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REQUIRING THE PRESIDENT TO RESPOND TO UNFAIR TRADE PRACTICES OF JAPAN

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Mr. PACKWOOD, from the Committee on Finance, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 1404]

The Committee on Finance reports an original bill (S. 1404) to require the President to respond to unfair trade practices of Japan, and recommends that the bill do pass.

I. SUMMARY

The Committee bill directs the President to take all actions within his power which are necessary to eliminate unfair trade practices of Japan or to offset the effects of those practices on the merchandise trade balance between Japan and the United States. Within 45 days of the bill's enactment, the President is to report publicly what actions he will take, and must implement all actions he has determined to take within 90 days of the bill's enactment. The bill further specifies that the President's action must, at a minimum, offset the effect on the merchandise trade balance of the relaxation of Japanese restraints on the exportation of automobiles to the United States.

In the event that the President decides to offset unfair Japanese trade practices, the bill requries that his actions be directed against competitive Japanese exports including, but not limited to, automobile, telecommunications, and electronic products.

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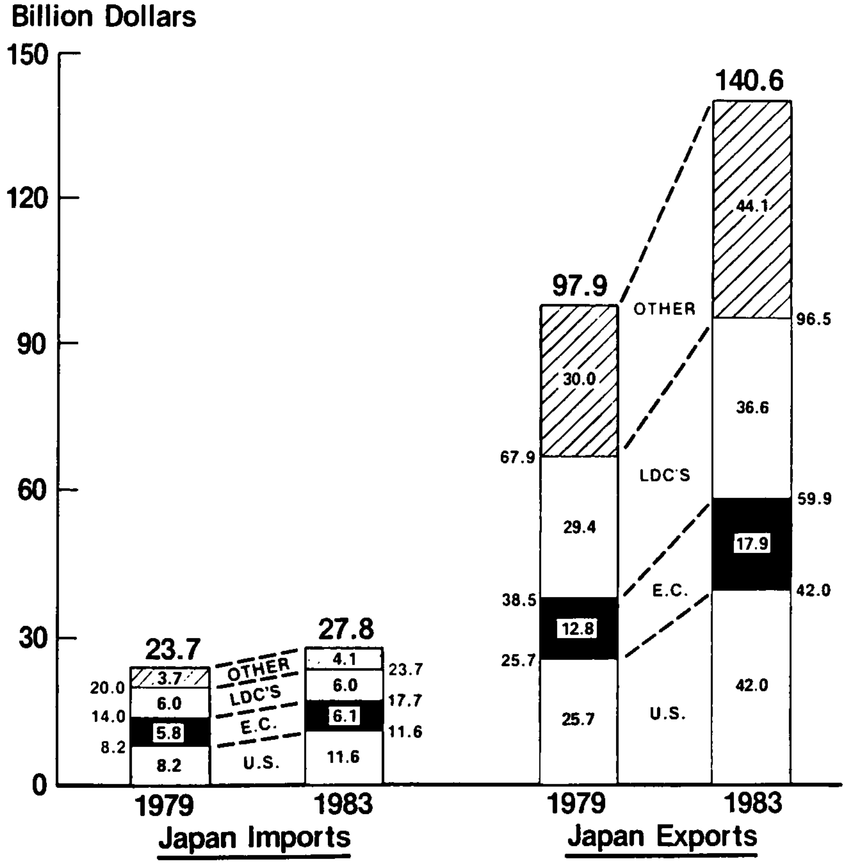
II. GENERAL EXPLANATION

The Committee bill reflects the view that United States exporters lack adequate access to the Japanese market for goods and services that are internationally competitive. Obtaining access to the Japanese market has been difficult for years, but the unprecedented growth in the size of Japanese trade surpluses with the world, and particularly, the United States, have made it imperative for Japan to liberalize access to its market.

