

1. Name of Registrant International Public Relations Co., Ltd. (California)	2. Registration No. 2190
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3. This amendment is filed to accomplish the following indicated purpose or purposes:

- To correct a deficiency in
- To give a 10-day notice of a change in information as required by Section 2(b) of the Act.
- Initial Statement
- Supplemental Statement for 24 AUG 1984
- Other purpose (specify) _____
- To give notice of change in an exhibit previously filed.

4. If this amendment requires the filing of a document or documents, please list-

Please see attached list

5. Each item checked above must be explained below in full detail together with, where appropriate, specific reference to and identity of the item in the registration statement to which it pertains. If more space is needed, full size insert sheets may be used.

Reference on attached list

The undersigned swear(s) or affirm(s) that he has (*they have*) read the information set forth in this amendment and that he is (*they are*) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (*their*) knowledge and belief.

Jack P. Whitehouse
JACK P. WHITEHOUSE

(Both copies of this amendment shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

Subscribed and sworn to before me at Los Angeles, Calif.
this 7th day of October, 19 86 Christine Sonnenberg
(Notary or other officer)

My commission expires _____



ATTACHMENT TO SUPPLEMENTAL STATEMENT FOR SIX-MONTH PERIOD FROM 24 AUG 1984

Registration No. 2190

Listing of documents attached and identity of items in registration statement:

1. News release. "Increased Steel Imports Not Due to Change in Japan's Mktg"
Released 8-29-84 via Business Wire* to western U.S. news media.
Hand-delivered to five selected news media.
2. News release. "Japanese Steel Industry Cool to President's Import Plan"
Opposite-editorial page offering mailed to 17 selected daily newspapers.
3. Letter to editor. 9-20-84 response to letter published in L.A. Times on
9-15-84, regarding steel imports in Japan.
Hand-delivered 9-20-84 to L.A. Times only.
4. News release. "Japan's Imports of Steel at Record; South Korea Tops All"
Released 10-1-84 via Business Wire to western U.S. news media.
Hand-delivered to five selected news media.
5. Seminar script. "Japanese Steel: Managing To Win"
Script used in conducting seminars and executive forums at universities and
with trade organizations to discuss Japanese management methods, using the
Japanese steel industry as the case history. Disclaimer slide always used
at the beginning of each presentation. Copy of slide can be made available
to the Department of Justice, although identical slide was presented by Mr.
Charles Butler of the Japan Steel Information Center in New York, who has
reported conducting similar seminars in the eastern U.S. This script and
the slide format, however, was developed in this office and is different
from that used by Mr. Butler. The slides themselves are the same as in NY.
6. Editors' Backgrounder. "Background on U.S.-Japan Trade Issues"
Released 10-9-84 to 38 newspaper business editors and trade publications.
7. Opinion survey. Results of an opinion survey conducted for registrant were
summarized and mailed to survey participants that requested them.

* Business Wire is a national commercial news distribution network based in San Francisco which distributes public relations news releases to many daily newspapers, business and trade publications and electronic media.

U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL
ORIGINAL DIVISION

OCT 9 4 57 PM '85

INTERNATIONAL
RECORDS SECTION

Japan Steel Information Center

523 WEST SIXTH STREET, SUITE 804, LOS ANGELES, CALIFORNIA 90014
Phone (213) 627-4188

Contact: Jack Whitehouse

Release: IMMEDIATE

INCREASED STEEL IMPORTS NOT DUE TO CHANGE IN JAPAN'S MARKETING

Despite the increase in July figures for steel imports from Japan, the rise is attributable to America's industrial recovery and not to a shift in the marketing approach of Japan's steel exporters, a spokesman for the exporters said.

Figures released in Washington, D.C. Wednesday (8-29-84) show July steel imports from Japan reached 667,000 tons, an increase of more than 50 percent over the June figures and an even a greater increase over the heavily depressed year-earlier market.

A spokesman for the Japan Steel Information Center in Los Angeles maintained, however, that the July tonnage reflects primarily the vagaries of vessel arrival dates and customs paperwork, rather than changing export strategies. When averaged with June's 434,000 tons the figures are more consistent with the monthly tonnages for the year to date, revealing that the "pattern of Japanese steel shipments to the U.S. remains stable," he said.

Referring especially to the West Coast market, the steel spokesman said that the availability of some steel products from domestic sources is still a problem for steel users.

He added that the economic recovery and the related demand for steel in this country has produced import figures that appear much higher than those of 1983, a depressed year when steel imports were at their lowest level in some 20 years.

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Japan Steel Information Center

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Contact: Jack Whitehouse

JAPANESE STEEL INDUSTRY COOL TO PRESIDENT'S IMPORT PLAN

By JACK P. WHITEHOUSE

Jack P. Whitehouse is director of the Japan Steel Information Center in Los Angeles

Residents of the western United States, and especially those of California, should shudder when protectionist forces in the nation's Capitol begin to discriminate against this market by setting restrictive quotas on imported steel.

The western market - specifically the 11 contiguous western states - for many years has been heavily dependent upon imported steel. If import controls of 15% or 20% of the national market are to be activated, serious damage to the western economy could be the result. For 10 years the West has relied on imported steel for nearly as much as half of its needs. California's economy alone represented nearly 70% of the western market last year, with most of that in the construction industry.

Measures now in Congress would limit imports to 15% of the national market for the next five years, and the President's decision Tuesday (9-18-84) on the Trade Act's Article 201 complaint by domestic steel, are protectionist moves, potentially dangerous to the western economy.

MORE

2--2--2--western steel imports

The general arguments against protectionism for the steel industry are fairly well known: The consumer, not the government, must subsidize the bill for billions of dollars in higher prices to pay for the protection; the industry has already had 16 years of protection and still hasn't invested enough money to be competitive; the steel industry itself has been hurt at least as much by its own highly competitive mini-mills and by conditions of the domestic economy as by imported steel; the country already has laws in place to handle unfairly-traded steel; and so forth.

However true those arguments may be, they do not include the special case of the problems national steel protection would create in the western steel market.

