

RECOMMENDATIONS

1. The United States Embassy in Tokyo is requested to follow up with the Ministry of International Trade and Industry (MITI) and the Finance Ministry the Mission's findings concerning the hidden barriers to the importation of machine tools into Japan and the limitations on American foreign investments, including joint ventures, in Japan. (The Embassy should note that Mr. Michiyoshi Kawada, Chief, International Affairs Division, MITI, and Chairman of the MITI group, stated that MITI would accelerate its liberalization program.) In the event MITI fails to respond, consideration should be given to reciprocal treatment for imports of Japanese machine tools in the United States.
2. The U. S. Department of Commerce should investigate the problem of Japanese firms copying American machine tools. The Department is asked also to request the United States Embassy in Tokyo to pursue this matter with the appropriate Japanese Government agencies and officials.
3. With certain exceptions, most Japanese businessmen and government officials are not adequately informed regarding the American Export-Import Bank's loan and guarantee programs. It is recommended that the MTBA bring this situation to the attention of its members who export machine tools to Japan and urge that such members acquaint their prospective customers with the opportunities for American financing of machine tool exports to Japan.
4. The MTBA should inform its members that licensing agreements with Japanese companies are difficult to negotiate and usually result in only modest returns. Joint ventures in Japan are much more productive as dollar earners than licensing agreements.
5. The MTBA should point out to the industry Japanese criticism concerning the delay in delivery by American manufacturers of machine tools. Because of this delay, American machine tool exporters are losing business to third country competition.
6. In situations where the prospects are good for a sale of U.S. machine tools, the American seller should provide technical assistance to its Japanese representative. This may often raise sensitive questions of "face" on the part of the Japanese agent. However, technical assistance is important and should be provided if at all possible.