The Committee recognizes that many factors contribute to the size of Japan's immense trade surpluses with the United States. For example, the high value of the dollar relative to the yen is an important contributing cause of this bilateral deficit. But Japanese import barriers have been a persistent and unfair hindrance to United States exports, even when the dollar has been weaker relative to the yen. The Committee believes that expedited removal of these barriers is necessary even if their removal will not eliminate the U.S.-Japan trade imbalance.

Japanese surpluses in manufactured goods are even larger than the overall Japanese trade surplus. Trade with Japan increasingly consists of Japanese imports of raw materials and exports of (high valued-added) manufactured goods. Chart 1 illustrates the accelerating divergence between Japanese imports and exports of manufactured goods.

JAPANESE TRADE IN MANUFACTURED GOODS



Source: GATT

It may be noted that Japanese trade in manufactured goods during this period appears to be unresponsive to currency movements. Indeed, exports of countries whose currencies decreased in value relative to the Japanese yen fared worse than U.S. exports to Japan during the period of dollar appreciation against the yen. Furthermore, these surpluses cannot be explained by the higher U.S. growth rate. Although Japan's economic growth in the early 1980s decelerated from earlier levels, it did experience the second fastest growth rate among the OECD countries. Accordingly, the argument that the U.S. trade deficit is attributable to the advanced state of the U.S. economic recovery relative to the rest of the world does not appear applicable in the case of Japan.

Finally, the pattern of Japanese trade with the less-developed countries (LDC), including those classified as major debtors, has not changed as a result of the debt crisis. Unlike the United States, which imports nearly 58 percent of total LDC manufactured exports, up from 45 percent in 1979, Japan's share of LDC manufactured exports has declined from nearly 11 percent in 1979 to less than eight percent in 1983. In short, unlike the United States, Japan has not contributed to the accumulation of the LDC trade surpluses required by LDC debtors to meet their obligations.

Section 301

The Committee bill adopts the conceptual framework of section 301 of the Trade Act of 1974. The thrust of the bill is a congressional finding that Japanese trade practices satisfy the unfair trade practice criteria described in section 301(a). Accordingly, the President is directed to use his authority, including his section 301(a) authority, to obtain elimination of these practices or offset their effect. By adopting specific language from section 301, the Committee intends to incorporate the meaning of that section 301 language into its bill. The Committee believes this to be a logical extension of changes made to section 301 in title III of the Trade and Tariff Act of 1984. That Act included a self initiation provision and the requirement that the Administration compile a list of and take action against major foreign barriers to U.S. exports.

Unfair trade practices of Japan

The Committee believes that a variety of visible and invisible barriers make access to the Japanese market either extremely difficult or impossible. Some of these barriers have been the subject of negotiations over the years and some progress has been made in reducing these barriers. But progress has been very slow and has been accompanied by the emergence of other barriers. The effect of these barriers has been to alter the forces that normally guide a free market. Although the Japanese market might, on the surface, appear responsive to the price, quality and other competitive factors that generally govern free markets, Japanese barriers render the Japanese market much less free and transparent. While the Committee recognizes that not all Japanese barriers are intended to frustrate foreign competition, the effect of these barriers is, nonetheless, to undermine the openness of the Japanese market.

The Committee believes that protracted negotiations are not a tenable or sustainable means of achieving a generalized liberalization of the Japanese market. The complexity and variety of Japanese barriers simply do not lend themselves to removal by summit meetings or even through the pressures brought to bear by U.S. trade negotiators. It is Japan which is in the best position to detect and dismantle its barriers. The Committee believes that Japan must undertake a program of aggressively dismantling its barriers even before foreign pressures have focused attention on them.

The following is an illustrative list of Japanese barriers which the Committee believes hinder access to the markets of Japan. Many other examples can be cited. The Committee expects the President to address all identifiable barriers.

Tariffs.—Although Japan has eliminated or reduced tariffs pursuant to the Tokyo Round of Multilateral Trade Negotiations, high tariffs remain on a number of products in which the United States is competitive: wood and wood products, manufactured tobacco products, chocolate confectionery, beef, citrus, egg products, leather and furskins, refined copper and kraft paper.

