyo KYODO in English 1206 GMT 2 Apr 85

[Text] Tokyo, 2 Apr (KYODO)--The Council of Ministers concerned with economic affairs will be called into session Thursday for a final adjustment of views with the ruling Liberal-Democratic Party (LDP) before the government announces a new market-opening package on 9 April.

Takao Fujinami, chief cabinet secretary, in disclosing this Tuesday, said the government will explain the progress of the council's work on the new package, mainly designed to placate Washington's strong dissatisfaction with Japan's import policy, and seek the LDP's cooperation.

The meeting will also be attended by top LDP leaders, including Secretary General Shin Kanemaru.

The decision to convene the ministerial council meeting came after LDP Vice President Susumu Nikaido sharply criticized Prime Minister Nakasone's handling of the trade issue with the United States at a meeting of LDP officers earlier in the day.

Nikaido was quoted as saying the prime minister should exercise stronger leadership in the opening of the Japanese market and should also attend LDP meetings to seek the party's cooperation. Nakasone is president of the governing party.

Nikaido's remarks reflected growing discontent within the LDP over what is seen as the prime minister's go-it-alone approach to trade issues.

Thursday's session of the ministerial council, to be attended by Nakasone himself, is intended to prevent the dissatisfaction within the LDP from flaring up into the open when the government announces a new market-opening package.

The hurried exchange Tuesday between the government and the ruling party on convening the ministerial council followed hard on the heels of reports from Washington that Nakasone had made "new commitments" to two U.S. presidential envoys on the trade issue.

Nakasone met with Gaston Sigur, presidential adviser, and Lionel Olmer, under-secretary of commerce, on Sunday. The two officials were dispatched here by President Ronald Reagan to press for more positive measures to give American goods greater access to the Japanese market.

The prime minister denied Tuesday that he had made such commitments.

The U.S. administration, spurred on by a Senate resolution calling for retaliation if Japan fails to open its market wider, is stepping up pressure on the Japanese Government.

CSO: 4100/343

ECONOMIC

JAPAN, U.S. TAKE STEPS TO DEFUSE TRADE CRISIS

OW050459 Tokyo KYODO in English 0437 GMT 5 Apr 85

[Text] Washington, 4 Apr (KYODO)--United States and Japanese officials Thursday took steps to avert a head-on clash between the two economic giants over their trade relations, centering on the telecommunications market.

Ambassador to Japan Mike Mansfield met President Ronald Reagan at the White House and briefed him on the current critical situation.

After the 30-minute meeting, Mansfield told reporters that he and the President shared concern that pressures for retaliatory measures against Japan, now mounting in congress, would damage overall U.S.-Japan relations.

The ambassador said he hoped congress would awake to the recognition that relations with Japan are most important to the United States. President Reagan was of the same opinion, he added.

The most important thing for Japan is to open its markets further to give American products as much market access as Japanese products are permitted in the United States, Mansfield said. Market access is the "key word," he said.

Japanese Prime Minister Yasuhiro Nakasone is making efforts in that direction, the ambassador said and added that the president understands the difficulties facing Nakasone in coordinating domestic interests.

Mansfield is currently in Washington on a brief return home.

The Reagan-Mansfield meeting followed the approval of non-binding resolutions by both houses of congress, which urged Reagan to take action against Japanese protectionist trade policy.

Against a backdrop of a record 36.8 billion dollar trade deficit with Japan last year, the United States has been demanding that Japan open its markets to foreign products in four key areas--telecommunications, forest products, medical supplies and electronics.

In Tokyo, Prime Minister Nakasone Thursday directed cabinet ministers to rapidly work out market-opening measures, which would reportedly include purchases of U.S.-made satellites. The Japanese Government is to announce the package next Tuesday.

In a further move to defuse the trade crisis, Japan's Deputy Foreign Minister for Economic Affairs Reishi Teshima flew into Washington and held talks with congressional leaders.

Teshima was dispatched by Foreign Minister Shintaro Abe, who is to visit the United States 13-14 April for trade talks.

The special envoy met Republican Senator William Roth, Democratic Senator Spark Matsunaga and other congressional members and explained Japan's position on the current trade friction with the United States.

According to Teshima, the American politicians told him that the antagonistic feeling against Japan in the U.S. Congress would not be pacified unless Japan took "dramatic action."

Teshima quoted Senator Matsunaga as warning that the Senate will pass a retaliatory bill aimed at Japan if Japan does nothing.

In his stay in Washington until Saturday, Teshima is to hold talks with U.S. officials, including Undersecretary of State Allen Wallis, Undersecretary of Commerce Lionel Olmer and Gaston Sigur, special assistant to President Reagan.

In a related development, Treasury Secretary James Baker warned that enactment of retaliatory legislation against Japan could result in a "trade war" with Japan.

"I'm not sure we'd win an all-out war (with Japan)," Baker said in his testimony before the Senate appropriations panel.

While calling attention to Tokyo's efforts to open its market wider, Baker said the U.S. needs more access to Japanese markets for beef and other agricultural products, besides telecommunications equipment.

Baker also warned that if congress enacts protectionist legislation aimed at restricting imports from Japan, the act will make it impossible to launch a new round of multilateral trade negotiations for freer world trade.

President Reagan hopes the seven major industrial nations will take action to launch a round of such talks at their summit meeting to be held in Bonn 2-4 May, the treasury secretary said.

CSO: 4100/343

ECONOMIC

KYODO ON MITI DECISION TO CURB AUTO EXPORTS

OW291111 Tokyo KYODO in English 0814 GMT 29 Mar 85

[Report by Sen Ogawa]

[Text] Tokyo, 29 Mar (KYODO)--Japan's decision to continue voluntary restraint on automobile exports to the United States for another year starting April was aimed at avoiding any possible American moves to control Japanese imports, said a high official of the Ministry of International Trade and Industry.

The official said there was no consultation with the United States before the announcement was made by International Trade and Industry Minister Keijiro Murata Thursday afternoon.

Murata said Japan decided at its own discretion to continue to put restraints on auto exports to the United States for a fifth year beginning April, holding them down to 2.3 million units a year or some 24 percent above the previous year.

The official said MITI held talks with each Japanese automaker on its plan for exports to the United States in the year starting April after U.S. President Ronald Reagan announced 1 March that he would not ask Japan to continue its export curbs for a fifth year beyond 31 March.

But MITI found the combined total of planned auto exports to the United States in the year reaching over 2.7 million units, 850,000 units or some 46 percent above the fourth-year limit of 1.85 million units, leading to its decision to continue the export curb for another year, the official said.

The new 2.3 million unit ceiling was decided in consideration of the current low stock level of Japanese cars in the United States and the so-called "captive imports" by the United States, commissioned production by some Japanese automakers for General Motors Corp. and Chrysler Motor Corp., he said.

Allocation of export "quotas" would be made through further consultation between MITI and each automaker, the official said.

"The previous 1.85 million-unit level was too low, resulting in unusual premiums on Japanese cars in the United States," he said. "We believe the United States would fully understand Japan's decision which would benefit U.S. consumers."

"Japan has to avoid any import restrictive moves in the United States as they would bring about a fatal damage to the Japanese economy," he stressed.

Though MITI officials said the auto restraint would be extended for only 1 year, car industry executives claimed this was the last chance for Japan to terminate the curbs to the United States and they generally expressed regret about the MITI decision.

Handling of "captive imports" by the United States would now become a focal problem in allocating the 2.3 million units among individual automakers, one automaker official said.

General Motors has strongly demanded the Japanese Government to allow exports to GM of 150,000 units from Isuzu Motors and 84,000 units from Suzuki Motor in the year beginning next month. General Motors holds a 34.2 percent equity share in Isuzu and a 5 percent stake in Suzuki.

Chrysler Motor Corp. has asked Mitsubishi Motor Corp., in which it has a 15 percent stake, to increase its car supplies after April by 200,000, a Mitsubishi official said.

Allocation of quotas among individual automakers in the four-year period beginning April 1981 was particularly unfavorable to Mazda Motor, Mitsubishi, Isuzu and Suzuki, whose market shares in the United States had been relatively small in the preceding years.

Those "low-ranking" makers will naturally ask for bigger quotas in the fifth year while "high-ranking" Toyota Motor, Nissan Motor and Honda Motor will stress the need to supplement their stocks in the United States.

Japanese auto stocks in the United States stood at an average 23 days at the end of January, compared with a "healthy" level of 50 days, MITI officials said.

New quotas for individual automakers will not be officially made public as in the past, the officials said.

CSO: 4100/343

ECONOMIC

KYODO NOTES OREGON WELCOMES FOREIGN INVESTMENT

OW081626 Tokyo KYODO in English 1159 GMT 8 Apr 85

[Text] Tokyo, 8 Apr (KYODO)--The western U.S. state of Oregon hopes to attract direct foreign investment in such areas as electronics, auto assembly and biotechnology, as well as food processing, secondary wood manufacturing and tourism, the leader of a state investment mission said Monday.

James M. Root, leader of the 19-member mission, said three more major Japanese firms would invest \$230 million and create 5,000 jobs over the next 2 years in building plants, and 20,000 jobs within 5 years.

Root, who is commissioner of the Oregon Economic Development Commission, said that Fujitsu, Ltd. would produce disc drive and semiconductors, NEC Corp. would make fiber optics and transmission equipment, and Epson would manufacture computer printers.

The mission conducted an investment seminar the same day in Tokyo, and will hold similar seminars later this week in Nagoya and Osaka in cooperation with Nomura Securities Co. and the Japan External Trade Organization (JETRO).

Nomura is a large Japanese stock and bond brokerage company that recently completed a study of 13 western states. The study rated Oregon the best of the 13 in which to invest, according to Jim Thayer, manager of international investment for the Oregon economic development department.

Thayer said that 72 Japanese firms are now operating in Oregon, and 16 of them have production units in the state. He said that the state is negotiating with 40 more on possible investment, adding that while he could not reveal their names, they are in the electronics, agriculture, metal fabrication, food processing, education and tourism fields.

Root said that two-way trade between Japan and Oregon totaled \$6 billion last year--\$3.5 billion in exports from Oregon to Japan and \$2.5 billion in exports from Japan to Oregon.

He said Oregon sold aluminium and general agricultural products, including wheat, fruit and vegetables to Japan, while Japan sold autos, motorcycles, steel, machinery and consumer electronics to Oregon.

CSO: 4100/343

ECONOMIC

SANO TO VISIT WASHINGTON FOR WHALE TALKS

OW271201 Tokyo KYODO in English 1153 GMT 27 Mar 85

[Text] Tokyo, 27 Mar (KYODO)--The government decided Wednesday to send Hiroya Sano, director general of the fishery agency, to Washington Thursday on a mission to break an impasse in U.S.-Japanese whaling talks.

Sano's trip comes at a time when the 1 April deadline set by Washington for Japan's withdrawal of its objection to a ban on commercial whaling draws near.

The United States has made it clear that it would not invoke a law against Japanese fishing boats operating in the U.S. 200-mile zone even if Japan continued to catch whales in 1986 and 1987, provided it withdraw its objection filed with the International Whaling Commission.

The U.S. position was explained in a letter sent to the government by Commerce Secretary Malcolm Baldrige in November last year. The government thinks it would have to withdraw its objection to avoid impact on Japanese fishing in the U.S. waters.

In what appeared to be a change in its position, the United States refused to discuss whale catch quotas for the next two years when Tatsuo Saito, deputy director general of the fishery agency, visited Washington last week for informal talks.

Government officials raised the possibility that Japan would be forced to completely end whale hunting in the Antarctic Ocean and Japan's own coastal waters beginning this year.

Sano admitted it would be extremely difficult for both sides to reach a compromise because of their domestic considerations.

What Washington can do at the most will be to implement the promise made by Baldrige while the Japanese Government has not yet reached consensus on its policy toward the United States on the whaling issue, he said.