The western market, about 10% of the national market, is generally an uncompetitive market for mills of the eastern U.S., which must pay about \$100 more per ton to ship their steel here. Imports from Japan can be shipped to California at about \$30 per ton. That price differential must be kept in mind when considering the nationwide import quota. It is one reason this market has turned to imports to remain competitive, buying 45% of its steel from offshore sources last year.

Western states mills supplied about the same market share as imports in 1983, with domestic mills in the East and Midwest supplying about 10% - mostly to the canning industry.

With the transportation cost differential on the one hand and the expected immediate domestic steel price increases of at least 10%, resulting from the President's Article 201 action, on the other, limits on imports in this market could stall the economy, if not cause it to deteriorate.

It is the market profile which best shows the economic damage that protectionist controls can produce. The construction industry accounted for 53% of steel consumption last year, and non-residential construction was nearly 90% of that in a market of about 8.5 million tons.

MORE

With domestic mills east of the Rocky Mountains meeting much of the demand in the container industry, which, at 12% is the second largest share of consumption, one can see how important the construction industry is to the western economy.

Now when it is noted that California represents nearly 70% of the total western steel market, it then becomes clear that this state's economy is likely to suffer the most from protectionist moves, western contractors being forced either to pay up to 25% more for their steel or to stop building.

President Reagan's program to control steel imports is touted as non-protectionist. I don't agree. It is just as protectionist as the 15% quota measures in Congress today, except that it would target the national steel import penetration at somewhere between 18.5% and 20.5% of the market.

But the President's decision does not take into account the special needs of this market, and neither do the two congressional bills that would limit all steel imports to 15% of the national market.

Yet, western manufacturers and consumers alike will pay their equal share of the cost of that protection, which the Congressional Budget Office had earlier estimated would be between \$4.3 billion and \$5.9 billion per year for the five years of 15% import quotas.

Japan's share of national consumption averaged 6.3% between 1975 and 1983, generally following the pattern of total apparent consumption. Despite some claims of too suddenly increased exports recently, Japan is still holding that average today. In the West, however, Japan has been the dominant supplier, although its share of the imports has dropped from a high of about 80% some years back to 43% last year.

MORE

Japan has been trading its steel fairly, it has no controls on its steel imports, and Japanese believe in the strength of natural market forces in operation.

But when the special needs of the western states are considered, and the potential damage to the western economy by controlling imported steel in any manner other than natural market forces is also considered, it is difficult to understand how any responsible individual or group of individuals can support protectionist actions.

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Letters to the Editor
Los Angeles Times
Times Mirror Square
Los Angeles, California 90053

September 20, 1984

Dear Sir:

The letter from Inland Steel's Sam H. Saran (Letters, Sept. 15) concerning an earlier letter from Toshiaki Yamamoto (Letters, Aug. 15) asks some questions that I will answer, since Yamamoto has returned to Japan through the normal executive rotation practiced by the Japanese steel industry.

Saran asks how much of Japan's home steel market goes to offshore suppliers. In the first seven months of this year imports were nearly 7% of the market, or about 2.65 million U.S. tons. That represents an increase of about 38% over the import penetration for all of 1983, when imports were at 5% of the market.

Japan has not "barred the door to steel imports," as Saran states. In fact, Japan's tariff rate on steel imports is 4.9%, lower than that of the U.S. at about 7.1%. Most of Japan's imported steel comes from South Korea and Taiwan, however, both of which receive preferential tariff treatment - meaning no tariff at all. The U.S. has excluded steel from the preferential tariffs it gives to the Third World, charging tariffs on all steel imports.

Until 1979, when imports climbed nearly 400% (largely due to the competitive ability of South Korea's new Pohang steel mill), foreign steel simply could not compete with the Japanese product. The low level of steel imports was largely due to economic factors, not protectionism.

On the issue of the consumer-cost of protectionism, which is really very little different from direct governmental subsidies, Washington, D.C.'s Case Institute recently reported the total cost of trade protection in 1980 was \$58.5 billion, climbing to \$71.2 billion in 1983. That was actually the point of Yamamoto's letter.

Saran misread Yamamoto's comment on retaliation against steel import quotas. There has never been a threat of retaliation by any Japanese, although other countries have suggested it. In this country the threat of retaliation has sometimes been called a "red herring", and Yamamoto's letter clearly says not to worry about either: If protectionism continues to grow "Americans will price themselves out of every market, including their own."

Sincerely,

Original Signed By
JACK P. WHITEHOUSE
Jack P. Whitehouse
Director

Japan Steel Information Center

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Contact: Jack Whitehouse
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FOR RELEASE: MONDAY, OCTOBER 1, 1984

JAPAN'S IMPORTS OF STEEL AT RECORD; SOUTH KOREA TOPS ALL

Foreign steel imports have been entering Japan at increasing levels since 1980, and in the first eight months of 1984 have already surpassed the three-million net ton record for all of 1983, according to a report issued by the Japan Steel Information Center (JSIC) in Los Angeles.

South Korea continues to be Japan's major foreign supplier, with Brazil and Romania the fastest-growing sources over the past two years. About 1.7 million tons of Korean steel went into Japan last year, and the eight-month Korean tonnage this year was 1.1-million. Last year, the U.S. also imported 1.7 million tons of Korean steel, the JSIC report said.

But the report noted that, unlike the United States, steel imports from Korea, Brazil and other developing countries received "preferential" treatment from Japan, more than 90 percent entering duty-free. In 1984, more than 80 percent of the tonnage has also been exempt from tariffs. The U.S. government, on the other hand, charges the normal tariff rate on almost all steel mill products from developing countries, the Center report said.

"Import competition in commercial grade steel in Japan began to increase several years ago," the report said. "The largest foreign share in Japan's domestic market is now hot-rolled carbon steel sheets and carbon steel plates. While total import penetration was 6.7 percent in the first eight months, hot-rolled sheet imports accounted for 25.3 percent of the consumption, with plates at 18.6 percent."

MORE

The Center report also said that total import share was low because of Japan's cost-competitiveness, quality, service and more sophisticated product mix, and not because of any restrictions on imports. It questioned comments made recently by U.S. Trade Representative William E. Brock that steel exports from South Korea to Japan were restricted and as a result had been "diverted" to the United States.

