



Federal Maritime Commission
Washington, D.C. 20573

Green

Office of the Chairman

April 22, 1985

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Governor's Office

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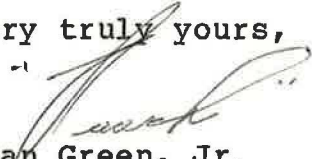
The Honorable Victor Atiyah
Governor
State of Oregon
Salem, Oregon 97310

APR 28 1985
Governor Atiyah

Dear Vic:

I have been thinking this weekend, which is always dangerous, about your upcoming trip to Japan and your nice invitation to me to join you. It seems the enclosed might be useful to you so that if my name should come up you won't have to say, Punch Who?, but might be able to give some answers.

Good luck and I am looking forward to seeing you in Oregon.

Very truly yours,

Alan Green, Jr.
Chairman

Enclosure

to Reagan who have consistently supported the long-established principle that a portion of government-funded cargoes must be carried on U.S.-flag vessels."

The coalition maintains that the legislation pits the maritime and agricultural industries against each other at a time when the two should recognize their common

plight of competing with highly-subsidized foreign interests and restrictive foreign policies, all coupled with the burden of the overvalued dollar. Chipping away at preference laws contributes to the decline of the American fleet, the letter said, a decline that would ultimately leave U.S. farmers entirely dependent on foreign-flag ships to export their products.

FMC CHAIRMAN TAKES FAREWELL SWIPE AT JAPAN

In what was probably his last major address as FMC Chairman, Commissioner Alan Green Jr. lambasted the Japanese for their reluctance to deal with longstanding shipping problems with the United States. He observed that this was not a case of "jumping on the bandwagon" since some of these problems, such as the "high-cube" container issue, have been around for as long as 14 years. The outgoing FMC Chairman also sounded a chord that was familiar these days: diplomatic measures have not been effective so far with the Japanese and tough trade sanctions are there to be used as a last resort.

Speaking before the International Trade Conference in Jacksonville, Florida, Chairman Green spelled out the maritime issues which are causing tension between the U.S. and Japan, which he believes must be considered in the context of the overall trade problem. His first concern is the so-called high-cube container issue. These 40-foot high-cube containers can hold nearly 13 percent more freight than the standard 8 1/2 foot equipment yet they are prohibited by the Japanese in the U.S./Japan trade. Chairman Green said that he cannot find the logic for this prohibition since Japan is a major producer of the high-cube containers and that questions of their safe highway movement could have been resolved years ago. Green threatened that Section 19 sanctions could be taken if diplomatic efforts fail. (As the Washington Letter went to press, there were unconfirmed reports from Japan that the situation had been resolved). — *Whee!!!*

One other issue of great importance to the FMC chairman is carrier access to Japanese crosstrades. He is apprehensive that Japanese ratification of the UNCTAD liner code might provide the rationale for some Japanese carriers to enter into limited cargo-sharing agreements. "Such agreements could restrict the opportunities for U.S.-flag carriers to compete on a commercial basis in some Japanese trade," Chairman Green argued. He pointed out that Far East crosstrading is becoming increasingly important to U.S.-flag carriers, some of which estimate that 25 percent of their revenues could come from the service by 1990.

The Chairman also took a parting shot at so-called "commercial agreements" which resemble bilateral cargo-sharing agreements. He warned that if an agreement in a foreign-to-foreign trade should impair the access of U.S.-flag carriers, it "would be a situation where the Commission would take some action, whatever the origins of the agreement." Chairman Green was further dismayed by developing nations who believe that round-the-world service will deprive them of their fair share of shipping markets. He contends that these countries would be better off commercially by stimulating foreign trade through promoting free competition in international shipping. In fact, he thinks that new shipping companies from the Third World may want to join forces with a company more experienced in international shipping. Both could benefit from the relationship.



STATE OF OREGON

INTEROFFICE MEMO

TO: Robin Shepard *Sovernor*

DATE: May 7, 1985

FROM: E. *Battys* Buys

SUBJECT: Governor's Trip to Japan

MAY 08 1985
Governor's Office

I received a call from Mrs. Margaret Palen. She, her husband Ken, and a group of about 12, are traveling to Japan honoring recent retirees of their friends. Among the group are Dr. and Mrs. Wally Turnidge, and Mr. and Mrs. Ira Jones. Mrs. Palen indicated they use to live in the same neighborhood. Mr. Palen was a Boy Scout Commissioner of the Hillsboro Columbia River Chapter (Troop).

The group will be staying at the Kieo Plaza in Tokyo (03) 344-0111. She indicated that it is about two miles from the Imperial, where the Governor will be staying. She thought, since she read in the paper of his forthcoming trip, that their paths might cross. She indicated that Dr. Turnidge was recently given a special Citizen's Award recognizing his efforts in promoting the tourism industry.

The award was the 1983 Willard Marshall award. One of the highest given for outstanding citizen contribution.

She thought it would be a nice gesture (surprise) if the Governor could find time to make a call to Dr. Turnidge at the Kieo Plaza when he was there. The group's schedule is -- They leave here on May 8 and will be in Tokyo through the 13th. Then they move on to Keota and Osaka, then home.

They will be in Tokyo on the 12th. The most likely day for this to occur if at all possible.

I told Mrs. Palen I would convey our conversation to the Governor and indicated that this request would be brought to his attention.

B



STATE OF OREGON

INTEROFFICE MEMO

CC: DL

TO: Thomas F. Kennedy, Director
Economic Development Department

FROM: Rick Schulberg, Manager *RS*
Regional Development Division

SUBJECT: HARP Case

DATE: May 14, 1985

I spent Monday, May 13, 1985 with the Portland Development Commission and members of Sharp Corporation, RCA Corporation, and Shimizu Construction Company.

Oregon is currently in competition with Colorado Springs, Colorado and Vancouver, Washington for the facility. The Vancouver site is next to SEH and the top two Oregon sites are in Tualatin and Gresham.

The members of the Sharp Corporation were very favorably impressed by the reception in Oregon and the ties between Oregon and Japan. The Governor's video shown on Sunday evening was extremely well received by Dr. Asada. A copy of his business card and his two staff members are enclosed for your information with this memo.

Further information regarding the results of their visit to Oregon will be provided tomorrow but a few points should be brought to your attention. First, Dr. Sasaki, with whom you will be meeting on Friday, is apparently a very avid golfer. Golf balls for his "first game" in Oregon would certainly be an appropriate gift. Second, we have learned that the decision by Sharp and RCA as to their location of choice will be made by June 1, 1985 and announced on June 20, 1985 at 2:00 p.m. Eastern Standard Time. For reasons not entirely known at this point, the timing of the announcement will provide for maximum exposure in the marketplace. A tentative decision could be made as early as this week during the RCA/Sharp meetings in New York on Thursday, May 16, 1985. For that reason, we will attempt tomorrow to establish a telephone conversation between Dr. Asada and Mr. C. Turner, Vice President of the RCA Corporation, in New York and Governor Atiyeh in Tokyo while the New York meetings are taking place. It is understood that this telephone conversation would have to be negotiated with the Governor's tight schedule.

I have drafted a letter that State Treasurer Bill Rutherford will formalize tomorrow morning, offering the Oregon Investment Council's interest in discussing a convertible securities purchase of up to \$100 million of RCA/Sharp stock. The investment management firm that works with the State Treasurer's office on these types of deals is quite excited about the possibility.

Thomas F. Kennedy
May 14, 1985
Page 2

Please note that the components of the Governor's higher education budget including the operating enhancement programs as well as the capital construction projects appear to be very important for this type of joint venture. I am working with Higher Education on a communication to RCA to layout the benefits that will be delivered to RCA/Sharp as a result of the implementation of the Governor's package.

More information will follow tomorrow. All going well.

RS:dc
2284F

cc: David Lutjen

SHARP**DR. ATSUSHI ASADA**

SENIOR EXECUTIVE DIRECTOR AND
GROUP GENERAL MANAGER OF
INTEGRATED CIRCUITS GROUP

SHARP CORPORATION

INTEGRATED CIRCUITS GROUP,
2613-1, ICHINOMOTO-CHO, TENRI-CITY, NARA 632, JAPAN
PHONE: (07436)5-1321 TELEX: 8522-364 SHAPL J
FUKUYAMA PLANT
ASAHI DAIMON-CHO, FUKUYAMA-CITY
HIROSHINA 721, JAPAN PHONE: (0849)49-9121
HEAD OFFICE: 22-22 NAGAIKE-CHO, ABENO-KU, OSAKA
545, JAPAN PHONE: (06) 621-1221
TELEX: LABOMET A-B / 83498 CARLE: LABOMET OSAKA

SHARP**TAG HAMANAKA**

MANAGER
SHARP/ROA JV PROJECT
INTEGRATED CIRCUITS (IC) GROUP

SHARP CORPORATION

INTEGRATED CIRCUITS (IC) GROUP
2613-1 ICHINOMOTO, TENRI-CITY NARA 632, JAPAN
TELEX: 8522-3649 SHAPL J PHONE: (07436)5-1321
FACSIMILE: (07436)5-1345

SHARP**HIROMITSU TAKEUCHI**

DEPUTY GENERAL MANAGER
IC DEVELOPMENT AND ENGINEERING CENTER
INTEGRATED CIRCUITS GROUP

SHARP CORPORATION

INTEGRATED CIRCUITS GROUP
2613-1 ICHINOMOTO, TENRI-CITY NARA 632, JAPAN
TELEX: 8522-3649 SHAPL J PHONE: (07436)5-1321
HEAD OFFICE FACSIMILE: (07436)5-1345
22-22 NAGAIKE, ABENO-KU OSAKA 545, JAPAN
TELEX: 6342B (LABOMET J6342B) PHONE: (06) 621-1221
FACSIMILE: (06) 628-1653



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor
cc: Tom Kennedy SUSAN

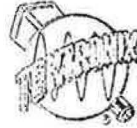
DATE: May 2, 1985

MAY 06 1985
Governor *REP*
for JAPAN FILE *JS*

FROM: Gerry Thompson W

SUBJECT:

Received a call from Consul General Kamoshida today. Mr. Tankaa, who will be replacing Kamoshida in Oregon, is handling all the arrangements requested through the Consul General's office for the Governor's trip to Japan. Komashida called to let us know that tentative arrangements have been made with Mr. Kuriyema, deputy general for Northern American Affairs; Mr. Kunihiro, director general of the Economic Affairs Bureau, and the Foreign Ministry. There is a possibility that the Foreign Ministry will want to host a luncheon or dinner party. Kamoshida expects official reply from Japan some time next week.



Tektronix, Inc.
Tektronix Industrial Park
P.O. Box 500
Beaverton, Oregon 97077

Phone: (503) 627-7111
TWX: 910-467-8708
Telex: 151754

ECONOMIC DEVELOPMENT
DEPARTMENT

March 23, 1985

APR 29 1985

Mr. Thomas F. Kennedy, Director
Economic Development Department
595 Cottage Street N.E.
Salem, OR 97310

Mr. Kennedy:

Enclosed is list of those attending or who will be in Tokyo, Japan
May 12-17, 1985 for Sony/Tek Show and Board of Directors meeting.

If you have questions, please call me (643-8179).

Sincerely,

Judy Hamm
Secretary to Allan Leedy
Legal Department

/jh

INDIVIDUALS TRAVELING TO JAPAN MAY 12-17, 1985

Board of Directors, Tektronix, Inc.