CSO: 4100/343

ECONOMIC

EC CHAIRMAN ASKS NAKASONE TO WIDEN MARKET

OW021251 Tokyo KYODO in English 1212 GMT 2 Apr 85

[Text] Tokyo, 2 Apr (KYODO)--Jacques Delors, president of the European Community (EC) Commission, wrote to Prime Minister Yasuhiro Nakasone recently asking for Japan's positive response to the EC nations' demand for greater access to the Japanese market, government sources said Tuesday.

In his letter to the prime minister, the EC official specifically stressed that Japan should strive for settlement of the problem prior to the start of the proposed new round of multilateral trade talks for freer world commerce. Japan is a main advocate of the new round.

Delors thus made it plain the settlement of the trade issue is regarded as a precondition for the start of the new round. Calling the prime minister's attention to a statement issued by the EC ministerial council on 19 March expressing agreement to the new round of multilateral trade talks, the EC official asked Japan to take specific actions on three points as early as possible.

First, the sources said, Delors asked Japan to up the ratio of manufactured goods in its overall imports to the same level as that of Western countries.

Second, he called for adjustment and simplification of legal and administrative practices regarding certification procedures for foreign goods and government procurements.

Third, the sources said, he requested increased government procurement of European products in the fields of telecommunication equipment, artificial satellites, aircraft and medical apparatus, in which European makers hold a competitive advantage.

CSO: 4100/347

ECONOMIC

BONN ECONOMIC SUMMIT TO SET POLICY GOALS

OW021259 Tokyo KYODO in English 1247 GMT 2 Apr 85

[Text] Tokyo, 2 Apr (KYODO)--An economic summit of industrialized democracies to be held in Bonn 2-4 May will issue an economic declaration setting forth medium-term policy goals to overcome three destabilizing factors in the free world--budget deficits, current account imbalance and increased unemployment--government sources said Tuesday.

Among the goals are strict moderation in fiscal and monetary policies, elimination of structural rigidity for settling the unemployment problem, revitalization of the private sector and stabilization of currencies under stronger surveillance by the International Monetary Fund (IMF).

The declaration will also call for an early start of preparations for a new round of multilateral trade talks. In this regard, the sources said, Japan and the United States want to obtain Western European nations' consent to have the declaration say explicitly that the multilateral talks will start in the first quarter of next year.

The summit is designed to set the direction of efforts to eliminate the three destabilizing factors as a "package" rather than mutual recriminations by the participating countries, the sources said.

The prime objective is to curb inflationary pressures and strengthen the foundation for sustained economic growth, they said.

The declaration will also call for stronger roles of the IMF and the World Bank for settlement of developing countries' heavy debts and continued food aid and agricultural development assistance to famine-stricken African countries, the sources said.

CSO: 4100/347

ECONOMIC

GATT ENVOY SEES NEW ROUND TALKS LASTING 3 YEARS

OW080635 Tokyo KYODO in English 0608 GMT 8 Apr 85

[Text] Tokyo, 8 Apr (KYODO)--Japan expects a proposed new round of multilateral trade talks on services, high technology and agriculture to take about three years to conclude, says Kazuo Chiba, chairman of the General Agreement on Tariffs and Trade (GATT) Council.

Envoy at the Japanese permanent mission for international organizations in Geneva, Chiba said in an interview with KYODO News Service Monday that Japan should make a "drastic offer" on measures to open its markets to foreign products in the next few months to encourage developing countries and certain reluctant European nations to participate. Such measures could, Chiba hinted, include either eliminating or sharply reducing tariffs on industrial, tropical and other agricultural produce for the benefit of Japan's trading partners in the industrialized West and in the Asia-Pacific region. He said that these steps should be taken in addition to the government's new market-opening package, due to be released Tuesday.

Japan and the United States strongly back the proposed trade round and share a common approach to the issue. "The two countries want negotiations to begin at the earliest possible date in 1986," he said.

Chiba stressed that Japan supports deliberations over "theoretical" fields such as services trade and high technology products as well as "realistic" segments like textiles and agriculture.

These GATT negotiations "should be completed over a three-year period" in view of persistent protectionist sentiment in the U.S. Congress and other parts of the world, he said.

America's mid-term elections in 1986 and presidential election in 1988 are another reason for an early conclusion of such negotiations, he added.

Foreign Ministry officials say the proposed round will be one of the main topics of discussion at a two-day ministerial meeting of the Organization for Economic Cooperation and Development (OECD) in Paris Thursday and Friday and at the Bonn summit in May.

Chiba said both Japan and the United States support an early high-level meeting--before July if possible--on the new round issue, although the European Community appears to favor a fall meeting. If such a conference were held, he predicted, there would be a consensus at GATT's annual general meeting in November over creation of a preparatory organization for the new trade round.

Ambassador Chiba criticized moves in the United States to impose an import surcharge, calling it detrimental to the world economy. "It would make a new trade round meaningless and wash away all of our achievements of the last 40 years," he warned.

Chiba also called for "fair" play by Japan in the textile sector and suggested the country, as a leading nation in the field, become a bridge between developing and developed countries.

CSO: 4100/347

1 May 1985

ECONOMIC

MEDICAL PANEL URGES EASING DRUG IMPORT SYSTEM

OW301429 Tokyo KYODO in English 0934 GMT 30 Mar 85

[Text] Tokyo, 30 Mar (KYODO)--A panel of doctors reviewing procedures for imports of pharmaceuticals and medical equipment advised the Health and Welfare Ministry Saturday to revise the existing import licensing system.

The panel called for the scrapping of data on clinical tests in Japan before licensing imports of some medical equipment. It also advised that requirements for clinical tests in Japan be eased in approving domestic production of imported pharmaceuticals.

The recommendations are in line with a U.S. demand that Japan open its markets wider to imports of pharmaceuticals and medical equipment. It is one of four key sectors in which the United States is demanding the opening of Japanese markets.

The ministry plans to enter into negotiations with the U.S. Food and Drug Agency on the basis of Saturday's recommendations after a ministerial meeting scheduled for 9 April to announce the next market-opening package.

The ministry will revise relevant regulations on the production of imported medical equipment and drugs after obtaining U.S. agreement at the second round of subcabinet-level talks due in May.

The doctors' panel said it would be appropriate for Japan to accept reliable data obtained in clinical tests conducted overseas.

On the domestic manufacture of imported medicines, the panel said clinical data from abroad would be acceptable if the drugs in question are authorized in developed countries and that it is confirmed that the drugs are effective regardless of racial differences.

Regarding experimental data on patients, the group said tests on Japanese should be required as at present.

As for pharmaceuticals used to measure protein and sugar content in urine and blood, the panel said data on foreigners is acceptable, with some exceptions.

Basically, the group said, foreign data would be accepted for medical equipment such as x-ray computer tomographic devices.

The panel called for data on Japanese in importing pace maker devices and contact lenses.

To minimize the risk of another thalidomide case, the ministry now requires data on Japanese in approving imports and domestic manufacture of medicines and medical equipment developed overseas.

CSO: 4100/343

ECONOMIC

FISCAL 1984 TRADE SURPLUS RECORD HIGHEST

OW121005 Tokyo KYODO in English 0849 GMT 12 Apr 85

[Text] Tokyo, 12 Apr (KYODO)--Japan had another hefty trade surplus in March, closing fiscal 1984 with a record surplus of \$35.07 billion on a customs clearance basis, up sharply from the previous record of \$23.33 billion the previous year, the Finance Ministry said in a preliminary report Friday.

The country also had a record annual trade surplus of \$33.83 billion with the United States alone in fiscal 1984 compared with the previous record surplus of \$21.03 billion in fiscal 1983, it said.

Overall exports on a free-on-board (fob) basis in fiscal 1984, ended 31 March this year, came to a record \$169.59 billion, up 11.1 percent from the previous high of \$152.68 billion in fiscal 1983.

Exports of semiconductors and other electronic parts soared 41.3 percent, those of office equipment jumped 34.9 percent, videotape recorders went up 22.5 percent, automobiles up 12.2 percent and steel up 6.4 percent.

Imports, on a cost, insurance and freight (cif) basis, amounted to \$134.52 billion, up 4 percent from \$129.35 billion the previous year, the report said.

Crude oil imports declined 3 percent, corn went down 7.2 percent and soybeans were down 4.2 percent. Imports of office equipment, textile goods and other manufactured goods rose 11.7 percent, accounting for 30.3 percent of all imports.

Exports to the United States came to a record \$60.78 billion in fiscal 1984, up 30.1 percent from the previous high of \$46.73 billion the year before. They accounted for 35.8 percent of Japan's total exports.

Exports of videotape recorders to the United States soared 71.9 percent, semiconductors and electronic parts jumped 54.8 percent, telecommunications equipment leaped 48.6 percent and office equipment 37.7 percent.

Imports from the United States also reached a record \$26.95 billion, up 4.9 percent from the previous high of \$25.70 billion in fiscal 1983.

Imports of U.S. office equipment went up 32.1 percent and overall machinery and equipment imports rose 10.6 percent. Manufactured goods from the United States rose 9.8 percent and accounted for 53.2 percent of total imports from the United States.

Exports to the European Community came to \$19.12 billion, up 2.2 percent from fiscal 1983, while imports from the EC totaled \$9.15 billion, up 6.6 percent, resulting in Japan's trade surplus of \$9.97 billion.

Semiconductors and electronic parts exports to the EC jumped 56.6 percent, office equipment went up 31.7 percent but exports of videotape recorders fell 22.5 percent. Manufactured goods imports from the EC, accounting for 84.5 percent of the total, rose 6.4 percent.

Japan's combined exports to eastern Asia--Thailand, Malaysia, the Philippines, Indonesia, India, South Korea, Taiwan, Hong Kong and Singapore--totaled \$36.14 billion, up 1.8 percent, while imports totaled \$31.26 billion, up 8 percent, leaving a surplus of \$4.88 billion in Japan's favor.

Exports to China soared 56.7 percent to \$8.46 billion, while imports from China rose 15 percent to 6.07 billion dollars, leading to Japan's surplus of \$2.39 billion.

Japan's trade surplus in March--the last month of fiscal 1984--totaled \$3.17 billion, down from \$3.19 billion a year before. The decline was blamed on sluggish exports to the United States.

Exports in March declined 6.8 percent from a year earlier to \$14.50 billion, while imports during the month also fell 8.4 percent to \$11.33 billion.

Exports to the United States came to \$4.68 billion, declining 0.2 percent from a year ago for the first year-on-year fall in 25 months. Imports from the United States rose 2.8 percent to \$2.34 billion, producing a surplus of \$2.34 billion in Japan's favor.

Japan's exports of semiconductors and electronic parts fell 5.1 percent for the first year-on-year decline in 29 months while exports of videotape recorders dropped 2.5 percent for the first fall in 23 months, the report said.

CSO: 4100/343

ECONOMIC

BUSINESSMEN MEET ROK COUNTERPARTS, REACH TRADE DEAL

OW120839 Tokyo KYODO in English 0816 GMT 12 Apr 85

[Text] Kyongju, South Korea, 12 Apr (KYODO)--Japanese and South Korean business leaders Friday ended 3 days of discussions here on economic cooperation with a joint statement pledging efforts to reduce South Korea's chronic trade deficit with Japan.

The Japanese business community will welcome a high-caliber South Korean mission for promoting Korean exports to Japan next month as a means to rectify the imbalance, said the statement adopted at the end of the 17th joint meeting of the Japan-South Korea Economic Association and its South Korean counterpart, the Korea-Japan Economic Association.

The statement said the Japanese delegation agreed to send a fact-finding mission to South Korea to study the possibility of accelerating direct Japanese investment in South Korea.

In this connection, the Japanese asked South Korea to make its investment climate more open by revising its law governing small and medium enterprises, the statement said.

But the statement did not mention technological transfers requested by South Korea.

