

IV ADDITIONAL COMMENTARY

We are fortunate to *have as much* source material on Nippon Miniature Bearings as we do. We cite the following two pieces of information as cause for additional alarm:

A. The *April 1967* "Oriental Economist" makes the statement (p. 277, par. 1, col. 2) that "If everything goes at the present tempo, the company's sales and declared profits for the September 1967 term will stand at Y1,500,000,000 (\$3,750,000) and Y150,000,000 respectively."

The *September 18, 1967* issue of "Metalworking News" states that sales were indeed \$3,750,000. Things went, indeed "at the present tempo!" (Addendum No. 2)

The "Metalworking News" article further states that, "—70% is exported. The United States accounts for about 75% of the total exports."

B. The *April 1967* "Oriental Economist" (p. 276, par. 4, col. 2) states, "Upon completion of this production expansion program in October 1967, the Kariuzawa Plant will become the modernest and one of the most powerful bearing production plants in Japan with an annual production capacity of Y2,000,000 (\$5,000,000) worth of products."

The *April 1, 1968* issue of "Metalworking News" (one year later) projects sales of NMB American Corporation of \$3 - 5,000,000. (Addendum No. 3)

C. These statements (of NMB!) indicate a phenomenal growth in U.S. sales at the same time that our own Government data indicates a decline in U.S. production of comparable products.

D. As further addenda (No. 4, No. 5, and No. 6) we are enclosing:

- (1) Portions of NMB's catalog
- (2) Portions of Kugelfischer's catalog
- (3) An ad (French) for RMB

These demonstrate that the size range of their products are indeed "miniature" bearings.

E. Our Addendum No. 7 was distributed to Committee members toward the end of the March 13, 1968 hearings. We would like to provide a formal explanation of this graph—Addendum No. 8 does this in considerable detail.

The intent of this graph is to show that U.S. production of Category 1 bearings is now almost equal to NMB imports. Our projection for NMB 1968 imports, as we have shown, is derived from "The Oriental Economist," April 1967—which we have previously demonstrated to be excellent in its predictions of future activity.

V CLASSIFICATION OF MINIATURE BEARING PRODUCERS AS "SMALL BUSINESS"

One of the mechanisms by which the penetration of foreign producers into the defense establishment could be determined would be through the classification of domestic miniature bearing producers as "small business."

Examination of ASPR and its various definitions of "small businesses," indicates that such classification has precedence.

A. In the most usual case, miniature precision bearings are procured by a prime contractor, or major subcontractor, to the U.S. Government. It is our understanding that all contractors procuring against contracts over \$500,000 are required to operate with a "small business subcontracting clause" in their contract. (Similar contractors with contracts of less than \$500,000 are "urged" to have such a program.)

Paragraphs (a) (4) (A), (C), (D), and (a) (5) of 1-707.3 of ASPR specify that a contractor will be obliged to document business not placed with "small businesses" as well as to detail the selection of the ultimate vendor. Such documentation would provide a mechanism by which the usage of non-small business produced (foreign) precision bearings could be determined.

As we have previously reported, the Committee for the Statistical Annotation of Tariff Schedules has rejected the AFBMA request to collect appropriate import data for miniature bearings at their port of entry. Classification of domestic bearing producers as "small business" would permit collection of equivalent data at the point of usage. Such classification would not change current competitive positions nor would it bring immediate relief to our industry. Such classification, nevertheless, might result in subsequent action by DOD before the complete loss of the industry's production capacity.

B. In the area of direct government purchase of miniature bearings, it is our understanding that a Small Business Advisor could "set aside" procurements of