

relied on in many of our most substantial export markets. The council, is therefore, seriously concerned with the administration's proposed travel tax program.

During his appearance before the Ways and Means Committee on February 5, 1968, Secretary Fowler indicated that the purpose of the travel tax was to reduce the travel deficit in our balance of payments by deferring for the next 2 years all nonessential travel outside the Western Hemisphere. The actual tax proposal, suggested by the Secretary, would apply not only to nonessential travel but, in general, to all travel even though directly incurred in connection with business.

The travel expenditure tax as proposed, would impose additional taxation upon that section of the business community which is contributing to the positive side of the balance-of-payments ledger. The inclusion of business travel in any proposed travel tax program would be clearly self-defeating. It would increase the costs of maintaining market positions already established and of managing foreign investments which are contributing so favorably to the Nation's balance of payments. In addition, it certainly would not induce the development of new export markets.

The proposals are extremely complex and compliance therewith will be burdensome to both Government and business alike. It will be virtually impossible to file an accurate estimate of tax based upon a projection of expenditures before commencement of a business trip, as is presently contemplated. The duration of the trip and the amount of business expense are frequently unpredictable and contingent upon developments occurring during the course of the trip.

Accordingly, the council urges that the proposed travel expenditure tax not apply to those travel expenditures which are deductible or excludable for Federal income tax purposes and which are incurred solely for business connected travel abroad. In lieu of the administration's present proposals, the Council suggests that the business traveler be required to file a simple declaration upon leaving the United States to the effect that he is embarking upon a business trip. A similar certificate declaring that the trip was solely for business purposes and setting forth the nature and extent of his business expenditures could be required upon return to the United States. Of course, those expenditures not related to the business portion of a particular trip could be accounted for and subjected to the restrictions, if any, imposed under the travel program.

II. REGULATION OF FOREIGN DIRECT INVESTMENT

A. General

Pursuant to Executive Order 11387, the Department of Commerce, on January 3, 1968, issued the foreign direct investment regulations, hereinafter sometimes referred to as "FDIR." On January 23, 1968, the Department of Commerce issued a clarifying amendment thereto along with general authorization No. 1. Finally, on February 19, 1968, the Department of Commerce released, for filing on March 22, Form FDI-101, base period report along with six supplements thereto, as well as applicable instructions.

At this point, I make a formal request for permission to file a supplemental statement.