Mr. and Mrs. Paul Bragdon
Mr. and Mrs. Paul Carlson
Mr. and Mrs. Jim Castles
Mr. and Mrs. Larry Choruby
Mr. and Mrs. John Gray
Mr. and Mrs. John Landis
Mr. and Mrs. Len Laster
Mr. and Mrs. Allan Leedy
Mr. and Mrs. Howard Mikesell
Mr. and Mrs. Don Pederson
Mr. and Mrs. Lou Perry
Mr. and Mrs. Wim Velsink
Mr. and Mrs. Howard Vollum
Mr. and Mrs. Bill Walker
Mr. and Mrs. Earl Wantland
Mr. and Mrs. Frank Warren

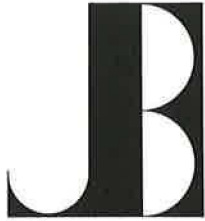
Those Attending Sony/Tek Show

Tod Archer
John Boone
Rodger Bourdein
Rick Chrusciel
Dale DeVries
Bob Ferguson
Ken Hunkins
Phil Johnson
Roydn Jones
Larry Kaplan
Steve Kerman
Luis Navarro
Jack Newcomb
Tom Ota
Louis Pengue
Ed Prichard
Guy Rabbat
Tom Reeder
George Rhine
Dave Squire
Rex Stevens
Dave Swenson
Chuck Wiley
Allen Wirfs-Brock

The following have either cancelled or are in Tokyo on another business trip not affiliated with Sony/Tek Show:

Marvin Ball
Dave Bates
Duane Bowans
Ed Burke
Ken Carlson
Tom Clark
Bob Hoke
Mike Kyle
Tom Long
Grey Lynott
Vince Lutheran
Bud McElfresh
Art Minich
Bob Nordstrom
Al Patz
Morgan Pope
Dan Senour
Phil Smith
Doug Taylor
Tad Yamaguchi

April 26, 1985



JASON BOE & ASSOCIATES, INC.
TEN S. W. ASH ST., PORTLAND, OREGON 97204
(503) 222-3812

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MAR 15 1985

Governor's Office

March 14, 1985

The Honorable Victor Atiyeh
Governor
State of Oregon
State Capitol Building
Salem, Oregon 97310

PERSONAL AND CONFIDENTIAL

Dear Vic:

Sorry for the 007 tactics but this is an obviously sensitive matter for all concerned, if it is confirmed.

One of our clients is a Korean-American fishing company. We have succeeded in bringing their operations from California to Newport, Oregon. The owners of the company are naturalized American citizens and their boats are American flag vessels. They fish for non-endangered species off the California, Oregon, Washington and Alaska coasts and sell lots of fish to Japan. They have good industry intelligence sources within Korea and Japan.

As you may have read, Greenpeace and the Whaling Commission acting through the authority of the Packwood-Magnusson legislation, have invoked the provisions of that bill against any nation not agreeing to the conditions set down by the Commission concerning the hunting of whales. The act calls for cutting off the American fish quotas for any nation who continues to hunt whales. Japan will not accede to the Whaling Commission's terms and their quota of non-endangered species fish has been cut back severely by the terms of Packwood-Magnusson.

The Japanese are furious. Our sources in Korea and Japan informed me today as follows:

"Japanese Ruling Party had meeting on Whale Commission matter. They have voted to establish a strong reaction against Senator Packwood regarding loss of Japanese fishing quotas in American waters. There has been a strong negative reaction against Packwood in Japan. The Ruling Party has proposed (voted?) the following sanctions:

1. The Japanese government will discourage Japanese business from establishing new businesses in Oregon.

Letter to Victor Atiyeh
Page 2

2. The Japanese government will force their steamship companies not to use the Port of Portland facilities.
3. The Japanese government hopes these actions might help Senator Packwood to reassess his position on this matter."

Obviously, we aren't the state department or the CIA, but the information comes from what has always been a reliable source for us. The possibility exists that there has been an overreaction on someone's part in Japan. As you probably know, there are some villages in Japan that have elevated whale hunting into something of a spiritual experience not to mention that these villages economies are nearly 100% dependent on the whale and its by-products.

I wanted you to have this information just in case you begin to get any strange signals from Japan or their business community. Perhaps the Oregon-Tokyo office could quietly run it down for you. One source of information in Tokyo might be the largest newspaper for the fishing industry in Japan, the NIPPON SUISAN KERZAI, the March 12 edition.

I have talked to Packwood's staff here in Portland and asked them to let him know about this. Bob has been very helpful to our client and they wanted to forewarn him of possible problems, as I want to alert you.

I hope the information is wrong or has been exaggerated in transmission, but I'm not sure so I'm sending it along.

Best regards,



Jason Boe
Jason Boe and Associates, Inc.

JB;de

An independent analysis of forces shaping Pacific markets and trade.

Vol. VI No. 6

March 28, 1985

WHALING RULING PUTS FISHING AGREEMENT WITH JAPAN IN JEOPARDY

The international fishing situation in the North Pacific is in a muddle again as a result of a ruling by a federal district court judge ordering the Department of Commerce to impose sanctions against Japan.

Last December the state department cut Japan's fishing allocation in half and kicked its fishermen out of the Gulf of Alaska. Then in February U.S. fishing interests successfully argued that the allocation should be restored because Japan had agreed to buy a large amount of fish from U.S. fishing boats.

Now a federal judge in Washington D.C. has ordered that the Japanese fishing allocation but cut in half again because of that country's refusal to abide by an international moratorium on whaling.

The big unanswered question in all of this is whether Japan will renege on its agreement to buy fish caught by American fishing boats in retaliation to the linking of fish allocations to the issue of whaling.

In December private fishing interests in Japan and the U.S. negotiated an agreement for Japan to buy more than 400,000 metric tons of bottom fish from U.S. fishing boats, and the Japanese, for the first time, agreed to push for an import quota in Japan for surimi. Now that agreement is in jeopardy.

Sanctions are automatic under provisions of the Packwood-Magnuson Amendment which requires that nations lose at least 50 percent of their fishing quotas if they are found to have "diminished the effectiveness" of the International Whaling Commission. If the action isn't corrected, they stand to lose 100 percent of the quota after one year.

Last year Japan objected to the quota for sperm whaling set by the IWC and a proposed moratorium on commercial whaling which is to take effect in 1986. The commerce department took the position that such an objection did not in itself undermine the effectiveness of the commission and thus did not require sanctions.

Rather, it negotiated an agreement late last year with the Japanese which would allow the Japanese to fish for sperm whales in 1986 in return for stopping whaling in 1987.

However, the judge ruled that the commerce department had no such discretion and that the objections, per se, reduced the effectiveness of the

whaling commission. As such it had no alternative but to order the commerce department to impose sanctions "forthwith."

The commerce department, of course, is also interested in increasing American utilization of the fish and opening markets for American fish products which it has done by using the fish allocation as a bargaining chip, a policy known in the trade as "fish and chips."

No fish, no chips What the judge did in effect, said one source, was to take the fish out of fish and chips, leaving the Japanese little incentive to increase imports of U.S. bottom fish products.

For the record, Ron Jensen, head of the Alaska Pacific Seafood Industry Coalition which negotiated the private agreement, says the deal is still on. They fulfilled their part of the bargain in early February by successfully arguing for Japan's traditional quotas at a meeting of the North Pacific Fisheries Management Council as a reward for increasing purchases.

But others say it is naive to believe that the Japanese won't retaliate in some fashion for the court's ruling. They note that the Japanese have always objected to linking fish allocations to the issue of whaling.

"I was concerned that the (private industry people) negotiating the deal did not seem fully aware of the importance of this lawsuit," said an attorney for the National Marine Fisheries Service.

Indeed, the Japanese may be the only ones to benefit from the deal. The Japanese Longline Association reportedly has already fished its allocation in the Gulf of Alaska, while the American joint ventures haven't gotten started. Thus whatever happens, they are probably better off than they were last December when the allocation was first cut.

Meanwhile, the commerce department has made it known it will ask the department of justice to appeal the decision on Japanese whaling and also seek a stay of the decision pending the appeal.

PULP AND PAPER INDUSTRY WANTS TO INCREASE MARKET SHARE IN JAPAN

While telecommunications and plywood are getting most of the attention in press accounts of the intensive market negotiations going on this month with the Japanese, there is another commodity group on the bargaining table - pulp and paper.

As with many other industries, the U.S. paper industry feels it has a product that could compete well in the Japanese market if it weren't for problems of high tariffs and other nontariff trade barriers.

The paper industry's position was put forth forcefully by Irene W. Meister, vice president of the American Paper Institute, during a two-day conference on world trade in forest products held last week at the University of Washington.

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THE OREGONIAN, WEDNESDAY, MARCH 6, 1985

Judge voids accord allowing harvesting of whales

By DAVID WHITNEY
of The Oregonian staff

WASHINGTON — A federal judge Tuesday overturned an agreement under which the United States has been permitting the Japanese to harvest sperm whales in contravention of an international whaling commission ban.

The decision by U.S. District Judge Charles R. Richey orders Secretary of Commerce Malcolm Baldrige to certify the Japanese as being in violation of the whaling ban — a move that, under U.S. law, requires that the Japanese lose half their allocation of fish caught in U.S. waters and all of their allocation if the whaling continues for more than a year.

Jack LaCovey, spokesman for the National Oceanic and Atmospheric Administration, a branch of the Commerce Department, said Baldrige has asked the Justice Department to seek a stay in Richey's ruling until an appeal can be made.

The decision Tuesday was a victory for whale conservation groups that challenged the agreement reached last fall in negotiations with the Japanese led by John V. Byrne, former NOAA administrator and U.S. commissioner to the whaling commission and now president of Oregon State University.

"This is a landmark victory for whale conservation," said Greenpeace wildlife legislative director Mark Cheater. "The ruling will send a clear signal to all intransigent nations that pirate whaling will not be tolerated by the United States."

Byrne said he had not seen the decision and couldn't comment on its legal conclusions.

He said the decision, if upheld on appeal, presented a sticky, confusing international situation since the Japanese withdrew their objections to the whaling commission's sperm whaling ban in exchange for the U.S. agreement upended by the court.

"If the decision sticks, you have a situation where the Japanese took certain action in an international forum," Byrne said. "They did that on the basis of a bilateral agreement with another country."

"This (decision) leaves them hanging out in the open," Byrne said. "They've committed suicide on sperm whaling unnecessarily. It may be a situation without precedent."

The negotiations were carried out at the direction of the U.S. State Department, which feared a larger trade war with the Japanese if the United States imposed sanctions against Japanese fishing fleets for violating the whaling ban.

According to Alan Macnow, U.S. consultant to the Japanese Whaling Association and the Japanese Fisheries Association, the ruling, if sustained on appeal, could have a harmful impact on U.S. fisheries.

"We kind of expected the decision, but we're disappointed," he said. "It's going to mean a 50 percent cutback in Japanese fishing, but it will hurt a lot of Americans, too."

"Japan imports \$600 million in fish products from American fishermen and fish processors," Macnow said. "What Japan has at stake is about \$144 million in fish, mostly in the Bering Sea off the coast of Alaska. Japanese imports could be jeopardized by this ruling."

Macnow also said Japanese fishing interests recently completed an agreement to buy 320,000 metric tons of fish from U.S. fishermen under joint ventures. "This is contingent upon the Japanese being able to catch fish" in U.S. waters, he said.

The case presented the first court challenge of 1979 legislation that was sponsored by Oregon Sen. Bob Packwood and former Washington Sen. Warren Magnuson.

The Packwood-Magnuson law requires the United States to slash by half a country's access

to fishing in U.S. coastal waters if it "diminishes the effectiveness of the International Convention for the Regulation of Whaling."

Referring to a letter to Packwood last July in which Secretary of State George Shultz promised to uphold the Packwood-Magnuson sanctions, Richey said "It is inconceivable" how Shultz could later reconcile the agreement negotiated by Byrne with the Packwood-Magnuson requirements.

"The threat of automatic sanctions under Packwood-Magnuson has proved to be an effective incentive in the enforcement of the IWC regulations and quotas," Richey said. "In 1980, both the Republic of Korea and Taiwan agreed to adhere to IWC regulations not directly involving whaling quotas when faced with the possibility of Packwood-Magnuson sanctions."

Packwood praised Richey's decision Tuesday.

The Rights of Whaling Nations

Japan's Opening Statement to the IWC

Kunio Yonezawa
Japanese Commissioner to the IWC

Delivered at the 34th Annual Meeting of the IWC, Brighton, England, July 22, 1982.

MR. Chairman, commissioners, ladies and gentlemen: The Japanese delegation is pleased to be able to participate in this 34th Annual Meeting of the IWC, and wishes to present its views on some of the crucial issues confronting us this year.

As I stated at the past annual meetings, the Japanese delegation is firmly convinced that stocks should be managed individually in accordance with their size and productivity. The proposal for a total moratorium on commercial whaling is thus without scientific justification and is incompatible with the purpose and provisions of the convention, in particular Article V.

