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H. R. 4458

To promote United States industry and technology in competition with Japan.

IN THE HOUSE OF REPRESENTATIVES

MAY 19, 1994

Mr. KOLBE (for himself, Mr. KOPETSKI, Mr. DREIER, Mr. LIVINGSTON, Mr. HYDE, Mrs. JOHNSON of Connecticut, Mr. GILCHREST, Mr. McCRERY, Mr. EHLERS, Mr. HORN, and Mr. PORTMAN) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To promote United States industry and technology in competition with Japan.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States-Japan
5 Export Development and Technological Competitiveness
6 Act of 1994”.

7 **SEC. 2. FINDINGS.**

8 The Congress finds that—

9 (1) the United States trade deficit with Japan
10 of more than \$59,000,000,000 in 1993 and the

1 worldwide Japanese current account surplus of more
2 than \$131,000,000,000 are but two measures of the
3 unfair and chronically imbalanced state of Japan's
4 international economic relations;

5 (2) even more indicative of the closed nature of
6 the Japanese market to foreign products are statis-
7 tics detailing the marginal penetration of sales and
8 investment in Japan by foreign companies, particu-
9 larly when compared to the significant Japanese
10 penetration of the United States market;

11 (3) although Japan is the second largest mar-
12 ket for manufactured goods in the industrialized
13 world, in 1992, according to the Japanese Ministry
14 of International Trade and Industry, only 1.2 per-
15 cent of all sales and .9 percent of assets in the Japa-
16 nese economy were attributable to foreign compa-
17 nies, with United States corporate affiliates account-
18 ing for roughly .7 percent of total product sales and
19 approximately \$89 per capita in inward direct in-
20 vestment;

21 (4) in contrast, in 1992 foreign corporate affili-
22 ates accounted for almost 17 percent of all sales and
23 20 percent of all assets in the United States econ-
24 omy, with an estimated 4.8 percent of total product
25 sales and \$594 per capita in accumulated inward di-

1 rect investment in the United States coming from
2 Japanese corporate affiliates, so that Japanese cor-
3 porate affiliates have a net sales and investment
4 penetration level in the United States that exceeds,
5 by almost 7-fold on a per capita basis, that of
6 United States corporate affiliates in Japan;

7 (5) the majority of the blame for this highly un-
8 balanced situation rests with the Government of
9 Japan, which has striven through an intricate mix-
10 ture of tariffs, controls, and domestic regulations on
11 the flow of goods and capital to, from, and within
12 Japan to keep foreign and Japanese entrepreneurs
13 desiring to do business in Japan from succeeding;

14 (6) today the market regulatory and
15 interventionary policies of the Japanese Government
16 that intentionally or unintentionally serve to keep
17 foreign companies from doing business in Japan
18 must be removed to maintain the strength of the
19 United States-Japan relationship and to improve the
20 growth of the world economy;

21 (7) United States trade and trade promotion
22 policies toward Japan must also change to reflect
23 post-Cold War priorities of export expansion and
24 technological competitiveness, the central objective of
25 which is to help United States companies become as

1 vital a part of the Japanese industrial system as
2 Japanese companies have become in the United
3 States;

4 (8) one proven effective way in which the
5 United States Government can assist United States
6 industry in overcoming barriers to access in Japan,
7 improve awareness of scientific and technological de-
8 velopments in Japan, and facilitate greater coordina-
9 tion between United States industry and the United
10 States Government in the making of trade and tech-
11 nology policy is to promote the establishment of
12 United States industrial and service sector associa-
13 tion representative offices in Japan;

14 (9) despite the very large potential for sales in
15 Japan of goods manufactured in the United States,
16 because of the great cost of establishing representa-
17 tive operations in Japan, only 3 nonagricultural
18 United States industry associations have created
19 full-time offices in Japan (the auto parts, elec-
20 tronics, and semiconductor industries) and all have
21 relied on the partial support of funding under the
22 Market Development Cooperator Program estab-
23 lished under the Export Enhancement Act of 1988;
24 and

1 (10) the expedient expansion of the Market De-
2 velopment Cooperator Program will have a signifi-
3 cant impact on facilitating greater United States ex-
4 ports to Japan and on enhancing the awareness by
5 United States industry of competitive developments
6 and opportunities in the Japanese market.