Steel Imports Into Japan (Net 000 Tons)

	<u>1st 8 Months of '84</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
South Korea	1,098	1,686	1,599	1,319	975	567	96
Taiwan	467	533	325	120	34	435	39
Brazil	421	296	157	--	8	34	--
Romania	328	165	--	79	17	124	63
Others	774	346	136	198	258	457	208
Total	3,088	3,026	2,217	1,716	1,292	1,617	406

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JAPANESE STEEL: MANAGING TO WIN
(21 minutes)

(DISCLAIMER SLIDE)

Slide

Narration

1. Title

Today's adventure into Japan's management methods will take a look at those methods in the Japanese steel industry . . . one of the most competitive of all of Japan's industries. The Japan Steel Information Center and the Japan Iron & Steel Exporters' Association are presenting this program as a case history in productivity . . . Why is it that the industry in Japan could have been, until recently, 30% more productive than the same industry in the United States?

2. Waves

Curiously, the reward for leading the world in efficient steelmaking has produced times of turbulence for them, as the protectionist forces in this country have put Japan's steelmakers in the confusing position of defending their own efficient operations!

3. USTR Brock

And, believe it or not, a recent survey of opinion leaders we conducted in the western states found that a majority of those leaders . . . and 100% of the labor leaders polled . . . still believe that the success of Japanese steelmakers is underwritten by subsidies from the Japanese government! Subsidies that have not existed for two decades! Still, nearly half of the American leaders in government and industry alike understand that it is indeed the full scope of Japan's management methods - and certainly not any government subsidy - that makes the Japanese such fierce competitors.

4. Jaicks

Among the keenest issues Japan's management faces in this country today are indeed those involving the steel and the auto industries . . . and it is not surprising, therefore, to see new moves into investment and technological cooperation by both sides taking shape . . . like the recent technological cooperation of Japanese steel mills with these major American mills . . . and like the current combining of General Motors and Toyota in northern California, and the purchase of half of National Steel in Pittsburgh by Nippon Kokan, and NKK's 40% joint venture with Martin Marietta Aluminum in southern California, and Kawasaki Steel's 25% investment in rejuvenating the old Kaiser Steel mill, also in southern California.

5. US steel companies

6. Men at table

It's been due largely to those competitive issues and to the increasing economic interrelationships, then, that many American executives have been taking long and hard looks at the economic realities of Japanese management . . . at what may or may not be adaptable management practice for this country . . . and even trying some on for size . . . but with varying degrees of success.

7. Inayama/Nagano

But what Americans have been reading about Japan's management is not the whole story . . . usually . . . about the way the Japanese manage. About what has made them so competitive. We've heard a lot more about the "human resources" half . . . about the quality circles, the unusual fringe benefits, the good labor relations and the lifetime employment . . . but not so much about what we might call the "structural management" philosophies . . . the strategies of matching the goal to the resources, of truly long range planning, of singleness of mission, of reinvestment to modernize, of concentration on R&D into what one author calls "products, processes and people", of coping with the so-called competitive environment, of risk-taking and risk management, and of the cooperative . . . non-confrontational . . . relations with government.

8. Offshore 1/4 slide

* * *

9. CC top view

So, then, let's look at some of those structural practices at close range to see how they've produced such a highly competitive industry.

10. CC strands

Take the issue of rationalization: The practice of reinvesting for constant modernization of steelmaking facilities. Here, the American industry is generally accused of losing out to imports by failing to follow that practice, and for some 16 years America's steel industry has had one form of protection or another against imports, and is only now closing the productivity gap with Japan. That gap, once 30% or more, is now considered to be only about 10% . . . partly the result, of course, of the 1983 closing of some of its more ancient plants.

11. CC chart
But it has been a Japanese management practice for years. Take continuous casting, for instance . . . one of the first modernization steps . . . to improve productivity. Steel men generally say that the degree of productivity of a nation's steel industry relates directly to the CC ratio of that nation. Japan's ratio today is about 90% . . . America's is about half that. The result is a yield rate in Japan of more than 10% higher than in this country. A yield of more than 90%!
12. Horicast
Latest twist in CC technology is this horizontal caster, designed for lower-volume operations for today's more flexible steelmaking needs.
13. Charging chart
And here are more examples of that rationalization. When manufacturing steps can be combined into a single system . . . and that is exactly what the CC system is . . . it saves more time, energy and manpower. Hot charging cuts out two steps on the way from the continuous caster to the rolling lines.
14. DirRoll chart
But direct rolling even cuts out the hot charging step. Engineers are working on the ultimate in steelmaking - completely continuous, from ore to final product.
15. Pickle+CR
Time, energy and manpower savings produce cheaper steel for autos and home appliances, for instance, in this combining of the pickling and cold rolling processes.
16. Cooling
For the earlier hot rolling step, this new on-line cooling system is quicker and produces the proper mechanical properties and skips the heat treating step.
17. Scarfing
Steelmaking in Japan is no longer a "smokestack industry" . . . It's moved solidly into the high-tech era: like this surface treatment method where imperfections are detected and corrected by robots, computers and laser beams.
18. Storage
Or this storage yard for slabs and coils waiting for shipment or further treatment. It's virtually unmanned. The traditional cranes now operate under command of the steel mill's vast computer systems, to store and to retrieve any customer's order. In fact, Japan's modern mills are completely computerized . . . from the point of taking the order through production and to the final delivery of the product.

19. Energy room And here's another example of that management practice of reinvesting for efficiency: The energy center manages . . . by computers, of course . . . the collection and balanced distribution of all energy throughout the steel works.
20. Energy chart Management's efforts to cut energy costs have produced savings of nearly 20%!
21. Coke ovens The coke ovens . . . incidentally, once one of the smokiest within the smokestack industry . . . The coke ovens yield a tremendous quantity of heat and gases, both of which are now converted into energy for use elsewhere in the plant.
22. Blast furnace Another new energy source: Huge blast furnaces . . . those towering symbols of the old smokestack industry . . . produce massive top pressures, which are also captured and turn turbines that generate electricity.
23. Torpedo car Investments in research and development have made it possible to purify molten iron with shots of oxides of lime while still in the torpedo car on the way to the basic oxygen steelmaking furnace. Removes impurities, like silicon and phosphorus, much faster.
24. BOF drawings Iron is turned into steel in the very efficient basic oxygen furnace . . . made even more efficient by recent R&D. Combined top and bottom blowing of oxygen and inert gas reduces losses of iron and manganese . . . gives tighter quality control and assurance of product integrity.

