

Japan hits U.S. with 'unfair trade' charges

by Kathy Wolfe

A new report on international trade issued in Tokyo on June 8 by Japan's Ministry of International Trade and Industry (MITI) has Washington and London in a tizzy. The "Report on Unfair Trade Practices by Major Trading Partners" charges that the United States is the most unfair of trading nations on earth, measured by nine out of ten world standards, compared to Europe and other nations (see table).

The 212-page report echoes charges by Democratic presidential candidate Lyndon LaRouche that Washington now makes legal rulings not by reason, but by logical positivist diktat, which LaRouche has dubbed "administrative fascism."

The report finds that the U.S. government "ignores commercial reality, in favor of arbitrary, mechanical rules" in bringing dumping charges against Japan without cause, and in using rules "to apply to products that have not been subject to any investigation. . . . One must wonder why the United States presumes that it alone is qualified to make these judgments," the report states.

The British press, led by the London *Financial Times*, denounced the report harshly, and White House press spokesman Marlin Fitzwater lost his temper in a rebuttal on June 8. "We have argued long and hard for free and fair trade," he said. "We have pressed a number of unfair trade practices with Japan and we have been quite concerned they do not allow us access to many of their markets. I would say that people who live in glass houses should be careful about their stones."

MITI Minister Kozo Watanabe stood firmly by the report in comments on June 9. "The report simply stated the facts as they are," Watanabe told reporters. "For America to be told the truth is probably not pleasant, but our position is that from now on, Japan will say the things that must be said, and do the things which must be done."

A MITI official said that the report means that Japan will no longer agree to "case-by-case" International Monetary Fund-style bilateral negotiations with the United States, but will increasingly haul the United States before the General Agreement on Tariffs and Trade (GATT) and other international forums for redress.

The report was issued by Japan's elite Industrial Structure Council (ISC), an advisory committee to Minister Kozo Watanabe. MITI's ISC is the body which designs and implements Japan's Hamiltonian high-technology, high-investment programs. It is made up of top Japanese government

officials, private sector industrialists, university specialists, and other leaders.

The MITI report says point-blank that it is the United States which must change to ease global trade frictions, not Japan. It holds the United States to its own "free trade standards," based on examining U.S. compliance with the clear-cut written rules of GATT.

Based on such an examination under the GATT rules, MITI accuses the United States of unfairly using import restrictions, government procurement, unilateral action against other countries, application of domestic antitrust policy to foreign countries, anti-dumping measures, origin rules, tariffs, protection of intellectual property, and regulations on services.

In fact, the only one of the ten standards the United States meets is fair regulation of investment.

The United States abuses international rules, arbitrarily enforcing anti-dumping measures (selling of products below fair market value) and rules of origin, the report charged. It said the United States is too quick to take such unilateral measures without examining the facts. The report specifically cites U.S. imposition of the now-expired "Super 301" trade retaliation law.

It also attacks the threat by U.S. Attorney General William Barr to apply U.S. antitrust law extraterritorially, which it labels as "excessive application of domestic laws to foreign companies."

In contrast, problems were found in European Community and South Korean trade policy in six areas; Indonesia, Thailand, and Malaysia in four; Australia and Canada in three, and "only one area is problematic in Hong Kong and Singapore."

Japanese complaints of unfair trade

	U.S.	EC	Australia
Violation of provisions			
Quantitative restrictions	X	X	
Discriminations against foreign products in government procurement	X	X	X
Unilateral actions			
Unilateral measures	X		
Excessive extraterritorial application of competition law	X		
Abuses of provisions			
Arbitrary anti-dumping measures	X	X	
Arbitrary establishment of rules of origin	X	X	
Arbitrary changes in tariff classification	X	X	
New areas			
Deficiencies in protection of intellectual property		X	
Discrimination against foreign firms through investment measures			X
Restriction on trade in services	X	X	X

Source: Report on Unfair Trade Policies by Major Trading Partners.