

# Trade War With Japan Averted

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## Recommended Citation

David Tong, Kenneth Howe, Kevin Fagan, "Trade War With Japan Averted", pegasus, October 18, 1997, <https://nautilus.org/pegasus/trade-war-with-japan-averted/>

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Articles : Trade & Economics

## Trade War With Japan Averted

### Agreement close on shipping rift

By David Tong, Kenneth Howe, and Kevin Fagan  
*San Francisco Chronicle*  
Saturday, October 18, 1997

The threat of a trade war with the Japanese evaporated yesterday as quickly as it had emerged the day before as U.S. officials announced they were close to reaching an agreement with Japan over that country's harbor rules.

The obscure trade dispute nearly boiled over into a major breach with Japan when the U.S. Maritime Commission voted Thursday to ban container cargo ships operated by Japan's three major shipping lines from entering U.S. ports. Tokyo had promised to take retaliatory steps.

But after hours of tense negotiations, officials from both countries announced in Washington yesterday that they had come to broad agreement on giving American shipping lines the same access to Japan's ports that the Japanese enjoy at U.S. docks.

The ban on Japanese ships was scheduled to take effect at midnight last night, but the Maritime Commission voted unanimously late yesterday to drop the deadline. Undersecretary of State Stuart Eizenstat, who led the U.S. negotiating team yesterday, had asked that the ban be dropped based on progress in the talks.

The dispute had threatened to halt trade between the two countries, which amounts to some \$170

billion a year.

Japanese Ambassador Kunihiko Saito told reporters he hoped the commission would lift all sanctions. The FMC in September had imposed \$100,000 fines on Japanese ships entering U.S. ports for what it said were discriminatory port practices in Japan that pushed up docking costs.

President Clinton characterized the budding accord as good news for American companies.

"We have long pressed Japan for a firm commitment to liberalize trade in its ports, and today they have done just that," Clinton said in a statement issued from Argentina, the last stop on his South American tour. Officials say the broad outlines of an agreement have been reached, though they have not been disclosed publicly. The details of the agreement, which could yet fall apart, are expected to be worked out this weekend.

Trade analysts have said that docking at Japanese ports costs carriers 25 to 100 percent more than docking in other countries.

### **Gangsters in the way?**

Behind the scenes are charges that Japan's "yakuza" gangsters are standing in the way of solving the dispute.

While few wish to be quoted on the topic, the yakuza groups said to dominate Japanese harbors have long been whispered to be a key obstacle to reform of port practices.

Yesterday's breakthrough, if successful, would avert a trade war with California's largest trade partner that could have nasty repercussions for the local economy.

Together, the three Japanese shipping lines targeted for sanctions account for 12 percent of all the cargo that goes through the Port of Oakland annually.

A trade ban would have had a significant impact on companies that rely on Japanese imports. Michael Damer, a spokesman for New United Motor Manufacturing Inc., said the Fremont-based manufacturer of the Toyota Tacoma pickup truck, Toyota Corolla and Chevrolet Prism would be able to continue production for only six more days if the ban were to go into effect.

The automaker receives a variety of parts from Japan, the most important of which are engines and transmissions.

### **Christmas Goods**

The dispute also comes at a time when many retailers are relying on shipments of consumer products and other goods for Christmas. However, spokespeople for Sony Electronics in San Jose and Dallas-based CompUSA said they have not had time to assess how much damage a ban would cause.

Any implementation of the Maritime Commission directive could have put U.S. dockworkers in a position of opposing their own government.

The International Longshore and Warehouse Union earlier had denounced the Maritime Commission's order. Brian McWilliams, the international president for the ILWU, said the order would undercut the efforts of organized labor in Japan to protect the wages, benefits and working conditions of Japanese dockworkers.

In Oakland yesterday, dockworkers unloading two Japanese ships looked relieved when word of the settlement reached them in the afternoon.

"Nobody wants trouble like that, and I couldn't believe both sides would ever really go through with it," said Frank, a marine clerk at the Seventh Street Marine Container Terminal, who asked that his last name not be used. ``There's too much money at stake for both Japan and the United States.

"Everyone is involved in shipping from over there -- companies that make cars, cigarettes, food, gold bullion, you name it," he said. "And you don't mess around with Sears, Safeway and all those types by telling them they can't move their ships. I knew they'd have to come to an agreement somehow."

### **Kudos for Clinton**

Two Japanese ships — Mitsui OSK's Alligator Bravery and "K" Lines' Brooklyn Bridge — sat at the terminal all day while huge cranes loaded gray and maroon railroad-car sized containers on and off. They were loaded with "everything from car parts and stereos to paper," said one worker.

"Everyone here on this dock supports Clinton all the way for what he's doing to untangle this mess," said security guard William Burger, who like Frank is a member of the International Longshore & Warehouse Union. "We have to keep the shipping lines moving and keep the unions strong in Japan because the people over there need the work just like we do here."

"I mean, in Japan it costs \$50 for a steak," Burger said. "Where else could you need unions more?"

Despite the threat of the ban, workers at the Oakland docks said they thought there would be no drop-off in work for them if the government took action against Japan. They said there were enough other lines seeking port space to provide work to make up for the missing ships.

Dan Westerlin, manager of strategic marketing for the Port of Oakland, said only one other Japanese vessel is due in this weekend — a K Line container cargo ship that is due to arrive today.

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