Those are but some of the highlights in which a major management commitment to R&D has paid off in productivity increases. Others, like vacuum degassing, removes hydrogen and some impurities; and ladle refining removes sulfur and more non-metallic impurities, and adds special alloying elements. One new process, continuous annealing, takes only 10 minutes for a treatment that not long ago took 10 days! These strategic payoffs are what keeps the Japanese steel industry in its leadership role, as the world's steel industry restructures. That industry in developed nations must indeed produce the higher quality and newer steels that society is demanding today.

* * *

25/26/27/28
Offshore

Earlier the structural strategy of singleness of mission was mentioned. One form of that is in the method of diversification used by the Japanese steel industry . . . a strategy that can be seen in most other industrial sectors of Japan, as well. For instance, one would almost never find a Japanese steelmaker buying an oil refinery. . . . Any diversification is of a cellular division nature; not moving into any direction that cannot build upon the past experience of the company. So they might engineer and build an offshore oil exploration platform, but never become involved in the exploring for and producing of the oil.

29. Shanghai
But Japanese management would engineer and build an integrated steel mill in Shanghai . . .
30. Qatar
Or a direct reduction steelmaking plant in Qatar.
31. Bridge
Designing and building bridges is also in that category, like this Kanmon Bridge - longest in Japan, which links the main island of Honshu with the southernmost island of Kyushu.
32. Train
This new computer-controlled transportation system, running from Kobe City to a new manmade island offshore, was engineered and built by a Japanese steelmaker - of stainless steel, of course.
33. Rocket
New materials are the wave of the future for the Japanese steelmakers . . . building upon their steelmaking experiences. Titanium, the tough aerospace material, is one.
34. Nuclear
Zirconium is another . . . alloys of which are needed for construction of nuclear reactors, for refractories and fine ceramics.
35. Fashion models
Meanwhile, back with those gases in the coke ovens, the residual tars and gases are turned into fine high fashion fabrics. A beautiful example of rationalization as a Japanese management method!
36. Pilot plant
Another striking R&D effort is the continuing battle for greater energy independence. The industry . . . and the entire country, for that matter . . . is almost completely dependent on foreign sources for oil. Here, a Japanese steelmaker is operating a pilot plant that is seeking to unlock the secrets of coal gasification and liquefaction.

* * *

37. Workers 1/4 slide
- But it is indeed in the category of human resources that recent authors have focused the most attention on Japan's management methods. And it is here that American executives must be most cautious in considering what can and what cannot be adopted or adapted. Japanese are a homogeneous society, America is not . . . Japanese companies consistently practice the philosophy of wa, or harmony; Americans are confrontational by nature and by European heritage; labor-management relations are approached differently in each country. So the next section of this discussion must be viewed as the experience of the Japanese steel industry . . . or virtually all Japanese business and industry . . . and considered strictly on the basis of cultural and social differences.
38. Classroom
- Believe it or not, Japanese executives don't consider new recruits to be properly trained in the high schools and colleges, and sort of take the attitude that the new employee should be considered as if he were a blank painter's canvas, on which can be painted the ideal employee for the company. All employees are given a minimum of three months of lectures, group discussions and on-the-job training.
39. Workers
- No position or job assignment is given until after that training. Here blue-collar trainees are learning equipment maintenance.
40. College guys
- College graduates also work in the mill for the first three months of their lifetime career.
41. Rountable
- At the mill they are either in group discussions of management methods . . . or of technology . . . or of labor-management relations . . . or
42. Trainees/line
- They are on the production lines, including working the graveyard shifts, building experience that will help them in later years in the practice of labor-management relations.
43. Family
- A worker and his biological family are also part of the company family for life . . . which means now retirement at 60, although that age is likely to be extended soon. And while it is true that the lifetime employment philosophy does not extend to all employees in Japan, almost all companies - large and small alike - consider it to be an objective, at least.

44. Crowd

That practice translates into job security, which in turn means an extremely low worker turnover and allows the management strategy of job rotation, with employees spending several years in each of an unusual variety of positions to gain broad experience in the firm.

45. Uniforms

Expressive of equality of labor and management is that all wear the same uniform . . . no gold braid to distinguish officers from enlisted men, presidents from shop workers. And in the mill . . . or in the general office . . . or company cafeteria, the president, and the directors, and the managers are frequently communicating with the workers, and overseeing the actual production.

46. Cheerleaders

Workers are encouraged, at company expense, to participate in group activities, sports teams and other recreational pursuits.

47. JK

Of course, American management has found a special fascination with Japan's quality circles, or jishu kanri, as they are called . . . but with varying degrees of success . . . the failures being blamed primarily on a lack of management commitment. The Japanese steel industry committed itself to jishu kanri in the early '60s and hasn't turned away. One mill claims an accumulated savings of \$600 million per year as a result of quality circle activities.

48/49/50/51

JK awards

But it is in those activities that the commonness of culture, social experiences and language makes them ideal for the Japanese. They like groups . . . and they have a passion for achievement as a group, and as an individual for his group. And the highlight of the year is at the annual JK awards conference, where recognition from top management is one of the greatest of all rewards! . . . Although there may be some small monetary rewards . . . perhaps enough for a group beerbust . . . the recognition itself is much more important.

52. Strike violence

Before developing the current practices in labor-management relations . . . a quarter century ago . . . all was not necessarily sweetness and light in labor/management relations.

53. Meeting

But today management and labor union officials meet regularly to discuss production plans, equipment rationalization and operational efficiencies. Labor unions are companywide, not industrywide.

