

Congress of the United States
House of Representatives
Washington, D.C. 20515

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MAY 27 REC'D

May 12, 1983

Honorable Malcolm Baldrige
Secretary of Commerce
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Secretary:

We write in support of the petition by the National Machine Tool Builders' Association pursuant to the National Security Clause of the United States Trade Laws, 19 U.S.C. § 1862 (Section 232 of the Trade Expansion Act of 1962).

This petition seeks trade relief in the form of quotas upon metal cutting and metal forming machine tools imported into the United States for a five-year period. These quotas are intended to achieve specific national security objectives. These objectives require restoration of the health of the domestic machine tool industry and expansion of its mobilization capability.

The machine tool industry is critically important for national defense. Machine tools are needed to produce every ship, tank, plane, missile, and transport vehicle used by our Armed Forces. We cannot afford to allow this industry to lose further capacity. Even at current levels there would be a bottleneck in any major mobilization effort. We must allow the machine tool industry a "breathing space" so that this industry can be revitalized.

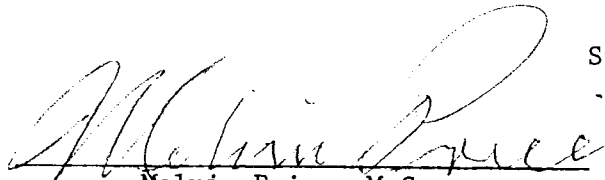
The import quotas are necessary to achieve this revitalization because of the severe impact of subsidized Japanese machine tools on our markets. Imports' share of the domestic market for 1982 was approximately 44 percent measured by units. Even this does not tell the whole story. The Japanese government has followed an industrial policy of "targeting" the high technology growth segment of the machine tool industry by giving special governmental assistance to Japanese manufacturers of numerically controlled ("NC") machine tools. As a consequence, imports of these NC machine tools in certain product categories account for more than 50 percent of the value of current domestic consumption and more than 70 percent of the units.

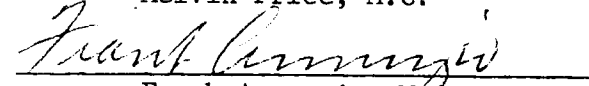
This subsidized import penetration coupled with the full-scale depression that has weakened the machine tool industry leave us with a bleak picture. Existing plants and production equipment have been shut

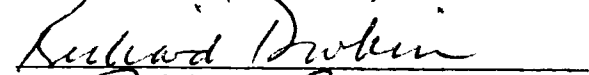
down or liquidated and tens of thousands of skilled workers have been laid off. As the economy recovers and the demand for machine tools revives, unfortunately this demand may be supplied in major part from enormous inventories of Japanese products warehoused in this country.

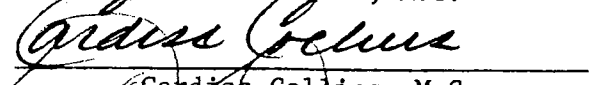
Importation of machine tools in present quantities and under present circumstances impairs the national security. Imposition of import quotas will provide relief that will induce additional investment in new domestic production capacity that will reduce the "gap" between existing capacity and mobilization needs.


Sincerely,

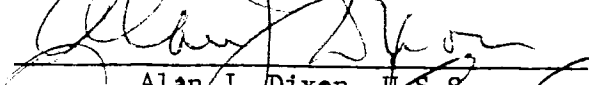

Melvin Price, M.C.

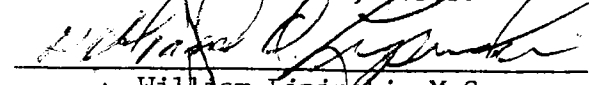

Frank Annunzio, M.C.

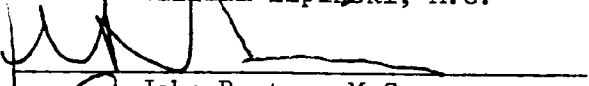

Richard Durbin, M.G.

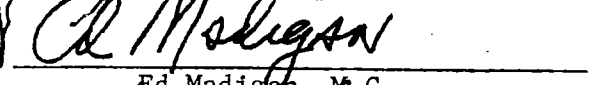

Gardiss Collins, M.C.

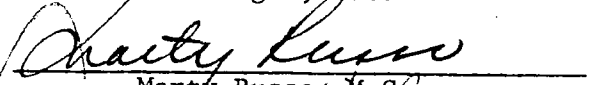

Tom Corcoran, M.C.



Alan J. Dixon, U.S.S.

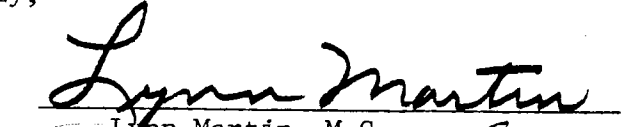

William Lipinski, M.C.

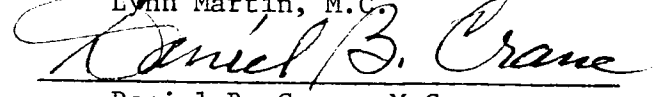

John Porter, M.C.

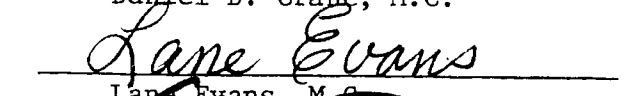

Ed Madigan, M.C.

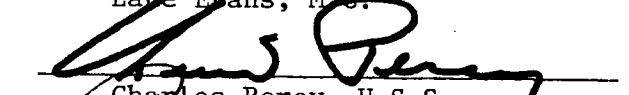

Marty Russo, M.C.

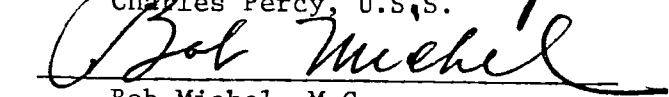

George O'Brien, M.C.


Lynn Martin, M.C.


Daniel B. Crane, M.C.


Lane Evans, M.C.


Charles Percy, U.S.S.


Bob Michel, M.C.