The statement also called for more South Korean skilled workers to be sent to Japan under a program for further training started last year. It also urged the holding of a symposium on "achievements in Japan-South Korean economic interchange and its future prospects," and the implementation this year of a plan for youth interchanges to mark the 20th anniversary of diplomatic relations between Japan and South Korea.

Emerging from the meeting, Teru Hidaka, Japanese delegation leader and president of the Japanese association, told newsmen "the trade imbalance between the two countries is structural and cannot be solved immediately.

"But we would like to make step-by-step efforts to solve the problem in cooperation with small and medium Japanese firms," he added.

CSO: 4100/343

ECONOMIC

GOVERNMENT TO STUDY STRATEGIC AID TO PAKISTAN

OW120940 Tokyo KYODO in English 0836 GMT 12 Apr 85

[Text] Tokyo, 12 Apr (KYODO)--Japan has agreed to study an American proposal for joint strategic aid to Pakistan during 2 days of top-level aid policy consultations here, a Foreign Ministry official said Friday. He said the Japanese agreement to the proposal for a possible joint project in Pakistan came during the fifth Japan-U.S. aid policy talks Thursday and Friday morning.

The Pakistan branch of the U.S. Agency for International Development (AID) is "aggressive" in promoting financial and technological assistance to Pakistan which borders on Soviet-backed Afghanistan, the Foreign Ministry official said.

The official, speaking on condition he not be identified by name, said that Japan and the United States agreed to hold close consultations over joint aid projects in Pakistan and other developing countries.

Japan's yen loans to Pakistan on a pledge basis up to fiscal 1983 reached about 363 billion yen. The Japanese Government pledged in February to provide that country with some 32 billion yen in fiscal 1984 yen credits.

What form the joint Japan-U.S. aid program for Pakistan will take is not immediately known, although joint aid projects for other developing countries will involve agriculture and malaria control.

Tokyo and Washington have already conducted joint aid programs in the Philippines, Thailand and the South Pacific islands of Tonga and Western Samoa for a training center, agricultural development and schools, respectively.

During the 2-day meeting here, the two countries also reviewed progress in their joint aid projects for family planning and a graduate school for agriculture in Bangladesh, Japanese officials said.

AID administrator Peter McPherson repeated America's strong objection to mixed loans, a topic of discussion at the current ministerial meeting in Paris of the Organization for Economic Cooperation and Development (OECD).

The United States even suggested a total ban on mixed loans by France and other countries, although Japan argued it favors more flexible utilization of mixed loans for "non-commercial purposes," according to a participant in the meeting.

Kimio Fujita, director general of the Foreign Ministry's economic cooperation bureau, led the Japanese delegation to the consultations, the fifth meeting since 1978 when the two countries held their first aid policy talks.

While the two countries generally concurred in their desire to see developing and debt-burdened countries conduct economic reforms as a quid pro quo for their aid, Japanese officials said, Japan urged the United States not to put too much pressure on recipient countries to achieve the objective.

The Japanese also explained their recently announced plans for a new mid-range Official Development Assistance (ODA) program starting next year.

The American officials said they are requesting a fiscal 1986 appropriation of \$10.1 billion, up from \$9.9 billion in fiscal 1985.

Japan's ODA in fiscal 1985 started 1 April totals 581 billion yen, compared to 528 billion yen in fiscal 1984.

CSO: 4100/343

ECONOMIC

MAJOR CONSUMER GOODS IMPORT CAMPAIGN BEGINS

OW130651 Tokyo KYODO in English 0629 GMT 13 Apr 85

[Report by Susan Moffat]

[Text] Tokyo, 13 Apr (KYODO)--The Japanese Government Saturday kicked off a major consumer goods import promotion campaign created in response to increasing trade friction with the United States with a ceremony at a busy street corner in Tokyo's Ginza Shopping District.

Japanese and Australian hostesses in red and white outfits and green sweatshirts handed out cups of Australian wine to passers-by as Ministry of International Trade and Industry Parliamentary Vice Minister Kaoru Yosano and Australian Ambassador Sir Neil Currie exhorted Japanese shoppers to buy more foreign goods.

The ceremony was the first event in a month-long intensive campaign to increase "import awareness" among Japanese consumers and businessmen.

The Ministry of International Trade and Industry, in collaboration with the Japan External Trade Organization (JETRO) and Dentsu, Japan's largest advertising agency, also plans a TV talk show appearance by MITI Minister Keiji Murata, 30-second TV spots, newspaper ads, and electric sign-board advertisements as part of the month-long 150-million-yen import-promotion blitz.

The consumer campaign centers on changing the basic attitude of the Japanese people toward imports, said MITI import division director Toshikazu Nasu in an interview with KYODO News Service.

"It's a kind of cultural revolution," he said. "Until now, Japanese have been very aware of our economic need to export. Now we have to show them how important imports are to our relations with other countries."

Above the platform where the hostesses and television personality Casey Takamine and pop singer Naomi Kawashima praised the Australian wine and imports in general, a banner several stories high featuring a design of two clasped hands displayed the official slogan of the campaign: "Let's shake hands with other countries through imports."

A large poster featuring a photograph of Prime Minister Yasuhiro Nakasone which was also on display read, "Upholding free trade is essential to our daily lives, and to this end, the expansion of manufactured imports has never been more keenly needed. Let's all make an effort to use more imported products from around the world."

One hundred thousand of the simple, sober posters will be displayed in city train cars in Tokyo and Osaka between 14 and 20 April in an unprecedented appeal from the prime minister to the Japanese people.

Last Tuesday, in a television appearance unveiling Japan's latest market-opening measures, Nakasone told viewers that if every Japanese bought just \$100 worth of foreign goods a year, Japanese imports would increase by \$12 billion.

October is usually designated as import promotion month in Japan, but MITI felt an "ad hoc" campaign was necessary due to recent heightening of trade friction according to Nasu.

A large part of the shifting crowd of about a hundred observers under gray, unseasonably cool skies was made up of domestic and foreign mass media representatives, but scores of the 300,000 daily passers-by in the area, Tokyo's most famous shopping district, also stopped off to sample the wine and listen to the speeches.

However, most passers-by interviewed said there were few foreign goods except for food products that they were really interested in buying.

"Japanese products are now really top quality and reasonably priced," said Yuka Matsuo, a nurse. "And foreign goods aren't always appropriate to Japan--the foreign household appliances I've looked at, for example, are just too big and inconvenient for Japanese homes."

"But I love foreign wine, and foods that just aren't produced in Japan. French clothes are nice, and German tableware is very high quality--these are things I'd like to buy when it travel abroad."

In addition to the consumer-oriented publicity campaign, MITI has asked major Japanese exporting companies and trading houses to put senior executives in charge of import-promotion task forces to find ways to import more foreign products, according to a plan released 12 April.

MITI Minister Murata will meet with top executives of 60 major Japanese manufacturers as well as representatives of business organizations on 22 April to urge them to step up their import efforts, and will ask for specific import promotion plans by early May, according to Nasu.

CSO: 4100/343

ECONOMIC

OFFICIAL TO ATTEMPT SOVIET FISHERY TALKS RESTART

OW130845 Tokyo KYODO in English 0831 GMT 13 Apr 85

[Text] Tokyo, 13 Apr (KYODO)--A senior Foreign Ministry official will visit Moscow Sunday on a hurriedly arranged mission to seek a breakthrough in protracted fishery talks with the Soviet Union, ministry sources said Saturday.

Takehiko Nishiyama, director-general of the European and Oceanic Affairs Bureau, will fly to Moscow from Paris, where he is staying for a meeting of the Organization for Economic Cooperation and Development (OECD) which ends Friday, the sources said.

The marathon fishery talks, which started 21 March, are aimed at concluding a new long-term fishery cooperation agreement to replace an annual one that expired at the end of 1984.

The negotiations have been stalled on Soviet demands for control over anadromous fish such as salmon that return from the ocean to rivers where they spawn. Japan is calling for the right to catch such fish in the open sea.

The two countries are to begin talks on this year's catch quotas for salmon after the cooperation agreement is signed. With the current negotiations dragging on, Japan is concerned that quotas will not be worked out in time for the start of the fishing season on 1 May.

CSO: 4100/343

ECONOMIC

FOREST PRODUCTS INDUSTRY TO GET GOVERNMENT AID

OW250929 Tokyo KYODO in English 0905 GMT 25 Mar 85

[Text] Tokyo, 25 Mar (KYODO)--The government and the ruling Liberal-Democratic Party (LDP) Monday agreed to help finance the structural improvement of the forest products industry, including plywood, over the next 3 years so that the tariffs on forest products can be lowered gradually in response to a U.S. demand, official sources said.

The sources said the American side sought an immediate abolition or lowering of the Japanese tariffs on softwood plywood, veneer, particle board and some types of sawn wood.

While the Japanese side will reject this demand, it will seek American consent to a plan for a gradual cut in the tariffs on forest products while pushing for structural improvement of the industry, according to the sources.

The informants said such agreement came to a top-level government-party conference following a request by Prime Minister Yasuhiro Nakasone that the participants study phasing a solution to the issue over the American demand over a long period--at least about 3 years.

LDP Secretary General Shin Kanemaru suggested that government aid should be granted for the protection and reinforcement of the industry.

Finance Minister Noboru Takeshita pointed out that both the "downstream and upstream" sections of the forest industry have suffered from low profits or a structural slump over a long period. He indicated the government first wanted to help plywood interests.

Government and party leaders then agreed to study an overall structural improvement plan for the industry, including plywood, over 3 years to ensure a gradual cut in the tariffs.

It was also agreed that the amount of government aid should be studied by the Finance Ministry and the LDP policy affairs research council.

CSO: 4100/343

ECONOMIC

CHINA ASKED TO CURB COTTON TEXTILE IMPORTS

OW181207 Tokyo KYODO in English 1157 GMT 18 Mar 85

[Text] Osaka, 18 Mar (KYODO)--Hideo Nakase, president of the Japan Spinners Association, Monday asked Zhu Youlan, visiting general manager of the China National Textiles Import and Export Corp., to restrain China's fast-growing cotton textile exports to Japan. However, Zhu did not mention any specific steps he might take to solve the problem, association sources said.

Therefore, they said, the association intends to seek a solution through bilateral consultations in accordance with the multi-fiber arrangement (MFA), an international agreement governing textiles trade.

Zhu went no further than to say that his corporation will abide by three principles set in October last year, when the Ministry of International Trade and Industry (MITI) negotiated with China on the matter.

The principles call for China to refrain from causing confusion in the Japanese market, resorting to cut-rate sales, or selling to Japanese trading firms engaged in speculative imports.

Nakase could, therefore, not discuss any specific quantitative ceilings on China's cotton goods exports.

Last year, Japan's cotton yarn and fabric imports from China shot up 220 percent from the previous year, to 185,000 bales (one bale containing about 181.4 kilograms) and 300,009,000 square meters, respectively.

Cotton textile imports from South Korea and Pakistan as well as China have tended to depress the domestic market.

CSO: 4100/343

ECONOMIC

TEXTILE GROUP ASKS FOR PRC QUOTA CONTROLS

OW191203 Tokyo KYODO in English 1147 GMT 19 Mar 85

[Text] Osaka, 19 Mar (KYODO)--The Japan Cotton and Staple Fiber Weavers Association Tuesday disclosed a plan to ask the government to impose quota controls on surging imports of cotton fabrics from China.

In a meeting with a visiting delegation from the China Textiles Import and Export Corp., association executives requested China's orderly exports of cotton fabrics, which jumped 69 percent from 1983 to 388 million square meters last year to correspond to about 20 percent of Japan's total output in the year.

Noting that imports in January this year hit an all-time monthly high of 40 million square meters, the association officials said that Japanese weavers will sustain a severe blow if China keeps exporting cotton fabrics at the present tempo.

