

Oregon

## Invasion of the Asian investors

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by Todd Crowell 11-27-84

**T**HIS IS THE YEAR THAT OREGON MOVED out of the shadows and into the sun in the growing West Coast competition for investment, tourism, and other business favors from the Pacific Rim.

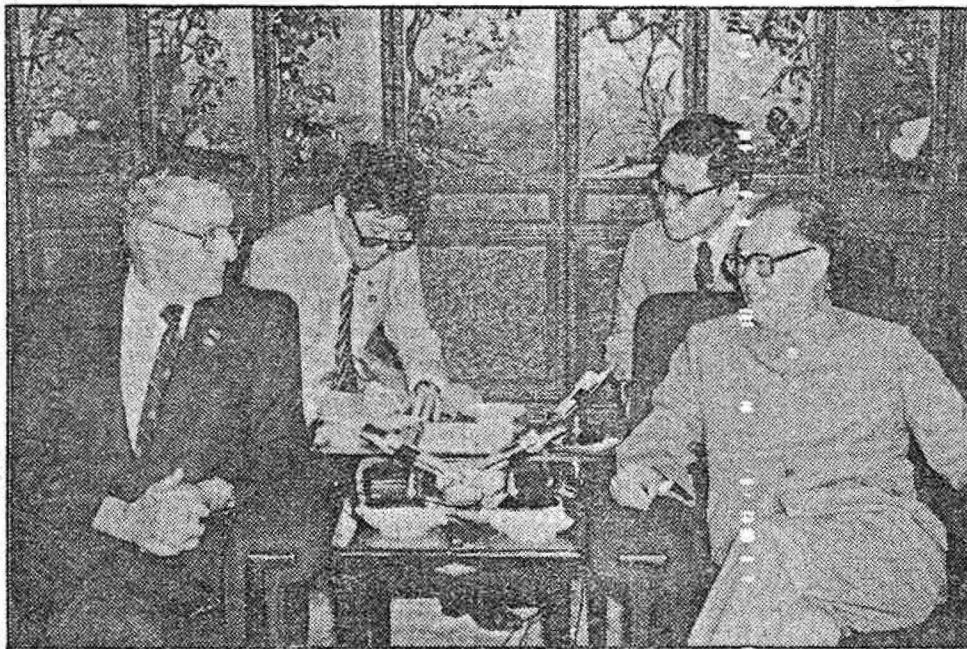
The state, which until this spring did not have a single Japanese manufacturing plant within its borders, has managed to attract four new high-technology plants from three Japanese companies in the past six months. It is estimated that these plants—and more are said to be on the way—will pour about \$500 million in new investment in the Portland metropolitan area and create as many as 5,000 new jobs.

Governor Victor Atiyeh's trade mission to Japan and China in September was, by all accounts, a tremendous success, probably the most successful such Pacific Rim trip by a Western governor in years. (The Gardner campaign ads suggesting that if you wanted to see a governor really grabbing Asian trade you should look at Oregon were on the mark.)

And if that weren't enough to make an economic development director purr with pleasure, the state is getting a priceless amount of favorable and free publicity with ordinary Japanese from a new prime-time Japanese television series, "From Oregon with Love," filmed on location near Bend in central Oregon.

"Oregon is benefiting from a lot of external events," says Anthony Polsky, an Asian consultant in Beaverton, "but for a change, it was smart enough to take advantage of them."

Until recently, Oregon was often overlooked in favor of California or Washington, and those who did look at Oregon often had the impression that the state was rather a closed society to outsiders. For the Japanese, these impressions began to change with the Keidanren investment study mission to the



*Atiyeh in Asia: a big success for a Western governor.*

United States last spring. A delegation from this powerful business organization visited Oregon and liked what it saw.

The delegation and its leader, Akio Morita, president of the Sony Corp., got red-carpet treatment during their Oregon visit—even receiving police outriders for the trip from the airport. The Keidanren group was pleased to find that land costs in Oregon were 40 to 50 percent lower than in California and that labor costs were commensurately lower, too.

But the clincher came in July when Atiyeh suddenly called the Oregon legislature into special session for the sole purpose of repealing the state's unitary tax, a method of apportioning the state's corporate profits tax on a worldwide basis that is anathema to Japan. Atiyeh had been in favor of repeal but was undecided whether to wait until the legislature returned for its regular session in January or call a special session.

The visit by the Keidanren delegation, plus intelligence that several Japanese companies were on the verge of locating in Oregon if only the unitary tax were removed, led Atiyeh to call the legislature in session. Oregon wasn't the first state to repeal its unitary tax—

New Mexico repealed the tax in 1983. But it was the first to do so since the unitary tax issue emerged as a major trade issue between Japan and the US this year. And it was done in a highly visible, dramatic fashion.

"I like to think it was a major factor in causing the Japanese firms to locate in Oregon," said Doug Frengle, head of the international trade division of the Oregon Department of Commerce. "It really caused Oregon to get the attention of the Japanese."

Consequently, the governor and his party were treated like royalty during their visit to Tokyo in September. Literally. The governor was received by Crown Prince Akahito and Princess Michiko, an honor not accorded the usual junketing state official.

**A** highlight of the visit to Tokyo was a reception of major Japanese industrial firms hosted by Keidanren. At the meeting, Akio Morita, chairman and founder of the Sony Corp., toasted Oregon as the best place for Japanese to invest in the United States.

The China segment of the governor's trade

mission was also considered a success. On the symbolic level, the governor was received by Prime Minister Zhao Zhiyang, again an honor not extended to all visiting governors. He also signed a sister-state/province agreement with Fujian Province, just across the straits from Taiwan.

Government officials in Fujian Province went out of their way to ease Atiyeh's concern that by dealing with China he might be turning his back on Taiwan. Governor Hu Ping told Atiyeh that Oregon should continue trade and commercial ties with Taiwan.

No doubt the Chinese were fully aware that the Oregon governor had resisted the heavy-handed efforts of the Taiwan government to sign a sister-state/province agreement which recognized Taiwan as a province of the Republic of China, and thus implied recognition of the ROC as the legitimate government of all of China.

The incident took place last May during a visit to Taiwan and Korea. Atiyeh had gone to Taipei to cement a sister-state agreement with Taiwan. Oregon's copy contained only the phrase "Taiwan Province" while the Taiwan government's copy used the term "Taiwan, province of the Republic of China." Atiyeh balked at signing an agreement so worded and left Taipei without the agreement.

No such stumbles marred Atiyeh's recent visit to China, and it is a sign of the goodwill generated by that mission that Fujian governor Hu Ping quickly accepted an invitation to pay a reciprocal visit to Oregon in late November.

Oregon received extensive coverage in the Japanese press during the trade mission, but nothing like what is expected to come from the airing of Fuji Telecasting's new 13-part dramatic series, *From Oregon with Love*, which began in October.

This program tells the story of a Japanese boy who was orphaned in an automobile accident and goes to live with an aunt who has emigrated to the United States and lives in central Oregon. The drama was filmed near Bend and presents Oregonians as a warm and friendly people. One trade specialist likened the show to a Japanese version of *Little House on the Prairie*. Oregon travel agents are already looking forward in eager anticipation to the expected wave of Japanese tourists wanting to visit the site of the filming. ■