Mr. Morihisa Emori, Managing Director of Mitsubishi Shoji Kaisha, Ltd., stated that Mitsubishi had imported more than $48,000,000 worth of machine tools in 1967 but mostly European because of better delivery. He stated further that the American machine tool companies had difficulty in competing with European countries, not because of the quality of tools but because of lack of service and maintenance, delay in delivery, as well as the restrictions on the importation of American machine tools. He stated that the situation of machine tools in Japan has changed rapidly. Ten years ago there were no exporters of machine tools - today, they are building up this industry. He blames some of the hidden restrictions with which industry is well-acquainted on the Diet (Congress) and the Japanese Government bureaucracy which claims it is protecting small business when, in fact, they are acting to the detriment of Japan's development.

The members of the Mission met with the Japan Machine Tool Builders Association on March 29, 1968. Both sides defined their respective positions and exchanged views on various subjects, including the Japanese liberalization program for capital investment, technological imports and the surcharge issue. Mr. Tom Rudel was the Mission's chief spokesman at this meeting and explained very clearly the import surcharge issue to the satisfaction of the Japan Machine Tool Builders Association members. Also explained was the desire of the United States to expand her exports to Japan on a long and low interest credit basis and, at the same time, keeping her market open to the Japan machine tool exporters.

Our problems involving foreign investment in Japan were not greeted enthusiastically by the members of the Japan Machine Tool Builders Association. They were strongly in favor of licensing agreements. It was explained to them that certainly members of the Mission were not highly in accord and felt that licensing agreements would be few and far between in the future and that joint ventures would be the answer.

The meeting was friendly but, at the same time, the position of the American Mission was clearly explained. This seemed to have a real impact on the Japanese.

The Mission met with industrial leaders such as Taizo Ishizaka, President of Keidanren, Naoki Hoshino, economist, and Okinori Kaya, former Finance Minister and now member of the Diet. After the Mission's appeal for more liberal trade and investment policies by Japan, the industrial leaders agreed whole-heartedly that the Japanese Government should remove the barriers to machine tools imported from the United States and also to investment in Japan by American manufacturers. Japan would profit most in the end from such more enlightened policies.