Unless China takes measures to restrain the exports, the association will ask the government to impose an import quota by concluding a bilateral agreement with China based on the multi-fiber arrangement (MFA), an international agreement governing textile trade, the officials said.

Members of the Chinese delegation said the Chinese corporation will closely watch exports from China. But China cannot control shipments from Hong Kong, they added.

They also showed a negative attitude toward the conclusion of a bilateral agreement in accordance with the MFA.

CSO: 4100/343

1 May 1985

ECONOMIC

NAKASONE VOWS TO CUT TARIFFS ON PLYWOOD

OW271013 Tokyo KYODO in English 0923 GMT 27 Mar 85

[Text] Tokyo, 27 Mar (KYODO)--Prime Minister Yasuhiro Nakasone said Wednesday he is endeavoring to lower tariffs on plywood imported from Indonesia and other Southeast Asian countries despite "remaining difficult problems," Japanese officials said. He made the remark at a meeting with visiting Indonesian Inspector-General for Development Soedjono Hoemardani at his office, who is in Japan 17-28 March.

The officials said the Indonesian official called for reducing tariffs on Indonesian "hardwood" plywood, now at 18.5-20 percent and scheduled to be cut to 17 percent from 1 April following Diet (parliament) passage of a relevant bill expected soon.

Japan now imposes a 19 percent tariff on "softwood" plywood, mainly imported from the United States and Canada, which will be lowered to 15 percent when the bill goes into effect. This differential in tariffs has brought an outcry from Indonesia and other exporters of software plywood to Japan.

Soedjono also asked Nakasone to consider expansion of a market share of Indonesian oil in Japan, use of Japanese trading houses to increase exports of Indonesia's nonoil products and greater Japanese investments in his country.

Nakasone sought Indonesian understanding of Japanese efforts to remove trade friction between Japan and its trading partners, saying Japan is taking a great interest in both the United States and the Association of Southeast Asian Nations (ASEAN), of which Indonesia is a member, the officials said.

Nakasone said Indonesian oil has pricing problems, while promising to convey the Indonesian request for more imports to Japanese companies concerned, they said.

CSO: 4100/343

ECONOMIC

JAPAN, PRC AGREE TO MAINTAIN STEAM COAL PRICE

OW220909 Tokyo KYODO in English 0826 GMT 22 Mar 85

[Text] Tokyo, 22 Mar (KYODO)--Japan Coal Development Co. announced Friday an agreement with China National Coal Import-Export Corp. that there would be no change from the previous year in the price of Chinese steam coal for fiscal 1985 shipment.

The price of Datong coal for shipment in fiscal 1985 (starting 1 April) was set at \$44.44 per metric ton (base caloric value: 6,900 kilocalories per kilogram).

Japan Coal Development, owned by 10 Japanese electric power companies, negotiated with the Chinese corporation over the price, volume and other terms for supply of the Chinese Steam Coal on behalf of Japanese users.

The company said it agreed to buy 2.2 million tons of Datong steam coal for fiscal 1985 shipment, the same as for the previous year. Of the total, 1.2 million tons will go to power companies, 1.06 million tons to cement companies and 40,000 tons to other users.

The Chinese initially sought a cut in the base caloric value of the coal to 6,800 kcal per kg--in effect, a price cut of 59 cents. The Japanese rejected the request. The Japanese pointed out the recent decline in prices of Australian and South African steam coal imported by Japanese users, and that the present price of Chinese steam coal is already relatively high.

Major Japanese steelmakers and the Chinese Coal Corporation are expected to start talks in Tokyo early next week on the price of Chinese metallurgical coal for shipment in fiscal 1985.

Japan and China are expected to begin talks this autumn for drawing up a new long-term--fiscal 1986 to 1990--trade plan to follow the current fiscal 1983-1985 plan due to expire at the end of March next year.

CSO: 4100/343

ECONOMIC

JAPAN, THAILAND AGREE TO HIGH-LEVEL TRADE TALKS

OW081239 Tokyo KYODO in English 1145 GMT 8 Apr 85

[Text] Tokyo, 8 Apr (KYODO)--Japan and Thailand Monday agreed to hold high-level consultations on ways to redress a bilateral trade imbalance now heavily in favor of Japan, Foreign Ministry sources said. The agreement was reached in Tokyo at the second working-level consultation between the Japanese and Thai foreign ministries. Present were Shinichiro Asao, Japan's deputy foreign minister in charge of political affairs, and Arsa Sarasin, permanent secretary of the Thai Foreign Ministry.

Asao said Japan will set up a working group, headed by Reishi Teshima, deputy foreign minister in charge of economic affairs, to start trade consultations with Thailand this autumn, the sources said.

He was relying to a Thai proposal that the two countries hold consultations on trade, investment and economic cooperation to explore means of correcting the imbalance.

Thailand is planning to send a representative of its committee for structural adjustment of the Japan-Thailand economic relations for that purpose, Asao was quoted as saying.

The Thai official also asked Japan to lower its tariff on boneless chickens from Thailand, pointing out that Thai products are subjected to higher tariffs than are American products.

Asao, however, went no further than to say that Japan will inform Thailand through diplomatic channels of the contents of a new market-opening package to be announced Tuesday, the sources said.

CSO: 4100/347

ECONOMIC

NAGOYA IMPORT FAIR CLOSES WITH PARTIAL SUCCESS

OW090549 Tokyo KYODO in English 0445 GMT 9 Apr 85

[Text] Nagoya, 9 Apr (KYODO)--The Nagoya world import fair is drawing to a close, with mixed reports on its success. More than 1.4 million people have visited the 25-day fair, which opened in this central Japan city 21 March with 172 trading companies from 43 countries and Hong Kong taking part.

Kotaro Takeda, one of the organizers and president of the Nagoya Chamber of Commerce and Industry, says the exhibition of about 70,000 foreign products, mainly agricultural goods, household appliances, liquor, confectionaries, industrial products, fabrics and furniture, has given local people a chance to see what goods are available and foreign traders an idea of what Japanese consumers want to buy.

But Naseem Ishaque, director of the Indian pavilion and deputy manager of the government-affiliated trade fair authority of India, said she has been disappointed by the event. "Only a few Japanese traders contact us," she said.

Organizers, on the other hand, say about 150 business deals are being negotiated per day, but admit that not all of these have led to contracts.

However, sales to Monday have reached only about 100 million yen (roughly \$400,000), in spite of the 45,000 letters the authority sent to local traders.

Takeda says the fair is meant to provide local consumers with an opportunity to buy foreign goods and to ease trade frictions between Japan and foreign countries. He adds that local cities like Nagoya have a large potential demand for foreign exporters, and that they should use the event as a beginning for proper feasibility studies of the Japanese market.

Joachim Steil, managing director of the Tokyo office of the German agricultural marketing board, said he was surprised at the number of potential customers. "I strongly feel local Japanese haven't known many kinds of foreign goods," he said in an interview. He said foreign traders have not made enough effort to open up new markets in Japan.

Takeda agreed, saying some traders at the exhibition had not even brought proper catalogues or advertising leaflets.

Planning for the fair, organized by the Aichi prefectural government, the Nagoya municipal government and local commercial interests, began about a year ago, which Takeda said had not left organizers enough time.

Plans are afoot for another in Kanazawa, also in central Japan, sometime next year.

CSO: 4100/347

ECONOMIC

ASIAN, PACIFIC NATIONS BACK NEW TRADE ROUND

OW180731 Tokyo KYODO in English 0712 GMT 18 Mar 85

[Text] Tokyo, 18 Mar (KYODO)--Japan and the United States have won basic support from other key Asian and Pacific countries for starting a new round of multilateral trade negotiations, according to Foreign Ministry officials. They said Singapore, South Korea and other countries agreed to the proposed talks, aimed at producing a set of new trade rules, during a three-day trade conference that ended Sunday at a Tokyo hotel.

A Foreign Ministry official hailed the show of support from Japan's Asian and Pacific neighbors as "a big step forward" to starting preparations this year for full-fledged negotiations that would begin next year.

The venue of discussion on the new round will shift to a ministerial meeting of the Organization for Economic Cooperation and Development (OECD) in Paris 11-12 February and an annual economic summit of seven major Western industrialized countries in Bonn 2-4 May, the official said.

Foreign Minister Shintaro Abe, who will attend both meetings, underscored the need for the new round under the General Agreement on Tariffs and Trade (GATT) at the start Friday of the Tokyo conference, sponsored by the London-based Trade Policy Research Center [TPRC].

According to Japanese participants in the meeting, newly-industrialized and developing countries in Asia and the Pacific called for an early start to multilateral trade consultations over textiles, tropical products and agriculture.

These countries urged Japan and America, the major driving forces behind the new round, to "go slow" in proceeding with negotiations on services, they said.

Japanese delegates to the trade conference also expressed relief at the absence of criticism from Asia and Pacific countries over Japan's massive trade and current account surpluses.

There was also little debate during the Tokyo meeting about a strong dollar and high U.S. interest rates because they are "plus" factors to Asian countries so long as they do not lead to import restrictions, a Foreign Ministry official said.

Speaking on the condition he not be identified, the official said Thai and Indonesian representatives complained of a lack of market access to Japan for boneless chicken and plywoods, their major export goods.

The foreign delegates pressed Japan for additional market-opening package due to be unveiled in April, he added.

The Tokyo conference was the third Asian-Pacific trade conference sponsored by the TPRC, after meetings in Hobart, Australia in 1983 and Seoul, South Korea in 1984.

CSO: 4100/347

ECONOMIC

GOVERNMENT TO PUSH AHEAD WITH NEW TRADE ROUND

OW201239 Tokyo KYODO in English 1212 GMT 20 Mar 85

[Text] Tokyo, 20 Mar (KYODO)--The government, encouraged by support of the European Community (EC), will push ahead its plan to seek agreement at the Bonn summit on opening a new round of multilateral trade negotiations next spring.

Government officials said a conditional agreement reached by the 10-nation EC has created an environment conducive to the new trade round.

In order to reach agreement at the Bonn summit of seven industrialized democracies in May, Japan will coordinate with the United States and Canada to obtain agreement of European countries.

The EC's Council of Foreign Ministers in a joint communique issued Tuesday in Brussels made it clear that the group would conditionally agree to launching the new round of trade negotiations.

The conditions laid down included Japan's commitment to open its market wider to foreign goods and services and that discussions in the new round should also cover financial and monetary problems such as debt crises facing Third World countries.

The government will try to seek agreement of Britain, France, Italy and West Germany at a preparatory meeting to be held in Bonn Saturday and Sunday.

An agreement among Japan, the United States and Canada to start the new round of negotiations in the spring of next year has been supported by Asia-Pacific nations and other developing countries.

The EC's decision remained uncertain because of opposition by France.

The seven industrialized nations agreed to open the new round of multilateral trade negotiations as soon as possible at their summit in London last year. Government sources described the EC's decision Tuesday as a step forward toward the opening of the new round.

In view of the conditions attached by the EC's highest policymaking body, Japan may be forced to decide and announce concrete steps to open up its market still wider to imports.

ECONOMIC

JAPAN-MEXICO STUDY GROUP ENDS FIRST SESSION

OW100821 Tokyo KYODO in English 0808 GMT 10 Apr 85

[Text] Mexico City, 9 Apr (KYODO)--Japanese and Mexican business leaders and officials concluded their first joint Japan-Mexico long-term relation study group meeting here Tuesday, and laid the groundwork for possible closer bi-lateral economic ties in the future.

The Japanese delegation, following a meeting with Mexican President Miguel de la Madrid Hurtado, announced the same day that talks covered exchanges in the economic, cultural, scientific and technological fields.

Japanese representatives, headed by Nissan Motor Co. President Takashi Ishihara, and including former Education Minister Michio Nagai, called for Mexico to ease its current foreign capital investment restrictions and to upgrade manpower quality.

