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26 September 1980

Japan Report

(FOUO 24/80)

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POLITICAL AND SOCIOLOGICAL

'AKAHATA' EDITORIAL ON JAPAN'S COURSE IN 1980'S, SECURITY TREATY

OW080931 Tokyo JPS in English 0858 GMT 8 Sep 80

["Japan's Future Course in the 1980's and October 31 Action,' AKAHATA Editorial"--JPS headline]

[Text] Tokyo Sep 8 JPS--The September 7 issue of AKAHATA carried an editorial entitled "Japan's Future Course in the 1980's and the October 21 Action," pointing out "Japan today is facing the most dangerous situation in the 30 years' history of the Japan-U.S, security treaty."

The editorial said that this danger is clearly reflected in the arguments of Tomoo Mihara, president of the committee for investigation into the Japan-U.S. security treaty of the LDP and others, who were attending the "seminar of the day of the 20th anniversary of Japan-U.S. security treaty." (The persons of Japanese and the U.S. political fields, and researchers of strategy)

The editorial quotes Mihara as saying, "Japan-U.S. security treaty should be amended to correspond to an actual and substantial strengthening of the Japan-U.S. and a U.S. strategical demand."

The editorial says, "Such arguments aim at getting Japan to assume an important role of a U.S. world strategy together with NATO countries as a military power appropriate for the economic power, the second in the gross national products in capitalist countries, and establishing the system enabling the self defense forces to send anywhere in the world without any limitations."

The editorial emphasized that "Never before was there an important occasion in Japan for the Japanese democratic forces to make successful the 'October 21 Action, the day for joint action of all democratic forces,'" and continued, "Appeals for the creation of the 'people's congress for prevention of political action and military state' (temporary name) and 'general actions centering on the October 21 action' by Motofumi Makieda, chairman of the General Council of Trade Unions of the Japan-U.S. security treaty. [as received] This is very serious in that they destroyed 11 years' historical tradition."

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The editorial also stressed that "at this juncture, it is the duty for all persons standing on the position of progress not to allow the change in nature of the October 21 national action and endeavor to make successful this united action with the banner of abrogation of the Japan-U.S. security treaty, prevention of political reaction and defense of living, together with various organizations affiliated with the united working committee for the October 21 action maintaining its progressive tradition."

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POLITICAL AND SOCIOLOGICAL

SUZUKI POLITICS CRITICIZED

Tokyo THE DAILY YOMIURI in English 19 Aug 80 p 2

[Editorial: "Speak Up, Mr Suzuki"]

[Text]

After one month in office Prime Minister Suzuki gives the impression of being overly influenced or even dictated to by hawks within the Liberal-Democratic Party (LDP).

At a press conference at the Japan National Press Club, he seemed to feel natural in his new role as prime minister, but his individuality nevertheless appeared weak.

The Suzuki administration can be likened to a custom-made suit before the fitting. Most of the policies which he is following were bequeathed to him by late prime minister Masayoshi Ohira.

At the press conference, he said his goals were to establish political ethics, reform the national constituency elections for the House of Councilors, rehabilitate public finance, carry out administrative reforms and take steps to cope with national security and Japan's aging society.

These are the goals of the Ohira cabinet. However, Suzuki did say that he intended to tackle these problems with determination, and this we appreciate.

The LDP Influence

Suzuki is being strongly criticized for not displaying leadership and being led by the LDP and dictated to by its hawks. Suzuki insisted that it was right and proper for the government to consult the party. And he cited as an example of correct consultation the process used to settle the producer's rice price.

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Certainly, there is nothing terribly wrong for Suzuki's government to consult the LDP. However, it is questionable when LDP officers express their views on such a delicate and sophisticated matter as revising the official discount rate.

We have the impression that the LDP is still so elated over its landslide victory that it is ignoring the government. Only confusion can arise if Suzuki is influenced by LDP members who aggressively assert their views.

Yasukuni Shrine Bill Issue

There is criticism too that Suzuki has set a course toward Japan's military buildup. We do not believe that the decision to increase the defense budget indicates this, but we are concerned by Suzuki's promotion of the Yasukuni Shrine bill by visiting the shrine with most of his cabinet officers on the 35th anniversary of the end of the Pacific War.

Suzuki did say at the press conference that the peace constitution limits Japan's military buildup, and thus came out against LDP hawks who want unbridled arms expansion. He should make his views on defense clear to the LDP. Most particularly Suzuki should not do anything to cause alarm among Japan's neighbors. He should make it clear our defense capabilities will not be upgraded without limit.

Suzuki should display more resolute leadership to prevent a sharp division of public opinion and to work toward consensus on major issues.

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BLUE PAPER ON DIPLOMACY: DIPLOMACY SWITCH CITED

Tokyo THE DAILY YOMIURI in English 20 Aug 80 p 2

[Editorial: "Diplomacy Switch"]

[Text]

The 1980 blue paper on diplomacy abandons Japan's multidirectional peace diplomacy in favor of strengthening cooperation with other free countries to cope with threats to the world order.

The blue paper says this must be done because of the holding of the American hostages in Iran, the Soviet Union's invasion of Afghanistan and other upheavals in the world. And the paper says Japan as a member of the community of nations must be prepared to make hard choices and sacrifices.

The tone of this year's blue paper is different than those of past years when multidirectional peace diplomacy dominated Japan's view toward the world. Japan then sought to maintain friendly relations with every country to the same extent.

"Multidirectional" peace diplomacy" was often on the lips of former prime minister Takeo Fukuda, and although it never gained official usage, it was the principle which the government followed.

Multidirectional Diplomacy

For example, the 1978 blue paper said the guiding principle of Japan was to "build relations of mutual trust with all other nations regardless of their political structure, size and geographical location. And last year's paper said Japan should accelerate the progress of dialog with countries whose political systems were different than Japan's.

Not too long ago the government did not think any further than just getting along with all countries. The government did not really know what it would do if some nation used military force against another or took unjust action. No one could say if Japan would keep silent when its national interests were not a stake or whether it would take a position to defend international justice.

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Great Shocks To Japan

However, the upheavals in Iran and Soviet aggression in Afghanistan came as great shocks to Japan and also encouraged Japan to consider the relationship between Japan's security and prosperity, and interests shared with other free nations.

This led to the blue paper stating this year that a "strong faith in defending freedom and democracy" should be the basic principle of this nation's foreign policy. It says Western countries should unite to protect their common values and Japan has to fulfill its appropriate responsibilities.

Japan did join in the boycott of the Moscow Olympics and curbed its trade in sophisticated industrial products and personnel exchanges with the Soviet Union in line with US and Western European policies.

However, as Prime Minister Suzuki has stated Japan should on a long-range basis improve relations with the Soviet Union. But the Soviet Union should create an environment and conditions for this, including a change in its aggressive policies toward Afghanistan.

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JUSTICE MINISTER OKUNO'S 'HAWKISH REMARKS'

OWO91057 Tokyo THE DAILY YOMIURI in English 8 Sep 80 p 3

["Political Beat" column by Raisuke Honda: "Silencing the Hawks"]

[Text] Prime Minister Suzuki and other government and Liberal-Democratic Party (LDP) leaders appear perplexed over repeated "hawkish" remarks by Justice Minister Seisuke Okuno regarding the highly sensitive issue of a constitutional revision.

Their embarrassment over the Okuno remarks seems to be related to mounting criticism among the opposition parties for the Suzuki cabinet's "swing to the right."

Among the signs that the opposition and the public regard as the Suzuki administration's "prorightist leanings" are the visit to Yasukuni Shrine made by Premier Suzuki and most of his cabinet members on 15 August, the anniversary of the end of the Pacific War, and the government decisions to arm air self-defense force planes and maritime self-defense force escort ships with missiles and torpedoes, respectively.

Close aides of the premier are reportedly anxious that such a sequence of events would lead to serious "misunderstanding" by the people of the fundamental policy lines of the Suzuki government, unless it comes out explicitly with its major policy goals.

The LDP leaders have thus decided to issue a special statement during an LDP policy study meeting under way in Hakone since Sunday to the effect that the premier has no intention at all to revise the war-renouncing constitution.

Apart from the current fuss over the justice minister's remarks calling for amending the constitution, the LDP's platform does make it clear that its goal is to introduce a new, "independent" constitution to replace the existing charter, which the party says was drawn up under the pressures of the occupation authorities.

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It is therefore only natural for any Liberal-Democrat to take a view favoring revision of the constitution.

In fact, most LDP Diet members have been affiliated with the Dietmen's League for the Realization of an Independent Constitution chaired by former prime minister Nobusuke Kishi.

Those LDP members who belonged to the now disbanded faction led by the late premier Masayoshi Ohira, however, were said to be the most "dovish-minded" compared with other LDP members.