54. Productivity chart In Japan, that produces cooperative efforts in the spring wage offensives, or shuntos, where negotiations are settled peacefully . . . based on economic, inflationary, and employment factors. Productivity benefits by those practices . . . in a big way!
55. Control room And labor-management cooperation extends to installation of new technology. Workers replaced by new equipment are transferred to other jobs and departments . . . conflicts over that are rare.
56. Villa Unusual fringe benefits of most Japanese workers will normally include vacation villas in the mountains and seaside, available to the families at very low cost.
- 57/58
Hospital/nurse Company-owned and operated hospitals - available to the entire community, incidentally - provide lifetime medical care with the best of equipment and staff.
59. Accident chart Through attention to intensive training and accident prevention programs constantly in force, the accident rate had been cut to 0.66 accidents per million man hours in 1982.
60. Plant beauty The secrets of Japanese management . . . if there are any . . . are indeed in plant modernization and in human relations.
61. Plant birdseye These have produced the world's most efficient industry - of any kind . . .
62. Auto assembly And some of the methods can apply to American business and industry . . .
63. Joint workers While others must be discarded . . .
64. Dinner clapping But for the growing interrelationships of the businesses and industries of Japan and America, it is today increasingly important that we understand each other's methods . . . at least . . . and learn what we can from one another.
65. Sunbeams And in fact, cultural and societal differences aside, there is a dominant factor to which both Americans and Japanese are most likely to subscribe . . . to function in a fair and competitive market, yet in the spirit of wa, or harmony, the route to a more productive alliance.
66. THE END

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Contact: Jack Whitehouse

October 1984

BACKGROUND ON U.S.-JAPAN STEEL TRADE ISSUES

WHY IS JAPAN INCLUDED IN PRESIDENT REAGAN'S STEEL PLAN?

Japan should not be included as a target country in President Reagan's steel import plan. It is still not clear what the Reagan Administration wants from Japan.

The White House announcement (9-18-84, concerning Reagan's steel decision) simply said that countries which practice unfair trade or which have barriers to steel imports in their own country would be the targets for negotiation.

Japan has been a fair trader with the United States and is also a fair importer of steel into Japan. In fact, the Japanese home market is more open to foreign steel imports than is the U.S. market.

Japan is the largest single exporter of steel to the U.S., but that has been the case for two decades, and actual import tonnage from Japan in recent years has been lower than in the mid-1970s.

Japan has not injured American steelmakers. It is not practicing any unfair trade techniques. The steel industry is not subsidized. Japan should not be a target in any plan that aims to single out countries which have violated U.S. trade laws.

HAVE JAPANESE STEEL EXPORTS TO THE U.S. SURGED?

In 1984, thus far, steel imports from Japan have accounted for about 6.5% of U.S. steel consumption. That compares with an average of 6.3% for the years 1975 through 1983.

There has been no surge in Japanese steel exports. Obviously, Japanese steel imports this year are higher than last year. But 1983 was a year of very weak U.S. demand, and imports from Japan were the lowest in 17 years.

In fact, the 1984 trend of Japanese steel imports is actually lower than in 1982, when Japan supplied 6.8% of the steel consumed in the United States.

Japanese steel imports have closely corresponded to U.S. steel consumption patterns over the past several years, and that certainly cannot be construed as any "surge," even in the first months of 1984.

ARE THERE TRADE RESTRICTIONS TO STEEL IMPORTS IN JAPAN?

Foreign steel imports have been entering Japan at increasing levels since 1980, and in the first 8 months of 1984, have already surpassed the 3-million net ton record for all of 1983. Those imports were not restricted. Rather, they entered Japan under more liberal policies than are practiced in the United States.

MORE

South Korea continues to be Japan's major foreign supplier, with Brazil and Romania the fastest-growing sources. About 1.7 million tons of Korean steel went into Japan in 1983, and for the first 8 months of 1984, Korean tonnage was 1.1 million. In 1983, the U.S. also imported 1.7 million tons of Korean steel.

But, unlike the United States, Japan's steel imports from Korea, Brazil and other developing countries received preferential treatment. More than 90% of all imports in 1983 were duty-free; in 1984, more than 80% of the tonnage has been exempt from tariffs. The U.S. government, on the other hand, charges the normal tariff rate on almost all steel mill products from developing countries - at least 7.1%.

Japan's import competition in commercial-grade steel began to increase several years ago. Now, the largest foreign share in Japan's domestic market is hot-rolled carbon steel sheets and plates. While total import penetration was 6.7% in the first 8 months, H-R sheet accounted for 25.3% of Japan's consumption, plates 18.6%.

Steel Imports Into Japan (Net 000 Tons)

	<u>1st 8 Months of '84</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
South Korea	1,098	1,686	1,599	1,319	975	567	96
Taiwan	467	533	325	120	34	435	39
Brazil	421	296	157	--	8	34	--
Romania	328	165	--	79	17	124	63
Others	774	346	136	198	258	457	208
Total	3,088	3,026	2,217	1,716	1,292	1,617	406

WHAT HAS BEEN THE EXPORTING POLICY OF THE JAPANESE STEEL INDUSTRY?

There is no voluntary restraint program for Japanese steel exporters. Rather, individual Japanese steel producers have been very careful to match the needs of their American users. The pattern of Japanese steel exports, when compared with U.S. steel consumption over the past several years, already confirms that fact.