It should be beyond doubt that the rights of the contracting governments, as embodied in the convention and other relevant international law, cannot be denied or abrogated on the basis of a vote of the IWC, the executive organ of the convention. We therefore maintain that should a proposal for a total moratorium be carried, and lead to the eventual collapse of the IWC, the responsibility for such an outcome should not be attributed to our delegation or to any other delegations representing whaling nations which have been faithfully discharging their duties and obligations under the convention, particularly through their scientific contribution to ensure rational utilization of whale resources.

Our delegation also wishes to point out that the proposal for a total moratorium which would prevent member countries from utilizing whale stocks in their coastal waters represents a flagrant infringement of the sovereign rights of those countries.

The proposal for a moratorium has been attributed to some extent to the inadequacy of the present management procedure, particularly in respect to the classification of stocks, and the determination of maximum sustainable yield and the initial levels of stocks. However, it is clear that the question should properly be solved by improving the procedure for whale resources management. We shall be making a

new proposal at this meeting with a view to solving the problem—a proposal which incorporates in large part the U.S. proposal, while eliminating what we consider impracticable or unnecessary elements, such as assessment of the initial population size when, for instance, it relates to historical operations. We are confident that our proposal represents the best means of avoiding wasteful confrontation at the IWC.

I would like next to comment on the two species that are targeted by Japanese operations—Antarctic minke whales, and sperm whales in the western part of the North Pacific.

In recent years the estimated size of the Antarctic minke whale stock has been revised upwards, on the basis of a series of joint international research programs by scientists from Japan, the U.S., the U.K., Australia and other countries. There is absolutely no room for doubt on scientific grounds that this stock is in a robust condition, and the decision of the commission this year should reflect this irrefutable fact, as it did last year.

Our delegation also wishes to note that at the Conference of the Commission for the Conservation of Antarctic Marine Living Resources, held last month in Hobart, Australia, the role of Antarctic minke whaling was highly commended as providing invaluable data to help understand the Antarctic ecosystem. Our delegation is most pleased with this recognition and will naturally be happy to continue striving to further strengthen research activities on whales and in associated fields.

The present meeting will also be setting catch quotas for sperm whales in the western part of the North Pacific for the 1982 and 1983 seasons. The taking of this stock is limited to the 200-mile zone of Japan, which lies at the edge of the distribution range of the subject stock. In addition, based on the most conservative estimate, exploitable sperm whale stocks number over 200,000 whales, whereas our present catch is only 890 (about 0.4 percent of the target stock). Thus, the continuation of this catch level can

January 1983

**KUNIO YONEZAWA**

Born in 1926. After graduating from the University of Tokyo in 1950, Mr. Yonezawa joined the Fisheries Agency of the Ministry of Agriculture and Forestry. From 1966 to 1970, he was assigned as a staff member to the Food and Agriculture Organization of the United Nations (FAO). From 1979 to 1980, Mr. Yonezawa was deputy director-general of the Fisheries Agency. Since 1977, he has been the head of the Japanese government delegation to the International Whaling Commission.

clearly have no adverse influence whatever on the subject stock. We noted with great interest the statement by the representative of the Food and Agriculture Organization of the United Nations at the Fourth Special Meeting of this commission that the rate of change in the population size would be barely affected by a harvest of 890 whales. It should be borne in mind that the coastal operation is limited with regard to both its range and its levels of catch, and has never been of such magnitude as to affect substantially the total population in the Northwest Pacific.

I would now like to say a few words about the state of development of explosive harpoons, as used for Antarctic minke whales. In August 1980 we formed a project team to conduct experiments with some 300 explosive harpoons. This effort yielded considerable progress, but in order to make further improvements we have expanded the sample to 1,000 harpoons for the 1982/1983 season—more than triple last year's level. As you can see, we are maximizing our efforts to develop these harpoons and to use them effectively and without danger to human life. We are reasonably confident, at the present stage, that our pelagic fleet will be able to fully adopt explosive harpoons from

the beginning of the 1983/1984 season. We will need a few years to achieve similar success for the coastal operations, where much smaller boats and less sophisticated crews are employed.

I should now like to comment on the problem of credentials, which has been newly placed on the agenda for this meeting. Needless to say, decisions on IWC operations and the determination of regulatory measures are taken by commissioners representing the contracting governments. However, at past meetings, commissioners' credentials were not examined. Considering the fact that the IWC is the forum for making vital decisions affecting the rights of the member states, a strict examination of credentials is absolutely mandatory. We ask, therefore, that such an examination be instituted promptly and on a permanent basis.

Finally, the Japanese delegation would like to state that the IWC cannot hope to function effectively unless all the member countries pledge to fulfill their duties and obligations under the convention, which purports to promote conservation and rational utilization of whale resources. □

(The title of this speech was supplied by the editor.)

from Jason Boe

Fishing Economic Journal
March 12, 1985

Japan/U.S. whaling treaty was agreed upon. That treaty was subsequently judged illegal by state department. Senator Packwood introduced a bill to include quota on the whale fish harvest as part of an entire fish package to be negotiated by the U.S. and Japan. That means it became not just a harvesting treaty question, but a political problem. The Liberal Democratic party, which is the majority party in Japan and controls Congress of Japan, subcommittee on this whaling treaty decided to make the issue and deal with the issue at the political level. In practical matter, what they are going to do is this. (1) The fact that the bill introduced by Packwood from Oregon: they are going to pressure those companies who indicated or have announced the investment into Oregon not to invest any more or terminate or reverse their decision. (2) Pressure those companies using the Port of Portland as port of entry for their products to divert their commodity to other ports. Exert that pressure on Japanese side which would result in Packwood getting pressure from Oregon to soften his political stance on whale treaty.

As translated by Ryuji Torihara

BOB PACKWOOD
OREGON

RECEIVED
APR 8 1985
Governor's Office

United States Senate

WASHINGTON, D.C. 20510

Governor

APR 09 1985
Governor Atiyeh

April 4, 1985

Governor Victor Atiyeh
254 State Capitol
Salem, Oregon 97310

Dear Vic:

Enclosed is an article in The Washington Post of Thursday, April 4th describing actions we are taking against the Russians for illegally catching whales. You'll note the article says we should have taken the same action against the Japanese although we refused to do so. Also notice in the last two paragraphs the reference to the agreement that we said the Japanese made and they claim they didn't.

Sincerely,



BOB PACKWOOD

U.S. to Punish Soviets For Illegal Whale Catch

Offshore Fishing Limit to Be Halved

By Cass Peterson
Washington Post Staff Writer

The United States announced yesterday that it intended to punish the Soviet Union for violating international whaling law, although it has refused to penalize Japan for similar infractions.

According to Commerce Secretary Malcolm Baldrige, Soviet whaling fleets exceeded their quota of Southern Hemisphere minke whales by about 500 animals this year, triggering automatic sanctions under U.S. fishery law.

Baldrige immediately moved to halve the Soviet fishing limit for U.S. waters, as the law requires.

Although the Soviet Union takes a relatively small amount of fish from U.S. waters, the decision sets the stage for a second, more costly

penalty. At President Reagan's discretion, the United States may also prohibit the importation of Soviet fishery products.

Commerce spokesman A. Joseph LaCovey said the Soviet Union ships fish products worth \$17 million to the United States each year, mostly frozen crab processed under joint ventures with U.S. firms.

Whaling quotas are set by the International Whaling Commission, a multinational body set up almost 40 years ago to protect the diminishing whale population. Because the commission has no enforcement authority, however, Congress added a provision to U.S. law in 1979 calling for automatic sanctions against any nation violating established quotas.

The provision was at the center of a heated battle between the Rea-

gan administration and conservationists last year, when Japanese fleets set out to hunt sperm whales. The whaling commission has banned the taking of sperm whales.

Although Japan had filed a legal objection to the ban and thus was exempt from it under the whaling commission's rules, conservationists argued that mandatory U.S. sanctions still applied. The administration declined to impose sanctions, however, and is appealing a federal court ruling in favor of the conservationists.

"The Japanese came to us and we sat down and reasoned together," LaCovey said. "The Soviets made no effort to sit down and discuss the problem."

According to LaCovey, the administration agreed not to penalize the Japanese for taking sperm whales through 1986 if the Japanese would withdraw their formal objections to a ban on commercial whaling starting in 1987.

Japanese officials have strongly denied making any such agreement, however, and the deadline for withdrawing their objection to the commercial whaling ban passed last Monday without any action.

BOB PACKWOOD
OREGON

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WASHINGTON, D.C. 20510

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Governor
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001358

April 16, 1985

The Honorable Victor G. Atiyeh
Governor
254 State Capitol
Salem, Oregon 97310


Dear Vic:

Because I didn't quite follow the thread of the translation of the Japanese article, I had the Library of Congress (Congressional Reference Service Division) translate it. Their translation is included. While the thrust of it is the same, the nuances are somewhat different. There is no new legislation -- just the existing Packwood/Magnuson Act and its relation to whaling.

Note that the translation refers to the quote "illegality of the Whaling Treaty by the U.S. and Japan." That is the treaty that, until just a few days ago, the Japanese denied existed. You should have received by now a news article about 10 days to 2 weeks old, indicating that the Japanese may finally admit the existence of the agreement between the Secretary of Commerce and Japanese, which would end whaling in 1988. If they admit this agreement exists, it's the first time they have made such an admission. As you can tell from prior articles I sent you, until recently, not only did the Japanese refuse to admit the agreement was made, they contended it had not been made, or if it had, it was not binding.

I expect that if the Japanese are now ready to admit they have agreed to this to stop whaling that will end most problems in Congress. The law suit which is based upon the Packwood/Magnuson 1979 Law is still in the courts. It was brought about by private parties -- not the United States Government. I don't know what the outcome of that suit may be.

Sincerely,



BOB PACKWOOD

COUNTERMEASURES FOCUS ON THE SENATOR PACKWOOD
IN THE MARCH 12, 1985 LIBERAL DEMOCRATIC PARTY
SUBCOMMITTEE MEETING ON WHALES

On March 12, the Liberal Democratic Party convened the Subcommittee on Whales to review the deadlocked issue on the U.S.-Japan whale negotiation. The Subcommittee focused their attention on Senator Packwood who takes a key role on the issue and on the consideration of a counterplan on how to cope with the situation brought about by Senator Packwood. (The Packwood/Magnuson amendment.) Their meeting was held due to the recent decision on the "illegality of the whaling treaty by the U.S. and Japan", handed down by the U.S. Federal District Court of Washington. The U.S. judicial authorities decided that the U.S. government is not authorized to negotiate the whale issue. Therefore, among the members of the Liberal Democratic

Party it is becoming very popular to think that "the issue must be settled in no other way but politically."

In the Subcommittee's proposal, they took up Senator Packwood's amendment which ties fishing allocations to the whole whale issue. The Liberal Democratic Party subcommittee on whales offered a counterplan which included:

1. A stop on market advances by prospective Japanese enterprises into the state of Oregon which are the main constituents of Senator Packwood.
2. Restricting the use of the Port of Portland, a main port in the state of Oregon, and to move service to other ports and other cities. This move would result in Oregon constituents pressuring Packwood to soften his political stance on whales.

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APR 24 1985
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WASHINGTON, D.C. 20510

March 29, 1985

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Governor Vic Atiyeh
254 State Capitol
Salem, Oregon 97310

APR 06 1985
Governor Atiyeh

Dear Vic:

This letter should help explain the most recent developments in the whaling controversy between the United States and Japan. In order to give you the necessary background on the issue, I will begin by summarizing the actions of the International Whaling Commission and explaining the Packwood-Magnuson amendment. I will then try to describe the whaling arrangement the United States tried to negotiate with Japan, and the recent litigation regarding that arrangement. All this information should clarify the situation for you.

International Whaling Commission

For years, the International Whaling Commission (IWC) has been the international body designated to regulate the world's whaling operations. The United States, Norway, the Soviet Union, and Japan, among other nations, are members of the IWC and are theoretically bound by its decisions. In practice, however, the IWC enforcement power is limited. If a nation files a formal objection to a particular IWC decision, IWC rules grant that nation an automatic exemption from complying with the decision.

Since 1981, the IWC has adopted guidelines for whaling nations regarding the taking of different types of whales. For example, the IWC imposed a ban on the taking of sperm whales beginning in the fall of 1984. Later, the IWC voted to terminate all commercial whaling by 1986.