Many of these tariffs are excessive by comparison with other industrialized nations and expecially the United States. For example, while Japan permits wood raw material free entry, its tariffs on processed wood products are high. Wood panel products—veneer, softwood, plywood, and particleboard—face duties of 12 to 15 percent. This compares with U.S. duties of zero to eight percent. Partly as a result of these tariffs, of the $1.1 billion U.S. wood exports to Japan in 1983, only 0.5 percent were such processed wood products. It is estimated that the Japanese market for U.S. forest products could grow to $3 billion if Japan eliminated import restrictions.

Another example of excessive tariffs are the 20 percent tariffs on imported chocolate and chocolate confectionery, which is much higher than the five percent U.S. tariff on solid chocolate and seven percent on chocolate confectionery. The impact of these high tariffs is aggravated by Japan's duty on a cost, insurance of freight (c.i.f.) basis instead of f.o.b. cost, as is done in the United States. Because of this practice, the effective tariff rate is estimated at 23 percent.

In spite of significant progress in removing structural barriers to U.S. cigarette exports, Japan retains an 18.8 percent import duty on cigarettes. When combined with the largely ad valorem domestic excise tax, the duty reaches an effective level of 37.5 percent, double the apparent duty rate.

Reductions in these and other tariffs have been sought by the United States Trade Representative with only modest results. The Committee believes that tariff reductions are a ready and concrete means of improving access to the Japanese market and should be accelerated without delay.

Quotas.—In spite of the fact that Japan has eliminated the majority of its quotas, numerous remaining quotas inhibit U.S. exports. Furthermore, existing quotas are often administered in an arbitrary and unpredictable manner which further limits U.S. exports. Such problems of quota administration include leather, where the amount of the global quota has never been made public, beef, citrus, and fruits and vegetables.

Informal Quantitative Restrictions.—Informal restrictions on the importation of petroleum products, naphtha, and feed grains are accomplished through regulatory controls and administrative guidance.

Customs.—Significant difficulties are faced by American exporters in dealing with Japanese customs. In spite of improvements in Japanese customs procedures, problems remain in the requirement that other Japanese agencies approve of imports before Japanese customs can initiate the clearance process. For example, the Japanese Food Sanitation Law, administered by the Ministry of Health and Welfare, requires importers of food, food processing machinery, food packaging materials, and toys to "notify" the Ministry of each shipment. Since no shipment can be cleared through customs without a stamped certificate of notification, the system in effect is one of case-by-case approval. In addition, Japanese customs processing remains slow and cumbersome. It has been documented that 3,000 cars are cleared through U.S. customs at the dock in Baltimore in 20 minutes. By contrast, Japanese customs requires at least six hours to clear a single car.

Standards, Testing, Labeling, and Certification.—One of the most important and pervasive Japanese barriers faced by American exporters are Japanese standards, testing, labeling, and certification requirements. Although Japan signed the Standards Code, there is a lack of transparency in standards setting and compliance. Furthermore, Japan's restrictive standards and approval procedures have the effect of either excluding foreign products from the market because of the prohibitive cost of establishing that the product meets the requirements (inspection at the border rather than at the factory, for example), or delaying their entry, often long enough to allow Japanese manufacturers to introduce a competitive product.

An important problem faced by American exporters is that foreign companies enjoy only limited access to the Japanese standards-writing process or are excluded from participation altogether.

Because American firms have little if any access to Japan's standards drafting process, they often learn about prospective new or revised standards too late for their input to be of value, and well after their Japanese competitors. The Standards Code provides U.S. interests an opportunity to comment formally, but this opportunity often comes too late in the process to be meaningful. During the process of privatizing Nippon Telephone and Telegraph (NTT), the procedures of the Standards Code were largely ignored. Although Japan has promised to provide a nine week comment period in connection with its Code commitment, telecommunications regulations were made available to American firms just 16 days before they became final, thereby denying any meaningful opportunity to discuss industry comments. Furthermore, inspite of promises made in 1982 to permit foreigners to participate in standards drafting committees, few foreigners have ever participated.

