

Abstract

Strategic Trade Management: The Toshiba Machine Co. Case -- A View
Twenty-Five Years Later

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The Toshiba Machine Co. export control incident was one of the most controversial trade diversion cases in the post-war history of U.S.-Japan security relations. Reaction in the United States was severe when the exports became public in March 1987.

Because of the severe economic and trade tensions that existed between the two countries at the time, many observers in Japan believed the United States in fact felt threatened not by this alleged security violation, but by the increasing technological superiority of Japan. According to this view, U.S. critics used the Toshiba Machine incident as a pretext to constrain Japan economically and technologically at a point when the United States itself was declining.

However, far from trying to "bash" Japan, most U.S. government officials viewed the specific Toshiba Machine Co. diversions as only a tactical issue in the broader, strategic problem of global export controls. They feared public disclosure of the incident and instead quietly sought a more stringent export control system with Japan not to stifle high tech exports but to assure the security of both countries.

Perceptions of the Toshiba Machine Co. matter remain important even today. The United States and Japan are exploring broader defense cooperation. Japan may change its policies limiting arms exports to other countries. This diversifying defense cooperation will require more sophisticated security trade management by Japan. That aim could be undercut if lingering ? and incorrect ? perceptions of the Toshiba Machine Co. affair remain.

Kokusai Anzenhosho [Journal of International Security] Vol. 31, No. 3 (September 2004), pp. 17-37.