

solution? What is that position you will take into the negotiations?

Mr. GREENWALD. In general terms, it is what we have laid out as what we deem to be the objectives of our talks on the 20th.

Senator HATFIELD. On the last two pages?

Mr. GREENWALD. That is right, at the bottom of page 9, and page 10.

Senator HATFIELD. Well, then, before we go into these points, I have some notes on those points specifically, but in answer to this particular question, you would refer me then to these broad principles here? I would like to go into them in a few moments in a little more detail.

In the No. 2 fundamental that you discuss on page 2, the second interest, which is "Expanding U.S. exports," you involve here, of course, the grave question of balance of payments. The question that I have asked from the representatives of the Departments of Treasury and Commerce, the question has to do with the present situation in the trade of Japan with South Vietnamese Government and the U.S. Government, as related primarily to military procurement in that area.

Now, these statistics came from your agency that were reported in the Congressional Record. There are two sets of statistics basically. There are those which relate to the exports from selected countries to North Vietnam, and the imports by selected countries from North Vietnam. And then those which relate to the trade of Japan with South Vietnam and the United States.

According to Senator Fulbright's report here, based upon Mr. Macomber's information, he indicated that there was a growth from 1965 of \$36 million of Japanese trade with South Vietnam and the U.S. Government, to a jump in 1966 to \$138 million, and reported by Japanese economists to a total expected of \$1.4 to \$1.7 billion in 1967.

Now, my question is this: In relation to you, to your No. 2 fundamental on the balance-of-payments problem, what are these commodities that Japan is selling to the United States and South Vietnam today? Do they include lumber products—and what action is being taken to get this problem cleared up, especially as it relates to balance of payments?

Mr. GREENWALD. Well, let me try to take the questions in order. Perhaps the one that is most relevant to this issue—we looked into the question of whether or not Japan was exporting lumber, any kind of lumber product, to South Vietnam. And the answer we got was, "No." The trade with South Vietnam consists of exports of textiles, fertilizers, electrical, and other machinery, and paper. No exports of lumber.

Senator HATFIELD. The paper product?

Mr. GREENWALD. Yes, sir. The imports from South Vietnam into Japan are natural rubber and salt. The other question, which has been raised earlier that I would like to clarify is the relationship between Japan's trade with North and South Vietnam.

Senator HATFIELD. Before you go into that, could I ask one further question? Are these products which are now being shipped from Japan to South Vietnam, are they products that could be purchased from the U.S. producers?

Mr. GREENWALD. I don't know what the situation is in each case. I suppose they could.