One recurring problem is the Japanese practice of drafting standards and technical regulations by drawing on the advice of Japanese industries which have an interest in excluding foreign competitors. A recent example involves a threat to U.S. vitamin E exports to Japan. U.S. vitamin E exporters recently found that their product was suddenly reclassified as a drug, which can only be sold through pharmacies, rather than as a food. Japanese-manufactured vitamin E retains its "food" classification. This reclassification occurred as a result of efforts by domestic Japanese producers of vitamin E, who extract vitamin E through a process almost three times as expensive as U.S. producers. The extraction method used by the U.S. producers results in a vitamin E product which is indistinguishable to that produced by Japanese producers. Yet the difference in extraction methods was cited as the basis for classifying U.S. vitamin E as a drug, effectively barring it from the Japanese market.

Japanese testing requirements often operate as non-tariff trade barriers. For example, Japan requires that American tobacco shipments to Japan be carried on Japanese ships. Before deciding on permitting such tobacco to be carried on U.S. ships, Japan required a three year test of American shipments. Although the test period had now been completed, no decision has yet been made on the "adequacy" of American ships. Similarly, imported plant bulbs must undergo a one-year quarantine period in Japanese soil before being released to the domestic market. Separately, the Ministry of Health and Welfare recently approved U.S.-made home dialysis equipment for use in Japan. Approval took approximately seven years longer in Japan than in the United States or Europe, and its use was discouraged through very low reimbursement rates to physicians using the treatment for their patients. By contrast, the U.S. Food and Drug Administration approves Japanese products based on Japanese clinical data.

The requirement that product approval tests be performed in Japan has been a major obstacle to entry into the Japanese market. Although numerous changes have been made in the product approval process, Japanese agencies remain unwilling to delegate the initial factory inspection for Japanese certification marks to foreign inspection agencies. Similarly, Japan has not fulfilled its commitment to accept test data developed outside of Japan as a means of facilitating product approval.

Procurement.—The procurement policies of Japan's public corporations have been a significant barrier to selling manufactured products in Japan. Approximately 115 Japanese public corporations and agencies purchase a small but significant share of all manufactured goods consumed in Japan without providing much opportunity for foreign firms to win a share of the business. Japan's implementation of the Government Procurement Code negotiated in the Tokyo Round has been inadequate. Although the Procurement Code requires, in appropriate cases, the use of open tenders when purchasing goods and services for government agencies, a large portion, as high as 90 percent in some instances, of Japanese government purchases are on the basis of single tendering, whereas the average in the United States is 16 percent. The disappointing results of the 1980 agreement to open Nippon Telephone and Telegraph's procurement has called into question all existing commitments to open Japan's procurement processes and practices.

Targeting.—Japanese government support for targeted industries has created significant barriers to foreign access to the Japanese market. Although a major purpose of these targeting policies has been to create internationally competitive industries, a significant effect of these policies has been to hinder foreign access to the markets of Japan. Infant industries such as autos, computers, and semiconductors were nurtured by a common strategy that restricted imports, divided the market between domestic suppliers, or prohibited the establishment of foreign-owned manufacturing subsidiaries. Effectively blocked from exporting to or investing in Japan's market, a foreign company's sole recourse was to enter into Japanese-controlled joint ventures or license their technologies to Japanese-owned companies. The effects of this protection of infant industries are all too clear in the U.S.-Japan trade imbalance on manufacturing. Investment opportunities denied during an earlier period have become trade opportunities denied now.

Only one U.S. company was permitted to invest in manufacturing semiconductors in Japan prior to 1976. After waiting for more than four years, the U.S. company was granted permission by the Ministry of International Trade and Industry (MITI) to invest, but only by establishing a 50/50 joint venture with a Japanese company and licensing its basic integrated circuit technology to Japanese companies. These foreign investment restrictions occurred against a background of significant tax benefits, antitrust exemptions, scientific and technical subsidies and outright financial assistance to the Japanese semiconductor industry. Similarly, in the automotive sector, even after high tariffs and foreign exchange controls were lifted, foreign investment restrictions prevented foreign automobile manufacturers from building plants in Japan. Following official removal of the investment restrictions, higher commodity taxes on larger cars, standards and an expensive distribution system have priced foreign cars out of the Japanese market.

