

miniature precision bearings to small businesses. An Advisor would be justified in his decision under ASPR 1-706.1(a) (i), (iii). In actuality, most of the miniature bearing procurements are not made directly by the Government. Such a move by a small business administrator would have relatively minor economic benefit to such producers and would not give protection to DOD against its growing dependency on foreign suppliers.

VI. SUMMARY

The supplemental information presented here has demonstrated that 50% of miniature precision bearings used in the United States today are of foreign manufacture. Accordingly, our defense posture is dependent on foreign sources for its well-being.

The results appear inevitable unless action is taken by the Government—domestic production facilities will decay, investments will be made elsewhere, and a valuable national asset will deteriorate to the point of decay. The consequences, in the event of a national emergency after 1970, are alarming.

ADDENDUM No. 1

N. M. B. IMPORTS

The "Oriental Economist" article of April 1967 was examined in detail. The data contained in the table on page 277 of the magazine were used as the base for all computations leading to the data in our March 13, 1968 submittal.

1. For the year ending September 1967:

Exhibit I shows exports of 6,075,000 units to U.S.A. This estimate was made as follows:

A. The "Oriental Economist" article states, "company sales . . . for the September 1967 term will stand at Y1,500 million."

B. The table shows the September 1966 term required production of 500,000 units/month to secure Y832 million sales. Direct extrapolation of the 1966 sales and production period ending September 1967 results in a capacity of 900,000 units/month or 10,800,000 units/year.

C. Text (top right, page 277) states, "more than 70%" (of production) "will be accounted for by exports." MPB assumed "more than" was 75%, as the September 1967 "Metalworking News" article stated, "about 70% is exported." Since the statement was made in the U.S.A. at a time when Congress was considering many bills to limit imports, we assumed the estimate was conservatized.

75% of 8,100,000 units equals 6,075,000 units.

D. "Metalworking News" article of September 1967 stated, "U.S. accounts for about 75% of the total export."

75% of 8,100,000 units equals 6,075,000 units.

2. For the year ending September 1966:

Exhibit I shows exports of 3,800,000 units to U.S.A. This estimate was made as follows:

A. The "Oriental Economist" article (page 277, lower left) states, "The company's exports in the same fiscal term (September 1966) totalled . . . with export ratio finally topping the 70% mark."

70% of 6,000,000/year (taken from the table in article) is 4,200,000/year.

B. Our own knowledge of Nippon Miniature Bearings' European progress, plus the article's comments that, "In 1967, the company's export scale has been greatly expanded because of its long-awaited-for advance into European markets," required that we reduce their total exports in 1966 by a small amount to estimate the portion exported to the U.S. We used approximately 10% or 400,000 units as the portion going to other countries. Exports to the U.S. were then 4,200,000 units/year minus 400,000 units to other countries or 3,800,000 units/year.

3. For the year ending September 1965:

Exhibit I shows export of 1,400,000 units to the U. S. A. This estimate was made as follows:

A. Statement of article used to support this addenda also stated. . . . exports in (66) were, "a sharp 3-fold advance over the 1965 performance." On this basis, $\frac{1}{3}$ of total 1966 exports was used as total for 1965.

$\frac{1}{3}$ of 4,200,000 equals 1,400,000.

B. We assume exports to non-U. S. countries were negligible.