It is important to remember though that Japan filed formal objections to both IWC whaling bans. Therefore, Japan has no obligation to comply with the IWC decisions.

Packwood-Magnuson Amendment

Although Japan is not obligated to comply with the IWC bans, its continued whaling activities trigger a federal law which would restrict their right to fish in U.S. waters -- the Packwood-Magnuson amendment. This amendment was added to the

Fishery Conservation and Management Act in 1979. Essentially, the amendment provides that nations which violate IWC whaling restrictions are subject to a 50 percent cut in their U.S. fishing allocations. From the U.S. standpoint, it is this 1979 law that puts strength in the IWC whaling limits, since the Commission has no real enforcement power.

United States - Japan Arrangement

Faced with sanctions under the Packwood-Magnuson amendment, Japanese government officials traveled to Washington, D.C. last fall to discuss whaling issues with the U.S. Commissioner to the IWC and other officials of the Departments of Commerce and State. According to the Secretary of Commerce, Mac Baldrige, those discussions resulted in an alleged arrangement that offers the Japanese the opportunity to avoid the sanctions of the Packwood-Magnuson amendment while still continuing to whale until 1988. Then they would quit whaling altogether. The problem is, the Japanese government firmly denies that such an arrangement was ever worked out with the United States regarding whaling. The question of whether an agreement exists remains unresolved.

Japan has taken actions since the meeting in Washington, D.C. which fulfill part of the arrangement Baldrige claims is in effect. However, if Japan does not complete the rest of the arrangements by April 1, 1985 or if, in fact, an agreement does not exist, Japan would be clearly subject to sanctions under the Packwood-Magnuson amendment.

Recent Litigation

On November 8, 1984, a number of environmental organizations filed a lawsuit in the U.S. District Court for the District of Columbia against the Secretaries of Commerce and State for trying to negotiate an agreement with Japan on whaling. (American Cetacean Society et al. v Baldrige et al.). The environmentalists challenged the legality of the U.S. government making arrangements with Japan that would circumvent the sanctions of the Packwood-Magnuson amendment.

On March 5, 1985, Judge Charles R. Richey ruled in favor of the environmentalists. The Judge stated that the Secretaries of Commerce and State had a clear and nondiscretionary duty to impose the sanctions of the Packwood-Magnuson amendment on Japan for their sperm whaling during 1984. The Japanese sperm whaling activities clearly violated the IWC ban. Therefore, the Judge ordered the Secretaries of Commerce and State to begin the process of imposing the Packwood-Magnuson fishing allocation sanctions against Japan.

Vic Atiyeh
March 29, 1985
Page 2

Judge Richey also instructed the U.S. government to refrain from making any agreement that would allow whaling beyond the IWC bans.

On March 18, 1985, the U.S. government appealed Judge Richey's decision in the U.S. Court of Appeals for the District of Columbia. The U.S. Court of Appeals immediately granted a stay of the U.S. District Court decision. That means no action will be taken under the Packwood-Magnuson amendment against Japan until the U.S. Court of Appeals makes a decision. That decision is not expected until May, 1985. The central question before the U.S. Court of Appeals will be whether the Secretary of Commerce has any discretion in determining whether to impose the sanctions of the Packwood-Magnuson amendment.

Although this is a rather extensive letter, I think it will help explain the most recent developments in the whaling controversy between the U.S. and Japan. Let me know if you have any further questions.

Sincerely,



BOB PACKWOOD

PS - I saw Harry usher of
the US FL last week.





STATE OF OREGON

INTEROFFICE MEMO

TO: Governor Atiyeh

FROM: Jim Root
Economic Development Commission

SUBJECT: OREGON INVESTMENT MISSION REPORT

DATE: May 6, 1985

- I. The most frequently asked question by seminar participants was, "What provisions does Oregon have for providing Japanese education for children of Japanese executives who will be coming to Oregon?" We could get great mileage, at little expense, by forming a Governor's Task Force to study this subject and develop a plan.
- II. Many Japanese asked about the "infrastructure software" which is available in Oregon. By this they are talking about Japanese cultural amenities which come from cultural exchange programs, sister city programs and sister state-prefecture relationships.
- III. Local communities will need some guidance from the Economic Development Department prior to Japanese investment clients arriving in their towns. This process should start now in order to have brochure translations made, Konji business cards printed, and cultural sensitivity training accomplished.
- IV. One of the best hopes for Japanese investment to occur in the downstate communities is for the Japanese companies which are going into the Portland area to influence their suppliers and/or other divisions to locate in these downstate communities.
- V. The Japanese point to high quality education as the key to high labor productivity.
- VI. It becomes very clear that our Japan Representative Office is most important to our success in both trade and investment.
- VII. Commitment from the top by you, Governor Atiyeh, has been the key to the success which Oregon has enjoyed to date and will continue to be most important for future success.
- VIII. It was stressed by our co-sponsors that follow-up is very important.
- IX. Need to continue to emphasize that Oregon's policy is one of free trade.

JR:jh



STATE OF OREGON

INTEROFFICE MEMO

TO: Thomas Kennedy, Director

DATE: March 11, 1985

FROM: Douglas Frengle *DF*

ECONOMIC DEVELOPMENT
DEPARTMENT

MAR 13 1985

SUBJECT: NOMURA NEWSLETTER

MAY 08 1985
Governor Alton

Attached is a copy of an article which appeared in Nomura Securities Newsletter. This Newsletter is distributed to 100,000 business people in Japan. As you can see, the article deals with Oregon as a location for high technology investment. The value of such an article is obvious.

DF/js

Attachment

NOMURA NEWSFLASH, MARCH 4, 1985

- Translated by Z.Motomura

International Topics

"Does the Oregon Wind Blow?"

New Hi-tec. Center

Oregon, with its location in the west coast, is now in the foremost limelight in America as a new production base of hi-tec industries such as semi-conductor, computer, telecommunication systems and the like.

In the state's biggest metropolitan area of Portland, more than 200 hi-tec industries including those leading electronics enterprises as Intel, Hewlett-Packard earlier swarmed to this area. Because of these new developments the industrial area of Oregon is now being called "Silicon Forest" after Silicon Valley. Oregon, a state up to several years ago dependent on lumber and grain as its major industry, is now going to see the hi-tec industry to play the feature role.

In the background of the rapid growing of Oregon as a "hi-tec center", the state of things in the neighboring California has some correlations. The Silicon Valley - deemed as a father of hi-tec center - has in late years to face hardships such as 1) rise in labor cost 2) rise in the cost of industrial land and housing 3) aggravating traffic jam, shortage of schools and hospitals etc. Overcrowding caused by rapid growing tends to the adverse effect for establishing operations.

Furthermore, California maintains the unitary tax system. A talk of town tells a story that a certain Japanese enterprise has been applied this system and imposed additionally amounting to an equivalent to tax-deducted profit for 11 years. Under the circumstances, a tendency among Japanese enterprises in California to establish or expand their operations in other states is beginning to emerge.

A Repeal of Unitary Tax System Served as a Pump-Primer

The KEIDANREN mission visited America last June and toured around various states requesting or soliciting repeal of the unitary tax system. Governor Atiyeh of Oregon, quickly responding to the request, summoned the State Assembly in last July and succeeded to get a passage of the draft to repeal the system.

About that time NEC, Fujitsu and Epson announced the establishment of their new plants in the suburb of Portland. The items to be manufactured are fibre optic systems and car telephone by NEC, disk drives and IC wafer by Fujitsu's two plants and terminal printers by Epson. Their investment is expected to be amounting to dozens of million dollars, and the number of new employment will at the initial stage be some 500 people each.

(Translation)

- 2 -

The decision of these leading Japanese enterprises to select Oregon may be attributed to 1) no unitary tax 2) good quality of labor - ratio of white is as high as 94% and high educational standard 3) in close vicinity to their head offices in California 4) earnest and attentive activity of the State and Portland governments in inviting Japanese industries.

Japanese leading enterprises' advance to Oregon has worked to raise more "Oregon fever" among Japanese industries. Oregon state government is going to open "Oregon Investment Seminar" in Japan to introduce the investment climate of the state to the interested Japanese. The seminar is scheduled to be held in April at Tokyo, Osaka and Nagoya by joint sponsorship of Oregon State Government, JETRO and the Nomura Securities Group.

* * *

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(((国際トピック)))

吹くかオレゴン風の

新しいハイテク・センター

米西海岸に面するオレゴン州は、半導体、コンピュータ、通信機器などのハイテク産業の新しい生産拠点として、現在、全米で最も脚光をあびている。

州最大の都市ポートランド地域には、インテル、ヒューレット・パッカードなどの有力エレクトロニクス企業を含む二〇〇社以上のハイテク企業が集まっている。このため最近、この地域はシリコンバレーにちなんで「シリコン・フォレスト」と呼ばれている。

オレゴン州は数年前までは製材と小豆が主要産業であったが、今やハイテク産業が主役の座に上りつこうとしている。

ポートランドがこのようにハイテク・センターとして急成長し始めた背景には、南に隣接するカリフォルニア州(以下加州)

の事情が大いに関係している。ハイテク・センターの元祖的存在であるシリコンバレーは、最近、①人件費の上昇、②工場用地や住宅費の高騰、③交通の混雑や学校、病院の不足、などの悩みが出てきた。急成長による過密化のため、工場の新設には不向きとなってきたのだ。

さらに、加州は法人税にユニタリー課税方式を採用している。この適用をうけたある日系企業は一年間の税引利益にはほろしい額を追徴金として課税された、という話もある。このため最近の在加州日系企業の中には、工場の新増設を他州で行う傾向が出始めている。

ユニタリー 課税撤廃が呼び水

昨年6月、ユニタリー課税撤廃を求める経団連ミッションが米国各州を巡回して歩いた。オレゴン州アティエ知事はこれに即

座に対応し、同年7月州議会を開催してユニタリー課税方式の撤廃案を可決した。

この時期とあい前後して、日本電気、富士通、エプソンの三社はポートランド近郊に新工場を建設することを発表した。新工場での製造品目は日本電気が光通信機器や自動電話、富士通は二つの工場で磁気ディスクとICウエハ、さらにエプソンのプリンターなどである。投資金額はいずれも数千万円以上、従業員は各工場とも当初五〇〇人前後となろう。

日系三社がオレゴンへの進出を決定した理由としては、①ユニタリー課税がない、②労働力の質が良い、特に、白人比率が九四％と高く教育水準も高い、③加州の本社に近い、④州政府やポートランド市が企業誘致に熱心、などをあげることができる。

日系三社のオレゴン進出により、日本でのオレゴン熱は高まりつつある。これを受けて、オレゴン州政府はシメトロ、野村證券との共催によりこの4月にオレゴン州投資環境セミナーを東京、大阪、名古屋の三カ所で開催する予定である。

(Y・N)

JAPANESE FIRMS IN OREGON

Alaska Pulp Co., Ltd.	Alaska Lumber & Pulp Co., Inc. PO Box 609 North Bend, OR 97459
American Custom Homes	American Custom Homes 34 NW First Avenue Portland, OR 97209
Ataka Kenzai Co., Ltd.	Ataka Kenzai Co., Ltd. 140 NW 89th Avenue Portland, OR 97210
Ataka Lumber Co., Ltd.	Ataka Lumber America, Inc. One Main Place, Suite 1450 101 SW Main Portland, OR 97204
Bank of Tokyo	Bank of Tokyo, Ltd. 411 SW Sixth Portland, OR 97204
Bridgestone Tire Co.	Bridgestone Tire Co. of America, Inc. 2210 NE Riverside Way Portland, OR 97210
C. Itoh & Co., Ltd.	C. Itoh (America) Benj. Franklin Plaza, Suite 1165 One SW Columbia Portland, OR 97258
	Cigra Incorporated Benj. Franklin Plaza 1 SW Columbia, Suite 1165 Portland, OR 97258
Daiei	North American Pulp & Paper Inc. 5741 NE 87th Avenue Portland, OR 97220
Daishowa Paper Mfg. Co. Ltd.	Columbia Tree Farms, Inc. 500 NE Multnomah Street Portland, OR 97232
Epson	Epson Portland Inc. 7100 SW Hampton, Suite 121 Tigard, OR 97223