The impact of this targeting is not confined to the loss of potential market share. Equally important is the continuing resistance to imports by the oligopolis created by this targeting. In the case of semiconductors, the Japanese market is dominated by a small number of Japanese electronics companies which both produce and consume most of Japan's semiconductors. These firms also dominate most semiconductor end-product markets; procure the bulk of their semiconductors from each other; are linked by a large number of horizontal ties with respect to research, development and, in some cases, production and rates; and characterized by a strong "buy national" bias; and have a long history of collusive activity intended in part to exclude foreign products.

This oligopoly in Japanese semiconductors was achieved not just by protecting the infant industry, but by restricting entry of Japanese companies into the semiconductor industry to large, established producers, encouraging the division of product markets, cooperation in research, development, production and sales, and pressuring semiconductor consumers to "buy Japanese". This system of interlocking interfirm ties in semiconductors, now well-entrenched, constitutes a major barrier to U.S. semiconductor sales in Japan.

While explicit targeting policies have been dismantled in semiconductors and some other established industries, evidence of industrial targeting can be found in telecommunications, satellites, software and numerous depressed industries. Japan's policy of facilitating the adjustment of declining industries such as aluminum, fertilizers, textile fibers, and paper permits the formation of cartels which operate to restrict imports, which, in many cases, enjoy considerable price advantages.

While the net effect of these targeting policies on the Japanese economy may be negative, they create real barriers to U.S. exports.

Industrial Structure.—A large share of Japan's production and sales in controlled by sixteen business groups, known as the Keiretsu, each of which has an interlocking, interdependent relationship among banks, manufacturers, and trading companies. This structural aspect of the Japanese economy effectively acts as an import barrier.

Each Keiretsu is composed of a variety of firms in all or most of the major sectors of the Japanese economy. These firms are bound together by both equity interownership and debtor-creditor ties. All of the Keiretsu are organized around large commercial banks which use their financial function to coordinate the business activities of group members.

The Keiretsu structure affects imports into Japan in a number of ways. First, business connections between Keiretsu members produce interdependent business strategies that tend to exclude non-group, not to mention, non-Japanese, business. Within any particular Keiretsu, members generally have strong supplier-consumer relations, facilitated by the Keiretsu's commercial bank. Hence Keiretsu members tend to purchase from other members of the group. Since the Keiretsu account for such a large part of the Japanese economy, foreign suppliers find their ability to compete limited in a considerable segment of the Japanese market.

In those market segments dominated by a few producers, the structure of the Japanese economy facilitates horizontal agreements and cartel-like behavior among Japanese firms, the effect of which is often to hinder imports of foreign products. The fact that Japan's major importers for many products are trading companies that belong to the Keiretsu bolsters the trend to import only where imports do not displace business opportunities of other Keiretsu firms.

Efforts to overcome control of Japan's complex, multilayered, and insular distribution system through new discount chain stores, convenience stores and mail-order businesses have been set back by Japan's enactment in 1982 of a law limiting the number and size of new stores.

III. THE COMMITTEE BILL

A. Section 1: Congressional finding

Section 1 lists thirteen Congressional findings which form the basis of the Committee bill. In general, these findings set out the elements of unfairness in the U.S.-Japan trade relationship. The last finding recites in language identical to that of section 301(a) of the Trade Act of 1974, the Committee's view that the statutorily prescribed conditions for responding to unfair trade practices are present with respect to Japan.