Such former senior members of the late Ohira's faction as chief cabinet secretary Kiichi Miyazawa and foreign minister Masayoshi Ito have not joined the Dietmen's League for Revising the Constitution, although Premier Suzuki, who was also a leading member of the same faction, is affiliated with the league.

Therefore, there is no reason why the opposition parties should accuse the Suzuki cabinet of being the "most rightist cabinet" in the history of postwar politics.

The current rash of events that seem to indicate a "tilt to the right" by the LDP is mainly attributable to some LDP leaders sounding off after the landslide victory of the LDP in the last "double" Diet elections.

The problem in this connection is that Premier Suzuki has been unable to show effective enough leadership to hold such inadvertent remarks in check.

One former member of the late Ohira's faction says: "The Suzuki cabinet is undoubtedly dovish in character. It is regrettable that the premier is so affable as to allow his cabinet members to make remarks as they like to the extent of incurring unnecessary misunderstanding from the public."

"The premier as well as the chief cabinet secretary should strongly urge the cabinet members to be more careful in speech and behavior," he stressed.

Meanwhile, the faction led by former premier Kakuei Tanaka at its senior members meeting 3 September decided to make utmost efforts lest justice minister Okuno, known for his friendly ties with the Tanaka faction, should be forced to resign his post because of his recent remarks.

Indications are that Premier Suzuki would find it virtually impossible to fire Okuno as justice minister as long as the power base of the Suzuki administration is heavily dependent on the strength of the Tanaka faction.

But the premier's right-hand man, Miyazawa, has openly expressed his displeasure at Okuno's remarks, saying: "I cannot understand why he has made it a point to speak out what might well be left unsaid."

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Even LDP secretary-general Yoshio Sakurauchi, who himself caused an earlier commotion for his remarks in favor of revising the constitution, including war-renouncing Article 9, is critical of Okuno's remarks as "having gone too far."

Although there is no immediate sign of intraparty strife in the LDP, the lack of leadership of Premier Suzuki, if left as it is, would eventually lead to growing discord in factional relations.

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'AKAHATA' COMMENTS ON ITO'S TRIP TO ASIAN NATIONS, PRC

Trip Criticized

OW050935 Tokyo JPS in English 0855 GMT 5 Sep 80

[Text] Tokyo Sep 5 JPS--Japanese Foreign Minister Masayoshi Ito flew home on September 4 after winding up his trip to five Asian countries, including Thailand, Burma, India, Pakistan and China. The September 5 issue of AKAHATA carried a commentary, strongly criticized his trip to these countries. Excerpts of the commentary follow:

"The greatest feature of Ito's round trip at this time is that he in his diplomacy toward Asia has put into specific terms the line of the policy set out by the late Prime Minister Masayoshi Ohira, who pledged to share the responsibility as a "member of the Western allied powers" at the Japan-U.S. summit talks in May.

This is clearly reflected in the following points: commitment to the strengthening of strategic bolstering to Thailand and Pakistan, which are called a 'front line of the Western camp'; commitment to the strengthening of international support for the Pol Pot clique, a hotbed of intensification of tension in Asia; driving of a wedge into a non-aligned movement, which was attempted at in his trip to Burma and India.

A new Japanese diplomacy, which has thrown down a signboard of 'all direction diplomacy' is anything but a 'maintenance of peace in Asia': it will, on the contrary, become a new hotbed of intensification of tension.

"His trip also indicates that Japan as an 'act in U.S. place' and an 'adjutant' has become more active than ever, as he willingly expressed Japan's cooperation with strategic support for Thailand, and Burma at the request of the U.S. and announced that Japan will assume a political role (indicated by the Japan's diplomacy toward South East Asia) in bringing ASEAN countries, 'honor students of the Western powers' (the Japanese Foreign Ministry) in the Western camp [as received].

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Thus, the Japan-U.S. consultations, which are to be held on the basis of Ito's trip to Asian countries, will have an important significance on future Japanese diplomacy.

"What is to be noted in connection with his trip is that China highly appreciated Ito's trip, saying 'His visit will have a positive influence on peace and stability in Asian region'. China outspokenly called for political alignment between Japan and China to carry out an 'act in U.S. place.'

"It can be said that the three countries' political alliance between the U.S., Japan and China, which is to be spread to the whole of Asia, was thrown into sharp relief by a design that Japan will strengthen its role as an 'act in the U.S. place,' and that China will add impetus to Japan's role."

Editorial on Asian Tour

OW060947 Tokyo JPS in English 0859 GMT 6 Sep 80

["'A Political Role of Round Trip by Ito,' AKAHATA Editorial on Sep 6"--JPS headline]

[Text] Tokyo Sep 6 JPS--Japanese Foreign Minister Masayoshi Ito, who returned on Sep 4 from his trip to five Asian countries, is now emphasizing the need of Japanese diplomacy to assume a "political role." The September 6 issue of AKAHATA carried an editorial entitled "'A Political Role' of Round Trip by Ito," commenting on his remarks and statements. Excerpts of the editorial follow:

"What should be clarified first is that 'A Political role appropriate for an economic strength' does not mean at all the change in Japanese diplomacy to its independent diplomacy.

"It (the political role) means the 'political role' of assuming part of U.S. world strategy, while basing itself on the Japan-U.S. military alliance

"This is clearly demonstrated above all by his trip to Asian countries of which major feature is economic and political bolstering of Thailand and Pakistan. What we cannot overlook is that the country we visited as the last foot was China, which has common interests with the U.S. and Japan in hegemonistic intervention in Indochina, and forms actually political alliance between the U.S., Japan and China. China said, 'Ito's trip was very successful.'

"He in his course of trip appealed to give support to the Pol Pot clique, a bandit group and was forsaken by the Cambodian people, and he expressed the Japan's readiness to assume the role of operation of gaining majority

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support for the maintenance of its representation in the United Nations. This explicitly indicates the true nature of a Japanese 'political role.'

"We must say that the 'political role' assumed by Japanese diplomacy is clinging to the falsehood in the framework of a U.S. world strategy and the alliance between the U.S., Japan and China, and that it aims at prolonging tensions and troubles in Asia.

"In addition, this 'political role' is the other side of the turning of Japanese diplomacy with military strength at its back and the policy line of a military power.

"Japanese diplomacy with its military strength at its back will inevitably link with military bolstering on the pretext of 'peace and stability' in ASEAN countries.

"The genuine political role that should be assumed by Japan for peace and stability in Asia cannot be found in Japanese diplomacy with its military strength at its back. If the Japanese Government hopes for the settlement of refugee problems, and peace and stability in Asia, it must approve the Heng Samrin government establishing an effective rule in the whole of its lands, and going ahead with rebuilding of its state. Japan also must increase the support for the recovery of Cambodia through the Heng Samrin government.

"More fundamentally, Japan should halt its role as a 'magistrate of Asia' of the Western powers led by the United States, secede from a military block, take the attitude of non-alignment and neutrality, and create political and economic relations based on equality and mutual interests with Asian countries. This is the way to make the most use of the strength of an 'economic power' for peace and stability in Asia."

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POLITICAL AND SOCIOLOGICAL

RELATIONSHIP BETWEEN ABE, TANAKA ANALYZED

Tokyo MAINICHI DAILY NEWS in English 27 Aug 80 p 5

["Nagatacho Doings "Column by Takehiko Takahashi: "Friends and Rivals--
Abe and Tanaka"]

[Text]

MITI Minister Rokusuke Tanaka and Shintaro Abe, chairman of the LDP Policy Affairs Research Council, were invited to a seminar of leaders of the Japan Federation of Employers Association (Nikkeiren) held at Karuizawa.

These two, Tanaka and Abe, are friends and at the same time rivals. They will both be playing a big role in the Liberal-Democratic Party and in Japanese politics from now on. It will be interesting to watch whether they will advance as friends or act as rivals.

Abe has a longer experience as a politician than Tanaka. Abe first became a Diet member in 1957 and Tanaka in 1963, a difference of six years. In age, Tanaka is one year older than Abe. Both worked as political reporters for newspapers at one time. Abe, a graduate of the University of Tokyo, was with the Mainichi Newspapers. Tanaka, a Waseda University graduate, worked for Nihon Keizai Shimbun.

Abe's father was also a Diet member. His wife's father is former Prime Minister Nobusuke Kishi. In this respect, he has grown in an environment that has made him called a "prince of the political world."

In contrast to this, Tanaka was born into a merchant's family. He had no political affiliations and built up his political foundation through his own ability.

Notwithstanding, Abe and Tanaka became friends because Tanaka had a close relationship with people around former Prime Minister Kishi. Tanaka was also a companion of Kawabe and Nakamura who figured in the Nissho-Iwai case. Abe and Tanaka became on such friendly terms as to call each other "Abe-Chan" and "Roku-San."