Mexican officials, such as Foreign Ministry Economic Foreign Affairs Under-secretary Jorge E. Navarrete, taking part in the two-day talks, announced that they would work to ease the foreign capital investment control, which restricts the level to under 50 percent. The Mexican side also called for stable Japanese imports of Mexican crude.

Following the next meeting in Tokyo in July or August, the joint study group will release a final report to be submitted to the government before the Mexican President visits Japan in October.

CSO: 4100/347

ECONOMIC

MINISTRY MOVES TO OPEN FINANCIAL, MONEY MARKETS

OW291337 Tokyo KYODO in English 1209 GMT 29 Mar 85

[Text] Tokyo, 29 Mar (KYODO)--The Finance Ministry Friday formally decided on a package of measures to enable banks and brokerage houses to enter each other's fields of operation to a greater extent in a bid to live up to its avowed promotion of "internationalization" of Japan's financial and capital markets.

With this set of measures, the present "demarcation line" between banks and securities firms will be blurred except in a few proper fields. And a controversial ban on banks' overseas branches becoming lead managers in underwriting foreign bonds issued abroad by Japanese companies will remain for the present. The remaining regulation is based on an agreement reached among the ministry's banking, securities and international finance bureaus in 1975 to regulate banks' brokerage activities abroad.

Under the new package plan, 44 smaller regional banks and one mutual trust bank will be permitted to deal in public bonds on the secondary market from June, joining 34 major banks which are already going such business, the officials said.

Banks can engage in so-called brokers' brokerage business, to act as "intermediaries" among bond dealers. They will also be free to accept bank accounts with national bonds as collateral for lending to customers. But their entry into a bond futures market is not to be allowed at this time due to a stiff opposition by the securities industry.

Securities firms will also be permitted to act as brokers in trading certificates of deposit (CDs), a short-term negotiable instrument, starting in June.

CDS will have the minimum denomination of 100 million yen from April, compared with the present 300 million yen (\$1.2 million), to further foster the CD market and stabilize CD prices.

They will also be allowed to enter from April next year a planned yen-denominated bankers acceptance (BA) market, which will be established this June. Further, they will be allowed to lend money--up to 2 million yen--to their customers on the collateral of public bonds from June as long as borrowers sign only one such contract and their borrowing does not exceed the value of the collateral.

In addition to these arrangements, the ministry said financial institutions as a whole will be allowed to issue foreign currency-denominated convertible bonds and set up investment advisory business.

Hajime Yamada, president of the Federation of Bankers Associations of Japan, commented that both banks and securities firms can gradually enhance their cooperation in areas not "specific" to either side.

Shogo Watanabe, president of the Securities Dealers Association of Japan, said, "While we feel chagrined that we will not be able to enter the BA market from the beginning, we can take solace in the fact we will be able to begin dealing in CDs." However, he made it known that securities dealers would continue to oppose involvement by banks in the bond futures market.

Major commercial banks are planning to apply to the ministry in April for permission to set up investment advisory firms in June, hoping to issue convertible bonds overseas later this year.

Behind their move will be the banks' hope for quick entry into the rapidly growing corporate pension fund management business now permitted only to life insurance firms and trust banks.

CSO: 4100/347

ECONOMIC

MINISTRY REPORT URGES CHECK ON FOREIGN AID

OWO60841 Tokyo KYODO in English 0816 GMT 6 Apr 85

[Text] Tokyo, 6 Apr (KYODO)--Japan needs to promote stronger links with developing countries to ensure that its financial and technological aid is used more effectively, according to a Foreign Ministry report released Saturday.

The report covered 98 economic aid projects in 30 countries probed in fiscal 1983 by the ministry and Japanese Embassy personnel and groups studying Japan's overseas economic assistance.

Despite certain problems, the projects had generally achieved some success and were contributing to economic and social development and an improvement in living standards in the recipient countries, the report said. The projects selected for aid must undergo advance investigations and have capable people to carry them out, explained a senior official in the ministry's economic cooperation bureau.

The ministry released the report shortly after winning a concession from the austerity-conscious Finance Ministry for a steady increase in Japan's official development assistance after this year.

Certain countries had been unable to make effective use of financial and technological aid from Japan, the official said. Among those which require "after-care" and remedial measures are a hospital project in Sri Lanka and an agricultural university project and road transport project in Bangladesh, another Foreign Ministry source said. He said the hospital and university projects are suffering due to a lack of parts and rising costs, while the road project is plagued by a high turnover of workers.

But the report also cited examples of successful Japanese economic aid, including irrigation, power plant and shipbuilding projects in Indonesia, a transport project in Pakistan and a training center project in Paraguay.

The senior ministry official emphasized that the quality of aid investigators is also important in making an objective assessment of economic aid programs.

That, he said, is one reason why the ministry is relying more and more on outsiders for probes of overseas projects involving Japanese financial and technological aid.

Annual assessment is overseen by the economic cooperation evaluation committee, created by the ministry's economic cooperation bureau in January 1981.

The committee's annual reports on assessments of projects assisted by Japanese finance and technology covered 99 projects in 20 developing countries in fiscal 1981 and 104 projects in 26 countries in fiscal 1982.

CSO: 4100/347

ECONOMIC

JAPANESE ENVOY URGES 'DRASTIC STEPS' ON TRADE

OW011114 Tokyo KYODO in English 1044 GMT 1 Apr 85

[Text] Tokyo, 1 Apr (KYODO)--Japan should radically cut or eliminate tariffs and take other drastic steps to promote a new round of multilateral trade negotiations, Ambassador Kazuo Chiba said Monday. He said such a new trade round will help Japan fight protectionism and controlled trade practices and, more important, to promote Japan's imports.

Chiba, ambassador at the permanent mission of Japan for international organizations in Geneva, made the remarks at a news conference after meeting Prime Minister Yasuhiro Nakasone, Foreign Minister Shintaro Abe and other cabinet ministers.

Chairman of the Council of the General Agreement on Tariffs and Trade (GATT), Chiba returned to Tokyo Sunday on home leave to consult with Japanese Government and business leaders over "moves pertinent to the GATT new round."

The envoy stressed that Japan and the United States should reach "a compromise" with Western Europe over the proposed new trade round at their annual summit meeting in Bonn 2-4 May. But a senior Foreign Ministry source, pointing to the European Community's recent failure to fix a date for starting a new round, cautioned that the EC may not agree with Japan and America on when it should start.

Chiba reported that Nakasone, Abe and other cabinet ministers generally expressed their support, although Agriculture, Forestry and Fisheries Minister Moriyoshi Sato said there would be domestic difficulties in opening up the Japanese market to foreign agricultural produce.

Under GATT's thinking, the Japanese representative in Geneva related, industrialized and developing countries would decide during an annual GATT general meeting in November to proceed with the new round so that it could start in early 1986.

Developing countries have said they will not go along with Japan, the United States and the EC unless these industrialized blocs agree to expand imports of industrial goods and tropical products.

Referring to heightened trade friction between Japan and the United States, Ambassador Chiba said the new trade round is probably the only bright spot in otherwise stormy bilateral relations.

The EC has suggested that a ministerial meeting on the proposed new trade round be held in Brussels, the Japanese official added.

Chiba also said the EC appears determined to take a leading role in promoting the proposed GATT round as the "Brussels round" although the European trading bloc wants agricultural consultations to be covered by the existing agreement.

Commenting on his talks with Premier Nakasone, Chiba said he won the Japanese leader's "understanding of the need for Japan to take strides to open up its market." He did not elaborate.

CSO: 4100/347

ECONOMIC

BANK OF JAPAN GOVERNOR HOPES FOR STRONGER YEN

OW030857 Tokyo KYODO in English 0845 GMT 3 Apr 85

[Text] Tokyo, 3 Apr (KYODO)--Bank of Japan Governor Satoshi Sumita said Wednesday he hopes the Japanese yen will become stronger against the U.S. dollar in a way helpful to reducing the country's swelling trade surplus with the United States.

Sumita said further efforts are needed for the Japanese currency to have suitable exchange rates in relation to foreign currencies as Japan has no economic fundamentals leading to a weaker yen.

Speaking at a press conference, Sumita said Japan should also make tenacious efforts to open its markets wider in order to fulfill its responsibilities in the international economy and avoid trade frictions.

Sumita said it is too early to say that the strong dollar has entered a corrective phase as future trends of the U.S. economy and interest rates are still uncertain. Sumita said the U.S. dollar lost ground against the yen since the middle of March on a bearish outlook of the U.S. economy following a flash estimate of a lower-than-expected 2.1 percent annual rate of growth in the gross national product (GNP) in the first quarter of this year and credit uncertainty of savings banks in Ohio.

But the U.S. dollar rallied against the yen in recent days on dollar buying for position adjustments before Easter Holidays, he said.

Sumita said, however, that market wariness over an overvalued dollar is getting stronger as the U.S. dollar is showing sensitive reactions recently.

CSO: 4100/347

ECONOMIC

METAL WORKERS OFFERED HIGHER WAGE INCREASES

OW100427 Tokyo KYODO in English 0255 GMT 10 Apr 85

[Text] Tokyo, 10 Apr (KYODO)--Labor unions affiliated with the Japan Council of Metal Workers' Union (IMF-JC) were offered higher wage increases than last year's, Wednesday. [as printed]

The IMF-JC, representing unions of major companies in the steel, shipbuilding, electric and automobile industries, is usually the first major labor group to receive a management offer in Japan's annual "spring labor offensive" for higher wages, and thus acts as a barometer for other settlements.

Management of the top five steel firms, including Nippon Steel Corp., proposed an average 9,000 yen or 3.87 percent increase, compared to a 6,900 yen or 3.11 percent raise last year.

Workers of seven major shipbuilders, including Mitsubishi Heavy Industries, were offered a wage hike of 9,000 yen or 4.02 percent.

Fourteen major electric firms proposed an average 10,800 yen, or 5.5 percent wage increase. In the automobile manufacturing sector, Toyota Motor Co. offered a 12,000 yen pay raise (5.53 percent) and Nissan Motor Co., a 11,600 yen hike (5.40 percent).

All the IMF-JC-related unions are expected to accept the proposals without further bargaining. In light of the relatively high wage increase proposals for the IMF-JC, this year's average pay raise in major private firms is certain to top the 5 percent mark, sources said.

CSO: 4100/347

ECONOMIC

ECONOMY TO SHOW 3.7 PERCENT ANNUAL GROWTH

OW111329 Tokyo KYODO in English 1251 GMT 11 Apr 85

[Text] Tokyo, 11 Apr (KYODO)--Japan's economy is expected to show a prospective real growth of 3.7 percent per annum over the coming 10 years, according to a total bank report released Thursday. The forecast of a steady growth was based on bank's analysis of the world economic situation in which China and other Asian nations are showing rapid economic expansion, while many countries in the south are burdened with massive debts.

Japan will achieve a nominal 5.1 percent growth and a 3.7 percent expansion in real terms over the coming decade with gross national product (GNP) expected to reach 500 trillion yen in 1995, the report said. But it will take a long time to reduce both the government's financial deficit and current-account surplus, it said.

Industries expecting high economic growth are information-related services and manufacturing industries, particularly processing and assembling, the report said.

A change in the industrial structure is highly possible with a decline of primary industries and a slow growth in material-related industries. A quantitative expansion of the economy will be overtaken by qualitative advances, the report forecasts.

The private sector's dependence on government financial support will decrease.

With the economy's steady growth, Japanese capital will flow out of the country and Japan's monetary role in the world community will grow greater, the report said.