B. Section 2: Response to unfair trade practices of Japan

Section 2 is the core of the Commttee's bill. Subsection (a)(1) directs the President to take all actions wihin the power of the President to either eliminate the trade barriers of Japan or offset the effects of those barriers on the U.S.-Japan trade balance. Although subsection (a)(1) uses language similar to that found in section 301(a) of the Trade Act of 1974, phrases granting the President discretion in taking action are not incorporated from section 301. In light of the mandatory nature of the bill, the Committee intends the language of subsection (a)(1) to be free of modifiers implicitly or explicitly giving the President a choice of whether to respond to the unfair trade practices of Japan.

Although the Committee wishes to emphasize its preference for the removal of unfair trade barriers pursuant to subsection (a)(1)(A) of the Committee bill, it recognizes that such removal may not occur within the time permitted by the bill. Accordingly, subsection (a)(1)(B) directs the President to offset the effect on the merchandise trade deficit of such unfair trade practices as are not removed pursuant to subsection (a)(1)(A).

Subsection (a)(2) sets deadlines for the President's actions pursuant to subsection (a)(1). Within ninety days of enactment of the bill, the President must offset the effect of those unfair trade practices of Japan which have not been eliminated by the ninetieth day following the bill's enactment.

Subsection (b)(1) requires that the President's actions in eliminating unfair trade practices or offsetting their effect pursuant to subsection (a)(1) achieve an impact on the U.S.-Japan trade balance at least equal to the effect of the elimination or relaxation as of April 1, 1985, of the voluntary restraints (VRA) on Japanese automobile exports to the United States. This measure is used to reflect the President's publicly-announced hope that the United States decision not to seek renewal of the VRA would be reciprocated by Japanese market opening measures. In fact, the Committee believes that the potential for additional U.S. export to Japan once Japanese barriers are dismantled far exceeds the opportunities created by the relaxation of the VRA on Japanese automobile exports. Accordingly, the Committee bill's reference to the impact of removing the VRA is intended to specify a minimum result. The President's obligation to respond to the unfair trade practices of Japan under subsection (a)(1) is not limited to the effects of the relaxation of the VRA.

Subsection (b)(2) instructs the President to direct actions intended to offset the effects of Japan's unfair trade practices at competitive Japanese exports including, but not limited to, automobiles, telecommunication products and electronics products. The Committee believes that effective retaliatory action pursuant to the bill can only be achieved by denying Japan those markets in the United States which are most important to Japan's industrial strategy and export ambitions.

Because the bill's retaliatory authority is intended to create an incentive for greater opening of the Japanese market, retaliatory action should be calculated to impose real economic costs on Japan. At the same time, the Committee recognizes that retaliation will impose costs on the U.S. economy and consumer. The Committee therefore intends that, to the extend feasible, retaliation also be calculated to minimize the cost to the consumer. This can be achieved by directing retaliation at Japanese exports to the United States for which there are alternative sources, domestic or foreign.

Subsection (c) prevents the President from modifying or revoking offsetting, retaliatory actions taken pursuant to subsection (a)(1) unless the unfair trade practices of Japan which are the basis for such actions have ended or been modified.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the Committee states that the bill was ordered favorably reported by a vote of 12-4.

V. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, sections 308 and 403 of the Congressional Budget Act of 1974, and paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the following statement has been prepared by the Congressional Budget Office relative to the cost and budgetary impact of the bill.

Hon.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., June 25, 1985.

Hon. BOB PACKWOOD,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has examined a bill to require the President to respond to unfair trade practices of Japan, as ordered reported by the Senate Committee on Finance on April 3, 1985. The bill would direct the President to "take all actions within the power of the Presidency" to enforce the rights of the United States under international trade agreements and to correct the merchandise balance of trade between the United States and Japan.

The bill would not grant the President any new powers, but would require action under provisions of existing laws within 90 days of the bill's enactment date. For example, under certain conditions, the President has the authority to impose duties or other import restrictions on the products of one or more countries. To the extent that the President's response would affect dutiable imports from Japan, it could cause an increase or decrease in customs collections. The indeterminate nature of these measures makes it impossible to estimate the revenue effect of this bill at this time.