Politically, however, their

positions are entirely different. Abe has been attached to the camp of former Prime Ministers Kishi and Takeo Fukuda. As against this, Tanaka has been directly associated with the late Prime Ministers Hayato Ikeda and Masayoshi Ohira. Tanaka's decision to leave journalism and enter the political world was made with Ikeda's support.

Following Ikeda's death, Shigesaburo Maeo, former speaker of the House of Representatives, succeeded as head of the Ikeda faction. Dissatisfied with Maeo's political attitude, Tanaka led a coup within the faction and made Ohira the representative of the Ikeda faction's Kochi Kai. It was from about this time that Maeo came to be recognized as the actual power in the Kochi Kai.

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"Prince"

On the other hand, Abe grew up as a "prince" of the Fukuda faction. The first time that these two men, Abe and Tanaka, clashed head-on was during the LDP's first open election of the party president. Abe backed Fukuda while Tanaka supported Ohira. With the full backing of the Kakuei Tanaka faction, Ohira emerged victorious.

Under the Ohira cabinet, Rokusuke Tanaka became the chief cabinet secretary. Since Abe had been the chief cabinet secretary under the Fukuda cabinet, Tanaka sought the same post. Tanaka's feeling of rivalry with Abe was clearly apparent here.

Ohira's death came as a big shock to Tanaka. This was because Tanaka lost a figure whom he could support. At the beginning, Tanaka had no intention of backing Prime Minister Zenko Suzuki. But Suzuki asked for his

cooperation. Being a man with fighting spirit, as soon as Tanaka decided to support Suzuki, he began to act energetically. Tanaka sought to persuade former Prime Minister Kishi and Abe. This eventually became the motive power leading to Fukuda's statement that "Suzuki will be all right."

During the formation of the Suzuki cabinet, Abe and Tanaka again resumed their former relationship as friends. In this, the intermediary was the father of Abe's wife, Kishi, who had once helped Tanaka.

Presenting "Abe as chief cabinet secretary" as a condition, Tanaka obtained the support of Kishi, Abe and eventually Fukuda for Suzuki. As far as political negotiations are concerned, Tanaka seems to be a better actor than Abe.

Tanaka's maneuvering succeeded. The Suzuki cabinet was formed. Tanaka was appointed to the important post of MITI minister. Tanaka had known such leaders of the financial world as Shigeo Nagano and Takeshi Sakurada through their relations with Ikeda and Ohira. The two, Nagano and Sakurada, were earlier graduates of the prewar Sixth Higher School (which Abe also attended). Abe knew the two men well.

Abe did not become the chief cabinet secretary but was selected as chairman of the LDP's Policy Affairs Research Council. In that post he will be working closely with Tanaka.

These two men, Abe and Tanaka, are destined to cooperate with each other while, at the same time, checking each other as rivals, as they move ahead from now on in the political world.

(The writer is an adviser to The Mainichi Newspapers and former chief editorial writer).

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POLITICAL AND SOCIOLOGICAL

'AKAHATA' URGING ACTION AGAINST CONSTITUTION REVISION

OW041003 Tokyo JPS in English 0902 GMT 2 Sep 80

[Text] Tokyo Sep 4 JPS--Regular sessions of local assemblies are being held in September one after another. And the September issue of AKAHATA carries an editorial entitled "'Revision of the Constitution' Forces Maneuvering in Local Assemblies" warns moves of the forces of reaction, saying:

"The Liberal Democratic Party and the forces of reaction are intensifying their maneuvers for maximum utilization of local assemblies to gather public opinions for mal-revision of the constitution and other reactionary political purposes."

Resolutions calling for the revision of the constitution have already been adopted by the assembly of Beppu City, Oita Prefecture, Kyushu, three towns and one village. In addition, "resolutions calling for an official visit to Yasukuni Shrine," which adds impetus to the revival of Japanese militarism, have so far been arbitrarily adopted by 22 prefectural assemblies, and 325 town and village assemblies.

The editorial says, "These moves are in line with reactionary offensives embodied by remarks of Seisuke Okuno, justice minister, Yoshio Sakurauchi, secretary general of the Liberal Democratic Party and others paving the way for the total revival of Japanese militarism, while basing themselves on local assemblies."

The editorial points out that "dangerous intention can be found in arbitrary adoption of resolutions calling for the revision of the constitution throughout the country, utilization of these resolutions for gathering public opinions for their reactionary purposes, and the steady creation of conditions for mal-revision of the constitution."

The editorial emphasizes that "In these circumstances the progressive forces must react swiftly to their reactionary moves, and make known to the broad strata of residents their dangerous intention. It is important for them to nip black designs in the bud." The editorial continues, "The progressive forces should gather all strengths of local people seeking for improvement of living, the defense of rights, peace and democracy, and develop greatly the struggle in and outside local assemblies."

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MIYAMOTO SPEAKS AT JCP PREFECTURAL COMMITTEE CHAIRMEN MEETING

OW121031 Tokyo JPS in English 0913 GMT 12 Sep 80

[Text] Tokyo Sep 12 JPS--At his introductory speech given at the prefectural committee chairmen meeting, chairman of the JCP Presidium Kenji Miyamoto spoke about the political situation since the fourth Central Committee plenum (June 28-June 30).

1. Political events since the fourth plenum, though it is very regrettable, have endorsed the correctness of the definition of the 'second reactionary offensive in the postwar period.' The correctness of this definition was demonstrated by the following political events: most all Suzuki cabinet ministers' official visit to the Yasukuni Shrine and an attempt to submit again the bill for state management of the shrine; remarks of Seisuke Okuno, justice minister, for a malrevision of the constitution; the approval by 70 percent [of the] ministers of the Suzuki cabinet of Okuno's remarks; maneuvers for Japanese style fascism by the introduction of a small-constituency system; a rapid development of security problems related to the changing of the Japan-U.S. military alliance into an offensive and defense treaty.

What is important is that the counterattack from the progressive position against the danger of turning rightward has not yet been made.

2. The feature of recent conventions of national trade union organizations is: the Japan Teachers Union, the All-Japan Prefectural and Municipal Workers Union and other trade union organizations which are affiliated with the General Council of Trade Unions of Japan (Sohyo) had to speak about "anti-security" and "antimonopoly capital" in their action programs. They imposed the socialist-Komei agreement line on unionists, but they were not able to defend themselves theoretically.

Another feature follows: the JSP said when its congress approved the JSP-Komeito agreement that "joint struggles with the communist party will be developed" in the Diet and in self-government administrations, although the JCP [was] "excluded from a government power plan." However, when we review the elections for heads of municipalities held over the past 6 months, joint struggles in communist-socialist cooperation in

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preceding elections were rejected by the socialist party in 4 prefectures and 16 cities in this period, and JSP-JCP joint struggles were successful only in 4 cities and 3 towns. This provides us with clear evidence that the JSP-Komeito agreement has brought about splits not only in the struggle for political power but also in various fields of mass movements.

3. The other question is the question of the attitude toward the conference of trade unions for promotion of a united front (CTU-UF). The CTU-UF began its activities 10 years ago, in 1966, and is 1.2 million strong now. The reason why the Sohyo-JSP bloc suddenly began regarding it as taboo, and calling it fractionist or splittist is that they have fallen into an anticommunist splittist line, encouraging Komei leaders.

4. Despite the fact that the dangerous current toward the revival of Japanese militarism and Japanese-style fascism is clear, any progressive joint actions or a united front have been obstructed by the anti-communist splittist line, even deepening cracks in mass movements--joint actions and a united front which are truly able to struggle against the revival of Japanese militarism and Japanese-style fascism. This is a terrible situation.

5. Succeeding the conventional tradition of October 21 actions, five organizations, including the central executive committee for abrogation of the security treaty and other demands, decided on September 10 to carry on united actions while hoisting the banner of the abrogation of the Japan-U.S. security treaty. This has very important significance at this time, as the JSP-Sohyo bloc hauled down the banner of abrogation of the treaty and destroyed the conventional joint struggle setup on the pretext that they would establish a "people's congress" in which even the new liberal club and the Democratic-Socialist Party can take part.

Though the socialist-Komei agreement, which is a betrayal to the Japanese people, appeared in mass movement fields, the Japanese working class and the progressive forces are resolutely defending the banner of progress in mass movement fields by their actual actions. This has important significance at home and internationally.

6. The mass media have madly played Ritsu Ito up as if he was a very influential person and was acquainted with party history, and could rewrite the party history if he wanted. But the fact is that he was elected merely a member of the Central Committee by the Fifth Party Congress.

Taking up Ito at present, the Liberal-Democratic Party, Democratic-Socialist Party, and Komei party are trying to connect questions concerned with Ito to the Japanese Communist Party, with the aim to launch attacks on the JCP. They are trying to create various stories and arguments claiming that the JCP is responsible for Ito's case. We are prepared to make proper counterattacks to whoever tries to distort the party history and to attack the party by using the Ritsu Ito question.