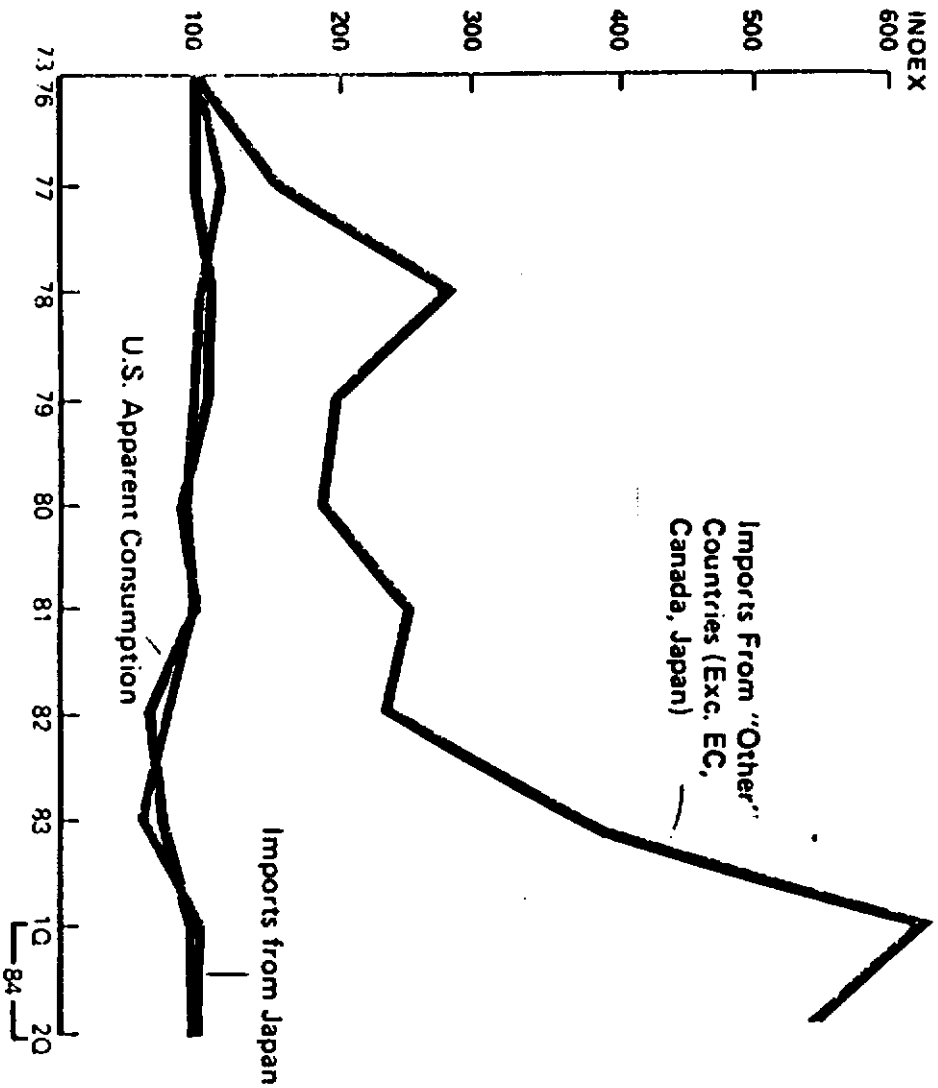
Such an exporting posture has benefited American metalworking companies, which receive reliable supplies of high-quality steel at a time when demand is strong. That is not injurious to American steel producers, since Japan's exports have been consistent with demand trends.

A few years ago, when U.S. oil and gas drilling was very strong, Japanese steel exports of tubular products were relatively high. In 1983, when automotive and appliance industries began a marked comeback, Japanese exports of flat-rolled products increased significantly (and that trend continued into the first half of 1984), and tubular exports dropped sharply.

Quantitative restraints ignore the forces of the marketplace that have worked very well for American metalworking companies and the Japanese steel industry. If American steel producers want "protection," they should seek only restrictions on the imports that cause injury and/or are in violation of U.S. trade laws.

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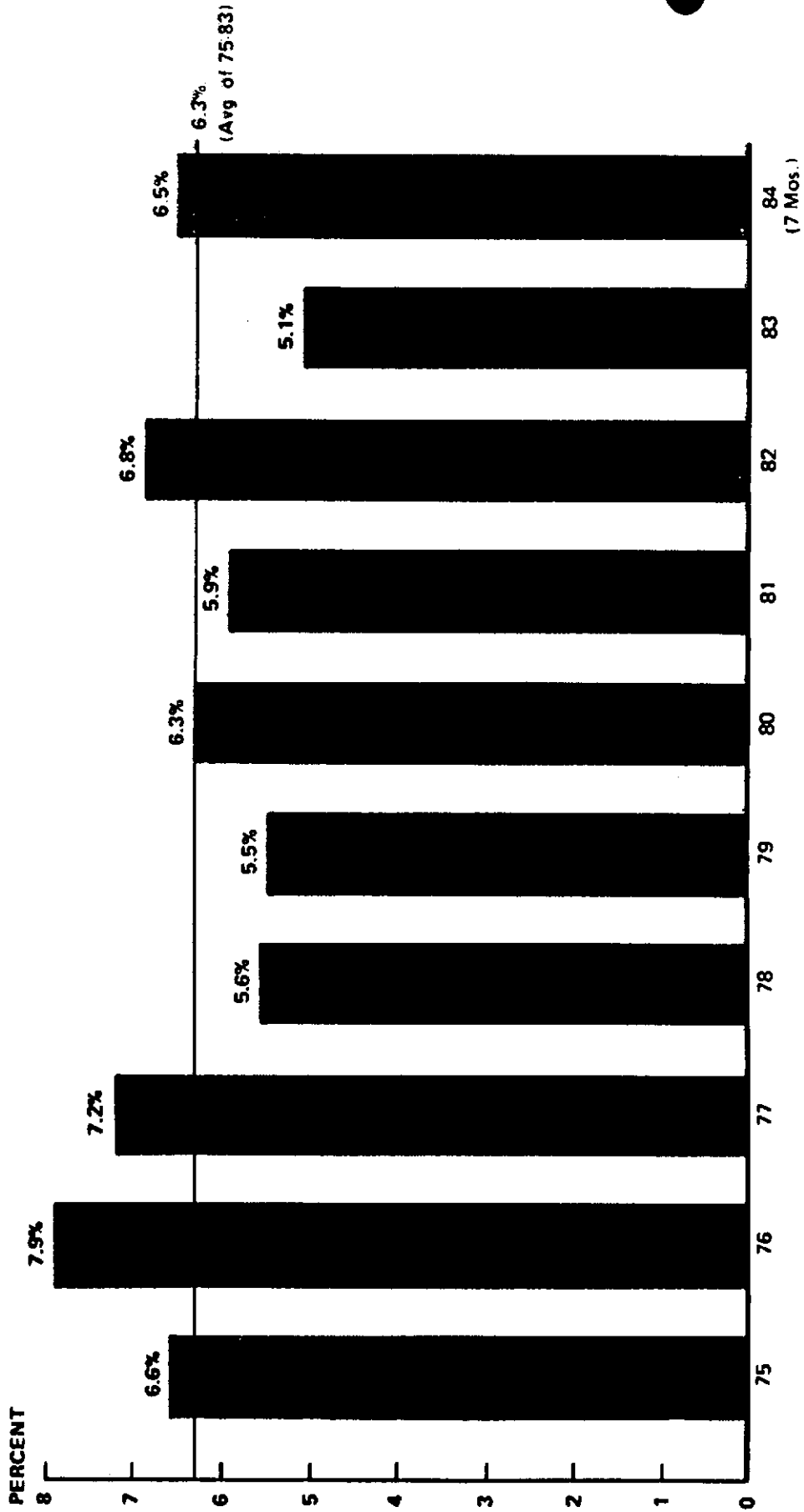
U.S. STEEL IMPORT TRENDS
(1973 - 76 Average = 100)



