

lowing U.S. exports to be sold at more competitive prices in the world market and improving our balance of trade.

4. The United States should press for the elimination of preferential and discriminatory tariff and nontariff trade barriers abroad. Prior to the Kennedy round there was Government assurance that the removal of foreign nontariff restrictions would be a condition of any tariff concessions by the United States. This condition has not been fulfilled.

5. Our export control procedure should be modified so that potential exporters know, in advance of actual sale, if export licenses will be issued.

6. We believe that existing governmental programs for financial export sales should be significantly improved.

7. We recommend that consideration be given to the enactment of income tax incentives to expand exports, such as those currently provided with respect to Western Hemisphere trading corporations. There would seem to be sound reasons for the Government's offering tax incentives to exporters generally, not merely to those exporting to Western Hemisphere nations.

8. Finally, we strongly support legislation that would grant to U.S. industry, capital recovery allowances comparable to those granted by other industrial nations. We believe our principal hope of expanding, or even maintaining, our traditional export market for high labor content products such as machine tools, lies in the accelerated modernization of our domestic industrial plants.

The prospect for this modernization and for solving our balance of trade problem would be bleak indeed if this committee had not recognized in the past that realistic tax depreciation and capital recovery allowances comparable to those of other industrial nations are needed to generate the cash flow and profits so necessary to facilitate modernization and low cost production. Now we need to update these allowances as the other industrial nations have done.

As important as further liberalization is assurance to U.S. industry that these capital recovery allowances and incentives will not be turned on and off as political winds and economic forecasts change direction. Our depreciation allowances and tax investment credits must be grounded in permanent law, not just in regulatory guidelines, subject to administrative change or even withdrawal.

We appreciate and thank you for this opportunity to present our views.

(Mr. Geier's prepared statement follows:)

STATEMENT OF PHILIP O. GEIER, JR., NATIONAL MACHINE TOOL BUILDERS' ASSOCIATION

The National Machine Tool Builders' Association (NMTBA) is a trade association representing 236 American machine tool manufacturing companies, which account for approximately 75% of U.S. machine tool production. The Association's headquarters are in Washington, D.C. Its members operate manufacturing plants and provide employment for approximately 110,000 persons in 23 industrial states.

Machine tools have been called "the master tools of industry," for they are the machines required to produce all others and, alone among machines, can reproduce themselves. Machine tools have also been called "the cutting edge of industrial productivity," for they are the essential machines which cut and bend and