



Japan to Become Top ODA Provider

Japan is expected to replace the United States this year as the world's biggest provider of official development assistance (ODA).

Japan's fiscal 1989 ODA budget totals ¥1,369.8 billion, up 1.6% over fiscal 1988 in yen terms, and up 11% in dollar terms to \$11.1 billion (based on the ¥123/\$ exchange rate used in the budget). The figure tops both the U.S. ODA budget for the current (1988) fiscal year (\$9.1 billion) and the proposed U.S. ODA budget for fiscal 1990 of \$9.5 billion.

Of the Japanese total, grants will account for ¥710.7 billion, including ¥159.6 billion in economic development assistance (up 8.5%) and ¥223.7 billion in technical cooperation (up 11.5%). Contributions to international organizations will decline 10.3% to ¥284.6 billion, since part of Japan's scheduled fiscal 1989 contributions were paid ahead of schedule in fiscal 1988.

Loans total ¥804.5 billion (up 1.9%), including ¥753 billion (up 2.5%) earmarked for the overseas economic cooperation fund.

The Japan Forum on International Relations, a private advisory body, has recommended that Japan increase its ODA budget to 1% of GNP by the year 2000.



Private-Sector Plant Investment Rises 13.8%

Japanese companies are still investing briskly in plant and equipment, according to a survey of 2,900 large enterprises conducted by the Industrial Bank of Japan.

Actual capital investment in fiscal 1988 reached an estimated ¥23,959.6 billion, the survey found, an increase of 13.8% over the preceding year and the first double-digit growth since fiscal 1985. The manufacturing industry in particular posted a sharp year-on-year increase of 25.6% as general machinery and electric machinery including semiconductor-related industries invested on a large scale in new plant and equipment. Capital investment by nonmanufacturing industries also grew by double digits at 10.5%, a measure of the brisk business enjoyed by department stores and superstores as they ride the crest of the boom in personal consumption, which is also benefiting the land transportation and construction industries.

The companies surveyed were planning an estimated ¥25,082.4 billion in new plant and equipment investment in fiscal 1989, a 4.8% increase over fiscal 1988. But many companies had not yet drawn up investment plans when the survey was conducted, and if the economic upswing continues the current year could bring another round of double-digit growth.




Trademark System Moves into Line

The Patent Office of the Ministry of International Trade and Industry is to bring Japanese trademark registration practices into line with international standards to help ease trade frictions with other countries. Japan will thus become party to the "Nice Agreement" setting standards for classifying trademarks.

The existing Japanese trademark registration system does not use international classifications, and has been the target of international criticism. Foreign companies have complained that the system can lead to errors in registering trademarks in Japan, and at best causes delays for foreign registrants.

In recent Japan-South Korea negotiations on trade in knitwear, the South Korean side made a major issue of Japanese trademark classifications, which it said are very different from its own.

MITI officials say the proposed new trademark registration system will meet international standards and help ease such frictions. Japanese companies should also find the new system convenient when registering their trademarks in foreign countries, officials say.



Toyota Motor Tops Income Rankings

Toyota Motor Corp. has overtaken Nomura Securities Co. in declared corporate income, jumping from second place in the first half of 1987 to the top of the rankings in the first half of fiscal 1988 (April–September 1988).

The annual income list is compiled by Teikoku Databank Ltd., a private credit investigation agency, and covers companies with declared first-half income exceeding ¥40 million. Companies in this category in 1988 numbered 32,794, 11.5% more than in the corresponding period of the preceding year. Their declared income totaled ¥8,716.6 billion, almost unchanged from a year before.

Toyota's declared income was ¥577.63 billion (nearly \$4.44 billion at the rate of ¥130/\$), followed by Nomura Securities at ¥391.69 billion (\$3 billion). Daiwa, Nikko and Yamaichi securities companies trailed Nomura, in that order.

The strong yen made Toyota exports sluggish during the half-year, but the company recorded a strong 35.1% surge in declared income as brisk domestic demand boosted domestic sales. No less than 12 securities companies made it into the top 20, but they had to make way for Nintendo Co., the instigator of the video game boom, as it jumped to sixth place from 13th a year before.



Recruiting Workers Becoming Harder

Japanese companies are finding it increasingly difficult to recruit workers as the current business expansion continues to generate more new jobs than can be filled, according to the Economic Planning Agency (EPA).

The labor shortage has been spreading throughout the country, and is affecting all industries, an EPA report compiled in early February says.

An EPA survey last December showed that four regions—Kanto, Tokai, Hokuriku and Kinki—were already suffering from serious labor shortages. The follow-up survey in February added the Tohoku and Shikoku regions to the list, while the trend has now begun to spread to Chugoku and Kyushu.

The construction and metal casting industries have been hardest hit by the labor shortage, but machinery makers and other manufacturers are also beginning to feel the pinch.

With most job seekers preferring office work, it is becoming increasingly difficult to recruit workers for outdoor manual labor, the EPA reports. While the agency believes the tight labor market should not lead immediately to inflation, it says price trends must be watched carefully over the longer term.



Domestic Car Sales Keep on Booming

Japanese automakers are enjoying a business boom, with sales of domestic passenger cars setting a new record for the second consecutive year. The top nine Japanese passenger carmakers plan to turn out 6,790,000 cars in 1989.

Toyota Motor Corp., which dominated the domestic market with a 42.7% share in 1988, expects domestic sales to increase 2.8% to 2,180,000 units in 1989. Its export plans are set at a more modest 1,780,000, a 2.0% decrease from the preceding year.

Nissan Motor Co., the No. 2 automaker, hopes to sell 1,205,000 passenger cars in the domestic market this year, an increase of 3.8% over last year, and export 1,075,000, up 3.1%. Honda Motor Co. and Mitsubishi Motors Corp., which are in a heated race for third place, have drawn up bullish plans calling for boosting their domestic sales, Honda by 10.9% and Mitsubishi by 6.1%.

Japanese automakers are hoping increased domestic car sales will make up for the slowdown in exports. New car prices have come down as a result of the abolition of high commodity taxes that coincided with the introduction of a 3% consumption tax in April, but the dominant industry view is that car sales this year will flatten out at last year's levels.