

(2) The danger of war forced us to secure our organization and assets by "Tarnung." This system enabled us to maintain our selling organization, to secure our investments, and an advance on our outstanding claims.

(3) In the first years after the first war, the weakness of the Reich made it advisable to give our selling organization the national character of the country concerned.

(4) Commercial reasons also, "Tarnung" as protection against boycott. The customers preferred to buy from national firms.

(5) A branch office or a subsidiary forced to show the details of I.G.'s balance and profit and loss account.

(6) A branch office or subsidiary being under the foreign currency regulations of the country concerned.

(7) The U.S.A. Antidumping Act of 1921. Price invoiced to U.S.A. to be compared with (a) foreign market value or (b) price invoiced to countries other than U.S.A., or (c) the cost of production.

For I.G. important that prices invoiced to U.S.A. only be compared with the prices invoiced to countries other than U.S.A. Hereto the Act of 1921 says that only prices to free and independent customers can be compared. Therefore the foundation of free and independent importers in Canada and Australia."⁷

(C) CARTEL ACTIVITY AND RELATED ACTIVITY BY MAJOR COUNTRY

(1) Japan

On August 1, 1961, the Japanese Government officially established a cartel for synthetic dyes (which are benzenoid chemicals). The establishment of this cartel has been described in considerable detail by Toshio Kojima, Secretary of the Japanese Fair Trade Commission.⁸ The Japanese Fair Trade Commission is an agency of the Japanese Government which grants permission and aids in the formation of Japanese cartels. This Japanese synthetic dyestuff cartel has been operating for over six years with great success. The Japanese Government assigned the production of 38 principal dyes and coordinated the operations of individual Japanese chemical companies to eliminate uneconomical duplication of production.

The establishment of the Japanese cartel was made possible through a revision in the Japanese Anti-Monopoly Law in 1953. The synthetic dyestuff cartel has proven to be very effective for the growth of the Japanese economy.

The main Japanese chemical companies in this cartel are:

Hodogaya Chemical Industry Co., Ltd.
Mitsubishi Chemical Industry Co., Ltd.
Mitsui Chemical Industry Co., Ltd.
Nippon Kayaku.
Sumitomo Chemical Industry Co., Ltd.

The Japanese synthetic dyestuff cartel has excellent outlets into U.S. chemical markets. For example:

Mitsubishi International Corp.
Mitsui & Co. USA, Inc.

Other cartels also exist in the Japanese chemical industry. The Japanese cartels pattern themselves along the lines of the *Zaibatsu* which dominated the Japanese economy before the Second World War. Cartels are not only being recognized by the Japanese Government more and more. They are actually being encouraged. The Japanese Government grants permission to several types of cartels. Below are listed the types of cartels which are permitted in Japan:

(a) *Recession cartels*—cartels which are permitted if an over-supply forces prices to drop below production costs.

(b) *Rationalization cartels*—cartels which are permitted for purposes of advancing technology, standardizing products and concentrating (or allocating) production.

(c) *Export cartels*—cartels which are permitted by the Japanese Export-Import Transaction Law of 1952 to give Japanese companies advantages in international trade.

I wish to also call the attention of the Committee to the fact that in Japan banks are permitted to own up to 10% of the shares of a single enterprise and

⁷ *Ibid.*, pp. 1203-1204.

⁸ Toshio Kojima, *Senryo to Yakuhin* ("Dyestuffs and Chemicals"), Vol. 6, No. 12 (1961).