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Out of Touch

Lobbying in Japan So Daunts U.S. Firms That Few Even Try

The Effort Requires Favors,
Close Ties, but Without It
Firm Can Be Blind-Sided

An American Gives It a Go

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TOKYO—Two years ago, an American lawyer named Mark Foster set up shop here and began prowling the corridors of government ministries, wheedling, making proposals and sometimes just passing the time of day with agency functionaries. The bureaucrats couldn't believe their eyes.

"This is normal behavior for the Japanese, but I was surprised that an American could get the knack of such things," says Nobuya Noguchi, a Japanese government official. Mr. Noguchi was witnessing that rarest of specimens, a full-time lobbyist for American interests in Japan.

The Japanese employ over a hundred registered agents in Washington, making up the largest foreign lobbying force in America. The agents often fly to Tokyo in teams and put up in expensive hotels, briefing their Japanese clients on the latest trade crises. Although Japan's American lobbying doesn't always succeed, when a U.S. proposal threatens Japanese companies' interests they usually know about it fast, and they know how to respond.

But the U.S. lobbying effort in Japan barely exists. Most U.S. companies don't even try to influence Japanese policy. The few individuals, Japanese or American, lobbying regularly for U.S. interests here probably can be counted on the fingers of one hand.

Staying Home

"Few American companies here are doing the down-and-dirty work that the Japanese are so successful at in the United States," says Robert Kirkwood, Hewlett-Packard Co.'s California-based director of government affairs. "They don't know quite what to do," he adds, "and they are inclined to leave things to Japanese contacts rather than get into the process themselves."

But the failure to penetrate business-government relations here is one reason the U.S. fares so poorly in its trade with Japan. The American trade deficit with the Japanese approached \$50 billion last year.

Whereas Japanese firms are well-warned and well-armed to fight U.S. proposals they don't like, Japanese government actions often catch U.S. companies entirely by surprise. When Japan proposed recently to force U.S. technology companies operating here to share sensitive software with their Japanese competitors—a potentially devastating rule—most U.S. concerns didn't hear of the plan until it had nearly been approved by government ministries. At that point a U.S. embassy official read of it in a Tokyo newspaper. It then took months of U.S. government pressure to persuade Japan to shelve the idea.

Meaningful Relationships

That American companies lobby so little when so much is at stake is an indication of the difficulty of the job. Japanese lobbying is a murky and not-always-honorable business, built even more than American lobbying on influence, money and long, continuously nourished relationships. To an outsider, it is confusing at best. And Japan's powerful government officials often resist contact with foreigners.

Even one specializing in the field can find it frustrating. Mr. Foster recalls what happened the first time he tried to get a set of ordinances from MITI, the Ministry of International Trade and Industry. He was representing a U.S. laboratory that wanted the right to test products for export to Japan.

"It took me a month to persuade MITI to give me a copy of the regulations that it uses to regulate the testing agencies," he says. "It was public information—it had been published in a book—but the book wasn't available anymore. I went through my best MITI contact, who introduced me to the guy in charge. Then I sat through repeated lectures on the history of testing in Japan. After a month, he started giving me the regulations, a couple of pages at a time. Those regulations were his section's internal guidelines, and he considered it reasonable to stall as much as he could."

Who Is This Guy?

Mr. Foster's intrusion wasn't appreciated. Mr. Noguchi says that "at times, some senior officials were furious that there was a strange foreign lawyer wandering around asking a lot of questions." He adds, though, that "they cooled off pretty quickly."

After months of negotiations, Mr. Foster's client was authorized to do part—but

only part—of the testing it wanted to do.

A few U.S. companies have learned the painstaking Japanese style of lobbying. International Business Machines Corp., which has had a subsidiary here since 1937, consults almost daily with the government, joins all relevant industry associations and uses its 17,000 employees here much as a Japanese company would: as ears to the ground.

Likewise, the American Electronics Association has a Tokyo representative, John Stern, who is fluent in Japanese and spends part of his time visiting politicians and bureaucrats. In his library is a volume that most U.S. business people don't realize is published, a book listing government officials' home telephone numbers.

But few make this effort. When the California-based Semiconductor Industry Association recently petitioned for relief from Japanese imports, it sent its complaint to the U.S. government, not the Japanese; the group doesn't have a Tokyo office. "We think we are better placed offering our advice to the U.S. government and letting them handle the negotiations," says an association official, Daryl Hatano. (A third technology trade group, the Electronic Industries Association, also had no representation here for a long time but now retains Mr. Foster.)

In defense of the U.S. companies and groups that don't even try, lobbying Japanese-style is usually much more difficult than lobbying in the U.S. Japan's system depends on a degree of business-government consultations that sometimes seem impossible for an outsider.

"These guys graduate from college, and one goes to MITI and one goes to Sony and one goes to Matsushita," explains the representative of a U.S. semiconductor firm. "They move up, and the close links continue. It is one of the strengths of the society."

When a senior bureaucrat retires, he can expect to parachute into an important industry job if he has maintained good relations with private business. The Japanese call this *amakudari*—literally, "descending from heaven."

Companies sometimes offer government officials favors even before they retire. A Japanese trading-company official gives an example: "The other night, we invited a politician to a geisha restaurant," he says, referring to the traditional restaurants featuring women trained in music and conversation. "He mentioned that his home needed repair. We asked the geisha house to send him a carpenter and put it on our bill. This is very normal."

An American firm trying that kind of lobbying might well run afoul of the U.S. Foreign Corrupt Practices Act, passed in

the 1970s in part because of a scandal in which Lockheed Corp. paid \$2 million to Kakuei Tanaka when he was Japan's prime minister.

Joining the Club

Japanese government officials rarely develop policy without discussing it first with concerned businesses. As a result, Japanese companies are often prepared to meet new government standards well before they are announced. U.S. companies that aren't part of the consultations lose out.

Business people here recall a meeting the Post and Telecommunications Ministry held about three years ago to discuss a change in regulation of the fast-growing two-way-radio business. When Motorola Inc., the world's leading maker of two-way-radio equipment, complained that it hadn't been invited, government officials replied that they had invited everyone they thought was interested. Motorola got the message. It has begun joining industry associations and government advisory groups.

Some U.S. companies try to navigate this maze by hiring Japanese middle-men. That is difficult, because Japanese companies usually lobby through direct, continual contact between executives and government officials. Unlike Washington, which abounds in former U.S. trade officials, congressmen and diplomats working for the Japanese, professional lobbyists are rare

here. And almost all that exist work primarily for the Japanese.

One of the most prominent Japanese lobbyists today is Taiji Kohara, 56, who is the president of Tokyo-based International Public Relations Co. and a friend of government officials in both Tokyo and Washington. Westinghouse Electric Corp. and General Motors Corp. are among companies that retain him to help them make contact with officials and monitor political gossip. They say they are happy with his work.

But his main clients are Japanese. He advises some government ministries, a number of politicians and the ruling Liberal Democratic Party. He also works for Nippon Telegraph & Telephone Corp., the government phone company.

A good example of Japanese-style lobbying involves Mr. Kohara's relationship with Lionel Olmer, who until last summer was the U.S. undersecretary of commerce for international affairs. Until Mr. Olmer left the U.S. government, Mr. Kohara (who declined to be interviewed) frequently telephoned him with ideas for easing U.S.-Japan trade tensions. Such calls went on for years.

To the annoyance of some of the U.S. embassy staff members here, Mr. Olmer sometimes permitted Mr. Kohara, an old friend, to arrange dinners and appointments for him when he was visiting Tokyo.