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7. Speaking of relations with China, the Chinese side also said it seems right that Ritsu Ito was a betrayer. They may know well about that as there are clear evidences. Now China is in the process of requidation [as received] for themselves of the "Cultural Revolution." Nevertheless, those who are now in charge of Japan-China relations from the Chinese side are the same persons who have taken the command of the subversive activities against the Japanese Communist Party at the time of the "Cultural Revolution," on the dogma that the "Cultural Revolution" is correct and that the Mao Zedong course is the supreme revolutionary course throughout the world. Therefore, it may take some time till their self-criticism of the era of the "Cultural Revolution" will develop into self-criticism of the foreign policy in that era, and into self-criticism of the error that tried to unify the communist parties all over the world on the basis of the Mao Zedong course. The Japanese Communist Party is the party which has looked through, at the earliest moment, the character of the "Cultural Revolution." Just in the same manner as looking at the progress of history, we will look quietly at the change taking place in China.

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POLITICAL AND SOCIOLOGICAL

SONYO LEADER PROPOSES DIVISION OF SOCIALIST PARTY

OW150953 Tokyo JPS in English 0921 GMT 15 Sep 80

[Text] Tokyo Sep 15 JPS--Mitsuo Tomizuka, secretary general of the General Council of Trade Unions of Japan (Sohyo), and one of central promoters of the socialist-Komeito agreement, a key factor of the rightward shift of the socialist party, has reportedly proposed a "division of the socialist party," alleging that a "Sohyo party" should be established, and that the JSP should turn into a "national mass party."

This was announced in an interview with an editor of the Kimura Economic Institute, and his statement was carried by the August 20 issue of its publication. (Kimura: The Late JSP Member) [as received] He said that if there had not been the agreement, influence of the JSP would have been decreased and the Sohyo organization itself would have been damaged.

At the same time, Tomizuka favorably spoke about joint struggles with the Democratic Socialist Party, arguing that "it is already 26 years since the Japanese self-defense forces were set up." "No results will be expected, though we continue an opposition to the SDF." Thus, he denounced the movement against the SDF, which are insubordination to the U.S., and runs counter to the constitution. He made it clear that he will deny past struggles by the socialist and communist parties and Sohyo, saying that "it is of no use carrying on conventional struggles by restricted peoples.

The Sohyo leadership has recently thrown down the banner of abrogation of the security treaty in coming October 21 actions, and set forth a policy of dissolving and splitting a united working committee for the October 21 struggle. Tomizuka's remarks are worthy of drawing attention, as his remarks were made against the background of Sohyo's anti-progressive line, said the September 15 issue of AKAHATA.

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ECONOMIC

PAPER VIEWS REPORT ON U.S.-JAPAN TRADE FAVORABLY

OW120250 Tokyo THE JAPAN TIMES in English 11 Sep 80 p 12

[Editorial: "U.S. Trade Report on Japan"]

[Text] It is heartening to learn that at least a segment of the U.S. congress has a good understanding of the Japanese market and of Japan-U.S. trade relations. A report recently released by the subcommittee on trade of the House of Representatives Committee on Ways and Means points out that Japan today is no longer a "closed" market.

The report says that, with the exception of certain agricultural products and high-technology items, notably beef, citrus fruits and telecommunications equipment, ours is generally an open market. The large trade imbalance is blamed more on the lack of U.S. efforts to expand exports than on Japanese trade barriers.

That is where the report differs significantly from the so-called Jones report, which was completed in January last year by the Japan-U.S. task force, headed by Mr. James R. Jones, of the same subcommittee. The Jones report, which was widely read here because it offered a comprehensive, and mostly objective, analysis of Japan-U.S. trade problems, was concerned primarily with short-term measures to open up the Japanese market and correct the "unacceptable and destructive" trade deficit that reached a record \$12 billion in 1978.

Mr. Jones' contention was that Japan still maintained a wide range of trade and structural barriers, including even government-business cooperation, to protect its domestic market against foreign competition. His message, therefore, was directed mainly to the Japanese audience-- that Japan should buy more from the U.S. and build more manufacturing facilities there in order to reduce the imbalance.

Much progress has been made so far in that direction. Nevertheless, the trade gap remains dangerously wide. Is this because the Japanese market is still protected? The second Jones report in effect says it is not. Instead, it reminds the Americans that the U.S. should try harder to sell abroad and after its trade and domestic policy to facilitate such attempts.

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Thus the new report challenges the deep-seated perception in the U.S. that Japan is not an open trading nation, and that the trade deficit will shrink only if Japan dismantles its protectionist barriers. That perception is not likely to change overnight, but the unjaundiced view expressed by the trade subcommittee provides a welcome sign that U.S. understanding of the Japanese market is gradually improving.

The latest report is worthy of note in another important respect. While the first report focused on immediate trade problems, the second one takes a long-range, and constructive, view of the basic problems that the U.S. faces. It attacks the root causes of the relative decline in the competitiveness of American products.

The basic direction is toward so-called "reindustrialization." "We believe that Japan's rate of industrial progress and stated economic goals should be as shocking to Americans as was the Sputnik," says the report. "Like Sputnik, we should be shocked into responding to the challenge." The analogy is exaggerated, but the call for revitalization of American industry is not.

What the report envisions is something like "U.S. Incorporated"--the U.S. version of a cooperative government-industry relationship designed to strengthen American industry and beat back Japanese competition in such high-technology fields as computers, industrial robots, and semiconductor chips. And it suggests that the U.S. learn from Japanese experience in order to improve the quality of products and develop more productive labor-management relations.

All in all, the second report seems to reflect a belief that many problems the U.S. faces in trade with Japan are internal--and, by implication, that Japan is not solely to blame. However, this should not lead us to complacency overt the present and future state of our trade and economic relations with the U.S.

The report itself notes that there still remain "very tough, residual attitudes of protectionism" in Japan. Whether or not "protectionism" is the right word to describe it, there is the underlying problem of Japan's different cultural backgrounds that tend to create U.S. misunderstandings and unnecessarily increase economic friction.

There are also immediate problems, including the disputes over cars and telecommunications equipment buying, that continue to strain our economic relations with the U.S. and in the long term, Japan faces the prospect of new disputes arising in other fields, in which the two major industrial nations appear headed for intensified competition in the years ahead.

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ECONOMIC

'ASAHI SHIMBUN' VIEWS CARTER'S ECONOMIC REVITALIZATION PLAN

OW081317 Tokyo ASAHI EVENING NEWS in English 6 Sep 80 p 5

[ASAHI SHIMBUN 5 September editorial: "Revitalizing U.S. Economy"]

[Excerpts] The United States is suffering from a two-digit inflation rate, high unemployment and a drop in its international competitiveness as a result of low productivity. Now there is debate in the U.S. about reviving the economy. President Carter's announcement of an economic revival plan may have been just an election ploy, but it shows that the United States wants to make its economy strong once again.

Besides tax reductions, Carter's plan advocates greater governmental involvement in the workings of the economy. For example, the government would do more in the fields of unemployment assistance and occupational retraining and would provide recession subsidies. Carter also wants to create a forum in which the government, companies and labor unions can discuss economic matters and create trading firms.

The Republican Party, however, believes that greater government involvement will encourage the people to rely too much on welfare and make them less self-reliant.

Neither of the two parties, however, has looked at the relationship between government deficits, which will come about as a result of the tax reduction, and inflation. Both parties are advocating the greater production of armaments, but it is doubtful whether this is compatible with the present level of welfare spending.

It has also been suggested that the U.S. should adopt the system used in Japan, where the government and business companies work closely together. This, however, would mean a great change in the thinking of the American people who tend to regard the relationships between the administration and companies and between business companies and organized labor as being necessarily adversary.

The debate about revitalizing the American economy is in the early stages; it should produce more than slogans for the presidential election.

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An economically strong U.S. is also good for Japan, which would be placed in a difficult position if the U.S. resorted to protectionism. Healthy competition between the U.S. and Japan is a force for the improvement of the global economy. Japan should act generously and increase its investment in the U.S. and provide information about Japanese management methods. In this way, it can help in the revitalization of the American economy.

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ECONOMIC

PETRODOLLARS FLOOD JAPANESE MARKET

Tokyo MAINICHI DAILY NEWS in English 27 Aug 80 p 5

[Text]

The world's oil-producing nations—flush with petrodollars amid ever-rising crude prices—are diversifying their investments worldwide to protect their new riches from the ravages of inflation.

Considering its economic strength and potential, it is hardly surprising that Japan is fast becoming a major haven for the gusher of oil money flowing into the coffers of the oil-rich investors.

Mass buy orders—both direct from Arab nations and through international financial institutions handling their investments—are flooding the Japanese stock and bond markets.

Diversification Efforts

“The oil-rich financial barons are increasing their investments in Japanese stocks at a fast clip as part of their investment diversification efforts,” says one analyst. “The Japanese stock market owes much of its present prosperity to petrodollars.”