JAPANESE FIRMS IN OREGON
Page 2

FIC Investment Corp.	FIC Investment Corporation Route 2, Box 169 Albany, OR 97321
Japanese Government Ministry of Agriculture Fisheries & Forestry	Food Agency of Japan 2405 First Interstate Tower 1300 SW Fifth Avenue Portland, OR 97201
Fujiki Kaiun K.K.	Fujiki U.S.A., Inc. Crown Plaza Bldg., Suite 87 Portland, OR 97201
Fujitsu, Ltd.	Fujitsu Microelectronics One Main Plaza 4181 Ruffin Road San Diego, CA 92123
	Fujitsu America-Portland c/o Fujitsu America 3055 Orchard Drive San Jose, CA 95134
Honda Motor Co., Ltd.	American Honda Motor Co., Inc. 12439 NE Airport Way Portland, OR 97230
Ikeuchi Industry Co. Ltd.	Ike Trading Co., Ltd. 6700 SW 105th Avenue, Suite 310 Beaverton, OR 97005
Ishii Sangyo, Inc.	Ishii Sangyo, Inc. 1425 Laurel Street PO Box 1247 Coos Bay, OR 97420
Itogumi	Itogumi PacWest Building 1211 SW Fifth Avenue #2196 Portland, OR 97204
Japan Line, Ltd.	Japan Line USA, Ltd. 421 SW Sixth Portland, OR 97204
Kai Cutlery	KAI Cutlery USA Ltd. 6024 S.W. Jean Road Lake Oswego, OR 97034
Kajima Corp.	Kajima Int'l. Inc. (temporary office) 3100 NE 55th Avenue Hillsboro, OR 97124

JAPANESE FIRMS IN OREGON
Page 3

Kambara & Co., Ltd.	Kambara & Co., Ltd. c/o Western Photo Mount Co. 8430 NE Killingsworth Portland, OR 97220
Kanematsu-Gosho Ltd.	Kanematsu-Gosho (U.S.A.) Inc. 3331 First Interstate Tower Portland, OR 97201
Kawasaki Kisen Kaisha, Ltd.	Kawasaki Kisen Kaisha, Ltd. 1 SW Columbia Portland, OR 97204
Kintetsu Koku Kamotsu K.K.	Kintetsu World Express (USA) Inc. 4996 NE 122nd Avenue Portland, OR 97230
Makita Electric Works Ltd.	Makita U.S.A. Inc., Factory Centers 828 NW 19th Avenue Portland, OR 97209
Marubeni Corporation	Marubeni America Corporation 111 SW Columbia #940 Portland, OR 97204
	Columbia Grain, Inc. Columbia Square Bldg., Suite 1060 111 SW Columbia Street Portland, OR 97201
MBL (U.S.A.) Corporation	MBL (U.S.A.) Corporation 3219 NW Guam Avenue Portland, OR 97210
The Mitsubishi Bank, Ltd.	Mitsubishi Bank c/o of Bank of California 407 SW Broadway Portland, OR 97205
Mitsubishi Corporation	Palmco Inc. 12005 N. Burgard Road Portland, OR 97203
	Mitsubishi International Corp. 2300 First Interstate Tower Portland, OR 97201

JAPANESE FIRMS IN OREGON

Page 4

Mitsubishi Jisho	Mitsubishi Estate New York, Inc. c/o Russel Development Co., Inc. Georgia Pacific Building #2001 900 SW Fifth Avenue Portland, OR 97204
Mitsu O.S.K. Lines, Ltd.	Mitsui O.S.K. Line 200 SW Market Portland, OR 97204
Mitsui & Co., Ltd.	Mitsui Grain Co. 200 SW Market Portland, OR 97204
	United Grain Corporation 200 SW Market Portland, OR 97204
Mitsui & Co., Ltd., Nippon Steel Corp.	Alumax Bldg. Prod., Inc. 1360 Wilco Road Stayton, OR 97383
	Alumax Pacific Corp. 303 E. Main St. Hermiston, OR 97838
NEC Corporation	NEC America 14250 NW Science Park Drive Portland, OR 97229
Nichiei Co., Ltd.	Nichiei Co., Ltd. Lloyd Seven Hundred Bldg. #301 700 NE Multnomah Street Portland, OR 97232
Nichimen Co., Ltd.	Nichimen America, Inc. Benj. Franklin Plaza 1 SW Columbia, Suite 430 Portland, OR 97204
Nichiro Gyogyo Kaisha Ltd.	Barbey Packing Corp. 320 S. Marine Drive Astoria, OR 97103
Nippon Express	Nippon Express U.S.A., Inc. 6809 NE 79th Court Portland, OR 97218
Nippon Yusen Kaisha Ltd.	Nippon Yusen Kaisha, (NYK Lines) 1618 SW First Portland, OR 97201

JAPANESE FIRMS IN OREGON
Page 5

Nissho-Iwai Co., Ltd.	Nissho Iwai American Corp. 3508 First Interstate Tower Portland, OR 97201
Nissan Motor Co., Ltd.	Nissan Motor Corp. In USA 9575 S.W. Scholls Ferry Road Portland, OR 97219
Okura & Co., Ltd.	Okura & Co. (America) Inc. Bank of California Tower #1310 Portland, OR 97201
Overseas Courier Service Co., Ltd.	OCS America Inc. 400 SW Fifth Avenue Portland, OR 97204
Overseas Merchandise Inspection Co., Ltd.	Overseas Merchandise Inspection Company, 3012 First Interstate Tower Portland, OR 97201
Pacific Overseas, Inc.	Pacific Overseas of America, Inc. 1750 SW Skyline Blvd. #20 Portland, OR 97221
Sanko Kisen Company, Ltd.	Sanko Kisen (U.S.A.) Corp. 1020 Cascade Building Portland, OR 97204
Sato Mokuzai	Sato America, Inc. 500 Oregon Telco Building 2125 SW Fourth Avenue Portland, OR 97201
SEH Japan	SEH America, Inc. 11800 NE 95th Street Suite 260 Vancouver, WA 98662
Shimizu Construction Co., Ltd.	Shimizu America Corporation 7100 S.W. Hampton, Suite 121 Tigard, OR 97223
Shindaiwa Ltd.	Shindaiwa 11975 SW Herman Sherwood, OR 97140
Shoei Foods	Shoei Foods 400 SW Sixth Avenue, Suite 804 Portland, OR 97204
Showa Line, Ltd.	Showa Line, Ltd. Commonwealth Building Portland, OR 97204

JAPANESE FIRMS IN OREGON
Page 6

Sumitomo Corp.	Sumitomo Corp. of America 1300 S.W. Fifth Portland, OR 97204
Taio Paper Co., Ltd.	Taio Paper Mfg. Co., Ltd. 2182 Broadway PO Box 743 North Bend, OR 97459
Tomatsu Awoki/Touche Ross	Touche Ross (Tomatsu Awoki) Benj. Franklin Plaza 1 SW Columbia Portland, OR 97204
Toshoku Ltd.	Toshoku America, Inc. Benj. Franklin Plaza 1 SW Columbia, Suite 1470 Portland, OR 97204
Toyo Menka Kaisha Ltd.	Toyomenka (America), Inc. 1300 SW Fifth Portland, OR 97204
Toyota Motor Corp.	Toyota Motor Sales USA, Inc. 6111 NE 87th Portland, OR 97220
Yamashita-Shinnihon Steamship Co., Ltd.	Yamashita-Shinnihon Steamship Co., Ltd. 421 SW Sixth Portland, OR 97204
Yamazaki Mashinery	Mazak Mashine 2525 NE Columbia Blvd. Portland, OR 97211
Yokohama Rubber Co., Ltd.	Yokohama Tire Corporation 10603 N. Lombard Portland, OR 97203
Yuasa Trading Co., Ltd.	Yuasa Trading Co., (America) Inc. 200 SW Market Street, Suite 1400 Portland, OR 97201

OREGON INVESTMENT FACTS

OREGON'S ECONOMY

Presentation:

Forestry and agriculture have been the primary industries for Oregon's economy since the state was first settled. In the 1800's, pioneer farmers and foresters were drawn to Oregon by the state's legendary richness in natural resources. In those days, fortunes were made in lumber, grain and fishing.

Today, Oregon's fame for its natural resources has grown to include its wealth of mineral and energy resources. Inexpensive hydroelectric power supports the nation's largest concentration of aluminum reduction facilities. A growing titanium industry serves increasingly sophisticated metal fabricators. Oregon's new pioneers are busy producing gallium arsenide for the electronics industry. Breakthrough biotechnology research being done in Oregon today is pointing to tomorrow's new frontiers.

But perhaps Oregon's greatest natural resource is the exceptionally high level of education of its residents. This educational factor is one of Oregon's most dynamic assets in view of the growing technological sophistication of the economy, and the increasing international demand for high quality human resources, ranging from skilled production engineers to electronics assemblers.

Oregon's rich environment is still drawing pioneers. In 1978 the West German firm Wacker Siltronic built its first silicon wafer plant in Portland. Today, 50% of the silicon wafers produced in the United States originate in the Portland area and Salem. In 1984, NEC became the first Japanese company to building a major facility in Oregon. Today, Fujitsu America, Fujitsu Microelectronics and Epson are all busy building major plants in Oregon to produce disc drives, semiconductors and printers.

But these companies did not come to Oregon because of the state's beauty, its inexpensive land, its proximity to Japan or because of Oregon's repeal of the unitary tax. Yes, all these reasons are important, but the real reason is that Oregon has had a strong electronics sector that has been growing steadily since the establishment of Tektronix in 1948.

High technology is Oregon's fastest growing segment of the manufacturing sector. In fact, in the last two years Oregon had the fastest growing concentration of high technology in the United States. Having diversified from manufacturing scientific test and measurement equipment, Oregon firms now produce a wide variety of electronic products including array processors, memory units, laser guide systems, medical equipment, computer aided work stations, semiconductors and electromechanical assemblies.

Important to new investors are the many support industries that have grown up alongside this strong high technology manufacturing core.

Presentation (Continued)

Page 2

Specialty plastics manufacturers, metal fabricators, software producers and integrated circuit "foundries" serve this booming market, offering the new manufacturer a wide range of sophisticated suppliers.

The growth of high technology in Oregon has affected many of our other industries as lasers and modern biotechnological innovations find application in forestry and agriculture. As a result the metal fabrication industry, the wood products industry, food processing and agriculture are becoming increasingly capital-intensive.

Metal fabrication is also a major element in Oregon's economy. Specializing in aluminum, titanium and steel, this sector supplies the forestry industry, aircraft industry, scientific tool manufacturers and the high technology sector. In addition, the state is a major builder and refurbisher of trucks and rail cars. Significant opportunities have been identified for auto import assembly or manufacturing facilities. Competitive rail rates and proximity to port facilities make Oregon a very competitive location for any Japanese car or truck manufacturer to consider.

Oregon is the world's largest producer of quality seeds. The state is also a strong producer of cattle, poultry, grain, field crops, vegetables, nuts and fruit. Recently we have observed significant Japanese investment interest in our strawberry production, matsutake mushrooms and wine growing. Potato processing for export to Japan has also been of interest. Land is inexpensive in Oregon and processing is becoming increasingly mechanized making these products internationally competitive.

Oregon's service sector has grown significantly in the last two decades. The state now has eight international banks capable of handling sophisticated international transactions. Due to the fact that the Port of Portland is one of the largest West Coast ports, the community of freight forwarders and customs brokers are very experienced in the import and export trade facilitation. Portland is the location of the regional office of the Federal Customs. Translation services, construction management and consulting services are available for practically every business application.

Construction firms of regional and national prominence are active in Oregon. In addition, Kajima, Shimizu and Itogumi are presently active in Oregon. CH2M Hill, an internationally prominent architectural consultant based in Oregon is currently involved in the construction of some of the Japanese facilities.

Tourism is Oregon's second largest industry drawing visitors from around the world to visit the state's 400 miles of rugged coast, its 1,400 lakes and reservoirs, or its year-round skiing. Following the Fuji Television series "From Oregon With Love," Oregon has received increased interest by Japanese tourist agencies. Currently a number of tours are being organized. Services to assist the Japanese tourist are available and more are being developed.

