in 1968, it appears certain that the United States will become a net importer of machine tools, with a probable deficit of $50–$70 million.

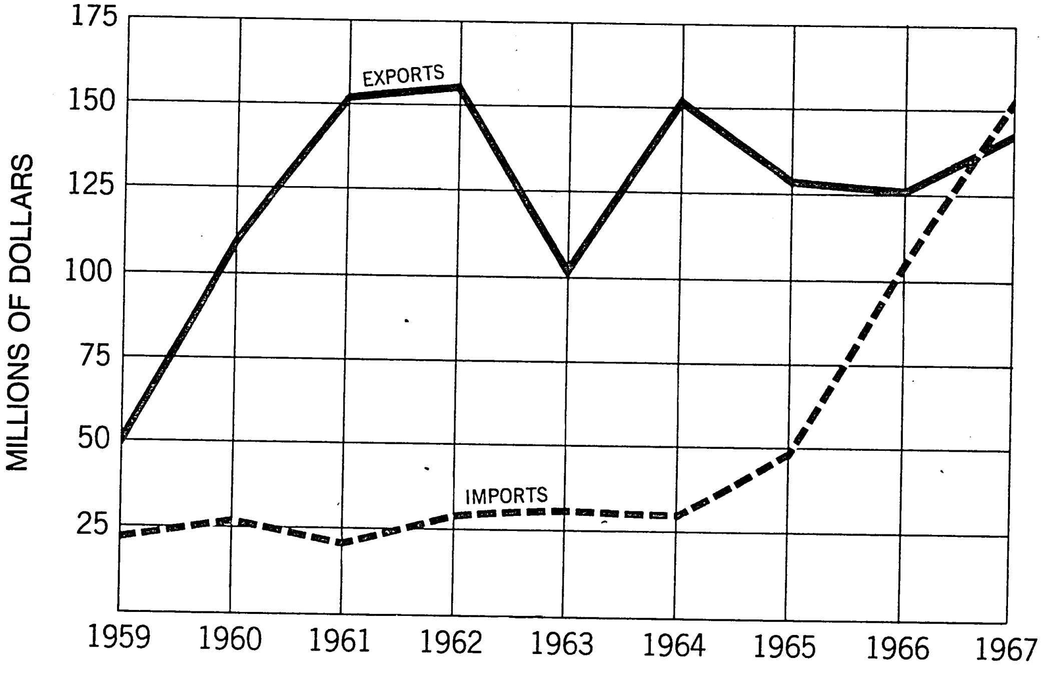
This deficit for the current year does not come unannounced. The biggest single sector of machine tools is metal cutting tools, which account for about 75 percent of all domestic machine tool production. Chart 2, "U.S. Exports and Imports of Metal Cutting Machine Tools," shows the United States was a net importer of metal cutting tools in 1967, and in two major subcategories of metal cutting machine tools—milling machines and lathes—negative trade balances appeared even earlier, in 1966.

Chart 3, "U.S. Exports and Imports of Milling Machines" shows the position for milling machines, a deficit position in 1966. Mr. LeBlond's presentation will give you the story on lathes.

A relatively few countries account for the tremendous growth of machine tool imports. Over 80 percent come from four European countries (West Germany, United Kingdom, Italy, Switzerland) and Japan. Chart 4, "Imports of Machine Tools by Country of Origin" shows the rapid rise. The chart shows absolute figures. My comments will refer to percentage increases. For example, machine tool imports from Canada in 1967 increased 467 percent over 1964. Italian imports rose 962 percent. Japanese imports shot up 1,210 percent. The United Kingdom's climbed 439 percent. And imports from West Germany increased 302 percent.

CHART 2

U.S. EXPORTS AND IMPORTS OF METAL CUTTING MACHINE TOOLS



Source: Bureau of the Census, U. S. Department of Commerce, Imports FT 135; Exports M35W

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