SUMMARY OF FINDINGS

Members of this Mission met with leaders of both the Japanese Government and industry from March 25 to April 2, 1968, analyzing and discussing the problems with which the U. S. machine tool industry is confronted in the exportation of machine tools into Japan, as well as the opportunity for foreign investment in Japan.

These officials included members of the Prime Minister's cabinet and other top government officials as well as the heads of the principal manufacturing companies in Japan, trade associations, leading economists, and others. Also, a lengthy discussion was had with Mr. Nobusuke Kishi, former Prime Minister and brother to the present Prime Minister, regarding importation of U. S. machine tools and U. S. investment in Japan.

The discussions were conducted in light of the overall balance of trade in machine tools between the U. S. and Japan. The United States exported approximately $12,000,000 of machine tools to Japan in 1967 as against $24,000,000 exported from Japan to the United States.

Officials of the leading machine tool firms of Japan admitted that the Ministry of International Trade and Industry (MITI) does not permit the free and uninhibited importation of machine tools from the U. S. It is a well-known "secret" that decisions by MITI often are based on protectionist considerations rather than commercial and economic judgments.

Despite assertions by Bureau heads of MITI that it approves all applications for imports of machine tools requested by Japanese industry, with three known exceptions, it was admitted that MITI procedures are complicated and time consuming. For example, even though applications were approved, an allocation of money for the purchase is required separately. In other words, an application might be approved at one step in the processing and disapproved at another.

Mission members explained that, through our Export-Import Bank in the United States, it was possible to finance purchase of machine tools on a 5- to 20-year basis at a rate of 6% per annum. The Japanese officials stated that they would not necessarily approve such transactions because Japan might eventually have to make good on the dollars. It was made clear to MITI officials that the subterfuge of clearing the importation of American machine tools but disapproving the financing or payment was not acceptable to members of the Mission.