Presentation (Continued):

Page 3

Oregon has always been prominent in international trade. Despite the trade imbalance that our nation has experienced over the last few years, Oregon has consistently showed a trade surplus. This has been true despite the fact that Portland is a major entry point for imports. Oregon's major trade partner is Japan with whom we do more than half of our total international trade. This long-time trade relationship has been the cornerstone for the state's commitment to Japan. With fifteen Japanese trading company offices located in Portland, this state is very conscious and proud of our ties to Japan. In 1983 Oregon participated in over \$6.5 billion in international trade.

OREGON INVESTMENT FACTS

OREGON ECONOMY OVERVIEW

High Technology:

The greatest growth in Oregon has come in the high technology sector. At current projections this industry will be Oregon's number-one manufacturing employer by the year 2000.

- ° High technology plants are operating in over half of Oregon's 36 counties. The most recent (February '85) American Electronics Association survey shows that Oregon now hosts 386 electronics and information processing firms. According to this survey Oregon now ranks ninth in the United States for concentration of high technology firms.
- ° In the last two years Oregon has been the fastest growing location for high technology firms in the United States.
- ° Employment in the high technology sector has increased from just under 10,000 in 1960 to over 40,000 in 1983. Even during the 1981-82 recession employment increased.
- ° Recent investment by NEC, Fujitsu, Epson and other German and U.S. firms are projected to increase direct employment by nearly 5,000 in the next year. Over the next five years direct employment is forecast to rise by nearly 20,000.
- ° Total announced investment in high technology manufacturing in Oregon in 1984 amounted to \$560 million initially, and \$1.75 billion over the next five years.

Food Processing & Paper Industry:

Other industries in the state have also benefited from the spread of these technological developments.

Due to increased mechanization and capital intensive modernization both food processing and forestry have seen increased efficiencies.

- ° The food processing (and allied products) industry has increased in recent years, contributing 12.7% (1983) to total manufacturing employment.
- ° Since 1980 the paper industry has shown marked growth. Both 1983 and 1984 were strong years for the industry. Specialty papers have been developed in Oregon and are enjoying strong demand. The industry's percentage of manufacturing employment rose from 4.8% in 1980 to 5% in 1983.
- ° Due to the rising dollar the metals industry has experienced a slight decline in percentage of manufacturing employment. This sector represented 11% of Oregon's manufacturing employment in 1980; today it employs 9% of the state's manufacturing workers. Recent electricity rate reductions may help to stimulate the competitiveness of the United States metal manufacturers.

外国貿易

Export trade has been established in Oregon for over 150 years, with the first primary export products being timber and wheat. Oregon's strategic location on the Columbia River Waterway, and its easy accessibility to Pacific Rim traders contributed to the state's role as a leading importer and exporter of U.S. commodities.

More recently, manufactured products have been exported and imported in significant volumes. Rotary Irrigation equipment, beer, and countless electronic devices, among other products, have been shipped throughout the Pacific Rim, Europe and the Middle East.

For imports, the Port of Portland offers the largest import facility for Japanese-manufactured cars, a Foreign Trade Zone, and a highly developed inland transportation system offering competitive access to America's interior markets.

Oregon's pivotal location on the Pacific Rim has helped the state benefit doubly from increased economic interdependence. Today, Oregon is benefiting from international trade, not only as a net exporter, but also as a major port of importation.

In the last two years, foreign investment interest in Oregon has increased sharply. As overseas manufacturers locate their facilities closer to their markets, Oregon's location offers strong potential as a U.S. distribution site for imports, and as a production platform for European exports to the Asian markets.

- In 1983, Oregon's international trade amounted to \$6.5 billion with a trade surplus of nearly \$1 billion.
- International trade contributes 21.5 percent to the gross state product, and 20 percent of all farm income is derived from commodity exports.
- Oregon ranks 9th in the nation for manufacturing employment tied to exports, with more than 1 in 6.5 jobs dependent upon exports.
- In Portland, an efficient system for handling large numbers of vessels has been developed, including modern grain elevators, automobile handling and storage facilities, cranes and containerized cargo facilities and modern ship repair and dry-dock facilities.
- The Port of Portland currently maintains a representative office in Tokyo to assist Port clients in Japan.
- The Oregon Economic Development Department ~~is planning to~~ ^{has} establish ^{ed} an overseas office in Tokyo in ~~September of~~ 1984 to encourage increased tourism, investment and trade.



**First
Interstate
Bank**

First Interstate Bank
of Oregon, N.A.

World Trader

JAPAN

	<u>1981</u>	<u>1982</u>	<u>1983</u>
Exports to Japan	US\$ 1,569,235,833	US\$ 1,531,742,283	US\$ 1,613,127,244
Imports from Japan	1,736,177,197	1,562,522,367	1,698,843,208
Total Trade	US\$ 3,305,413,035	US\$ 3,094,264,650	US\$ 3,311,970,452

Major EXPORTS to Japan moving through Oregon Ports in 1983:

1. Wheat	US\$ 554,135,772
2. Logs	246,944,349
3. Wood Chips	113,763,455
4. U.S. Standard Newsprint	82,866,763
5. Milk Carton Stock	74,894,995
6. Alumina	58,761,699
7. Yellow Corn	47,215,844
8. Kraft Linerboard	42,930,697
9. Lumber	40,609,466
10. Barley	37,358,558

Major IMPORTS from Japan moving through Oregon Ports in 1983:

1. Automobiles	US\$ 1,163,866,454
2. Trucks, Gasoline & Diesel	207,647,243
3. Tires & Tubes	40,449,518
4. Steel, Bars, Plates, Sheets, & Strips	33,941,759
5. Tractors	31,809,862
6. Steel Rails, Pipes & Flanges	25,336,345
7. Alumina Wire, Bars, Sheets Strips	18,236,157
8. Steel Wire, Piles, Angles & Channels	16,505,911
9. Apparatus to Check Electric Quantity	10,831,237
10. Pulp & Paperboard Making Machinery	9,018,836

All figures denote trade between the
Oregon Customs District and Japan.

TOP 20 COMMODITY EXPORTS
THROUGH OREGON CUSTOMS DISTRICT
1983

1. Wheat	US\$ 1,763,218,476
2. Logs	312,090,066
3. Lumber	195,037,428
4. Yellow Corn	150,937,321
5. Barley, Including Malting Barley	118,640,331
6. Wood Chips	113,766,831
7. Kraft Paper Products & Milk Carton Stock	106,386,783
8. U.S. Standard Newsprint	87,448,130
9. Aluminum	80,625,821
10. Plywood & Veneers	67,808,456
11. Kraft Linerboard	53,417,785
12. Cattle Hides	52,923,046
13. Soda Ash	51,533,839
14. Wood Pulp	38,837,022
15. Beans, Peas & Lentils	26,509,720
16. Soy Beans	22,857,887
17. Copper Ore	22,591,601
18. Office Machines & Computers	21,424,992
19. Meat Products	20,787,723
20. Copper Waste & Scrap	<u>18,543,891</u>

TOTAL	US\$ 3,325,387,149
Other Commodities	<u>373,517,250</u>

TOTAL EXPORTS 1983 US\$ 3,698,904,399

TOP 20 COMMODITY IMPORTS
THROUGH OREGON CUSTOMS DISTRICT - 1983

1. Automobiles & Trucks	US\$ 1,542,589,319
2. Aluminum Oxide (Alumina)	236,790,567
3. Footwear	115,224,238
4. Steel Plates & Sheets	62,633,675
5. Agricultural Tractors & Fork Lift Trucks	55,642,601
6. Tires & Tubes	49,092,743
7. TV's - Radios & Related Equipment	44,560,740
8. Petroleum Products	42,394,695
9. Measuring Testing & Control Instruments	41,672,877
10. Steel Pipe, Fittings, Flanges, Couplings	28,118,704
11. Steel Piles - Angles - Shapes - Channels	27,581,803
12. Wearing Apparel	26,951,406
13. Coconut Oil	25,865,233
14. TV Tubes/Cathode Ray Tubes/Dice, Wafers, Electronic Tubes	25,345,766
15. Plywood & Veneer	22,087,286
16. Aluminum Sheets, Strips, Bars	19,227,574
17. Generators/Motors/Transformers	17,199,366
18. Palm Oil	15,243,954
19. Hardwood Lumber	14,237,626
20. Rails, Joint Bars & Tie Plates	<u>13,406,894</u>
Total	US\$ 2,425,867,067
Other Commodities	<u>419,488,123</u>
TOTAL IMPORTS 1983	<u>US\$ 2,845,355,190</u>

オレゴン州の貿易相手20カ国(1982)

国名	オレゴン州輸出	オレゴン州輸入	合計
1. Japan	\$1,613,127,244	\$1,698,843,208	\$3,311,970,452
2. Republic of Korea	412,238,095	171,893,029	584,131,124
3. Republic of China (Taiwan)	192,546,726	104,623,611	297,170,337
4. Australia	90,394,529	185,240,083	275,634,612
5. India	244,903,242	2,758,869	247,662,111
6. West Germany	18,533,499	191,438,017	209,971,516
7. Philippines	150,910,572	48,776,062	199,686,634
8. Indonesia	141,887,922	3,918,169	145,806,091
9. Egypt	126,416,266	-0-	126,416,266
10. China	89,358,901	15,734,080	105,092,981
11. United Kingdom	42,159,689	40,156,669	82,316,358
12. Malaysia	43,960,039	34,145,939	78,105,978
13. Italy	62,814,468	11,154,753	73,969,221
14. Sweden	4,882,399	67,170,473	72,052,872
15. Canada	29,435,914	39,951,704	69,387,618
16. Hong Kong	25,490,826	25,156,686	50,647,512
17. Netherlands	28,313,739	20,324,910	48,638,649
18. Yemen (Sana)	47,989,607	-0-	47,989,607
19. Jamaica	-0-	46,221,193	46,221,193
20. France	13,346,704	28,651,387	41,998,091
Total	\$3,378,710,381	\$2,736,158,842	\$6,114,869,223
Oregon's Trade Other Countries	\$ 320,194,018	\$ 109,196,348	\$ 429,390,366
Oregon's Total Trade (1983)	<u>\$3,698,904,399</u>	<u>\$2,845,355,190</u>	<u>\$6,544,259,589</u>

OREGON'S TOP 25 COMPANIES

<u>Rank</u>	<u>Name</u>	<u>Location</u>	<u>Sales Revenue Range (000,000)</u>	<u>Activity</u>
1	Pacific Power	Portland	over 1,500	Diversified Utility
2	Evans Products	Portland	1,300 - 1,500	Diversified Industries
3	Tektronix	Beaverton	1,100 - 1,200	Electronics
4	Louisiana-Pacific	Portland	1,100 - 1,200	Wood Products
5	Willamette Industries	Portland	1,000 - 1,100	Wood Products
6	Nike	Beaverton	850 - 900	Shoes, Apparel
7	Payless Drugstore N.W.	Wilsonville	800 - 850	Drug Stores
8	U.S. Bancorp	Portland	600 - 700	Financial Services
9	Portland General Electric	Portland	500 - 600	Utility
10	North Pacific Lumber	Portland	over 400	Lumber Brokerage
11	Roseburg Lumber	Roseburg	over 400	Lumber & Plywood Mfg.
12	Northwest Natural Gas	Portland	300 - 400	Utility
13	Pope & Talbot	Portland	250 - 300	Wood Products
14	Omark	Portland	250 - 300	Timber Sports Equipment
15	McCall Oil & Chemical Corporation	Portland	250 - 300	Mfg & Dist of Petroleum and Chemical Products
16	Riedel International Inc.	Portland	200- 250	Heavy Construction & Related Equipment Tug and Barge
17	First Farwest	Portland	150 - 200	Insurance and Transportation
18	Orbanco	Portland	150 - 200	Financial Services
19	Ness & Company/ Northwest Food Brokers	Portland	150 - 200	Food Wholesaler and Broker
20	CH2M Hill, Inc.	Corvallis	150 - 200	Engineering
21	Riviera Motors, Inc.	Hillsboro	150 - 200	Distributor Volkswagen Autos and Parts
22	Medford Corporation	Medford	100 - 150	Wood Products
23	Bohemia, Inc.	Eugene	100 - 150	Wood Products
24	Hoffman Construction Co.	Portland	125 - 150	General Construction
25	Bear Creek Corp.	Medford	100 - 150	Mail Order

Japan's Not Entitled to 'Free Lunch'

By Bob Packwood

WASHINGTON — In the international trading system, there is no "free lunch." Fairness requires that everybody contributes to the check. That includes Japan.