CSO: 4100/347

ECONOMIC

BRIEFS

TRANSPORT VICE MINISTER TO U.S.--Tokyo, 27 Mar (KYODO)--Japan-U.S. aviation talks, suspended 15 March, will resume in Washington Thursday to reach a final agreement, the Transport Ministry said Wednesday. Even if the negotiations are settled Thursday, it will be difficult for Nippon Cargo Airlines (NCA) to start flights into the United States 1 April as planned, the ministry said. Talks, in Washington between 13 and 15 March, broke down as the U.S. side renewed a demand that Federal Express, the biggest American air cargo airline, be allowed to fly into Japan, it said. The ministry will send Vice Minister Kazuharu Matsui to the United States to talk with his American counterpart, independently of the delegation, led by Sumio Shioda, deputy director of the Transport Ministry's International Transport and Tourism Bureau, it added. [Text] [Tokyo KYODO in English 0251 GMT 27 Mar 85]

NEW U.S. TRADE OFFICIAL--Washington, 2 Apr (KYODO)--President Ronald Reagan has nominated Clayton Yeutter, president of the Chicago Mercantile Bank, to replace William Brock as his chief trade representative, the White House announced Tuesday. Yeutter, 54, served as deputy special trade representative from 1975 to 1977 during the Ford Administration. Brock was nominated to replace Labor Secretary Raymond Donovan, who resigned last month. A frequent traveller to Japan, Yeutter is known for his connections in Japanese political and financial circles. Yeutter's appointment comes at a time of increasing trade friction between Japan and the United States, which rang up a record \$35 billion trade deficit with Japan last year. A native of Nebraska, Yeutter is known as a free trader. While he has often spoken against protectionism, Yeutter is expected to take a tough stand in pressing for greater access for American goods to the Japanese market. Yeutter will have to be confirmed by the Senate before he takes office. [Text] [Tokyo KYODO in English 0129 GMT 3 Apr 85]

U.S. FORESTRY DEMANDS--Tokyo, 27 Mar (KYODO)--Moriyoshi Sato, minister of agriculture, forestry and fisheries, Wednesday assured Liberal-Democratic Party (LDP) Diet members that he would make strong resistance to any proposal to cut tariffs on forest products in response to a U.S. demand. Speaking at a joint meeting of the three LDP groups concerned with forest products, the minister said, "if we should agree to lower the tariffs in an easygoing manner, it would put Japan's forest industry as a whole in jeopardy." The United States is pressing Japan for an immediate abolition or lowering of the tariffs on softwood plywood, veneer, particle board and some types of sawn lumber. In connection

with Monday's agreement at a top-level government-LDP conference in favor of a gradual settlement of the issue over a three-year period, some Diet members of the ruling party voiced dissatisfaction, and objected to an easy-going concession. The three groups, including the agriculture and forestry division of the LDP policy research council, agreed to continue study on this problem. [Text] [Tokyo KYODO in English 0553 GMT 27 Mar 85]

TOSHIBA, PRC TECHNOLOGY CONTRACT--Tokyo, 26 Mar (KYODO)--Toshiba Corp. said Tuesday it has concluded a 20 billion yen (\$US77 million) technical assistance contract on plain paper copiers (PPCs) with China's Wuhan general copying machine plant, one of the largest government-owned factories in China. Under the agreement, Toshiba will provide manufacturing technology and know-how covering its PPCs. The Japanese company will also supply manufacturing equipment for assembly, key components and materials for the copiers and other items. To meet rapidly growing demand for copying machines, the Chinese Government is seeking ways to increase its domestic production capacity of PPCs. The plant has already started producing Toshiba's two low-end models of PPC with copying speeds of 15 and 22 copies per minute. Along with the two models, the Chinese also plans to produce Toshiba's high-speed model with 40 copies per minute. Total annual production at the plant is expected to reach 50,000 to 60,000 copiers by 1987. [Text] [Tokyo KYODO in English 0732 GMT 26 Mar 85]

ALASKAN CRUDE OIL IMPORTS--Tokyo, 4 Apr (KYODO)--Japan's oil industry welcomes an Alaskan proposal to export crude oil produced in the state to Japan, Yasuoki Takeuchi, president of the Petroleum Association of Japan said Thursday. Takeuchi told a press conference that, if oil industry is designated an importing agent, a joint organization should be established by petroleum companies under the association to avoid possible troubles caused by scrambling for only 5,900 barrels a day shipment to Japan. He also expressed the necessity to watch consultations on the question between the Japanese Government and the Alaskan State Government. Alaska Governor William Sheffield proposed in a letter to Prime Minister Yasuhiro Nakasone that the state plans to sell Japan crude oil produced in the Cook inlet instead of that tapped in the north slope, which Japan wishes to import. [Text] [Tokyo KYODO in English 1017 GMT 4 Apr 85]

MEDICAL IMPORT RESTRICTIONS--Tokyo, 20 Mar (KYODO)--A high-ranking official of the Health and Welfare Ministry said Wednesday the United States is expected to accept Japanese measures to increase imports of U.S. pharmaceuticals and medical equipment. Vice Minister Hitoshi Yoshimura made the remark at a news conference Wednesday. He expressed belief that the United States viewed the Japanese proposal to eliminate duplicate clinical testing in Japan of imported medical equipment as "a step forward." As for imports of pharmaceuticals from the United States, he reiterated the ministry's call for mutually easing import screening. The ministry had insisted on clinical tests on Japanese for pharmaceuticals and medical equipment imported from the United States on the ground of racial differences. The ministry is expected to make a final decision on measures to open the Japanese medical market wider to imports by the end of this month. [Text] [Tokyo KYODO in English 1125 GMT 20 Mar 85]

MEDICAL EQUIPMENT MARKET--Tokyo, 18 Mar (KYODO)--Prime Minister Yasuhiro Nakasone Monday told Health and Welfare Ministry officials to work positively towards opening the Japanese market for drugs and medical equipment, government officials said. His remarks came at a meeting with vice minister of health and welfare Hitoshi Yoshimura, who attended the first round of high-level Japan-U.S. trade consultations on pharmaceutical products last Tuesday at the Foreign Ministry, the officials said. Yoshimura told Nakasone that the U.S. side has called for seven things, including abolition of an obligation imposed on foreigners to provide documentation of tests conducted in Japan in order to sell drugs and medical equipment here, according to the officials. Yoshimura told Nakasone that agreement has been reached on expansion of imports of dialyzers for artificial kidneys from United States, the officials said. [Text] [Tokyo KYODO in English 1216 GMT 18 Mar 85]

U.S. SENATE RESOLUTION--In a private broadcast videotaping today, Prime Minister Nakasone touched on the U.S. Senate resolution urging a hard line against Japan on the trade imbalance issue and stated that if necessary, he would issue a prime ministerial statement on Japan's countermeasures in an appeal to the world. In the recording, Prime Minister Nakasone said: The U.S. Senate has unanimously adopted a resolution requesting Japan's self-restraint for the first time. We must realize the significance of this resolution and take some countermeasures. The countermeasures for the time being will be announced around the 9th of next month. However, if it is necessary, a prime ministerial statement will be issued to appeal to the world concerning Japan's policy. At the same time, I am thinking of appearing on television myself to appeal to the whole nation for its cooperation. On the other hand, the government held a meeting of cabinet members in charge of foreign trade this morning to exchange views on market-opening measures to be concluded on 9 April. However, the decision on concrete measures concerning all pending issues, including the most difficult issue of reducing tariffs on timber, will be deferred till later. [Text] [Tokyo NHK Television Network in Japanese 1002 GMT 30 Mar 85]

PRC INCINERATOR ORDER--Tokyo, 26 Mar (KYODO)--Mitsubishi Heavy Industries, Ltd. (MHI) has received a \$5.1 million order from Shenzhen City, China for a refuse incineration plant with daily capacity of 300 tons and equipped with a power generating facility of 500 kw, a company spokesman said Tuesday. The plant, the first full-fledged refuse incineration facilities in China, will be constructed in the Shenzhen Special Economic Zone, Guangdong Province. The Japanese company will supply incinerators, electrical equipment and control system, as well as technical guidance for a Chinese mission to Japan and supervision on installation and operation in China, the spokesman said. [Text] [Tokyo KYODO in English 0811 GMT 26 Mar 85 OW]

JAPAN-PRC SHIPPING TALKS--Tokyo, 22 Mar (KYODO)--Japan and China will hold shipping talks Saturday at the Transport Ministry centering on inauguration of car ferry and cargo liner routes between the two countries, government sources said Friday. The two countries are expected to agree on the car ferry route to be operated on a joint venture basis and the first car ferry boat is likely to sail between Kobe and Shanghai this summer, they said. The two countries have already been operating four ships a week each on the cargo

liner route, on an experimental basis since 1979. Officials of the two governments are expected to discuss standardization of shipping tariffs and mutual accommodation of cargo vessels, according to the sources. [Text] [Tokyo KYODO in English 1238 GMT 22 Mar 85]

IMPORT PROMOTION FAIRS--Tokyo, 13 Apr (KYODO)--Major Japanese department stores and supermarkets are preparing imports promotion fairs to help reduce Japan's huge trade surplus in response to prime minister Yasuhiro Nakasone's "buy foreign" call. Takashimaya Co. will hold a three-week fair at its 18 stores across the country, where "100-dollar bargaining corners" will be set up to sell foreign products at a discount of about 30 percent. About 100 types of imported products, such as handbags, timepieces and whisky, will be offered. The company sets the fair sales target at 500 million yen. Daimaru, Inc. is planning to hold a foreign products fair this autumn, mainly in the Kansai district around Osaka. Seibu Department Stores, Ltd. is also preparing to hold a European products fair this autumn. The Japan Chain Stores Association's imports promotion committee agreed Friday that supermarkets designated "major" by the Ministry of International Trade and Industry, should take the lead in promoting imports. [Text] [Tokyo KYODO in English 0321 GMT 13 Apr 85]

CHICKEN TARIFF--Tokyo, 5 Apr (KYODO)--Japan will make a decision by June at the latest on the lowering of import duties on boneless chicken supplied mainly by Southeast Asian countries, according to a government leader. Toshio Komoto, state minister for external economic affairs, said late Thursday that the decision may be taken late in April, just before the seven-nation western economic summit in Bonn early in May. Otherwise, the decision would be announced by June when a joint ministerial meeting between Japan and the Association of Southeast Asian Nations (ASEAN) is scheduled. Komoto also said he sees the need for quick action on two key trade issues with the United States--purchase of communications satellites and procurement of telecommunications equipment by Nippon Telegraph and Telephone Corp. (NTT). Prime Minister Yasuhiro Nakasone urged an early resolution of these issues earlier in the day. Tariff cuts on plywood and other problems in the forest product field can be solved if financial relief of the domestic industry is assured, helping fend off mounting U.S. protectionist sentiment, Komoto added. [Text] [Tokyo KYODO in English 0111 GMT 5 Apr 85]

JAPANESE EXPORTS TO PRC--Tokyo, 19 Mar (KYODO)--Japan's electric machinery, automobile and steel exports to China have soared recently to make a larger contribution to the country's export growth in 1984, the economic planning agency said in a report Tuesday. Japan's color television exports to China soared in the latter half of last year to account for 74.5 percent of the increase in overall TV exports, compared with 50.9 percent in the first half, while the contribution of the United States to TV export growth declined to 21.8 percent from 45.9 percent in the initial half, the EPA industrial trend report said. Japan's automobile exports to China soared to take a 23-percent share of growth in the latter half from a 4.4 percent in the initial half, while automobile exports to the United States edged down to 76.6 percent from 82.2 percent. Japan's steel exports to China totaled 8.61 million tons for a 26.2 percent share in the rise in Japan's total steel exports last year, compared with 7.25 million tons and a 22.6 percent share in 1983, the report said. Major manufacturing industries, other than shipbuilding, cement and oil refining, and overall private capital investment are moving steadily but growth rates for leased machinery by small- and medium-sized firms have slowed recently and should be watched carefully, it added. [Text] [Tokyo KYODO in English 1128 GMT 19 Mar 85]

