TABLE 9

Tour price	1 stop	2 stops	Number of potential passengers 1968	Number of potential passengers 1969
$275	X		50,000	100,000–150,000
$347		X	25,000	50,000– 75,000

ESTIMATED POSITIVE CONTRIBUTION TO BALANCE OF PAYMENTS

	Potential 1968 [1]	Potential 1969
$275	$21,250,000	$42,500,000–$63,750,00
$347	12,425,000	24,850,000– 36,875,00

[1] Figures include $150 per person to cover costs of meals and incidental expenses.

These projections assume that the supplementals will be granted relief from the present minimum price and three-stop requirements (as discussed *supra*). If, however, the carriers are required (as they presently are) to charge a minimum tour price equal to 110 percent of the lowest IATA scheduled fare, then the relatively high IATA fare level and the absence of IATA directional fares will operate to reduce substantially the potential volume of ITC traffic to the U.S. by causing a higher tour price. The same is true of the present requirement that at least three points of destination be served.

E. Large-scale "back-to-back" foreign originated ITC programs would be economical without requiring additional U.S. originated travel

Although supplemental carriers are able to offer low directional fares to *ad hoc* foreign affinity groups only by balancing such charters with higher paying U.S. originating flights, it does not follow that performance by foreign originating ITC programs by U.S. supplementals will require additional flights involving U.S. citizens, By performing these programs on a large-scale and "back-to-back" basis, we believe that they can be made to be self-sustaining.

Based upon the foregoing it can readily be seen that the U.S. supplementals with additional authority from the CAB can develop an ITC market which has a potential of contributing up to 60 additional million dollars per annum toward eliminating the balance of payments deficit. Therefore, it would appear appropriate to emphasize charter programs which will make a positive contribution rather than to place travel restrictions upon charter transportation which will have an adverse impact on the existing balance of payments situation.

CONCLUSION

As has been stated above the existing ability of supplemental carriers to attract foreign visitors to the United States is based on the low directional fares currently in effect which are only possible by reason of the higher outbound fares. Likewise, the restrictions, by reducing utilization of aircraft which is the key to lower fares, would place in jeopardy the supplementals' ability to mount large-scale ITC programs at the low rates necessary to attract foreign visitors.

In summary, we submit that the proposal for a tax on transportation and expenditures is not justified and is opposed by this Association. We feel that the proposed tax could injure rather than help the balance of payments deficit. The long-term effect of such a tax will not only adversely affect travel but will jeopardize the growth of U.S. international carriers and will in all probability result in curtailment in employment and retard the sales of aircraft both to U.S. and foreign airlines. For these reasons we believe it more appropriate to adopt positive measures such as the ITC program we have suggested rather than to adopt negative or restrictive measures, the concomitant effect of which cannot be measured.

The National Air Carrier Association will be pleased to elaborate on this proposal or furnish any additional information the committee may desire.

Sincerely,

EDWARD J. DRISCOLL,
President.