7 **TITLE I—MARKET DEVELOP-**
8 **MENT COOPERATOR PRO-**
9 **GRAM**

10 **SEC. 101. EXPANSION OF THE MARKET DEVELOPMENT CO-**
11 **OPERATOR PROGRAM IN JAPAN.**

12 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
13 tion to funds otherwise available for such purpose, there
14 are authorized to be appropriated to the Department of
15 Commerce for fiscal year 1995, \$3,000,000—

16 (1) to increase the number of United States
17 manufacturing and service sector industry associa-
18 tions in Japan participating in the Market Develop-
19 ment Cooperator Program established under section
20 2303 of the Export Enhancement Act of 1988 (15
21 U.S.C. 4723); and

22 (2) to expand the trade promotion, techno-
23 logical monitoring, and industry analysis activities
24 undertaken before the enactment of this Act by

1 United States nonprofit manufacturing and service
2 trade associations in Japan.

3 (b) REPORTS ON THE PROGRAM.—Section 2303 of
4 the Export Enhancement Act of 1988 (15 U.S.C. 4723)
5 is amended by adding at the end the following:

6 “(e) REPORTS TO CONGRESS.—The Secretary of
7 Commerce shall report annually to the Committee on For-
8 eign Affairs and the Committee on Appropriations of the
9 House of Representatives and to the Committee on Bank-
10 ing, Housing, and Urban Affairs and the Committee on
11 Appropriations of the Senate on the progress the Depart-
12 ment of Commerce has made in implementing the Market
13 Development Cooperator Program and in allocating fund-
14 ing to cooperator recipients in Japan.”.

15 **TITLE II—UNITED STATES EX-**
16 **PORT DEVELOPMENT AND**
17 **TECHNOLOGY CENTER IN**
18 **JAPAN**

19 **SEC. 201. SENSE OF CONGRESS.**

20 (a) UNITED STATES TRADE RELATIONS WITH
21 JAPAN.—It is the sense of the Congress that—

22 (1) in this post-Cold War era, promotion of eq-
23 uitable economic relations with all trading partners
24 and in particular Japan must be given increased em-

1 phasis in the conduct of United States foreign pol-
2 icy;

3 (2) working closely with industry, the United
4 States Government should endeavor to ensure that
5 United States-owned and operated companies are
6 positioned adequately to take advantage of opportu-
7 nities for market entry and expansion in Japan;

8 (3) technological developments in Japan should
9 be followed closely and analyzed for their ramifica-
10 tions on United States industrial competitiveness
11 and economic security;

12 (4) the United States Government should be in
13 a better position to support United States industry
14 in disputes with the Japanese Government and Jap-
15 anese businesses and to publicize the merits of
16 United States products to the Japanese people; and

17 (5) an Export Development and Technology
18 Center established in Tokyo would assist in accom-
19 plishing the goals set forth in paragraphs (1)
20 through (4) and could serve as a cornerstone of a
21 new United States constructive response to the Jap-
22 anese economic challenge.

23 (b) PURPOSE OF EXPORT DEVELOPMENT AND TECH-
24 NOLOGY CENTER.—It is further the sense of the Congress

1 that an Export Development and Technology Center in
2 Tokyo, Japan, should—

3 (1) embody a new United States Government-
4 industry partnership in expanding United States
5 corporate penetration of the Japanese market and in
6 monitoring, analyzing, and coordinating responses to
7 Japanese scientific and technological developments;

8 (2) provide a wide range of information to Jap-
9 anese consumers on the high costs of the Japanese
10 standard of living as compared to other industri-
11 alized nations, as well as on the benefits to Japanese
12 consumers of a more open, deregulated, and trans-
13 parent economy;

14 (3) correct misperceptions of United States
15 products in the Japanese media and publicize the
16 negative impact of excessive economic regulation by
17 the Japanese Government on importers and Japa-
18 nese entrepreneurs;

19 (4) serve to create jobs in the United States
20 and enhance the competitiveness of the United
21 States industrial base;

22 (5) help United States industries help them-
23 selves in the provision of detailed knowledge and
24 analysis of the Japanese market and facilitate the
25 promotion of their respective concerns and interests

1 to the Japanese Government, business community,
2 and public;

3 (6) improve the ability of the United States
4 Government to monitor Japanese scientific and tech-
5 nological developments related to United States in-
6 dustrial competitiveness and national security and
7 centralize current efforts where desirable;

8 (7) ensure that a common United States Gov-
9 ernment and business community interest in increas-
10 ing access for United States made products to the
11 Japanese market is visibly and forthrightly promoted
12 directly in Japan;

13 (8) contain offices for export-oriented United
14 States sectoral industry associations;

15 (9) contain a Government-operated science and
16 technology information and assessment facility de-
17 signed to—

18 (A) centralize United States Government
19 data collection and analysis of sectoral,
20 subsectoral, and macro-trend developments in
21 Japanese science and technology; and

22 (B) ensure that science and technological
23 developments in Japan are monitored closely,
24 formally assessed for their implications to
25 United States industrial competitiveness, thor-

1 oughly catalogued, and made available on-line
2 in computerized form to United States busi-
3 nesses; and

4 (10) provide office facilities for a portion of the
5 foreign office of the United States and Foreign
6 Commercial Service in Japan.

