

# Time for fair trading of supercomputers

**The United States should follow internationally accepted procedures in dealing with the alleged 'dumping' of a Japanese supercomputer system rather than yield to the kangaroo-court tactics of congressmen with vested interests.**

WOULD the lease of one Japanese supercomputer system to the US National Center for Atmospheric Research (NCAR) threaten the future economic strength and national security of the United States? Apparently so, if one is to believe the arguments of some US congressmen. Last week, they pushed forward legislation that will deny salaries to any officials of the US National Science Foundation (NSF) who approve the centre's procurement of an NEC supercomputer system — if it is subsequently established that the Japanese computers are being 'dumped' at below cost (see page 5).

Led by David Obey of Wisconsin and Martin Sabo of Minnesota, Democrats in whose districts the US supercomputer manufacturer Cray Research is based, some members of Congress claim that the threat is so great and the case against NEC so clear-cut that the United States must bypass internationally recognized procedures for dealing with dumping and nip the procurement in the bud with their custom-made amendment tagged onto the NSF appropriations bill. But their action seems to have more to do with the failing strength of Cray — which has just been taken over by Silicon Graphics of California — than with any immediate threat to the United States.

What evidence is there that the NEC supercomputer system is being dumped? So far, none that is unbiased. Opponents of the NEC purchase have made some back-of-the-envelope calculations which suggest that the NEC supercomputer system being offered to the centre for US\$35 million is worth between US\$90 and US\$110 million. And two weeks ago, the *Nihon Kogyo Shimbun*, a leading Japanese industrial newspaper, released a more detailed analysis, attributed to the US Department of Commerce, which suggests the loss for NEC is more than US\$100 million (see *Nature*, 381, 723; 1996). But the Commerce Department disowns these figures, and subsequent investigation by *Nature* has revealed that the newspaper obtained this analysis from Cray Japan.

Countering these calculations, NEC has provided figures to NCAR that suggest the computers are not being offered at below fair value. But those have not been made public.

Only a thorough investigation by an impartial body is going to establish whether the NEC supercomputers are being dumped. There are well established procedures under the World Trade Organisation (WTO) agreement to do that. But they will take time, possibly as long as a year.

Obey and his supporters claim that the United States cannot wait that long. Their amendment to the NSF appropriations bill, passed by the House of Representatives last week, is "critical to the national security interests of the United States", they say. They argue that, if one NEC supercomputer system is allowed, a flood will follow and the United States will lose control of the supercomputer industry to Japan.

A cooler analysis, however, does not support such a scenario. Cray has so far sold 320 supercomputers in the United States against NEC's two, and Japanese manufacturers are locked out of the large market for US defence-related procurements on grounds of national security. Even in Japan, which Obey and colleagues claim is still not fully open to US supercomputer manufacturers, Cray has sold more supercomputers than NEC.

But, despite profits in Japan, the mother company has been on shaky ground in recent years, with losses of more than \$200 million

last year. Silicon Graphics, however, has come to the rescue and there is no longer such a pressing need for Cray to be propped up by the US government.

A few years ago, there might have been more international sympathy for Obey and his supporters in the US Congress and Department of Commerce. In the 1980s, Japan's government procurement of supercomputers was virtually closed to US manufacturers. But, after much political arm-twisting by the United States, an agreement was reached on supercomputer trade in 1990 that has led to the purchase of dozens of Cray supercomputers by Japanese government research organizations.

As some US congressmen opposing the Obey-Sabo amendment argued last week, Congress's move to block the NEC procurement may well violate WTO agreements on dumping (a view shared by Japan's ministries of international trade and industry and foreign affairs). Furthermore, it runs completely counter to the spirit of the US-Japan agreement on supercomputer trade.

If this NSF legislation becomes law — it has yet to be passed by the Senate and will then have to be approved by the US president — Japan would have strong grounds for protesting to the WTO. The United States has been the world's strongest champion of free trade and it should not jeopardize that position for the sake of one supercomputer sale.

Regrettably, the damage has probably already been done. Obey and his colleagues have sent a powerful message to the NSF that they should buy American, and it will require considerable nerve on NSF's part to ignore that call and to stand by principles that are in the best long-term interests of US science and the US economy. □

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