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TESTIMONY SUBMITTED BY
VICTOR G. ATIYEH
TO THE U.S. TRADE REPRESENTATIVE
SECTION 301 COMMITTEE
U.S.-JAPAN SEMICONDUCTOR ARRANGEMENT
MONDAY, APRIL 13, 1987

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In 1979, as Governor of my state, I made my first trip to Japan. The purpose of that trip, and the seven more to follow, was to acquaint the business and political leaders of that great country with my state of Oregon in hopes that our trade with them would increase. In this I was not alone, for I have been told that in 1986 more than half of our U.S. Governors made trade missions to Japan.

Japan was then, and remains today, our largest trading partner. Mirror-like this country has been significantly important to America.

Eight years ago the trade through our ports was two billion seven hundred million dollars. At the end of 1986, it was four billion nine hundred million dollars. This, of course, was two way trade.

For many years, we have had Japanese business interests represented in Oregon, numbering as many as sixty-six. Beginning in late 1983, with a major announcement, we have had nine Japanese companies announce expansion or

acquisition into our state totaling a potential \$773 million dollars in capital investment and producing 6,200 potential Oregon jobs. One of them is my client in this hearing, Fujitsu Ltd.

The point of all of this is to demonstrate that Japan has been wooed by the United States and individual states. They have invested in the United States in their own interests as well as in an attempt to deal with controversial issue of the balance of trade. At the same time they have significantly helped states like Oregon that were reeling under the effects of our recession by finding construction and full-time jobs for their citizens.

In my own judgement, the Japanese government has pushed their consensus society at their own political risk in an attempt to slow the rising trade deficit. It is lamentable that we have reached the point we have today, a reaction I am certain that is shared by the Administration.

Nonetheless, we are at that point; and, although I have some very strong feelings about free trade, misunderstandings between long time allies and partners and the pell-mell rush of some who are inadvisedly proposing destructive legislation, I will not burden this hearings with those thoughts.

Instead, I appear in support of the contention that United States companies not be injured by the proposal, that items unavailable in this country be excluded from the order

and that the final document does not include items sold on an O.E.M. basis to United States firms which by itself would severely affect United States O.E.M. customers who number in the hundreds. In that regard, I attach the items of specific concern to me and to Fujitsu, Ltd. with the appropriate tariff item number and description. It is my belief you will see the logic in our request and eliminate them from the proposal. These relate to Magnetic Tape Cartridge Media, 10.5" Hard Magnetic Disk Media, and Special Testing Equipment from Fujitsu, Ltd. to provide specialized manufacturing capabilities for their factories in Hillsboro, Oregon; Dallas, Texas; and, Palm Bay, Florida. This test equipment is not for resale in America, but will provide additional jobs for Americans, direct and indirect. Conversely, if the tariff were applied many jobs would be lost.

I am grateful to live in a society that allows full public hearings and honest debate on issues of concern to us as Americans. Thank you very much for the time you have given to me.



Victor Atiyeh

ATTACHMENT - Testimony by Victor G. Atiyeh

April 13, 1987, U.S. Trade Representative Section 301 Committee

1. Magnetic Tape Cartridge This specially designed cartridge is unique to a companion OEM tape drive which has been integrated into many United States manufactured computer systems which are dependent on this sole source produce. (Tariff item #724.45)
Comet Tape Cartridge (Data) Model #B87L-1630-0101A
Cleaning Cartridge Model #B87L-1630-0101A

10.5" Hard Magnetic Disk Media This is custom formulated design magnetic media for use in a disk enclosure manufactured in Hillsboro, Oregon by Fujitsu America. This media is not supplied by any United States manufacturers because no United States manufacturers make 10.5" media. (Tariff item #724.45)

2. Test Equipment Fujitsu America is importing special test equipment from Fujitsu Limited to provide specialized manufacturing capabilities for their Hillsboro, Oregon; Dallas, Texas; and Palm Bay, Florida factories. This specialized equipment is not available in North America and is not for resale in America. (Tariff item #712.49)

ADDENDUM

ATTACHMENT - Testimony by Victor G. Atiyeh

April 13, 1987, U.S. Trade Representative Section 301 Committee

1. Magnetic Tape Cartridge This specially designed cartridge is unique to a companion OEM tape drive which has been integrated into many United States manufactured computer systems which are dependent on this sole source product. (Tariff item #724.4570)
Comet Tape Cartridge (Data) Model #B87L-1630-0101A
Cleaning Cartridge Model #B87L-1630-0101A

10.5" Hard Magnetic Disk Media This is custom formulated design magnetic media for use in a disk enclosure manufactured in Hillsboro, Oregon by Fujitsu America. This media is not supplied by any United States manufacturers because no United States manufacturers make 10.5" media. (Tariff item #724.4570)

2. Test Equipment Fujitsu America is importing special test equipment from Fujitsu Limited to provide specialized manufacturing capabilities for their Hillsboro, Oregon; Dallas, Texas; and Palm Bay, Florida factories. This specialized equipment is not available in North America and is not for resale in America. (Tariff items #712.4971; 712.4975; 676.1520; 676.1530; 676.3060; 676.3065)

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HILLSBORO, OREGON:

Magnetic Disk Drive Production

1. FACOM M360 Computer. This equipment is similar from a hardware viewpoint to equipment produced by U.S. manufacturers. However, the software used to test the finished product depends on certain unique characteristics of the processor and associated test equipment to ensure consistency with established standards.
2. Multiplexer for control console/printer and block multiplexer for disk drives. Specifically designed to function with FACOM computer and test software.
3. Control console and serial printer. Designed for compatibility with FACOM computer and software and multiplexers.
4. Magnetic tape controller and high capacity tape drive. Source of input of test software and output of stored test results of tested product.
5. High capacity disk drives undergoing test. These units are manufactured in the United States by U.S. nationals. Up to twenty units can be tested at one time on this system.

DALLAS, TEXAS:

Instruments for Measuring or Checking Electrical Quantities

Instruments and apparatus for measuring or checking electrical quantities are particularly custom designed to meet specific special purposes. They are designed by the same entities who design the equipment they are used to test.

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PALM BAY, FLORIDA:

Modem Production

1. Hewlett-Packard computer and control system is used to ensure compatibility with the industry-wide Hewlett-Packard standards. This equipment is of USA manufacture and purchased in the USA.
2. Signal generator control units and input-output testing equipment. Manufactured in Japan. Required because the modems are designed for special self-testing procedures. United States origin testing equipment is not available and would have to be designed and built from the ground up.