TARIFF CUTS OPPOSED--Tokyo, 29 Mar (KYODO)--The ruling Liberal-Democratic Party's (LDP) forestry group Friday agreed on a "no industry revitalization, no tariff cut" policy. The group--the research commission on forestry--agreed that the forest industry should be revitalized prior to a cut in the tariffs. The commission thus agreed to work for no reduction in the tariffs on forest products for some time to come. The commission reached its decision after Prime Minister Yasuhiro Nakasone instructed the LDP leaders at their meeting Monday with senior cabinet officers to work out an overall plan for structural improvement on the forest industry. Nakasone also expressed himself in favor of a gradual cut in the tariffs on forest products. The prime minister gave the instructions in view of a request by the United States, suffering from heavy trade deficits, particularly with Japan, for an immediate lifting or lowering of the tariffs on softwood plywood, veneer, particle board and some types of sawn lumber. Tsutomu Hada, chairman of the commission, is expected to submit the commission's representation to Prime Minister Nakasone and LDP Secretary General Shin Kanemaru shortly. [Text] [Tokyo KYODO in English 0956 GMT 29 Mar 85]

WHALE QUOTA--Tokyo, 7 Apr (KYODO)--With huge banners against a "total ban on commercial whaling," the Nisshin Maru No 3 returned to Tokyo port Sunday with 1,941 minke whales from the Antarctic, two days after the government decided to withdraw from whaling in March 1988. This year's catch of whales by the country's only whaling mother ship was 30 percent smaller than its quota for 1983 given by the International Whaling Commission (IWC). Theoretically, the vessel could catch as many minke whales as it wanted because the Japanese Government had been appealing against the IWC quota when the ship left for the Antarctic last October. But the Nisshin Maru voluntarily respected the quota in order not to anger the United States and other antiwhaling countries, according to officials of its operator. [Text] [Tokyo KYODO in English 0426 GMT 7 Apr 85]

TARIFF QUOTAS--Tokyo, 16 Mar (KYODO)--The Finance Ministry has lowered the duty-free malt import quotas sharply as the demand for whisky and beer has dropped amid the country's "Shochu boom." Shochu is a relatively low-priced distilled liquor made mainly from rice-barley and sweet potatoes, popular as the active ingredient of "Chuhai" and similar drinks. The ministry set the tariff quota (duty-free import quota) for peat-fumigated malt, used here as raw material for whisky, at 23,600 metric tons in the first half (April to September) of fiscal 1985, down sharply from the 61,100 tons for the same period the previous year. The tariff quota for other malt, used mainly in beer, was set at 189,900 tons, for the 6-month period, down steeply from the 302,100 tons for the same period of 1984. A ministry official said malt--both peat-fumigated and non-peat-fumigated--imported beyond the tariff quota would be subject to the regular tariff of 30 yen (11.54 cents) per kilogram. The ministry also set April-September tariff quotas for nine other items, including live cattle, natural cheese, corn, fishmeal and manganese ore. [Text] [Tokyo KYODO in English 0232 GMT 16 Mar 85 OW]

SAMPLE STEEL SHEETS--Tokyo, 20 Mar (KYODO)--General Motors Corp. (GM) has asked Nippon Steel Corp. and Nippon Kokan K.K. to supply about 20,000 tons of surface-treated steel sheets on a sample basis, steel industry sources disclosed Wednesday. The sources said GM plans to buy the sheets on a full-scale basis if they are found suitable for use in automobile production. The world's biggest automaker will complete tests on the sheets by the end of April, they said. If GM decides on full-scale import, it will be the first case of the American automaker's overseas procurement of a car building material, they noted. General Motors has so far maintained a buy-American policy. [Text] [Tokyo KYODO in English 1204 GMT 20 Mar 85 OW]

NEW NTT CAPITALIZATION--Tokyo, 20 Mar (KYODO)--Nippon Telegraph and Telephone Corp. the privatized Nippon Telegraph and Telephone Public Corp. (NTT), will be capitalized at 780 billion yen (\$3 billion) and its stock will have a value of 50,000 yen (\$190) when it starts operation 1 April, a committee for establishment for the new company said Wednesday. Hiroki Imazato, heading the committee reported at its third meeting that Hisashi Shinto, president of the NTT, will be appointed head of the newly formed company at the inaugural meeting to be held 28 April. Selection of vice president was left to Imazato as Yuzuru Abe, president of Nisshin Steel Co., declined the post for health reasons. [Text] [Tokyo KYODO in English 1221 GMT 20 Mar 85 OW]

MACHINE PRODUCTION IN U.S.--Tokyo, 20 Mar (KYODO)--Komatsu Ltd., Japan's top construction machinery maker, Wednesday announced a plan to start production of construction and industrial machinery in the United States in about a year's time. Komatsu officials said the production will be undertaken at a plant in Chattanooga, Tennessee. The company recently bought the plant for \$3.5 million from a Canadian engineering firm. Bulldozers and other construction machines and industrial machines, such as robots and presses, will be manufactured at the plant. The plant will employ 250 workers and aim at sales of \$160 million in 1988, the officials said. Komatsu, the first Japanese firm to begin construction machinery production in the United States, exported about \$300 million worth of such machinery to that country last year. [Text] [Tokyo KYODO in English 1102 GMT 20 Mar 85 OW]

TRADE PROMOTION ASSOCIATION--Tokyo, 29 Mar (KYODO)--The Association for the Promotion of International Trade, Japan Friday formally named former Foreign Minister Yoshio Sakurauchi to succeed the late Aiichiro Fujiyama as its president. The association engages mainly in promotion of trade with China. Sakurauchi, speaking to newsmen later, expressed concern that the heavy excess of Japan's exports to China over imports could trigger trade friction between the two countries. The association will strive to settle the problem by promoting bilateral joint ventures and transfer of Japanese technology to China, he said. [Text] [Tokyo KYODO in English 1218 GMT 29 Mar 85]

CHICKEN IMPORT TARIFF--Tokyo, 12 Apr (KYODO)--Moriyoshi Sato, agriculture, forestry and fisheries minister, indicated Friday that a possible cut in the tariff on imports of boneless chicken would be considered, depending on relief measures taken for domestic chicken interests. He gave the indication at a news conference following a semiweekly cabinet meeting Friday. Thailand has been strongly pressing Japan to cut the tariff on boneless chicken. The Japanese Government decided last December to lower the tariff on chicken with bones to 11.3 percent effective 1 April in response to a call by the United States and other countries, while the tariff on boneless chicken has been left unchanged at 18 percent. The issue is expected to be taken up as a major problem at the next economic ministers' meeting of Japan and the Association of Southeast Asian Nations (ASEAN) in late June in Tokyo. [Text] [Tokyo KYODO in English 0510 GMT 12 Apr 85]

CUSTOMS-CLEARED TRADE--Tokyo, 12 Apr (KYODO)--Japan had a \$3,170 million trade surplus on a customs clearance basis in March compared with a \$3,195 million surplus a year before, the Finance Ministry announced Friday. Exports totaled \$14,503 million on an fob basis, down 6.8 percent from a year earlier, and imports \$11,333 million on a cif basis, down 8.4 percent. [Text] [Tokyo KYODO in English 0631 GMT 12 Apr 85]

USSR-JAPAN FISHERY TALKS--Tokyo, 18 Mar (KYODO)--Russo-Japanese fishery talks to set the limits to Japan's salmon and trout fishing in northern waters this year will resume in Moscow Thursday, the fishery agency said Monday. The talks were postponed from last Wednesday after the death of Soviet leader Konstantin Chernenko, and the agency hopes an agreement will be reached quickly so that Japan can start fishing from May. The old agreement expired at the end of last year. The Japanese will be represented by Takehiro Togo, deputy general director of the Foreign Ministry's European and Oceanic Affairs Bureau, and Keiichi Nakajima, ocean fisheries department head of the fishery agency, while Vyacheslav Konstantinovich Zilanov of the Soviet Fishery Ministry will represent the USSR. [Text] [Tokyo KYODO in English 0626 GMT 18 Mar 85]

AUTO EXPORTS--Tokyo, 19 Mar (KYODO)--The government will decide by the end of March on ways of keeping Japanese car exports to the United States in order, International Trade and Industry Minister Keiji Murata indicated Tuesday. Murata dropped the hint after he briefed Prime Minister Yasuhiro Nakasone on a series of talks with the United States on bilateral trade issues, including restraints on car shipments expiring 31 March. Murata told reporters "we very much appreciate U.S. President Ronald Reagan's decision not to seek extension of the restraints" limiting car exports to 1.85 million units for fiscal 1984. "But an important problem remains to be solved--whether we need some measures to keep car exports from running out of control," he said. Nakasone endorsed Murata's proposal to decide on this by 31 March, he added. [Text] [Tokyo KYODO in English 0248 GMT 19 Mar 85]

JAPAN, MALAYSIA AIR SERVICE--Tokyo, 18 Mar (KYODO)--Japan has agreed to let Malaysia begin air service to Los Angeles or San Francisco by way of Tokyo from July next year, Transport Ministry sources said Monday. In return, Japan has obtained the right to extend its air service beyond Kuala Lumpur to any further point of its choosing, the sources said. The agreement has increased the possibility that a proposed joint transpacific flight plan of Japan Air Lines (JAL), Malaysian Airline System (MAS) and Northwest Orient Airlines will be dropped, the sources said. JAL and MAS will be allowed to begin new services via Kuala Lumpur and Tokyo respectively from July next year at a rate of three weekly Boeing 747 flights. However, the number of passengers to be carried beyond each other's capitals will be limited to 35 percent of capacity. Both airlines will be free to change the destinations of the new services, the sources said. The Japan-Malaysia aviation agreement has so far permitted MAS to fly beyond Tokyo to only Seoul. However, Malaysia, eager for air service to the United States, appealed to Prime Minister Yasuhiro Nakasone to intervene in the matter, resulting in the joint service plan of JAL, MAS and Northwest. But Malaysia revised its aviation agreement with the United States in February this year, obtaining the right of flight into the United States via Japan, while permitting U.S. flights into Malaysia. [Text] [Tokyo KYODO in English 1223 GMT 18 Mar 85]

TRADE FRICTION--Tokyo, 8 Apr (KYODO)--Ruling Liberal-Democratic Party (LDP) Vice President Susumu Nikaido said Monday current Japan-U.S. relations are in a "grave situation," calling the huge bilateral trade imbalance a "national crisis." "(The ruling party) should be united in helping the government at a time when Japan-U.S. relations are in a grave situation," Nikaido said in a meeting with former Prime Minister Takeo Fukuda. The topic was taken up again in a separate meeting between Nikaido and another former prime minister, Takeo Miki. In the meeting, Nikaido reportedly said: "The Japan-U.S. trade friction is a national crisis." The meetings were held on the eve of a government announcement of a package proposal for opening Japanese markets to U.S. products in a bid to reduce Japan's trade surplus with the United States, which reached \$37 billion in 1984. Earlier in the day, Nikaido held talks with Yoshio Inayama, president of the Japan Federation of Economic Organizations (Keidanren), and asked the powerful business group to take action to ease the trade dispute between the two most powerful Western nations. [Text] [Tokyo KYODO in English 1032 GMT 8 Apr 85]

STRATEGIC AID--Tokyo, 30 Mar (KYODO)--Foreign Minister Shintaro Abe said Saturday Japan, in extending its official development aid to developing nations, will never follow the U.S. policy of giving strategic aid. Abe told a Komeito questioner in the Upper House budget committee that Japan will not extend aid which could be regarded as military assistance or which could foment conflicts. It is Japan's principle to extend aid from a humanitarian point of view, based on a philosophy of mutual dependence, Abe said. "Cooperation with the United States (in the field of aid) never gets out of this basic framework," the foreign minister said. U.S. Undersecretary of State Michael Armacost and Japan's Foreign Ministry agreed last Saturday to coordinate overseas aid policies in future. Armacost, who met Abe and Deputy Foreign Minister Shinichiro Asao while in Tokyo, said the United States appreciated Japan's increasing aid to Latin America and Caribbean nations. [Text] [Tokyo KYODO in English 0908 GMT 30 Mar 85]