Source U.S. Dept. of Commerce

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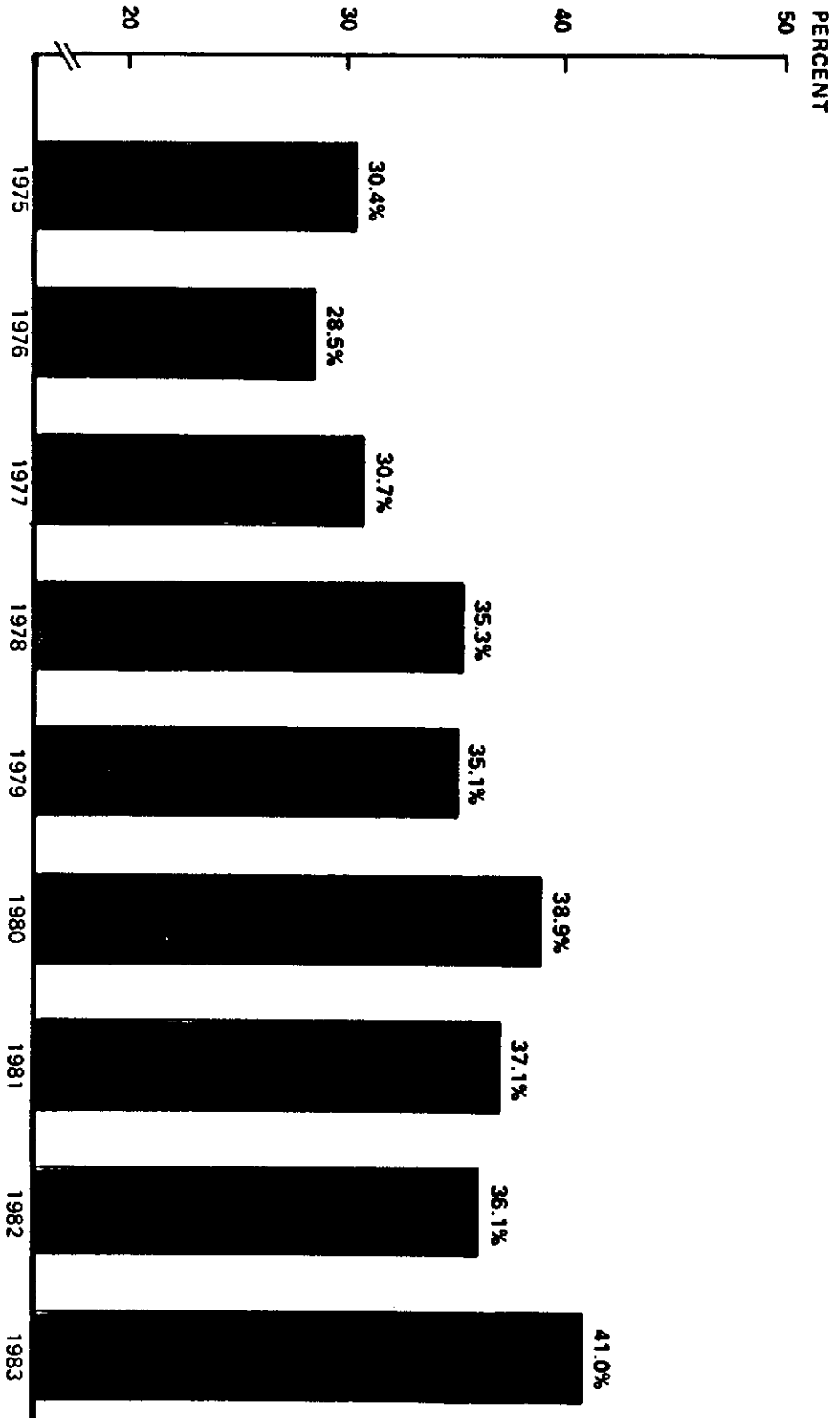
JAPAN'S SHARE OF U.S. APPARENT STEEL CONSUMPTION



Source: U.S. Dept. of Commerce

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PERCENT OF JAPAN'S U.S. STEEL EXPORTS SHIPPED TO WESTERN U.S.



Source: U.S. Dept. of Commerce

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Japan Steel Information Center

523 WEST SIXTH STREET, SUITE 804, LOS ANGELES, CALIFORNIA 90014
Phone (213) 627-4188

(An earlier transmission to you on this same date was inadvertently made on an incorrect letterhead: International Public Relations Co., Ltd. (California), which does not carry the necessary government disclaimer found at the bottom of this page. We apologize for any inconvenience caused by the oversight.)

October 26, 1984

The Honorable Ray Kogovsek
The U.S. House of Representatives
P.O. Box 5728
Pueblo, Colorado 81002

Dear Mr. Kogovsek:

We thank you for your response to the Survey of Opinions about Imported Steel, recently conducted for the Japan Steel Information Center. Even though the response rate wasn't as high as expected, the results point out some very interesting opinions and attitudes regarding the survey issues.

A copy of the survey analysis is enclosed as requested.

You are welcome to contact the Japan Steel Information Center - (213) 627-4188 - to discuss this survey or any other matters concerned with Japanese steel.

Cordially,

Ron Eagar
Research Associate

enclosure

SURVEY ANALYSIS

In order to obtain the opinions and factual awareness of leaders in government, labor and business from the 13 western states about steel imports, a questionnaire was distributed to nearly 300 persons carefully selected from those areas.