To handle OPEC's growing petrodollar surplus, the Bank of Tokyo has joined the Bank of America, Citibank, Chase Manhattan and other international banks in opening a branch in Bahrain, the Arab financial center. Several other Japanese banks and securities firms are also reported planning to open offices in Bahrain.

OPEC nations, at the receiving end of perhaps the greatest transfer of wealth in human history, are expected to earn surplus revenues of about \$110 billion this year alone on top of more than \$200 billion accumulated in the past.

The transfer of the massive oil-generated wealth would pose a danger of serious disruption to the world economy without effective recycling of the petrodollars.

The increasing oil-money investments in Japan are stirring fears in some quarters that the oil-producing nations, acquiring substantial equity stakes, might try to take over Japanese corporations.

But government officials discount such fears, pointing out that the present regulations bar foreign investors from acquiring an equity share of over 25 percent in a Japanese corporation.

The oil-rich nations have so far limited their investments in Japan to securities—stocks, bonds and debentures. Though they have been investing in real estate in the U.S., the Arabs have engaged in no such activity in Japan, where land prices continue to skyrocket.

No exact figures are available on the amount of oil money flowing into Japan but securities industry estimates generally put the balance of petrodollar investments in Japanese securities at \$4 billion.

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As far as Japanese stocks are concerned, foreign portfolio buying topped selling by a record 245 billion yen (\$1.1 billion) in the first half of this year. The excess inflows continue to rise monthly.

A check of the stockholders lists of major Japanese corporations in the last fiscal year showed that oil-rich investors were among the stockholders of 195 companies, 11 percent of the firms listed on the nation's stock exchanges. The number of shares owned by such investors rose 2.6 times over a year ago.

Actual figures are believed to be much larger, since the Arabs often make their investments anonymously in the names of European financial institutions.

Long-Term Investments

And it looks as though oil-rich money men tend to make long-term investments. Their equity shares declined from the previous year in only 41 of the 195 firms involved, holding steady or increasing in the others.

The check also showed that Kuwait led the oil-rich stockholders in Japan with 109 million shares, followed by Brunei with 20 million, Qatar with 12 million and Saudi Arabia 7 million.

Hitachi, Toshiba and Mitsubishi Electric—the electronics giants—were favorites with oil-rich investors, who seem to favor high-technology stocks.

The stepped-up petrodollar investment in Japanese stocks obviously reflects the economic strength of Japan, which has successfully weathered business disruptions caused by oil price spirals.

Japan has stayed in relatively good economic health while the rest of the industrial world has been suffering from double-digit inflation and recession.

Oil-producing nations have also been making heavy investments in Japanese bonds.

Since April, foreign portfolio buying of Japanese bonds—much of it with oil money, again—have been exceeding selling by more than 100 billion yen (\$450

million) monthly.

The purchases, presumably by such Arab nations as Saudi Arabia, the United Arab Emirates, Iraq and Kuwait—center on national bonds but include government-guaranteed bonds of public corporations and corporate debentures.

The Bank of Japan is selling Japanese national bonds—reportedly 200 million a month—to the Saudi Arabian Monetary Agency (SAMA).

At the same time, there are widespread moves among Japanese firms to sell bonds in the Middle East in the U.S. dollar, the Japanese yen and the dinar (Kuwaiti currency).

A number of Japanese firms, including Kubota Ltd., Niigata Engineering Co., Toshiba Corp. and Mitsubishi Heavy Industries, have floated bonds in the Mideast to raise funds.

Such activity is expected to increase following the Japanese Finance Ministry's decision earlier this year to allow Japanese firms to sell yen-denominated bonds in the Mideast.

Yen-quoted bonds involve no risks from currency exchange fluctuations, unlike those denominated in the U.S. dollar and other foreign currencies.

Moves to induce oil money are spreading from plant exports and other firms with close business ties to the Mideast to firms having little business there, like Ito-Yokado Co., the supermarket chain.

Ito-Yokado sold yen-quoted convertible bonds worth 5 billion yen (\$22 million) in July in Kuwait.

Ignoring Mart Trends

What is significant about oil money investments in Japan these days is that they now have little to do with foreign-exchange market trends.

Until recently, such investments tended to rise when the yen's value was high against the U.S. dollar and tended to drop when it was low.

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That is no longer true, and in recent months, when the yen's value was easing, oil-money investments were active.

This is evidently because oil-rich investors, in continuing to increase their stakes in Japan, believe the yen is basically strong in the long range. (Kyodo)

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ECONOMIC

SCANDAL SURROUNDING IRAN PETROCHEMICAL PROJECT REPORTED

Tokyo SHUKAN SHINCHO in Japanese 7 Aug 80 pp 136-139

[Text] Former King Pahlavi of Iran has finally passed away. Around that time, the Japanese Government had just about decided to resume financing the Iranian petrochemical national project, which had been held in abeyance. This is the second phase of financing; the first phase was executed in late March of this year. The amount: 2.6 billion yen. This means that the construction work which was stopped in the confusion of the aftermath of the Iranian revolution will finally be resumed--but wait awhile! Although it is said that the fierce will of new Minister of International Trade and Industry [MITI] Rokusuke Tanaka had clinched this government financing, scandalous rumors are already emanating from behind the scenes.

"How could he have handed down an administrative decision on the Iranian problem when he has been minister for only a few days? Generally speaking, the minister is still being briefed on jurisdictional matters. Of course, all newly appointed ministers, even if they are not fully knowledgeable of their job requirements, grope their way and declare their feelings. If these, then, are to be considered as administrative decisions, then they are nothing more than premature actions."

So saying, the secretary to MITI Minister Rokusuke Tanaka promptly threw up a smokescreen. Be that as it may, no one can say otherwise on the matter but that the second phase of government financing was unofficially decided quickly after Mr Tanaka's appointment as minister. (Note: It has been speculated that the official decision will be made about 10 August.)

Actually this is the state of affairs after the explanation by Kenjiro Taguchi, head of the Economic Cooperation Section of MITI's Trade Industry Policy Bureau, who has been involved in the resumption of financing.

"Since this second phase of financing occurred after Ambassador Extraordinary and Plenipotentiary (Kuhiya) arrived in Japan in mid-June as Iran's representative, and when administrative arrangements were being actively pursued in Japan, it wasn't only the minister's doings. The minister was fully aware of this matter during his service as chief cabinet

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secretary, and it is true that he showed enthusiasm soon after his appointment, but as for the coincident thinking of the minister and the administrative agency, this was purely accidental."

In other words, if the new minister had not been especially aggressive about this matter, then it would mean that the resumption of financing would probably not have been unofficially decided as rapidly as was the case.

Actually, the determination shown by MITI Minister Tanaka "on this problem" was an extraordinary show. Soon after his appointment as minister, he not only resumed government financing but also declared, "If necessary, increase the finance allocation; but by all means the project must be brought to completion." As for the promotion of the project, differing opinions of sorts already have been lodged strongly, and so its course is unknown. And far from the "groping" described by the secretary, an aggressive posture with the fullest of confidence was taken.

To begin with, at this stage there is no need to tediously explain the details on how the Iranian petrochemical plant plan, initially undertaken privately by Mitsui & Co., Ltd., had been converted into a national project in the midst of its prominence last autumn, or how government financing was achieved with a sum reaching a total of 20 billion yen received from the Overseas Economic Development Fund. In brief, the government took over a private enterprise that was at a standstill because of slipshod planning, and pumped into it hard-earned taxpayers' money.

But construction work was suspended because of the confusion that followed the Iranian revolution. With Iran still in a state of political instability, "even if 85 percent of the project is said to be completed, with the original construction cost estimate of more than 200 billion yen swelling to 550 billion yen because of the oil shock, with the rate of inflation in Iran being an appalling 50 percent per annum, and the outlook on the construction work being gloomy, there is no way of determining how much more has to be invested before it becomes a paying proposition" (according to a large business firm executive in charge of petroleum). Such being the situation, even the government, as may be expected, has come to hold back on the second phase of financing.

In a sense, it would be correct to say that this unofficial decision was a frontal assault through these so-called pessimistic situations.

Was the Ministerial Appointment a Farce?

Be that as it may, why is Minister Tanaka showing such a fierce determination to promote the Iranian petrochemical project?

Already scandalous rumors have been springing forth.

An authority on Iranian affairs explains thusly: "Graft is the most repeatedly mentioned subject among authorities on Iran. When the Iranian

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petrochemical plan was converted into a national project last autumn, the rumor being circulated was that Mitsui had contributed 3 billion yen to then Prime Minister Ohira; this rumor was a topic of discussion by Takamoto Hosokawa and Hirotsu Fujiwara on their TV program "Ramblings on Current Events." But the truth is that the sum of 3 billion yen was not handed over at that time. The secret agreement was that 'when everything is safely completed, 3 billion yen will be delivered'; of that sum 1 billion yen was said to have been delivered to Prime Minister Ohira at the time of the plan's conversion as a national project."

