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Prime Minister

To note.

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PRIME MINISTER

During the discussion by OD Committee on 27 May on HMG policy towards Japan, you raised the question of UK industrial sectors under threat from Japanese imports and not at present covered by voluntary restraint arrangements (VRAs).

Our own VRAs cover over a quarter of our imports from Japan last year (by value) - primarily vehicles and certain consumer electronic products. The European Community has also placed under post-entry surveillance a number of other imports from Japan which are causing concern to our industry, such as numerically controlled (NC) machine tools and colour television (CTV) picture tubes. Between 1976 and 1980 Japan's penetration of the UK NC lathe market increased from 15% to 32% and of the UK NC machining centre market from 0.5% to 30%. Imports of Japanese CTV tubes have also been rising rapidly - at a rate in 1981 which was some 60% faster than in 1980.

The UK fork lift truck industry has been facing growing competition from Japan - especially in the UK market for counter-balanced fork lift trucks, where Japanese manufacturers increased their share from 8% (by volume) in 1978 to 25% in 1981. The industry's trade association has prepared a detailed case which it hopes to discuss with the Japanese manufacturers in order to set up a VRA.

The UK weighing machine industry is also concerned about Japanese competition. Imports of Japanese shop scales rose from 2% penetration of the UK market in 1980 to 7% in 1981. This is particularly worrying since the pattern of Japanese attack on other geographical markets shows a rapid acquisition of dominant position: for example, starting in 1973 the Japanese had by 1981 captured 50% of the US market. The European trade association has recently presented recommendations to the Commission to limit such imports.



These are the industries which are already feeling the bite of Japanese competition but we can expect the range to widen and this will be accompanied by increasing pressure to curb Japan's attack. Concern is being expressed in fields such as scientific instrumentation, marine electronics and electronic components as well as product areas within the information technology field.

My Department will continue to monitor these and other sectors closely. We will also be pressing the Commission to continue to develop effective monitoring arrangements for the Community as a whole.

I am copying this letter to members of OD Committee.

A handwritten signature in blue ink that reads "Arthur Cockfield". The signature is written in a cursive style with a long, sweeping tail on the letter "d".

LORD COCKFIELD

Department of Trade

16 June 1982



FIVE SW

10 DOWNING STREET

From the Private Secretary

21 June, 1982

UK Industrial Sector under Threat
from Japanese Imports

The Prime Minister has noted the contents of your Secretary of State's minute of 16 June.

A.J. COLES

John Rhodes, Esq.,
Department of Trade

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