

Congress of the United States

Washington, DC 20515

March 23, 2023

Ambassador Katherine Tai
U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Secretary Gina Raimondo
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Ambassador Tai and Secretary Raimondo:

We are writing to raise awareness of an issue that is crucial to American workers and companies, particularly in Washington State. Specifically, we are concerned about challenges surrounding the imbalance in the Japanese video game market and respectfully ask for your assistance in promoting fairness in this area, consistent with the U.S.-Japan Digital Trade Agreement.

As you know, Washington is a driving force in the U.S. technology industry. It is home to companies that are on the cutting edge of innovation, resulting in economic development and job creation throughout our state. In particular, the video game sector supports over 48,000 jobs and annual revenues of \$11.6 billion – making the video games industry a significant contributor to economic prosperity in the region.¹

Unfortunately, reports have indicated an imbalance in the Japanese video game market and the threat it can pose to the national video game industry, including to the Washington State industry. We are concerned that these practices appear to undermine the U.S.-Japan Digital Trade Agreement.

While Japan allows foreign gaming companies to sell to its market, U.S. companies have failed to gain traction. For example, Microsoft launched Xbox in Japan in 2002 and, despite 20 years of investment, still has only two percent of the high-end console market. Reports have indicated that Sony – which holds 98 percent of the Japanese market² – has paid third-party game publishers to preclude access to their content and negotiated exclusivity arrangements that prevent Microsoft Xbox from hosting popular video games in Japan on their system.

Such actions in the video game industry can result in barriers to certain U.S. exports, with serious impacts to Washington State in particular. Japan's actions allow a domestic company to protect its market share from foreign competitors. This can also pose an impact to the tens of thousands of jobs the video game industry creates in Washington State, and the 428,000 it supports in total across the country. The video game industry provides well-paying jobs, with workers earning more than double the national average wage. As Washington's Congressional Representatives, we are strongly supportive of ensuring that these job opportunities remain protected.

In the U.S.-Japan Digital Trade Agreement, Japan committed to provide non-discriminatory treatment to U.S. digital products, which includes computer programs and other digitally encoded products, such as console games. Considering concerns related to potential actions by Sony and the imbalance these actions may create for competing U.S. digital products, we urge the U.S. Trade Representative (USTR) to seek consultations with

¹ The Entertainment Software Association. "Video Game Impact Map: Washington." Accessed March 16, 2023. <https://www.theesa.com/video-game-impact-map/state/washington/>.

² Gaming Smart (GamingSmart.com). "PlayStation vs. Xbox – one clear winner." Published January 10, 2023. <https://gamingsmart.com/playstation-5-vs-xbox-series-x/>


Japan to address this issue. In addition, we encourage USTR to identify additional barriers posed to American companies in accessing the Japanese gaming market in the 2023 National Trade Estimate.

Japan is, and will remain, a key ally and trading partner of the United States and is an essential member of the Indo-Pacific Economic Framework (IPEF). We stand ready to work with you and look forward to receiving a briefing on your progress in raising this issue with Japan. Thank you for your time and attention.

Sincerely,



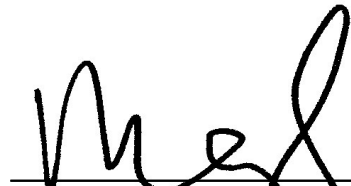
Marilyn Strickland
Member of Congress



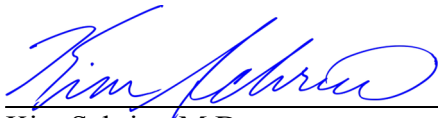
Suzan K. DelBene
Member of Congress



Adam Smith
Member of Congress



Marie Gluesenkamp Perez
Member of Congress



Kim Schrier, M.D.
Member of Congress



Derek Kilmer
Member of Congress