But Prime Minister Ohira accomplished only the first phase of financing before meeting a sudden death.

"And," continues the authority after a pause, "the fact is that this graft was inherited by leaders of the Ohira faction as the legacy of Mr Ohira. Consequently, new Prime Minister Zenko Suzuki fully acknowledged this graft arrangement. But since becoming Prime Minister, he cannot be involved in this sort of intrigue. Therefore, it is said that Mr Tanaka, who singlehandedly had been handling Mr Ohira's dirty deals from way back, has taken it over."

If this is true, then one would be apt to describe the amount of 500 million yen [received] in the Lockheed scandal by the black market shogun who resides in Mejiro [former Prime Minister Kakuei Tanaka] to be a paltry sum!

But, possibly, apart from this "graft report," the following sort of talk caused a stir at Nagata-cho right after the formation of the new cabinet.

"At the outset of the cabinet formation [discussions], Roku-san [MITI Minister Tanaka's nickname] was not especially considered for any position. Although the public unanimously accepted that Roku-san had distinguished himself in the formation of the Suzuki cabinet, Zenko had the formation of a supraparty cabinet in mind and felt that picking Tanaka for an important position would be too obvious as a reward recognizing his party services. Meanwhile, Roku-san himself spread the word of his selection as chief cabinet secretary, but upon learning that the position was filled he suddenly switched to drumming for the position of MITI minister. Backup reasons given for the cabinet selection were that he had once served as MITI's political affairs undersecretary and that he was deeply involved in the energy problem, but under those circumstances several others are just as eligible as he. But his selection without any noticeable opposition was the result of his quick visits even to the leaders of financial circles and his forceful actions to prevent any debate on his suitability." (by a political commentator)

Thus, the fact is that Mr Tanaka had reasons to tenaciously seek the position of MITI minister. To add to the previously mentioned "graft report," Prime Minister Suzuki at the beginning did not select Mr Tanaka to the position of MITI minister because, in his farsighted reasoning, he wanted to avoid any direct link with Tanaka's graft involvement--and so, could Tanaka's selection have been a rigged affair?

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A political analyst knowledgeable about the inside affairs of the Liberal-Democratic Party has this story. "In reality, to the leaders, such as Suzuki and Tanaka, who took over the Ohira faction, the immediate problem is the settlement of the debt left by Ohira. From the two elections, held this year and last year, Ohira left a debt of several billion yen and died. Loans were obtained from security companies and banks, and the truth about the failure of Nakasone to form a cabinet was that he could not shoulder the burden of this debt."

This is to say that the need for money was the crux of the matter.

"Gas Supply" Suspended

And there are others--such as that a Mitsui executive serves as an adviser to Prime Minister Suzuki, or that MITI Minister Tanaka had actively worked to establish a direct line to Mitsui, and countless other tidbits of information. But they will be dispensed with because of space limitations. In any case, the truth for the present is nowhere but in the center of the thicket.

But, on reflection, even the Lockheed scandal started off with small bits of information. Isn't the moral of all this to have all "scandalous rumors" of the political world written down?

In any case, the problem is whether the second phase of government financing will turn out to be a "fortune" or a "misfortune." Soon after the unofficial decision was made, the announcement of former King Pahlavi's death was received. Will there be changes in the Iranian state of affairs?

As background for the government's support for increased capitalization now is the fact that Japan had deferred to the United States up until now and had exercised restraint. It was not clearly known what course the Iranian-Japanese petrochemical plan (IJPC) should take, in light of the American sanctions revolving around the hostage problem. But now the IJPC is the only means of restoring relations between Iran and the advanced nations of the West. The government decided that this above all must be maintained totally as an exception," said Mitsui executives with poker faces to cover up for the government.

Could this be the truth? But the experts unanimously say that "the entire matter should not be taken too lightly."

An economic journalist who travels frequently to Iran had this to say. "The workers at the site in (Bandaru Khomeyni) (the IJPC plant construction site) are most pessimistic. No one believes the project will be successful. In agreement with this is Kunihiro Adachi, IJPC president, who is stationed in Iran. Of course it will be unsuccessful. Iran today is like Communist China during the Great Cultural Revolution. Commands issued by superiors are not obeyed by subordinates. In addition, the country itself is divided into a dual power structure of the [government] administration and laborers."

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committees who are reportedly more powerful than the administration. Even with the resumption of the construction work, not everything is operating smoothly. Even without doing anything, today both Japan and Iran are assuming 3 million yen a month in interest. Although it is reported that, for the months of July, August, and September, about 3.9 billion yen from the 100 companies involved in the plan and about 2.6 billion yen from the government's second phase of financing will be paid, the expenses are mounting. But back in Tokyo, no one listens to such woes of the people at the site. Rather, just recently, President Adachi's reappointment was approved."

According to another authority on oil problems: "To carry out the Iranian petrochemical project in the present manner and to further increase government financing will only raise issues. Even if it is openly completed, the prospect of payback is extremely poor. Simply speaking, Iran's crude oil production output since the revolution has fallen considerably. Whereas 6 million barrels formerly were produced daily, today the amount is only 1.6 million barrels. Originally the Iranian petrochemical project was planned for maximum utilization of natural gas, whose emission would follow crude oil production. The fuel and products are supported by this gas. Besides the dearth of this gas, the facilities to draw the gas were operated under contract by an American firm, Parsons. Said firm has evacuated, and not considering the hostage problem, and purely from the standpoint of economics, the prospects of this firm's returning are dim. Even if crude oil production is revived, the bulbs are all rusted and things will not work out as they are planned on the drawing board. The Iranians are saying that naphtha should be used as a substitute, but in the original plan the LPG produced from natural gas was to be sold and from this, 100 billion yen was to be transferred for construction costs; this now is only a dream. Japan was most desirous of producing LPG, which cannot be obtained from naphtha. This is fine with the Iranians, since their objective is to produce a petrochemical product called "aroma," which can be obtained from naphtha, but for Japan it would mean the loss of the objective of the project itself.

Outbreak of a New Upheaval

A college professor whose research specialty is Near Eastern economics summarizes in conclusion: "Pahlavi's death in a sense can be considered as only the removal of one of the stumbling blocks in the hostage affair. In the beginning the request to "return the Shah" had a direct connection with the hostages, but subsequently the focus has been on the spy accusations, the U.S. Embassy, and related subjects. To be sure, the possibility exists that with the Shah's death, the hostage problem will be resolved in a different direction. Hereafter the Iranians will try to prove to the world that the hostages were spies, but the punishment will probably be just a formality. But," continues the professor, "Iran's biggest dilemma is the reduction of its petroleum revenues. As of the present, things are safe, because the export charges up until April will be received in payment up until August, but the revenues thereafter will be sharply reduced when economic sanctions are applied by the various countries. The bulk of Iran's

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national budget goes to pay the salaries of government workers and the wages of laborers. After 10 months, Iran's foreign currency holdings are reported to hit bottom. Under these circumstances, occurrence of a panic situation in the country is unavoidable.

Will a new upheaval occur?

The latter part of the scandalous rumor is still to be described, to wit: "Presently the word "success" in the phrase "payola on success" has taken on a new meaning. It is based not on completion of the project, but on continuation of government financing until the Iranians cry, "We quit." If Mitsui should give up, this is because there won't be any payment of export insurance against the invested money.

As for the eyes of "misfortune," perhaps it would be more apt to say that they are focused not on MITI Minister Tanaka, but on us, the people, who are forced to pay our hard-earned tax money.

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ECONOMIC

DISCUSSIONS ON MEXICO'S OIL SUPPLIES TO JAPAN

Tokyo JIJI in English 1411 GMT 10 Sep 80

[Text] Tokyo, 10 Sep (JIJI Press)--President Tokio Nagayama of the Japan Petroleum Association said Wednesday he hopes to confer with President Jorge Diaz Serrano of Mexico's state-run oil company PEMEX on an increase in crude oil supplies to this country when he visits here in mid-October.

Prospects are brightening thanks to an oil glut worldwide, he said at a news conference. By the end of the year, he predicted, Mexico's oil supplies to Japan would probably be raised to 100,000 barrels a day.

Serrano will visit Japan to attend the 12th meeting of the Japan-Mexico businessmen's committee to be held in Tokyo for 3 days from 13 October.

Nagayama said the Mexican oil shipment to Japan in September would be increased from 50,000 barrels a day to 75,000 barrels, pointing out the easing of the world oil situation is working favorably for this country.

His remark virtually reversed a gloomy view he had earlier expressed on Mexican oil supply problem. The dominant view last month was that it would be impossible to get the supply increased to 100,000 barrels a day by the end of the year.

