

Mr. STITT. Sir, you say that Japan has an absolute quota on electronics?

Mr. BURKE. I have been informed that they do.

Mr. STITT. I have before me the record of exports to Japan in 1957. It shows over \$78 million worth of office machines, most of which are electronic computers. It shows exports of electro-medical and radiological apparatus of \$2 million and other electrical—

Mr. BURKE. A member of staff will show you.

Mr. STITT. Thank you, sir—other electrical machinery and apparatus of \$59 million.

Now, it has been brought to my attention that the Government in Japan only permits the import of computers—how would you put this, sir?—if they are not made in Japan. The letter says, "In absolute terms, however, U.S. exports of digital computers and parts have risen as follows: 1965, \$25 million; 1966, \$30 million; 1967, \$46 million." These are sales creating American jobs, Mr. Chairman.

Mr. FULTON (presiding). The acting chairman had to leave to vote during your recitation. Mr. Betts.

Mr. BETTS. As I understand it, they have a "Buy Japan" program in Japan. The Government leases computers and after the market is all taken care of so far as Japanese production is concerned if there is any deficiency then they permit sale of imports of computers.

Mr. STITT. You are speaking about governmental procurement, sir?

Mr. BETTS. I am talking about the Japan program. The only one that can buy them is the Government. They have the market. By law they are the only ones that can buy computers so they buy from the Japanese manufacturers and then they lease them out. They permit no purchase of imported computers unless there is a deficiency in the Japanese production.

That is the way I understand Japan works and that applies not only to computers but, as I understand it, from the enclosure attached to the June 3 letter from the Office of the Special Representative, Mr. Roth, it includes 14 items: motor vehicles, machine tools, printing and bookbinding machines, and then in addition to that a whole list of items restricted under quantitative quotas. So the point I am making is you objected to an import quota on Japanese steel, whereas Japan has this whole list of restricted items.

Mr. STITT. Mr. Congressman, as a matter of policy our council believes in free trade in both directions. I was unaware of the fact that, as seems to be indicated in this letter, digital computers are only purchased by the Government, of U.S. make if they are the only ones available.

However, we are perfectly willing to urge the Japanese Government to eliminate buy Japanese requirements, which incidentally, I must point out don't begin to meet the buy American requirements that are applied in this country.

The Department of Defense applies a 50-percent differential upon its purchases of goods, 50 percent differential in favor of American goods, which obviously eliminates foreign goods. We might perhaps be able to negotiate with Japan if we eliminate our buy American requirements.

Possibly then they would be willing to eliminate their buy Japanese requirements, but why should they eliminate theirs while we still have ours?