Although the overall rate of response to the survey was much lower than hoped for (less than 20%), labor showed the highest rate of response, 26%, seeming to indicate more interest on behalf of labor regarding the survey issues. Business responded at a rate of 12.6% and government at a rate of 6.8%. The low overall response rate would indicate a lack of interest and/or awareness of the subject, particularly on behalf of the selected business and government leaders. Also, the Democratic and Republican conventions no doubt hindered government response to the survey, distributed shortly before the Democratic convention in California.

Questions and Responses

Q1 Does the United States really need imported steel to meet consumer demand?

Yes	<u>27.6%</u>
No	<u>55.2%</u>
Don't know	<u>17.2%</u>

More than half of those who responded to this question said the United States does not need imports to meet domestic demand. If we limit the response to government and labor only, the percentage of those who said "No" climbs to nearly 72%.

Q2 Does the Japanese government currently subsidize its steel industry?

Yes	<u>62.1%</u>
No	<u>6.9%</u>
Don't know	<u>31.0%</u>

Despite the fact U.S. governmental agencies themselves have in recent years shown that the Japanese government provides no aid to its steel industry, respondents from government believed that the Japanese government does subsidize its steel industry, with as many as half answering "Yes". Labor responded "Yes" at an astounding 100%!

Q3 Does Japan sell its steel at lower prices in the United States than in Japan?

Yes	<u>37.9%</u>
No	<u>17.3%</u>
Don't know	<u>44.8%</u>

It might be significant to point out the high percentage of "Don't know" responses for the first three survey questions, which are all knowledge questions as opposed to opinion questions. Only in the case of question 3, however, could the overall response have differed if fewer had responded with "Don't know". Although there are no dumping charges pending against Japan, more than one-third of the respondents believe Japan sells steel here at unfair prices.

Q4 In you opinion, should the Japanese government impose quotas on imported products?

Yes	<u>20.0%</u>
No	<u>73.3%</u>
Don't know	<u>6.7%</u>

A strong majority of respondents said that products exported from other countries to Japan should not have quotas placed on them. Business leaders unanimously responded "No", probably reflecting a desire to maintain free trade, especially in view of pressures to relax barriers in an allegedly closed market.

Q5 In your estimation, Japanese steelmakers supply what percent of the steel used in the western United States?

under 10%	<u>6.9%</u>
10%, but less than 20%	<u>41.4%</u>
20%, but less than 30%	<u>17.3%</u>
30%, but less than 40%	<u>27.6%</u>
40%, but less than 50%	<u>3.4%</u>
at least 50%	<u>3.4%</u>

More than 86% of the respondents said Japanese steel accounts for between 10% and 40% of the steel used in the western U.S. According to a 1984 JSIC market study, imports supplied 45% of the western steel market in 1983. Japan supplied about 20% of the total market, 43% of the imports. South Korea supplied 19% and other Third World countries 33.1%, more than double their 1982 figure of 15.9%. The EEC supplied 13%, a drop from 1982's 21.2%. Incidentally, "imports" from eastern U.S. mills are stabilized at about 10% of the total market.

Q6 In your opinion, quotas on steel imports probably would:

increase the price of steel in the western U.S.	<u>72.4%</u>
decrease the price of steel in the western U.S.	<u>13.8%</u>
not effect price of steel in the western U.S.	<u>13.8%</u>

Business and government respondents alike said (84.6% and 80%, respectively) that import quotas would increase the price of steel in the western United States. However, half of labor's respondents said import quotas would decrease the price.

Q7 In your opinion, technological cooperation between the United States and Japan would:

help the United States steel industry	<u>71.4%</u>
hurt the United States steel industry	<u>10.7%</u>
not effect the U.S. steel industry	<u>17.9%</u>

Nearly 85% of business respondents said technological cooperation between the two countries would help the U.S. steel industry. Labor's responses were spread equally between the three choices.

Q8 In your opinion, importing steel:

creates jobs in the U.S.	<u>16.7%</u>
takes away jobs in the U.S.	<u>76.7%</u>
has no effect on jobs in the U.S.	<u>6.7%</u>

100% of respondents from labor said imported steel means fewer jobs for Americans. Government responses favored "takes away jobs" by 72.7%, business the same by 69.2%.

Q9 In your opinion, the ten largest American steel mills are:

more productive than Japanese mills	<u>10.0%</u>
less productive than Japanese mills	<u>76.7%</u>
as productive as Japanese mills	<u>13.3%</u>

Nearly 100% of business respondents feel that Japanese mills are more productive. Labor divided equally, about half saying that American steel mills are more productive, and half saying just as productive. Nearly 91% of government respondents agree with business and say that Japanese mills are the more productive.

Q10 Which of the following regions of the world is the largest market for Japanese steel?

Europe	<u>7.4%</u>
Latin America	<u>3.7%</u>
Asia	<u>29.6%</u>
Middle East	<u>7.4%</u>
United States	<u>51.9%</u>
Africa	<u>0.0%</u>

Government respondents (44.4%) said Asia is Japan's largest steel market, while business and labor rated the U.S. as the number one market for Japanese steel at 58.3% and 66.7%, respectively. In 1983, Japan exported 33% of its total steel production: 31% to Southeast Asia, 23% to China (total nearly 54% to Asia), 16% to the Middle East, 14% to the U.S., and 7% to the U.S.S.R.

Q11 In your opinion, should a quota be imposed on steel imported from Japan?

Yes	<u>43.3%</u>
No	<u>50.0%</u>
Don't know	<u>6.7%</u>

Labor responded 100% for quotas on imported steel. Government response was split evenly between "Yes" and "No". Nearly 77% of the business respondents said "No" to import quotas. An interesting inconsistency is seen in some respondents who believe (Q4) that Japan should not impose quotas on imports (73.3%), but that the U.S. should (43.3%).

Q12 In your opinion, which of the following hurts the United States steel industry the most?

Weak demand for steel	<u>0.0%</u>
Competition from "mini-mills"	<u>0.0%</u>
Imported steel	<u>24.1%</u>
Current price structure	<u>6.9%</u>
Lack of automation/modernization	<u>65.6%</u>

Business and government respondents to this question agreed that lack of automation and modernization is the proverbial thorn in the U.S. steel industry's side. Labor's response was split evenly between lack of modernization and imported steel.