

The Renewed Trade War Over Japanese Chips

Neither the United States nor Japan seems ready to yield any ground in the trade talks on electronics that have plodded along since last year. However, the U.S. Commerce Department recently took a swipe at Japanese chip imports that could start things moving.

In two rulings on 11 and 13 March, the Commerce Department took action against Japanese companies that have been accused of "dumping" their chips in America at unfair prices. Three types of chips are involved, all state-of-the-art products intended for the mass market. One is known as an EPROM (erasable, programmable, read-only memory), and the other two are dynamic RAM (random access memory) chips of very high density, capable of storing 256,000 and 1,000,000 bits of information each. All have become standard computer parts, except for the million-bit or megabit chip, which is just now being introduced.

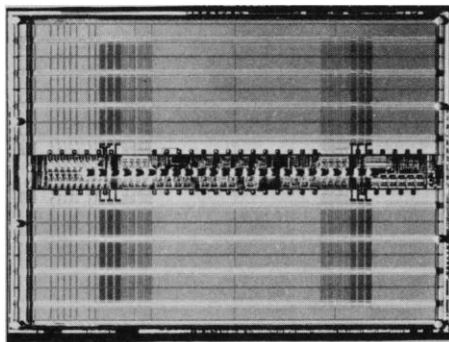
This is an aggressive move by the Administration, all the more so because it represents a shift from its adamant free-trade policy. It is unusual also because Commerce wishes to stop not just past abuses but future ones as well. For example, the antidumping investigation on dynamic RAM chips covered an ultrahigh-density device (the 4-megabit chip) that has not yet appeared in the market. Demonstrating unfair pricing in this case would be a neat legal trick.

Beyond this, the government seems to have signaled that it is ready to use these narrow dumping cases as a club to win concessions from Japan in broader talks that are going on under Section 301 of the Trade Act. The talks stem from a complaint filed last June by the U.S. semiconductor manufacturers, who claim they are unfairly prevented from making large sales inside Japan. U.S. sales never go much higher than 10 percent.

As a result of the antidumping actions, the Japanese now must put up deposits as they import their latest chips into the United States. The money will be held pending a final ruling on whether or not a duty should be imposed, due by 27 May. The effect is to raise the price of imports immediately.

This is the latest in a series of skirmishes that have left unchanged a stalemate that developed in 1985, following early pleadings filed by U.S. companies. Last fall, Commerce gave a preliminary antidumping ruling against Japanese low-density (64,000 bit) dynamic RAM chips. Then, in mid-

December, the Japanese government proposed an overall settlement in the context of the Section 301 talks. The Administration rejected it as inadequate and "stepped up the ante," one lawyer says, by filing an unusual government-initiated case against high-density Japanese chips. In January, the U.S. government made a broad counteroffer to the Japanese, aimed at increasing U.S. chip sales in Japan. Japan rejected it. Now Commerce has begun to impose penalties on individual Japanese products.



A megabit memory chip.

The penalties are applied like taxes but are called a deposit. The amount represents the difference between what the government thinks the Japanese firms should charge for a chip and what they actually do charge. The highest penalty in the EPROM case will be imposed on Nippon Electric Company (188 percent). It is steep, Commerce says, because NEC did not give U.S. investigators any data to back up its cost claims. In cases like this, Commerce uses a "constructed cost" to guess what NEC spends, including an arbitrary amount for research, overhead, and 8 percent for profit.

The immediate effect will be to take the sting out of foreign competition (*Science*, 22 November 1985, p. 917). The price of 256K EPROM's dropped last year from \$17 to \$4 each, partly because of a market slump but largely because of Japanese dumping, according to the U.S. companies.

William Tanaka, a lawyer for the Electronics Industries Association of Japan, predicts that with the dumping penalty in effect, U.S. companies will raise prices. He points out that one of the largest U.S. chip companies, Intel, raised its price for EPROM's by 25 percent on 5 March. Tanaka says the dumping action and the price rise "are not unrelated." An Intel spokesperson says there is no link, but that the increase represents a return to "more mature marketing practices" and stronger demand. ■ **ELIOT MARSHALL**

Bitter Residue from Archeology Congress

The row over South African participation in the World Archaeological Congress, due to be held in Southampton, England, in September this year, is beginning to subside. The upshot of the affair, however, is far from ideal: there will now be two congresses instead of one, and there is a considerable residue of bitterness among the scholars involved.

A crisis arose last fall when the British committee for the congress, under threat of financial and organizational disruption from local and national groups, refused participation to researchers working in South Africa. A large number of European and American researchers protested. As a result, the executive committee of the International Union of Prehistoric and Protohistoric Science (IUPPS), under whose aegis the congress is held once every 5 years, withdrew its imprimatur from the British gathering and accepted an invitation to hold the official congress in Mainz, West Germany, also in September 1986.

The British committee, meanwhile, decided to continue with its planned conference, even though it would no longer be the official 11th World Archaeological Congress. Four of the six members of the committee, including its chairman, resigned because they did not wish to proceed without official endorsement from the IUPPS. The fact that the meeting is to go ahead as planned is due to the tremendous commitment to it by the committee's secretary, Peter Ucko, professor of archeology at Southampton University.

Nine new members have been appointed to the British committee, whose chairman is now Michael Day, professor of anatomy at St. Thomas's Medical School, London.

The date for the official congress to be held in Mainz has now been changed to September 1987, so that organizers would have sufficient time for adequate preparations. The new date also obviates invidious decisions scholars would otherwise have had to make in choosing between the two gatherings.

Official funding for American scholars planning to attend the British meeting has all but dried up. A lively debate on the subject is expected at the annual meeting of the Society of American Archeologists, to be held in New Orleans in April. Meanwhile, plans for an unrestricted international gathering of archeologists to be held in Berkeley, also in April, are continuing without inci-