

EXPORT FINANCING OF MAJOR CAPITAL GOODS

Export financing of jet aircraft and, in principle, other capital goods, is under study by a separate committee of BAFT. We commend this investigation and look forward to the forthcoming recommendation. We urge all of our members to give their full support to this essential project.

INTERNATIONAL TRADE POLICY

We oppose the reversion to strong protectionist sentiment evidenced in the United States. Actions contemplated by Congress or by the Administration to restrain imports by quotas or by import surcharges would severely hinder the movement toward freer world trade which has resulted in great overall benefits to the United States in the past two decades. They are contrary to the spirit if not the letter of the General Agreement on Tariffs and Trade and, in particular, to the recently concluded Kennedy Round of tariff reductions. Finally, retaliatory measures which would be quickly taken by our trading partners would probably more than offset any possible advantages from import restraint. We support the far more preferable strategy of working towards an acceleration of the Kennedy Round timetable in ways that afford temporary advantages to these countries currently running serious balance of payments deficits.

At the same time it is essential that our government show greatly increased zeal and persistence in negotiating with foreign governments on measures that will alleviate the serious non-tariff barriers that impede some United States exports and that are in part responsible for the growing protectionist sentiment in this country.

EAST-WEST TRADE

We continue to support any action that would facilitate East-West trade within the framework of our national security and economic self-interest. In this connection, we oppose any restrictions on Export-Import Bank guarantees for export loans, providing they cover trade based on these principles. At the same time, we support the Export Control Act which provides for embargoes on shipments of goods or technology to unfriendly nations, if these items make a significant contribution to their economic or military potential and are detrimental to our national security and welfare.

TAXATION OF FOREIGN DEPOSITS IN THE U.S.

The Foreign Investors Tax Act of 1966 provides in part that interest on deposits of nonresidents in commercial banks in the United States shall be subject to federal income tax and withholding after 1972. The imposition of this tax will have an adverse balance of payments effect and will result in an outflow of deposits from the United States. The possible increased revenue from this tax is insignificant when compared with its detrimental effect on the United States balance of payments, and the position of the United States as a financial center. Legislation should be enacted as soon as possible to repeal this provision of the Foreign Investors Tax Act. We strongly recommend that action be taken immediately by both the Bankers' Association for Foreign Trade and the American Bankers' Association towards repeal.

FOREIGN AID

We must stress the obvious fact that the resources of even so wealthy a nation as ours are limited, and because we cannot do everything we would like to do at one time, our national priorities must be reassessed, and our expenditures ordered under a clear and meaningful set of priorities.

At the same time we recognize that one of the most pressing problems of our times is the relationship between economically advanced and prosperous nations and those which are in the early stages of development. We believe the United States must continue to lend its utmost support in assisting the economic development of those nations which are conscientiously striving to improve the welfare of their people.