

Mr. FORD. They can buy our wood, our logs, which they can take over there and provide their plants, keep their people busy. They have their way of thinking and planning, and as long as they can do that they will. As I said a while ago, if you go to Japan, I know some of you have, you see no unemployment in Japan. Everybody is working, and they will go to great ends to see that they are kept busy. If a plant shuts down over there, they do not lay their people off. They find something for them to do.

Representative DELLENBACK. Is there also another practical difficulty in connection with selling our product at the present time in the Japanese market? Is their market in truth a free and open market to us or is it a sheltered market?

Mr. FORD. Very sheltered.

Representative DELLENBACK. Would you expound on that just a little bit for the record, because again, I do not think there has been much testimony on this point.

Mr. FORD. From my meager knowledge, most of the importing in Japan probably goes through a half a dozen large trading companies. They, within themselves, have their own manufacturing concerns, and they in turn work very closely, as I understand it, with the Japanese Government, and through the small numbers that handle the high percentage, they are able to affect the control and conditions which they feel is necessary for the betterment of their country.

Representative DELLENBACK. So that, and I think, Mr. Chairman, that this should be brought out in the record, because as we go forward with this broad scale inquiry this is an important aspect of the discussion of whether or not we are not flying in the face of free trade. I read you, Mr. Ford, as telling us that in fact in this area we do not have free trade with Japan at any time; that our producers at the present time are not really able to market within Japan on a free and open basis; is this correct?

Mr. FORD. That is correct, and to further illustrate this, if I may, I have entered into an agreement to export chips to Japan. I cannot go to Japan and go to the various pulp companies and enter into an agreement with them individually. It is all done through a trading company. And then after agreement is put together, the Government has a Minister of Finance that must approve all of these contracts.

If he does not approve it, you have no contract.

Representative DELLENBACK. So that at the present time you are not in a position to compete in reaching the ultimate consumer in Japan with producers of comparable products—chips and the like—with producers inside Japan?

Mr. FORD. We have not been able to.

Representative DELLENBACK. In other words, that is a sheltered market so far as you are concerned. You must deal with the middle man and then he has to go on and deal with the ultimate consumer.

Mr. FORD. From all the experience I have had, it is a sheltered market.

Representative DELLENBACK. I think this is a matter of real importance, Mr. Chairman, as we deal with this, because there is talk about it being an improper action from the standpoint of dealing with a close ally, if we were to take any restrictive action so far as the raw material is concerned that is produced in our country. Yet we find that so far as the reciprocal of this is concerned, that it is just not so.