Congressional reaction to Japan's insular trade practices reflects a coalition of the two principal elements of Capitol Hill trade philosophy: free-traders and protectionists. Since the postwar trading system was created, Congress has always had members who favor protecting American industry with high tariffs, quotas or other restrictions, and members who prefer to let the competitive chips fall where they may in a free-trade environment. The free-traders have been, and remain, the majority, of which I am part.

Both sides find common ground in their mutual willingness to limit Japanese access to the American market. For free-traders, such a limitation offers a lever to open the Japanese market; for protectionists, the aim is to close our market. For free-traders, genuine access to the Japanese market will end efforts to limit access to our market; for protectionists, no Japanese-market opening will diminish their desire to shield our industries from competition.

Japan can remove the foundations of this coalition by significant improvements in access to its market — but must do so quickly. Notwithstanding Prime Minister Yasuhiro Nakasone's appeal to the Japanese consumer to buy American goods, the consumer is not the problem: America can successfully compete in the Japanese market — if we can get into it. The problem is the jaded Japanese bureaucracy.

Japan must decisively remove tangible barriers — for example, quotas on imports of meat, fruit, vegetables and leather; high tariffs on processed wood products, tobacco products and chocolate, among many products; un-

Bob Packwood, Republican of Oregon, is chairman of the Senate Finance Committee.

necessarily arduous customs procedures; burdensome testing, labeling and certification procedures; and a variety of impediments to importation of services.

We are told that many of these barriers benefit powerful political constituencies and that their removal would be painful. This is understandable and familiar — but cannot be an excuse for a failure to act. We in Congress also are subject to political pressures. But if we believe in free trade, we resist the temptation to bow to them, recognizing that the greater good requires adjustment to competition.

Prime Minister Nakasone's televised plea to the Japanese people to respond to the trade crisis was courageous. But it reflected a double standard. He begged Japan's forest-products industry and others to accept painful adjustment to competition, but suggested a vague timetable that would probably result in no immediate adjustment measures.

Although we can sympathize with the plight of uncompetitive Japa-

nese industries faced with sudden foreign competition, and may even admire the Prime Minister's sensitivity to the plight of dislocated workers, we must remember that Americans have been paying this price for some time. We have reluctantly accepted a loss of jobs in industries that cannot compete. But we will not accept a loss of jobs in competitive American industries because of an inability to overcome foreign barriers that seek to preserve jobs in uncompetitive foreign industries. We will not accept Japanese excuses that assume that it would be easier for our system than Japan's system to cope with adjustment to foreign competition. It is a question of fairness.

Congressional foes of protectionism, and domestic industries with important exporting interests, have long argued that erection of protectionist barriers would invite retaliation by countries denied access to the United States market. For example, American agriculture consistently has resisted protectionism for our textile,

Brad Hamann

auto and steel industries in the knowledge that such protectionism threatens foreign markets for our agricultural exports. This free-trade position has successfully deflected protectionist initiatives.

Thus, free trade rests on a pragmatic foundation. It is based on the proposition that protection for one industry will be paid for by another industry; that, in addition to lost export opportunities, protectionism erodes consumer purchasing power. In the final analysis, free trade is a form of enlightened self-interest. It is this idea of enlightened self-interest that Congress is intent on applying to Japan. In the trading system, no country has benefited as much as Japan. Its export-led development has depended upon access to other markets. Japan must now understand that Japanese industries that have enjoyed this access will have to pay the price of protection given other Japanese industries.

The fury over United States-Japan trade does not reflect resistance to competitive Japanese exports — autos or otherwise. It does not reflect the fact that our \$37 billion trade deficit with Japan is likely to grow to \$45 billion this year. Rather, it is a question of opportunities denied to competitive American industries and of the resulting diminished prospects for industries denied the legitimate fruits of their success.

The trading system can survive only if its benefits are equitably conferred on all countries. Congress is convinced that Japan is not being fair. We intend to insist that Japan adopt the principles of free trade in its markets. □

Japan-Bashing Is Pointless

By Daniel Burstein

Blaming the Japanese for the trade deficit may make domestic political sense in the United States, but it makes little logical sense.

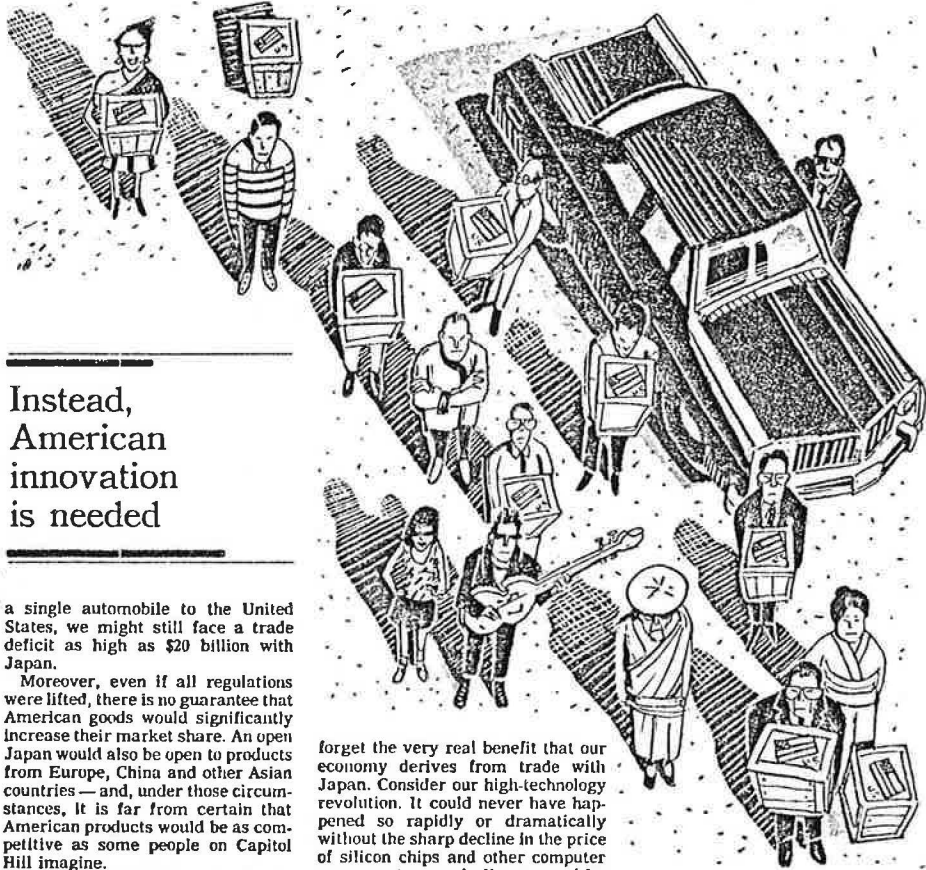
For one thing, quite apart from the brouhaha over the United States-Japan trade deficit, Japan's own increased prosperity and maturity as a world power are by themselves making it more a part of the international mainstream — more cosmopolitan and more open to trade.

Consider the teen-agers who spend Sunday afternoon in Tokyo's Yoyogi Park. They gather by the hundreds and dance wildly to the tunes of American 1950's rock music. For the hippest of the hip, only American Camel cigarettes will do (despite a law that forbids advertising American cigarettes in Japanese). Real American Levi jeans are de rigueur, and social standing is measured by the size of Elvis Presley tape collections. This is hardly a picture of a country closed to American products.

From Harlequin romance novels to IBM mainframes, from Ralph Lauren to Kentucky Fried Chicken, Japan actually buys more from the United States than any other country in the world except Canada. This fact alone should give Americans pause before they are swept up in Japan-bashing.

True, Japan's markets are fettered by regulation and culture in ways that run against the grain of free trade. But even if the Japanese ate nothing but American steaks and oranges, smoked nothing but American cigarettes, equipped their armed forces with nothing but American weapons and agreed to refrain from exporting

Daniel Burstein, who writes frequently on business and technology, recently visited Japan.



Instead, American innovation is needed

a single automobile to the United States, we might still face a trade deficit as high as \$20 billion with Japan.

Moreover, even if all regulations were lifted, there is no guarantee that American goods would significantly increase their market share. An open Japan would also be open to products from Europe, China and other Asian countries — and, under those circumstances, it is far from certain that American products would be as competitive as some people on Capitol Hill imagine.

Then there is the bigger trade picture. Japan accounts for only one-third of the worldwide American trade deficit. Our deficits with the European Economic Community and with "new Japans" like South Korea and Singapore have also grown markedly — in some cases, even faster than our imbalance with Japan. Japan, with its combination of prosperity and protectionism, just happens to be the most convenient scapegoat.

And, in the meantime we tend to

forget the very real benefit that our economy derives from trade with Japan. Consider our high-technology revolution. It could never have happened so rapidly or dramatically without the sharp decline in the price of silicon chips and other computer components — a decline spurred by the Japanese electronic industry, with its higher productivity, lower wages and aggressive competition with American companies. True, a flood of Japanese imports has cost a certain number of American jobs. But the long-term social and economic benefit to America — the creation of a large, new high-tech sector at a very low cost — is immense.

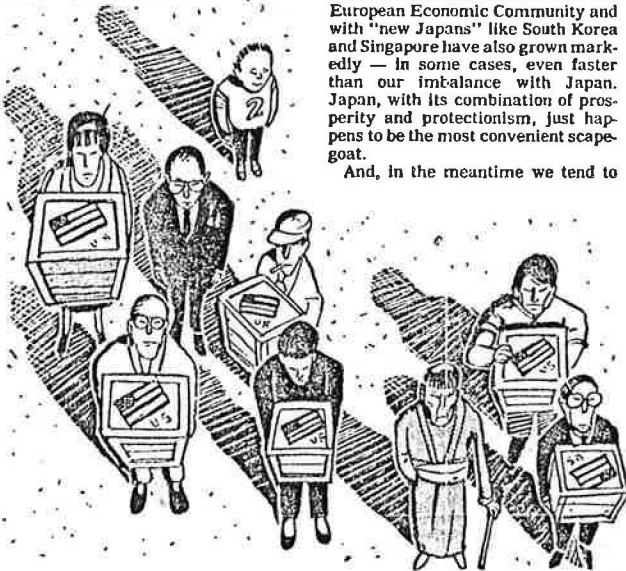
Or look more carefully at the United States' \$37 billion trade deficit with Japan last year, expected to grow to nearly \$50 billion this year. The numbers sound frightening, indeed — until one realizes that all those surplus dollars and more are pumped right back into the American economy by Japanese investors, much of it into United States Treasury bills. This supply of investment dollars has helped keep our interest rates lower than they might otherwise have been and allowed our economy to continue growing without significant inflation.

Of course, we Americans need to improve our exporting capabilities if we are to remain competitive in an increasingly globalized marketplace. But Japan-bashing will hardly help us do that. So far, the main concession produced by the "pressure" we have brought to bear on Japan is the embarrassing spectacle of Prime Minister Yasuhiro Nakasone imploring

his people to buy more American fondue sets and tennis racquets — as if ours was a colonial economy whose handicrafts could help raise cash at a charity affair.

To trade effectively, we need innovative action from Washington, not charity from Tokyo. Our Government should, for example, be taking measures to compete with the Japanese Government's considerable support for the development of fifth-generation computers. We should also be bolstering private-sector efforts to learn the exporting game. This may at first seem to run counter to our economic traditions, but it is crucial in a world of "new Japans" — all of whose governments are helping to organize and finance export-driven economies.

The teen-agers in Yoyogi Park are growing up. As their generation matures, Japanese isolation and conformity will invariably give way to greater openness and diversity. But no matter how open Japan becomes, the ability to sell our goods there — and in the rest of the world, for that matter — will not be determined by the concessions we extract. It will depend on the products we have chosen to develop, at what price and on how shrewd we have become in mastering the global export business. The real trade battle of the future is not with the Japanese but with ourselves. □



Peter Kuper

How to Handle the Japanese

Seek a Fair Deal

By Jeffrey E. Garten

TOKYO — Despite the hullabaloo, not much has happened in recent months to prevent America's trade deficit with Japan from soaring further.

