

problem appears to affect European suppliers more than others, it is reported to have affected certain sales of American machine tools being financed by EXIM Bank loans to local automotive buyers.

Recent Developments -- Two organizations have recently moved against MITI's administration of these restrictions. The Ministry of Finance has reportedly requested MITI to generally liberalize its approval procedures for non-standard payment applications for Balance-of-payments purposes. The Japan Machinery Importers Association has gone into the problem in greater depth and has proposed that the following procedures be adopted:

1. MITI should liberalize and publish its hitherto "secret" criteria for approving deferred-payment applications. Only a limited number of exceptional transactions should be subject to in-depth scrutiny and Ministerial re-negotiation.
2. All other transactions which fall within the published guidelines should be approved automatically.
3. Internal procedures within the Ministry should be simplified to allow faster and easier processing (e.g. authority to issue licenses be given to MITI's Import Administration Section with information notices to other sections).
4. Permission should be given to importers to alter their approved import licenses subsequent to their issuance as a means of meeting changing conditions.

MITI is reportedly giving serious consideration to these proposals.

V. Other Competitive Factors

Other competitive factors are generally well-known by American businessmen. Sales of U. S. machine tools depend more on technology and durability factors than on price. Delivery schedules are often quite important and reportedly provide a competitive edge to European suppliers which boast of significantly shorter delivery periods. Service, availability of parts supply, and technical assistance are of equal importance and account for the large number of foreign firms maintaining permanent offices in Japan.