7 **SEC. 202. FEASIBILITY STUDY ON THE ESTABLISHMENT OF**
8 **A UNITED STATES TRADE DEVELOPMENT**
9 **AND TECHNOLOGY CENTER.**

10 (a) **STUDY.**—The Secretary of Commerce shall con-
11 duct a study of the feasibility and viability of establishing
12 a United States Government-owned and operated Export
13 Development and Technology Center in Tokyo, Japan, as
14 described in section 201(b).

15 (b) **REPORT.**—The Secretary shall, not later than
16 180 days after the date of the enactment of this Act, sub-
17 mit a report on the study conducted under subsection (a)
18 to the Committee on Foreign Affairs and the Committee
19 on Appropriations of the House of Representatives and to
20 the Committee on Banking, Housing, and Urban Affairs
21 and the Committee on Appropriations of the Senate.

22 (c) **SOLICITATION OF VIEWS.**—In conducting the
23 study under subsection (a), the Secretary of Commerce
24 shall solicit the views of the following individuals and

1 groups regarding the desirability, viability, and potential
2 use of the proposed center:

3 (1) The Secretary of State, the Chairman of the
4 National Economic Council, the United States Trade
5 Representative, the Secretary of Defense, the Direc-
6 tor of Central Intelligence, the President of the Na-
7 tional Science Foundation, and the head of any
8 other entity controlled or funded by the Government
9 that the Secretary of Commerce considers has rel-
10 evant interests in the establishment of an export de-
11 velopment and technology center in Japan.

12 (2) The Government of Japan.

13 (3) United States sectoral and multi-industry
14 national trade associations.

15 (4) Any other individuals, groups, or entities,
16 public or private, whose opinion the Secretary con-
17 siders to be valuable in conducting the study.

18 (d) REQUIREMENTS FOR REPORT.—The report on
19 the study shall include an analysis of at least the following:

20 (1) The potential usefulness and desirability of
21 the center from the perspective of United States in-
22 dustry (as expressed to the Secretary) and the
23 United States Government.

24 (2) The possibility of expanding the Market De-
25 velopment Cooperator Program of the Department

1 of Commerce to extend financial support to industry
2 association participants in the Center to help allevi-
3 ate the costs of such participation.

4 (3) The possibility of requiring United States
5 industry participants in the center to engage in—

6 (A) promoting United States goods and
7 services among potential Japanese buyers; and

8 (B) monitoring, analyzing, and reporting
9 on trade and technological developments in Jap-
10 anese industry, and making such reports and
11 the results of such monitoring and analysis
12 available to the United States Government and
13 the United States private sector.

14 (4) The possibility of requiring all industry ad-
15 visory staff at the center to possess significant re-
16 cent expertise in Japanese business and technology
17 affairs.

18 (5) The possibility of requiring all industry rep-
19 resentative offices at the center to have at least one
20 senior staff member functionally fluent in Japanese
21 language.

22 (6) The possibility of requiring all nonclerical
23 personnel to be United States citizens.

24 (7) The three best possible locations for the
25 center (ranked in order of desirability), and the pos-

1 sibility of requiring that the primary building con-
2 tractor of the center be a United States-owned con-
3 struction firm licensed to do business in Japan.

4 (8) The possible management and oversight
5 structure of the center, including the possibility of
6 having private sector management and oversight
7 with United States Government participation.

8 (9) The total cost of the center, the possible
9 cost to the United States Government, and any cost-
10 sharing or cost-saving arrangements among private
11 sector and Government participants.

12 (10) The concurrent establishment of a liaison
13 facility in Washington, DC, and the prospective re-
14 quirements of such a facility.

15 (11) The prospective architectural design of the
16 center.

17 (12) The prospective design, construction, and
18 operational costs of the center.

19 (13) The possibility of the center containing—

20 (A) conference rooms and a small audito-
21 rium (80–100 persons) for conducting seminars
22 and promotional events; and

23 (B) a reference center and small library to
24 provide support services to building participants
25 and interested United States citizens.

1 (14) The security requirements of the center
2 and possible problems with compliance to United
3 States Government laws, rules, and regulations on
4 security of government facilities.

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