After the Senate shook the United States-Japan alliance with its 92-0 vote condemning Tokyo's trade policy, after Japan announced a new market-opening package, after Prime Minister Yasuhiro Nakasone courageously urged his countrymen to "buy foreign" and after the summit participants in Bonn debated whether to begin a new round of trade negotiations in 1986 — after all this, Japan remains a major headache for America. What can Tokyo and Washington do?

For the near term, a free-market approach is not an option unless we are content to watch our industries fade and our deficits skyrocket. Across-the-board barriers to imports will only ignite retaliation and jack up prices everywhere. What's needed is something in between: a decision by Japan to commit itself to higher import levels and to slow exports, and more Reagan Administration insistence on quid pro quos for keeping our own economy open.

For 20 years, Washington has tried everything else. There were mandatory quotas on textiles and "voluntary" restraints on auto imports. We twisted Japan's arm to buy Kansas beef and Florida oranges, and we put pressure on Tokyo to jack up the yen and inflate consumer demand. But our trade imbalance climbed anyway, from \$12 billion in 1980 to a projected \$45 billion this year.

That's only part of the story. Japanese manufacturers have more than \$2 billion in assets in America, including 140 plants in California, 38 in Texas, 15 in New York State. They are investing heavily not only in such basic industries as steel and cars but also in advanced computer chip-making and cellular telephones. Tokyo's banks are moving into every crevice of the American financial system.

None of this would be worrisome — in fact, it would be healthy — if America's position in Japan weren't so puny. But such lopsided trade and investment means we must borrow heavily to cover our deficits. Moreover, Japan can use the latest American technology in its products while we read about Japanese breakthroughs in the newspapers. Japan's financial institutions can grow from coast to coast and add to their already awesome power to move funds around the world, while our banks are given far less freedom in Japan.

No amount of good will, cajoling or faith in market forces can fundamentally change this one-way situation soon. Yes, Japan is making a major effort, but its officials readily admit that obstacles to imports will fall very slowly. For America, whopping budget deficits and the high interest rates and overvalued dollar they create won't be reversed overnight.

It is imperative to do something now to slow Japan's unilateral advantage while avoiding a full-scale trade war. Unfortunately, there are no solutions that serve everyone's immedi-

Jeffrey E. Garten, an investment banker based in Tokyo, was a member of the State Department policy-planning staff in the Ford and Carter Administrations.

ate economic interests. But it's time we made a painful admission: the world is divided into more than free-market economies and centrally planned economies. Japan, and some of its emulators in East Asia, represent something in between. No wonder conventional trade tactics have not worked.

The best bet may be for Tokyo to single out several specific industries and establish formal import quotas to be filled from the United States and other foreign suppliers. This has the advantage of relative simplicity and it avoids Uncle Sam's trying to dictate every minute regulation. Tokyo has always found ways to manage export quotas; it can do the same for imports.

There may also be a compelling case for Tokyo's putting a tax on its exports to slow its penetration of overseas markets. Proceeds from the levy could be used to accelerate

Japan's growth and demand for imports without increasing its already huge budget deficits. An export tax could be implemented flexibly. If trade balances improved, it could be reduced or eliminated.

In addition, we may have to get serious about quid pro quos. In the past, reciprocity meant mutual reductions in tariffs. But nowadays the big problems are inspection procedures, old-boy distribution networks, cultural aversion to imports and barriers to foreign investment.

The Administration has been asleep when it comes to reciprocity. Why was Japanese access to the Bell Telephone system after the A.T.&T. breakup not made contingent on a quid pro quo? Why were restraints on auto imports removed without offsetting concessions from Japan? Why are we pleading with Tokyo to participate in new "Star Wars" research and development, where major ad-

vances in communications and materials technology surely will be made, without demanding more access to Japan's research and development?

Reciprocity must be implemented with some flexibility and finesse. That's why the Administration should articulate a policy before Congress casts one in concrete. Tokyo may not like this approach but it will understand. Such reciprocity is the way business is done among Japanese firms themselves.

All this puts a heavy burden on our ally. This is not totally fair; Washington's own neglect of its budgets and the dollar are also to blame for our problems. But America's past record of helping Japan needs no recounting, including the fact that in 1984 American imports of Japanese products accounted for almost all of Japan's national growth. It's time to call in some chips. □



Press Subtly

By Ranan R. Lurie

WASHINGTON — Many of our business frustrations with the Japanese stem from our different perceptions of "good" and "bad." Each side has its own code of ethics — and considers itself decent, honest and righteous.

Consider two examples. When I was working in Tokyo, I concluded a deal with a Japanese printer, who agreed to print my daily cartoons on 100-kilogram paper stock. Everything went well until one day, unusually, the drawings appeared on paper that looked like Kleenex. I confronted him: "How much does this paper weigh?" "Sixty kilograms," he answered. "But our contract says you should print on 100." "Of course," he answered, "but yesterday I made a blunder and printed your work on a paper weight of 140 kilograms."

Some time later, a few days before Japan's general election, I arrived at

Ranan R. Lurie is senior analyst and political cartoonist for U.S. News & World Report. He worked for a year in Tokyo with the Japanese newspaper Asahi Shimbun.

Prime Minister Yasuhiro Nakasone's chambers for an interview that had been scheduled weeks in advance. Before I could ask any questions, his eye was caught by a statue of three monkeys that "hear no evil, see no evil, speak no evil." Suddenly, in a bashful tone, he apologized: "I am changing my mind and will not give an interview. I shall emulate these three very wise animals who are much more clever than us humans."

I was dumbfounded: I knew Western logic would not prevail in this situation, and I tried to think how a Japanese person would handle the situation. Finally, I said: "If those monkeys are so wise, how come none of them ever became Prime Minister?" Mr. Nakasone looked at his aides, they nodded their heads slightly up and down and he submitted to the interview. My borrowed logic had worked.

The Japanese don't always know if and when they commit what Westerners consider an error. Their standards have worked very well for them for 2,000 years — and they will be guided by their habits until aggressively warned by the outside world. But the "outside pressure" should be subtle. We could, for example, have considerable effect on their trade policy merely by embracing their economic rivals more warmly. The Japanese have a very competitive spirit, and winning is sometimes more important than the spoils of victory. We should understand that this is as much a vulnerability as a strength — and we

should learn how to take advantage of it.

We must, however, be careful not to go too far. Very few nations have changed so radically every decade during the last two centuries, and pressures may move the Japanese more dramatically than we can imagine. If we pressure them too much, the economic and political results may take such a turn that we may later crave the good old days, when the only ambition Japan had was to sell us more Toyotas. □

For some...

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New Yorkers are...
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THE TIME
"NEVER
MAY NE
AS PERFECT

Always, in history, there is one opportune moment to strike while the iron is hot to achieve the maximum.

That moment has come, for the more than 2,500,000 Jews still trapped in the Soviet Union, prosecuted on trumped-up charges, their homes ransacked, their Hebrew teachers deported

WASHINGTON | James Reston

Fly Now, Pay Later

Leaving aside the bitter arguments over President Reagan's tour of Europe, you have to wonder whether the results of this television diplomacy justify the physical and psychological strain on the President.

The political lag and jet lag are considerable. At 74, not yet four months

Was the summit trip worth it?

ing Europe (and the other summit leaders were flying back to deal with their own tangles), even the leaders of his own party were questioning his budget, row out of control, and wondering if he had lost his magic.

No doubt he will get some help from Congress against the Sandinistas in

Oregon's Yen for Japanese Cars

The Port of Portland unloads 6,000 imports a week, and each auto brings \$200 to the local economy

By Bill Peterson
Washington Post Staff Writer

PORTLAND, Ore.—Japanese cars roll off the big ships in the harbor here like bees leaving a hive. They swarm off by the thousands, a seemingly endless parade of hatchbacks, station wagons, pickups and sedans.

Last year, 306,860 vehicles were unloaded—almost 6,000 a week. No port in the world took in more Toyotas, no port in America more Hondas.

The Port of Portland estimates that these imports add about \$62 million, or about \$200 a car, to the local economy, providing jobs for hundreds of longshoremen, teamsters and railroad workers.

"We're not Detroit," says Richard A. Conrad, executive director of the Portland Grain Exchange. "The import car business is good for us."

The debate over retaliation against Japanese trade barriers makes people here nervous.

"My fear is the Japanese may retaliate against anything we do, and we may find ourselves in the middle of a trade war," says Douglas Frenkle, who heads the international trade division of the Oregon Economic Development Department. "There have been a lot of positive things happening between Oregon and Japan. We don't want to do anything to endanger them."

With Oregon's timber and agriculture industries foundering, the state has placed its hopes for an economic recovery on expanding trade and attracting investment in its high-technology industry. It has opened an office in Tokyo and regularly sends delegations to Japan.

These efforts have begun to pay off. Four Japanese companies announced plans to build

plants in Oregon's "Silicon Forest" last year; a 13-part series, "From Oregon With Love," ran on Japanese television during the winter. The plants are projected to employ 7,100, and officials hope the TV series will increase tourism.

Oregonians are free-traders. "Anything that smacks of protectionism is suspect here," says Daniel Goldy, an economist who once headed the state economic development office. "The Mondale-Ferraro domestic-content bill went over like a lead balloon here."

It is a case of pure economic self-interest. One job in 10 in the Portland area depends on international trade; 43 percent of the area's trade is with the Japanese.

"If you pull the average guy off the street in this country, he'll say, 'Screw the Japanese,'" says G. Johnny Parks, northwest region director of the International Longshoremen's and Warehousemen's Union. "But the longshoreman here says, 'What the hell, let's keep the ships unloading.' We don't care if they're coming or going."

Even among those who support controls on foreign imports there is ambivalence. Foreign cars are popular here, and the United Auto Workers union has only a small presence. Dennis Schmidling, bargaining committee chairman at one UAW unit here, drives his wife's Toyota; Bill Vachter, the local's political director, owns a Porsche.

Portland, a city of 371,000 with a spectacular view of snowcapped Mount Hood, lies at the confluence of the Willamette and Columbia rivers, about 110 miles from the Pacific Ocean.

It has been a major port since the 1870s, but Oregon's ties to the Far East date from 1811, when John Jacob Astor's partners founded the state's first settlement, Astoria, at the mouth of the Columbia River to obtain control over the flourishing fur trade with China.



By Summers for The Orlando Sentinel

"It's our history, our legacy," says Gary L. Conkling, manager of government relations for Tektronix Inc., a large high-tech firm. "We are here today because Astor thought Oregon would be a great place to trade with the Chinese. The names have changed over the years, but we're still looking across the Pacific."

One finds plaid-shirted Oregon lumberjacks shouting out measurements in Japanese. One company processes french fries from Oregon potatoes for Japanese consumption; another sells popcorn to Japan.

"We have some of the same frustrations with the Japanese as the rest of the country, but our frustrations are more realistic, more precise," Conkling says. "You don't find many people here ready to pull out the blunderbuss and fire a few shots."

But even here, mixed emotions about the Japanese and self-interest sometimes divide families.

Bill Carroll Jr., for example, is a UAW member at the General Motors parts plant. "I feel government and big business are undermining the American worker by not putting restraints on importing Japanese cars," he says. "Then we were almost forced to buy

those cars because they're cheaper and more fuel-efficient."

His father, Bill Carroll Sr., is a longshoreman. Much of his income comes from unloading Toyotas, Hondas and Subarus at terminals along the Willamette River.

James Manning, director of an international trade institute at Portland State University, says he sees several warning signs for Oregon on the trading horizon. Unless trade barriers are eased and the strong dollar weakens, the state will suffer, he says.

"The Japanese have cut back on their grain and timber purchases. These are our two biggest industries, and they're both depressed," Manning says. "If this continues, it's going to be very difficult for us to recapture these markets. The Japanese are good businessmen, and they drive a hard bargain. Unless we're careful, they're going to be buying their lumber from the Soviets, Brazil and New Zealand and their wheat from Argentina and Australia."

"We're a trading state, but many of the Oregon traders aren't moving Oregon products," he adds. "They're buying butter and dairy products from Denmark, trading it for peas and lentils in South America. Then they trade the peas and lentils to the Japanese for electronic goods which they bring back into this country." ■