Under an agreement, PEMEX is to supply 50,000 to 75,000 barrels of crude per day in July-September and 75,000 to 100,000 barrels per day in October-December. But it notified Japan last month that the ceiling of its supplies in the last quarter will be reduced to 75,000 barrels a day and that the amount could be further cut by 15 to 20 percent.

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ECONOMIC

ACTIVITIES OF THE 'OVERSEAS ECONOMIC COOPERATION FUND' IN AFRICA REPORTED

Paris MARCHES TROPICAUX ET MEDITERRANEENS in French 8 Aug 80 p 1962

[Text] Created in March 1961, the Japanese Overseas Economic Cooperation Fund (OECF) limited its activities to a policy of loans and investments with Japanese firms that were setting up installation or expansion projects in developing countries. The role of the Fund was expanded in 1966 by the power to grant direct loans to foreign states in the final stages of development.

From 1961 to 30 September 1978 the Fund intervened in 959 operations representing a total of 1,889,000,000 yen, 1,684,000,000 of it in direct loans to states and 205,000,000,000 in financing for investments and interests of Japanese firms in developing countries (1 yen = approximately 0.018 French francs or 0.9 CFA francs).

Naturally, Asia was the principal field of action of the Fund (84.4 percent of the public loans). Fund interventions in Africa have totaled since the beginning 191,400,000,000 yen in loans to states and 27,100,000,000 in investment financing for Japanese companies.

The distribution of the direct loans is as follows (in millions of yen):

Algeria.....	10,800	Madagascar.....	5,200
Egypt	95,125	Malawi.....	4,594
Morocco.....	3,000	Rwanda.....	1,107
Sudan.....	8,000	Tanzania.....	3,748
Tunisia.....	4,000	Zaire.....	34,496
Ethiopia.....	3,700	Zambia.....	4,500
Kenya.....	13,097	Total.....	191,367

Recent interventions concerned the projects listed below:

Algeria: A loan of 3,700,000,000 yen to expand the telecommunications system by building microwave connections in the northern and southern parts of the country, within the framework of the second Four-Year Development Plan.

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Egypt: A loan of 23,000,000,000 yen to realize the first phase of the work of deepening and widening the Suez Canal.

Morocco: A loan of 3,000,000,000 yen to improve the railroad and purchase traction equipment, within the framework of the third Five Year Development Plan.

Tunisia: A loan of 4,000,000,000 yen to finance the purchase by the Tunisian Navigation Company of two freighters for transport of phosphates.

Kenya: A loan of 3,400,000,000 yen to realize a road program in rural areas.

Madagascar: A loan of 3,000,000,000 yen for the hydro-electric development project at Namorona.

Malawi: A loan of 4,600,000,000 yen to build a new international airport 20 km north of Lilongwe.

Tanzania: A loan of 2,400,000,000 yen to install and equip an earth station for satellite communications.

In the financing for Japanese firms, most often realized in joint-venture form in partnership with local companies, African operations are as follows: in Swaziland, a sugar refinery; in Zaire, extraction of copper ore; in Senegal, maritime fishing; in Niger, prospecting for uraniferous ores; in the Sudan, prospecting for chrome ore.

On the other hand, the Fund is studying the matter of its participation in the financing of geologic prospecting in Libya and developing the manganese ore deposit in Tambao in Upper Volta, both projects being joint venture partnerships.

Kaneo Ishihara is assuming the presidency of the OECF; he is assisted by four general managers: Tateo Suzuki, Shigeru Yuki, Yutaka Takemura and Fumio Araki.

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ECONOMIC

BRIEFS

USED CARS TO CHINA--Tokyo, 5 Sep (JIJI Press)--Toyoda Tsusho Kaisha, Ltd. of the Toyota group has concluded a contract with China to export 580 used cars, all made by Toyota Motor Co., informed sources disclosed here Thursday. Of the total, 160 units are the van-type "Corona Mark II" and the remaining 420 units the delivery van-type "Liteace." This is the first export of Toyota's used cars to China. China has expressed a strong desire to import secondhand automobiles, while the Toyota side has placed priority on exporting new vehicles. But in view of used car glut in the domestic market, Toyoda Tsusho decided on the exports, the sources said. [Text] [OW071341 JIJI in English 1227 GMT 5 Sep 80]

LARGE IRAQI AUTOMOBILE ORDER--Nagoya, 8 Sep (JIJI Press)--Toyota Motor Sales Co., a marketing arm of Toyota Motor Co., has landed an order for 60,000 motor vehicles from the automobile state enterprise of Iraq, it was announced Monday. This is the biggest single order for automobiles Toyota has ever received from abroad. It calls for Toyota to supply 10,000 "Crown" passenger cars, 40,000 "Corona" passenger cars and 10,000 small trucks by August next year. Shipments will start this month. Iraq is vigorously pushing industrialization with its expanding oil revenue, bringing growing demand for automobiles for public works. Moreover, there is a brisk auto demand in the private sector, causing a rapid increase in imports of small passenger cars and trucks. Last October, Toyota received a massive order for 46,820 automobiles from Iraq. The firm's exports to the Middle East country will likely exceed the 80,000 unit-level in 1980. [Text] [OW091115 JIJI in English 1446 GMT 8 Sep 80]

STEEL TECHNOLOGY FOR ROMANIA--Nippon Seikko Company has signed a 7-year contract with Uzinexportimport, a Romanian firm engaging in the export and import of iron and steel products, to export Japan's technology for making large-size steel forgings to Romania. Romania will use this technology to make rotor-shafts for turbine generators. Technical assistance under the contract covers the entire process from making 400-ton steel ingots to electro-analysis, forging and processing of machinery. The Japanese technology will be used in IMGB, a large heavy machinery plant under Uzinexportimport, which is being expanded. The contract price is 2.5 billion yen including technical guidance fees. [OW290507 Tokyo NIPPON KEIZAI SHIMBUN in Japanese 27 Aug 80 morning edition p 7]

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SCIENCE AND TECHNOLOGY

GOVERNMENT PLANT TO EXTRACT URANIUM FROM SEAWATER

OW121139 Tokyo THE DAILY YOMIURI in English 11 Sep 80 p 1

[Text] The government, with a view to realizing domestic production of uranium, will begin construction next spring on a pilot plant for extracting uranium from seawater as part of a 3-year long, 4.1 billion yen test project, it was learned Wednesday.

The projected plant is envisioned to be completed at a total construction cost of 2,400 million yen by the end of fiscal 1983 on a tract of 10,000 square meters of reclaimed land in Niomachi, Western Kagawa-ken, said officials of the International Trade and Industry Ministry (MITI).

The plant is to start a three-year operation on an experimental basis from fiscal 1984, producing about 10 kilograms of uranium annually, they said.

The project, if successful, will make possible mass production of uranium from seawater on a commercial basis in the 1990s, according to officials of MITI's natural resources and energy agency, which is responsible for the project.

Agency officials said the planned uranium extraction will contribute greatly to "energy security" for this country, now dependent on foreign countries for 100 percent of its uranium requirements.

Japan's current electricity output at nuclear power plants is the world's second largest next to the U.S.

The seawater uranium extraction plan will therefore do much for realizing goal set by industrialized countries at the International Energy Agency (IEA) meetings and the Venice summit of jointly finding a way out of the present dependence on petroleum resources, the officials noted.

The project, if successful, will also contribute to stabilizing the international uranium market, presently plagued with highly unstable factors to the extent that export prices of uranium have increased more than fivefold in the past three years, they said.

The go-ahead Wednesday for a test plant for seawater uranium came after the metal mining agency, MITI's extradepartmental body, recently succeeded in developing the technology for the uranium extraction from seawater.

The agency has been undertaking the developmental researches since fiscal 1975 to tap seawater for uranium.

Experts estimate uranium in seawater all over the world at some 4,000 million tons, or about 800 times as much as the presumed uranium reserves on land.

The percentage of uranium contained in seawater, however, is very small 0.003 ppm, or 3 milligrams per 1,000 tons of seawater, according to the experts.

The uranium extracting technology developed by the metal mining agency is designed to absorb uranium in seawater with activated charcoal soaked with an oxide compound of titanium, the agency officials said.

The production cost of uranium through this means is presently estimated at \$120 to \$130 per pound, or three times as high as the current export prices of uranium.

Since sharp price rises of uranium are expected for the future, however, the prices of seawater-extracted uranium is expected to become commercially feasible in the 1990s, or at least considerably closer to prices of mined uraniums, they said.

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SCIENCE AND TECHNOLOGY

HITACHI TO DEVELOP 200 MW POWER REACTOR

Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Aug 80 p 7

[Text] Hitachi Ltd has turned against the trend toward atomic reactors of ever greater capacity and has begun using its own technology to develop a small reactor of the 200 MW class as a part of its boiling water reactor (BWR) development strategy. The reasons for this decision are that if in the future the export of atomic reactors becomes a serious effort, this will meet the demand from developing countries, and that domestically too, and site constraints will mean a growing need for smaller reactors. A research team for the 200 MW reactor was recently formed within the company, and the conceptual design is to be undertaken soon. Because development of reactors requires huge sums of money, manufacturers have restricted their development activities. Thus Hitachi's active development shows that company's high hopes for the field.