With best wishes,

Sincerely yours,

RUDOLPH G. PENNER, *Director.*

VI. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee states that the provisions of the committee bill will impose no new regulatory burdens on any individuals or businesses, will not impact on the personal privacy of individuals, and will result in no new paperwork requirements.

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that there are no changes in existing law made by the bill as reported.

ADDITIONAL VIEWS OF JOHN H. CHAFEE

The bill proposed by Senator Danforth and adopted by the Finance Committee focuses on the imbalance of trade with Japan and the United States. This focus disturbs me because the real point here is lack of access to the Japanese market, not the imbalance of trade due to automobile purchases from Japan. Accordingly I could not support this bill.

Section 2(b)(1) of this bill states that action by the President, in response to Japan's unfair trade practices, shall be calculated to offset the cumulative impact that the elimination or relaxation of the voluntary restraints on Japanese automobile exports to the United States will have on the merchandise trade balance between the U.S. and Japan.

In other words for every dollar increase in our trade imbalance with Japan, attributable to increased auto shipments to this country, the President must retaliate in like amount against some competitive Japanese exports. This strikes me as retaliation against increases in our trade imbalance caused by imports of a products where the Japanese have certain competitive advantages.

I do agree that our overall trade deficit is a real and growing problem. U.S. firms are losing their share of both foreign and domestic markets. Corporate profits have declined domestically. The dollar value of profits earned overseas are being reduced. But these setbacks are caused by the strong dollar, demanding domestic fiscal action, not retaliation against those who merely profit from our own macroeconomic policies.

The real source of this tremendous trade deficit is right in our own backyard. The United States is on a reckless course of borrowing and spending. This pushes up interest rates, drawing investment capital from all over the world, and forcing up exchange rates. The best solution to these trade ills is to attack excessive government spending and sharply reduce the federal deficit. Japan deserves reproach for its resistançe to foreign goods. But Japanese trading practices do not account for the dramatic and dangerous increases in the American trade deficit over the past two years.

We need not demand a balance in our trade with Japan. Indeed I would rejoice if we had a trade surplus with that country. But that is not the question or indeed the problem. The whole point of trade is to shop around the world for the best available products at the best available prices. We expect the same treatment from Japan. Foreign firms—not just American ones—that have a natural market in Japan, should be able to pursue it. Otherwise the basic requirement for trade, a sense of mutual advantage, vanishes.

I urged the President to allow the voluntary restraints on Japanese automobilies exports to this country to expire last March without seeking renewal, because it was good for both the consumer and the economy at large. If the Japanese make a better automobile at a better price and American consumers want to buy them, then they should be able to do so without having quotas artificially inflate the prices of both domestic and Japanese cars.

In return we expected Japan to give American companies equal access to their market, beginning with a visible and important field—telecommunications—where we are undoubtedly ahead of the competition.

Rather than urge the President to retaliate across the board because of increased automobile imports from Japan, I would prefer that the Senate take direct and specific action in an area where we have a current problem—telecommunications. Furthermore, I fail to see how effective this bill will really be. It tells the President to do something that Senator Danforth has indicated in the past the President has been unwilling or unprepared to do.

The amendment I offered during the Committee's markup of this measure would have the Congress oversee retaliation against the Japanese telecommunications trade practices. This is a sector where the Japanese have unlimited access to the United States, and its shipments have been growing since the divestiture of the AT&T. This amendment is clear and simple. It would prohibit any entry of Japanese telecommunications products into the United States until our trade officials certify to the Congress that we enjoy the same access to Japan's newly privatized telecommunications market as that country has enjoyed here.

It is time this Congress insisted that Japan fully accept the responsibilities that accompany its role in the international marketplace. We must demand market access, even by draconian measures if necessary. But the measures we employ must be designed to achieve that access and not simply to effect a change in our trade balance. I cannot support the latter if that is the goal of the Committee in adopting this measure.,

JOHN H. CHAFEE.

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