TRADE PACKAGE URGED--Tokyo, 29 Mar (KYODO)--Prime Minister Yasuhiro Nakasone Friday instructed economic planning agency director Ippei Kaneko to work out a market-opening package aimed mainly at the United States before the Organization for Economic Cooperation and Development (OECD) holds a ministerial meeting next month. Nakasone gave the instruction apparently to avoid possible "criticism" of Japan at the OCED ministerial meeting to be held in Paris 11-12 April. Meanwhile, state minister in charge of external trade Toshio Komoto decided to convene a meeting Saturday among nine government ministers responsible for external economic problems (so-called m-nine). The ministers are expected to discuss the "progress" Japan and the United States have made so far on the opening of Japan's markets in four areas--telecommunications, forest products, electronics and pharmaceuticals and medical equipment--and also study ways to work out the comprehensive trade package. Komoto said the main focus of the discussion will be on reduction of tariffs on wood products. [Text] [Tokyo KYODO in English 0728 GMT 29 Mar 85]

EXPORT SURCHARGES--Tokyo, 3 Apr (KYODO)--The Finance Ministry opposes imposing surcharges on Japanese exports to trim the country's snowballing trade surplus, a senior ministry official indicated Wednesday. "I doubt the effectiveness of export surcharges," said Tomitaro Yazawa, head of the ministry's customs and tariff bureau. Moreover, nobody knows if such a measure would be appreciated by foreign countries," he told an Upper House finance committee session. Export surcharges have been mentioned unofficially in some government quarters as a means to hold down the surplus, which hit a record \$44 billion globally last year. Japan also had a record \$37 billion trade surplus with the United States in 1984, triggering tough American pressures to open its market. [Text] [Tokyo KYODO in English 0516 GMT 3 Apr 85]

VOLUNTARY CURB DANGERS--Tokyo, 15 Mar (KYODO)--Arthur Dunkel, secretary general of the General Agreements on Tariffs and Trade (GATT), Friday criticized Japanese measures to voluntarily restrict auto and steel exports to the United States, declaring such steps violate the GATT principle of free and non-discriminatory trade. Speaking at a forum sponsored by the Federation of Economic Organizations (Keidanren), the GATT chief warned voluntary export restraints are a dangerous medicine even if they are designed to prevent a disease called export surge. Once such measures are taken, he said, they tend to spread to other product areas, eventually leading to stagnation of investment and employment opportunities in both importing and exporting countries. [Text] [Tokyo KYODO in English 1206 GMT 15 Mar 85]

ENROYEN BOND ISSUE TERMS--Tokyo, 27 Mar (KYODO)--The Finance Ministry Wednesday announced it will ease issue terms on Euroyen bonds--yen-denominated bonds issued outside Japan--and lift a ban on Euroyen lending of more than one year by non-Japanese, effective 1 April. The action was based on earlier recommendations on ways to internationalize the yen made by a foreign exchange advisory panel to the finance minister. Ministry officials said private blue-chip corporations which are rated double A or above by bond rating companies can issue Euroyen bonds freely. While corporations which are rated single A will have to clear the ministry's tests, they can issue such bonds under greatly eased conditions. Foreign corporations benefiting from this will number 40-50, with a total of 140-150 companies eligible for issuing Euroyen bonds as a result. As regards Euroyen loans, already liberalized for short-term lending, only non-Japanese, including overseas branches of Japanese banks, can engage in both lending and borrowing activity in view of maintaining orderliness on the Japanese financial market. Japanese corporations and their overseas branches will be barred from engaging in such activity. [Text] [Tokyo KYODO in English 1050 GMT 27 Mar 85]

MARKET-OPENING PACKAGE DELAY--Tokyo, 26 Mar (KYODO)--Ippei Kaneko, director general of the economic planning agency, said Tuesday the government will not be able to prepare a thorough market-opening package early next month. "It's impossible for the government to work out all the contents of the package by early April," Kaneko told a press conference. The package to be announced around 9 April will incorporate only such matters as measures to open the domestic telecommunications equipment and a report on a medium- and long-term market-opening measures now being drawn up by the advisory council on external economic issues chaired by former foreign minister Saburo Okita, he added. Kaneko's

remarks were taken as indicating that the government's efforts to adjust domestic interests in connection with foreign demands for Japan's stepped-up imports of such products as pharmaceuticals, medical supplies and agricultural products are taking a longer time than as was believed earlier. Kaneko also suggested that the drafting of a thorough market-opening package can be delayed until before the seven-nation economic summit in Bonn in early May. [Text] [Tokyo KYODO in English 0520 GMT 26 Mar 85]

MANUFACTURED GOODS IMPORTS--Bonn, 25 Mar (KYODO)--European nations have called on Japan to extend imports of manufactured goods, Japanese sources said Monday. The requests were made at a vice minister-level preparatory meeting for the seven-nation economic summit in Bonn, held here Saturday and Sunday, the sources said. Although the nations recognized Japan's endeavors to remove trade barriers, they said Japan must step up imports, particularly those of manufactured goods, while criticizing Japan's distribution systems and procurement policies of Japanese enterprises, the sources said. [Text] [Tokyo KYODO in English 0432 GMT 26 Mar 85]

MULTILATERAL TRADE NEGOTIATIONS--Brussels, 2 Apr (KYODO)--Prime Minister Yasuhiro Nakasone has sent a letter to Jacques Delors, president of the European Community (EC) Commission, calling for a declaration on the EC's resolve to start a new round of multilateral trade negotiations in 1986, diplomatic sources said here Tuesday. The letter was sent in response to Delors' recent letter to the Japanese prime minister informing him that the EC is ready to join the new trade round proposed by Japan and the United States, as foreign ministers of the 10 EC member countries agreed on such talks on 21 March. The EC, however, did not propose a starting date. In the letter to be handed to Delors Wednesday, Nakasone said he welcomed the EC decision to participate in the talks, the sources said. [Text] [Tokyo KYODO in English 0116 GMT 3 Apr 85]

ECONOMIC PACKAGE--Tokyo, 10 Apr (KYODO)--Senior member of the ruling Liberal-Democratic Party (LDP) Wednesday stressed the need to increase domestic demand by building "social capital" so as to ease trade friction between Japan and other countries. In an interview with a private TV network to be televised later, Kiichi Miyazawa, chairman of the LDP's Executive Council, suggested that one way of doing so would be to issue tax-free government bonds to increase the scope of revenue sources. Tax-free, unregistered bonds would absorb "underground money" and help prevent capital outflows from Japan to the United States, Miyazawa stressed, adding, "This will appease U.S. criticism in this aspect of bilateral economic friction." Commenting on the new package of market-opening measures the government unveiled Tuesday, he said, "Prime Minister Yasuhiro Nakasone showed his leadership, and nobody could have done more." But he was quick to warn that it is too soon to be optimistic, and a more accurate gauge of reaction to the package would come at the 2-4 May Bonn summit of seven industrialized nations. He cited the difference of political temperament between Japan and the United States and the reopening of the U.S. Congress after the Easter recess. [Text] [Tokyo KYODO in English 1152 GMT 10 Apr 85]

FOREIGN GOODS MARKET--Tokyo, 11 Apr (KYODO)--Former Japanese ambassador to the United States Yoshio Okawara Thursday stressed the need for Japan to continue efforts to open its markets wider to foreign goods and services to ease trade friction between Japan and other countries. Commenting on a new package of measures the Japanese Government unveiled Tuesday, Okawara forecast that the U.S. Congress will remain tough against Japan (despite the package). "It is important to dispel American suspicions and distrust about Japan one by one," he said in a speech at a Tokyo hotel. Specifically, former ambassador cited the need for expansion of direct investments in the United States by Japanese corporations and promotion of technological cooperation. "Behind the U.S. congressional criticism of Japan lies uneasy feeling of American industries and labor circles," he said. "Broadening the scope of bilateral cooperation is one way to cope with trade friction between the two countries." [Text] [Tokyo KYODO in English 1023 GMT 11 Apr 85]

JAPAN-CANADA GAS TALKS--Tokyo, 25 Mar (KYODO)--Japanese and Canadian companies planning to develop natural gas in Canada have failed to agree on the price of gas to be supplied to Japan--a prime stumbling block to the \$2.5 billion project, Nissho Iwai Corp. sources said Monday. Their talks held in Tokyo collapsed Monday as the two sides remained wide apart with Japanese firms pressing for price of the international level and the Canadian side demanding high enough prices to cover development costs. Nissho Iwai, a Japanese trading house, has been working to organize the project. No firm date was set for the next round of talks. It was agreed to fix the date after the Canadian side has further studied the position of the Japanese side. The Japanese firms involved have agreed to put off the start of natural gas shipment to Japan in the form of liquefied natural gas (LNG) to 1989 from the originally scheduled early 1988. How near the Canadian side could come to the Japanese side on the price issue is the last remaining issue, the sources said. The project calls for 2.35 million metric tons of LNG to be supplied annually over 20 years to Chubu Electric Power Co., Chugoku Electric Power Co., Kyushu Electric Power Co. and Toho Gas Co. [Text] [Tokyo KYODO in English 1249 GMT 25 Mar 85]

NEW TRADE NEGOTIATIONS URGED--Tokyo, 25 Mar (KYODO)--Top executives of six Japanese trading companies Monday asked Keiji Murata, minister of international trade and industry, to vigorously promote the proposed new round of multinational trade negotiations. In a meeting with Murata, the executives, including Yohei Mimura, president of Mitsubishi Corp., and Toshikuni Yahiro, president of Mitsui and Co., stressed the need to push ahead the new round to stem mounting protectionism in the world. They said the so-called counter-trade, for instance, already accounts for 30 to 40 percent of the world trade, which now totals about \$2 trillion. The counter-trade calls for exporting countries to purchase products of importing nations in exchange for their exports. Murata replied he fully recognizes the necessity to promote the new round. Noting the dollar's high exchange rate against the yen is one of major factors behind the nation's huge trade surplus, the trading company executives also called on Murata to take measures to create more investment opportunities domestically. This is an effective measure to stem the capital outflow from Japan and thereby "correct" the dollar's high value, they stressed. [Text] [Tokyo KYODO in English 0516 GMT 25 Mar 85]

EC TRADE TALKS DECISION--Tokyo, 20 Mar (KYODO)--A high-ranking Japanese foreign ministry official Wednesday welcomed the European Community's official commitment to a new round of multilateral trade negotiations as "a good development." But he cautioned against overly [as received] optimism about the EC decision to support a new round, arguing the 10-member trading bloc has failed to fix a date for the start of preparations and actual multilateral trade talks. Japan hopes to hold a semiannual high-level meeting with the EC in Tokyo around June or July to discuss a new round and other trade and economic issues, the official said. [Text] [Tokyo KYODO in English 0842 GMT 20 Mar 85]

ECONOMIC PLANNING AGENCY REPORT--Tokyo, 22 Mar (KYODO)--The Japanese economy is generally on a stabilized growth path although mining and industrial production and exports are showing signs of a slowdown, the Economic Planning Agency (EPA) said in a monthly report Friday. The March report, submitted by EPA head Ippei Kaneko to a cabinet meeting, said continuous favorable plant and equipment investments, centering on the manufacturing sector, and gradual but firm consumer spending supported the uptrend. However, the report said the mining and industrial production for the January-March period will show only about 1.2 percent gain from the October-December period, when the rate was up 2.8 percent. Customs-cleared exports, which dropped 6.3 percent in February after a 3.4 percent rise in January, remain depressed in March, while imports rose 4.2 percent in February. The long-term capital outflow in January, 3.3 billion dollars, was less than half of that in December. The unemployment rate in January dropped 0.2 percent from December to 2.4 percent with low inflation rate, it said. [Text] [Tokyo KYODO in English 0104 GMT 22 Mar 85]

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