Atomic reactor manufacturers' views on development of small and medium reactors were sounded out in May of this year by the Ministry of International Trade and Industry, which was thinking in terms of atomic power site promotion and multiple use of reactors. Because the ministry's idea was the broad one of asking each company for reactor designs in the 200 to 400 MW class, it was met with attempts to confirm the ministry's intent, asking for a more specific call for designs or blueprints of actual use after development. The mood of avoiding involvement in development was strong. Behind this was the thinking that so far development and production arrangements had centered on large reactors of the 1000 MW class, and it would not be good strategy to extend the battlefield when even those operations were highly unprofitable.

Hitachi realized, however, that light water reactors of diversified capacity would be essential--domestically to find sites in urban areas in addition to those in non-metropolitan coastal areas, and also to meet the demands of the overseas market if it becomes possible to enter that market. Thus Hitachi decided to break away from the other companies and begin development. Moreover, America's General Electric Co. (GE) which has a technical tie-up with Hitachi, has also begun development of a 200 MW class reactor for developing

- countries, and ASEA Atom (Sweden) which like Hitachi takes part in AET (Advanced Engineering Technology), a group of reactor manufacturers seeking development of new BWR, has completed designs in that class and shifted toward production. This served as further impetus to Hitachi's decision.

Hitachi has for the most part depended on technology obtained from GE for its 780 MW and 1100 MW power reactors. But it intends to design the smaller reactor independently by trying to apply the technology gained so far in development of light water reactors, since the level of technology is nearly the same. To do this it has formed a research team with the goal of completing designs for an experimental reactor in 4 or 5 years, and has begun to firm up the basic concepts for the reactor. If this reactor becomes a reality, it will be the first produced independently by a Japanese manufacturer.

Hitachi recently concluded a contract with America's Bechtel, the world's largest engineering company, for introduction of atomic power plant engineering technology, clearly taking the offensive in the field of atomic energy. This diversification in light water reactor development is a part of this offensive, and may well elicit a response from the other manufacturers.

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SCIENCE AND TECHNOLOGY

BOOMING SEMICONDUCTOR INDUSTRIES, THEIR FUTURE EXAMINED

Tokyo DENPA SHIMBUN in Japanese 15 Aug 80 p 1

[Article: "Super LSI Continues Extraordinary Growth, IC Production to Increase 60 Percent"]

[Text] Japan's semiconductor industrial world is planning a total of more than 130 billion yen during JFY 1980 for plant investment (total of nine companies), and great interest is being displayed to see just how this investment will affect the future demand relationships of the semiconductor market. According to the results of the study this paper conducted along these lines, this increase in production will have the effect of creating an increase of 60 percent in IC production. The nature of these investments will be such that this increased production effect will come some time after next spring. Assuming that the market picture will continue next year the same as this year, the demand can be expected to keep pace with the supply. On the other hand, production of these growth products such as memory is being promoted by all these industries and there seems to be no way of avoiding intensified competition in these areas.

According to the production statistics issued by the Ministry of International Trade and Industry, Japan's IC industries topped last year's production by 50 percent to produce 200 million units as of May, and this was equivalent to a 55 percent increase in money value to a little less than 50 billion yen. These plant investments on the part of these different companies is not being directed to unit semiconductors such as transistors and diodes but are being concentrated on IC, and many of these moves are characterized by their emphasis on LSI and super LSI.

The semiconductor market last year saw great shortage of memory and standard logic IC in world-wide manner, and this year has seen shortage in small signal use transistors resulting from the increased production of household use VTR as a result of which the directions in the demand and supply situation accompanying this increasing market are beginning to assert themselves in various areas. The 26 Kbit dynamic RAM whose shortage was a problem last year is this year beginning to see some lowering in price indicative of the startling changes in the demand and supply picture, and future directions are being watched with great interest.

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Trend to Installing Production Equipment

This was why this paper interviewed the Ministry of International Trade and Industry, the various semiconductor companies, and the companies producing semiconductor manufacturing equipment who are directly involved in these investments to delve into the possible directions in the demand and supply picture as it affects the semiconductor market centered on Japan. One of the methods available was to look at the trends in equipment installation that is one of the beneficiaries of this plant investment and determine its influence on the production picture. One of the yardsticks for this evaluation is the diffusion tube for use with diffusion equipment, and it has been said that "in July, there were 200 diffusion tubes installed throughout the industry" (according to a technological department head of a certain large semiconductor maker).

On the other hand, the two large diffusion tube makers Tokyo Electron and Kokusai Electric say, "it is unthinkable that the time has come when the scale of diffusion tubes can be used to determine production capacity, the ion injection system is presently developing making it difficult to use diffusion equipment data alone to establish production" (Tokyo Electron), "while there is possibility that an instantaneous trend may have resulted in shipping out 200 diffusion tubes, it most likely did not happen in July" (Nippon Eaton).

In this manner, the equipment related people are taking negative views. When seen from the levels of the industry, the increased production effect is expected to assume the following course.

Assuming 200 tubes are installed per month, the daily operating rate (with two shifts) will be 200×4 cycles (all the processes necessary to production are lumped together in a cycle) = 800. Further assuming 100 wafers per lot, there will be 800×100 or 80,000 wafers. Putting this production on a monthly basis allowing 20 working days, this will be $80,000 \times 20 = 1,600,000$ wafers. If now it is assumed that each wafer can produce 50 IC, this will total $1,600,000 \times 50 = 90,000,000$ IC. In other words, there will be increase in production of 90 million IC units.

One Billion Units Increase in IC Production

To be sure, any information relative to the number of wafers handled or the number of IC units produced per wafer (stockpile) comes under the classification of highly secret information as far as any semiconductor maker is concerned so that none of these makers will release such details, but if we judge from this situation, the semiconductor industry this year will come to possess the capability of increasing its IC production by one billion units. According to the statistics released by the Ministry of International Trade and Industry, Japan's IC production two years ago was about 1.7 billion units. Judging from the trends thus far, this year's production is estimated to be roughly 2.5 billion units while next year's production, taking into account the increased production resulting from this year's plant investments, is expected to rise to more than 3.5 billion units in the growth trends that are predicted.

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Do Eight Process Lines Represent Something New?

In another direction, it is possible to estimate this increase in production from the degree of new equipment lines installation for producing semiconductors by new processes. The total outlay of the industry will be 130 billion yen for plant investment, and this sum includes considerable allotment for converting some existing 3 inch lines to 4 inch lines. Assuming that 60 percent of this investment is directed at entirely new process lines, it would seem that about 8 process lines will be newly established within the entire industry (it is the present situation that a new process facility for inside a building will cost about one billion yen).

In the case of the Sharp Company which built and started operating a third plant, there was an outlay over a two year period of 1.4 billion yen excluding land but including the building for this plant to produce high quality LSI for super LSI use. Its present monthly production is 1.3 million units which is expected to be increased to 5 million units this October. Even when seen from this industry's figures that a single process line can produce 2 million LSI units more or less per month, there can be expected increase of roughly 16 million LSI units production per month just from these new facilities. There is also the increased production of the on-line process lines which also has to be taken into account.

In addition, the term investment effect (an index on how much sales can be expected within a given period is being used as the measure of the increased production effect in the United States. If this type of comparison is adopted, Japan's semiconductor industry in 1981 can be expected to exceed the previous year's production by 36 percent (calculated on the basis of an investment effect of 1.5). Assuming that this volume production will bring about a degree of cost lowering, there will still be increase of 50-60 percent from which it can be thought that the supply and demand picture will be stable.

The United States is thought to have a semiconductor market scale of roughly twice that of Japan, and its total plant investments on the part of its semiconductor companies is expected to be between 29 and 30 billion yen from which it can be seen that investment double that of Japan is planned for a market which is also double that of Japan. The semiconductor industry is seeing increased outlays for plant investment, and this trend is increasing with the passing of the years from which it is evident that there is considerable thought being directed at excessive capacity. On the other hand, the entire industry seems to be meshed in the thought that "semiconductors represent an area which will see nothing but expansion from here on. Production of the 64 K-RAM has started, and this will be followed by the super LSI. It will be possible to follow in the footsteps of the latest technology before excessive capacity sets in. If that does not happen, there will eventually be a double layered structure" (Ministry of International Trade and Industry hierarchy).

In this manner, if one considers that events such as the age of super LSI envisioned for the future actually will transpire, the overall demand and supply situation for semiconductors can be expected to follow a line representing expansion in production capacity which will be in tune with the market growth, and even allowing for temporary confusion as represented by the recent cost cutting in memory units, a stable growth can be anticipated.

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