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**Japan's Steel Cartel Threatens U.S. Industry and World Trade**

*In 1998 Financial Crisis, Japan's Legacy of Restricted Competition  
Compromises Global Playing Field, Author Asserts at National Forum*

*Urges Japan Open Domestic Market to Boost Stability of World Economy*

*For Immediate Release:*

Washington, D.C., Oct. 23, 1998 – Japan's steel industry, which maintains a “*miezaru karuteru*,” or “unseen cartel,” must realize that free trade is a two-way street, according to a Japan expert's presentation today at The Friendship Commission Public Policy Series.

Today's Series *Session I: Critical Trade Issues Between the United States and Japan* presented research and discussion on the current export surge of surplus Japanese steel flooding the American market at artificially low prices. The Series was created by the Japan Information Access Project for the Japan-U.S. Friendship Commission. Today's Session I featured the work of Dr. Mark Tilton, a scholar and author who has co-edited a newly published book, *Is Japan Really Changing Its Ways? Regulatory Reform and the Japanese Economy* (The Brookings Institution Press, 1998).

In his presentation, *Japan's Steel Cartels and the 1998 Steel Export Surge*, Dr. Tilton urges Japan to open its restrictive trade practices. He cites an export surge of Japanese steel to the United States that has increased more than 130 percent from July 1997 to July 1998. Dr. Tilton asserts that Japan's government supported cartel of large integrated steel makers has created a domestic “sanctuary market” that restricts import access and distorts world trade at a time of global financial crisis.

“We need to look at Japan's export surge to the United States as a global bellwether,” Tilton says. “The fundamental solution to the problem Japanese imports are posing for the American steel industry is to insist that Japan break up its steel cartel and open its steel market to imports from around the world.”

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Dr. Tilton's research reflects years of research and interviews in Japan and abroad with industry leaders and government authorities. He shows how Japan's steel cartel has kept domestic prices high while anti-import practices and fears of market retaliation have "...shielded Japan from global trade realities" that the American steel industry evolved through during the past 10 years.

In the global throes of the current financial crisis, Dr. Tilton stresses it is incumbent upon Japan to open its markets and create a level playing field in world trade as well as in its domestic economy.

"Imports are good for the American steel industry. They have stimulated improvements in productivity and quality. Keeping its markets open to the rest of the world, the United States is boosting the stability of beleaguered economies in Asia, Latin America and Russia. The United States has the right to expect that Japan offer other nations the same access to its markets it enjoys in the U.S.," Dr. Tilton's Working Paper recommends. "Japan could contribute to nations around the world by opening its steel market and stimulating its own industry to improve productivity, cut prices and contribute to the larger Japanese industry."

*The Friendship Commission Public Policy Series* provides a forum for research and discussion among leading American scholars, policymakers and business leaders. Its mission is to engage dialogue of critical thinkers on critical issues between the United States and Japan to provide a policy-relevant forum for academic research. The Series' Session I was opened by Dr. Eric Gangloff, Director of the Japan-U.S. Friendship Commission and moderated by Mindy Kotler, Director of the Japan Information Access Project. Commenting on Dr. Tilton's paper was Bruce Stokes, director of Trade Programs for the Council on Foreign Relations. Future Series sessions will examine current security, social, and economic issues.

The Series is co-sponsored by *The Japan-U.S. Friendship Commission* (<http://www2.dgsys.com/~jusfc/commissn/commissn.html>), an independent federal agency created by Congress in 1975 to promote understanding and cooperation between the United States and Japan, and the *Japan Information Access Project* (<http://www.jiaponline.org/>), a nonprofit research center studying Japanese and Northeast Asian science, technology, economics, security, and public policy.

Dr. Mark Tilton, the author of *of Restrained Trade: Cartels in Japan's Basic Materials Industries* (Cornell University Press, 1996), is Chair of the Asian Studies Program, Associate Professor of Political Science at Purdue University, and a member of the Japan Information Access Project Board of Directors. A specialist in the political economy of Japan, he has spent five years there as a Research Fellow (*joshu*) and Visiting Scholar at the Institute of Social Science and the Faculty of Economics of the University of Tokyo.

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