

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20506

JUL 14 1997

Mr. Koji Suzuki  
President, Super Studio, Inc.  
Suite 301, 21-3 Ichiban-cho  
Chiyoda-ku, Tokyo 102  
Japan

Dear Mr. Suzuki:

Thank you for your insightful letter regarding port operations and transport infrastructure in Japan. I appreciate the willingness of individuals such as yourself to contribute their thoughts in the interest of improving Japan's port system and further opening the Japanese market for imports.

As you are probably aware, the United States and Japan reached an understanding on April 11 that addresses the granting of licenses to foreign carriers for stevedore and terminal operations and revision of the so-called "prior consultation system" of allocating contracts for handling freight in Japan's ports. This understanding, if properly implemented, should increase competition and open Japan's ports to foreign competition. The main U.S. concern now lies with implementation of the understanding. I sincerely hope that the Government of Japan will move forward to carry out the agreed measures which, I believe, are in the best interests of both Japan and those companies that export products to Japan.

Once again, thank you for sharing your insights on this important issue.

Sincerely,



Charlene Barshefsky

ORIGINAL

Hutchison International Port  
Holdings Limited  
A member of  
the Hutchison Whampoa Group  
Container Port Road South  
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## Hutchison Port Holdings

The port operations group of  
Hutchison Whampoa Limited



Ref: HPF961012

25 October 1996

Mr. Koji Suzuki,  
President,  
Super Studio Inc.  
Suite 501, 7-1 Shinjuku 6-chome,  
Shinjuku-ku, Tokyo 160,  
Japan

BY FAX 0080-813-3352-6969

Dear Mr. Suzuki,

### KOBE PORT

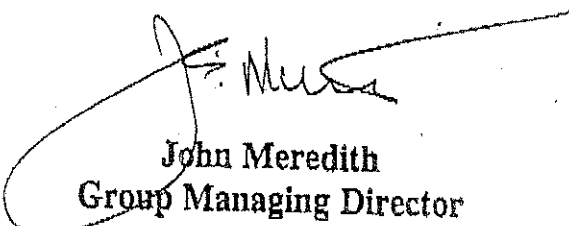
I refer to your letter of 25 Oct. concerning the above.

As advised in my letter of 15 August I would ask that you confirm first, that the Kobe Government officials would be prepared to join exclusively with ourselves to consider the privatization of the whole port of Kobe. HPH would thus manage and operate the port in a joint venture with the city.

As previously advised, only if this was possible, would we be interested to pursue the matter further. However, I can say, we would be unlikely to participate in this project together with the Port of Singapore due to conflicts of interest.

Might I suggest you obtain confirmation as previously requested prior to our meeting.

Yours sincerely,  
**HUTCHISON PORT HOLDINGS LTD.**

  
John Meredith  
Group Managing Director

C.C.: Mr. G. Magnus  
JEM/gw





MINISTERIAL  
CONFERENCE  
— 9-13 DEC '96 —  
SINGAPORE

Social Capital and Investment Research Group

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SUZUKI

KOJI

December 12, 1996

Request for  
Investment to Projects in Japan including an on-going Project  
that will be Part of Global Transport/Communication  
Infrastructure, and

Proposal for  
Feasibility Study on the Means to Motivate Investment and to  
Facilitate Efficiency of Investment

by

Koji Suzuki  
Secretary General  
Social Capital and Investment Research Group  
Japanese Delegate

and

Prof. Hajime Karatsu, Tokai University  
Advisor  
Social Capital and Investment Research Group

1. Japan is much behind other countries as far as linking its airports and ports and harbors with international hub networks. However, considering the dynamic investments, and transport and distribution of materials and people now taking place in Asia, Japan still has some potential. In order to develop this potential, leaders of major port service companies in Asia entrusted me as a project producer in Japan with the work to persuade the Japanese parties (government and private sector) to join the international network of transport hub business.
2. We disclosed our intention to sell a company's land of several dozen hectares (in Kobe) to Asian investors, and to develop it as an international hub service business center by Asian investors alone, or by forming joint ventures. The center will be a place into which port operation expertise from Singapore and other countries/regions will be transferred. The businesses will range from education, bank, hotel, amusement, restaurant, shopping center and employees' welfare services. At present a private-sector consortium is being formed for this purpose.
3. There are problems on the side of Japan. The local governments are responsible to manage ports and harbors. They are obliged to take measures to reduce the current high cost for transport, and to improve efficiency of port & harbor operations. Their efforts, however, are far from

5/7

being satisfactory. In order to be competitive in the Asian market, inefficiency of government services for the use of governmental lands should be avoided.

Therefore, I would request WTO member countries to study about how the private sectors can involve themselves in port and harbor operations in Japan, and how investment from Asian countries which have much advanced expertise in hub operations can be made in ports/harbors and airports in Japan as part of the field of global transport/communication infrastructure

### INFORMAL ACTION PROPOSAL

- 1) Cheung Kong Holdings/Hutchison Whampoa that is taking leadership in port and harbor operations in East Asia have an intention to invest in port and harbor operations in Japan. From this business group, we are requested to find a suitable project, including the privatization of port and harbor operations to which they can invest.

The Port of Singapore Authority is looking for a possibility of making investment in Japan under the advice of Mr. Mah Bow Tan, Minister of Communications.

I propose that two WTO proposals to the local governments and supervising ministries of the Japanese government be made on the following:

- A. A feasibility study on deregulation and the liberation of foreign investment to ports and harbors in Japan with an aim of the privatization of operations, and
  - B. Based on the feasibility study, on the liberation of foreign and private investment in Japanese ports/harbors and airports.
- 2) In parallel to the above, I would like to propose that the development and operation of international hub service business centers in Japan by leading investors from Asian be studied. These hub service business centers may lead Japan to get out of the present economic recession and to enhance its capabilities in international hub network. It will help create new demands for using the ports/harbors and airports both in passenger and cargo transport to and from the world. In order to realize this, Japan should offer incentives and appeals to attract foreign investment.

I propose the above informal proposals as a project producer acting as Secretary General of Social Capital and Investment Research Group that considers the problem of future social capital and makes proposals to the government. As a project producer, I am involved in the project development on the overseas Chinese network in Asia.

Comments and Appeal  
by  
Prof. Hajime Karatsu

(Contributed from Washington D.C. where he is staying  
for a consultation meeting by the U. S. Administration  
on the World Trade Organization)

<Introduction>

Deregulation and administrative reform and restructuring are the current topics of the Japanese government. Enthusiasm for these challenges is felt, as they are considered to revitalize the economy. Instead of minor revision, there should be drastic, energetic and forcible reforms of the existing laws and systems.

<Situation Analysis>

Industrial infrastructure in Japan, particularly ports & harbors and airports, are equipped with high quality facilities made by great amounts of public investment. However, the rates of operation of these facilities are remarkably lower than those of Singapore, Hong Kong and other major ports and airports. As a result, the operation costs of these facilities are extremely high, while they remain less active.

<Appeal to Prime Minister Hashimoto>

In order to make full use of these facilities, the Japanese government should review and revise all the relevant regulations immediately. I, therefore, appeal to the Prime Minister of Japan that feasibility studies for this purpose be initiated as an action program by relevant local governments and concerned ministries jointly with Singapore, Honk Kong and so on which are far advanced in the operation of international hub ports. In such feasibility studies, the private sector should be involved.