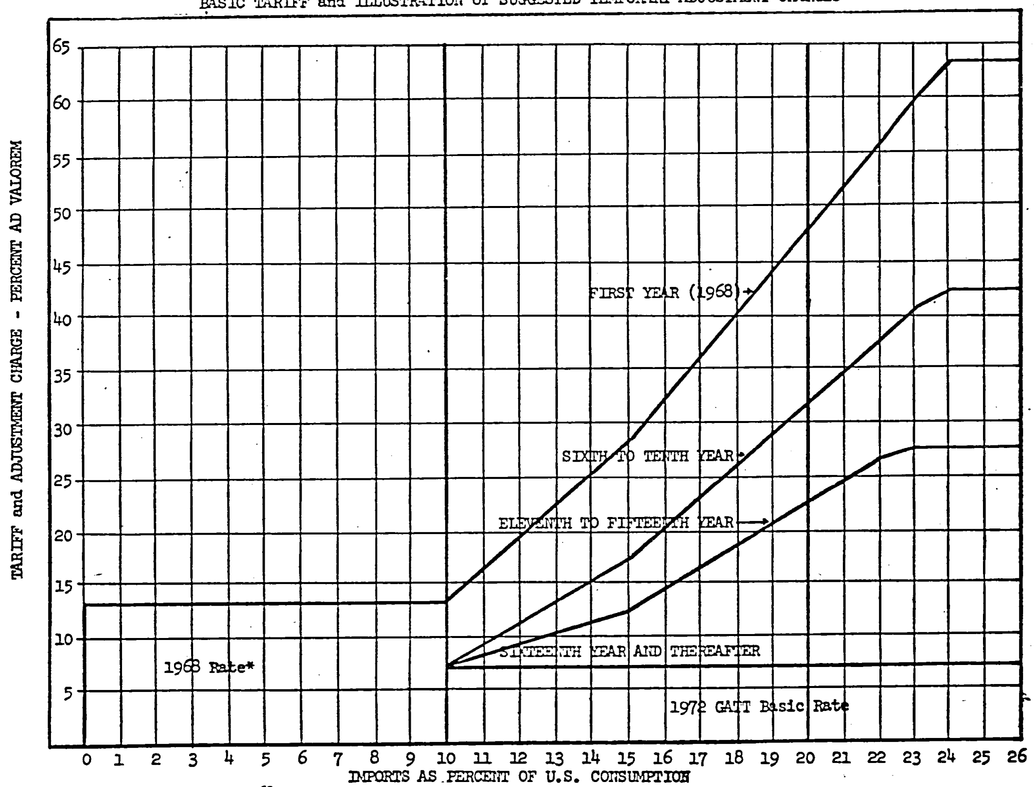
Figure 10 -- LATHES, GRINDING MACHINES and OTHER METAL CUTTING MACHINE TOOLS
BASIC TARIFF and ILLUSTRATION of SUGGESTED TEMPORARY ADJUSTMENT CHARGES



*The 1968 rate of 13 percent is scheduled to drop to 7.5 percent by 1972

The United States should also press for the elimination of preferential and discriminatory tariffs and non-tariff trade barriers abroad. As in 1964, this is today of critical importance to our ability to expand or even maintain our machine tool export markets. The assurances made by our Government prior to the Kennedy Round that the removal of foreign non-tariff restrictions would be a condition of any tariff concessions by the U.S. in the GATT negotiations have not yet been implemented.

Our export control procedures should be modified to provide advice and assurances to potential exporters, in advance of actual sales, as to whether an export license will be issued. Machine tool builders believe that unwarranted political interference by the Congress in the export controls program has caused the loss of many machine tool contracts that could have immeasurably helped out balance of trade and payments problems.

Expanded financing assistance for export sales should be made available for machine tool sales. American companies, operating within the limitations of traditional private financing arrangements, have not been able to meet the extremely liberal credit terms offered by our foreign competitors with the backing of their governments. For example, one potential sale of $8 million to $10 million worth of machine tools and related tools, for placement in Brazilian vocational and technical schools, was recently lost by us to Iron Curtain producers because we could not arrange for adequate long-term credits. In some cases, even where the terms of the credit arrangements are adequate, foreign sales are lost because a firm credit commitment cannot be obtained at a sufficiently early stage in the negotiation.

Expansion of East-West trade would substantially increase the export of U.S. machine tools and prevent foreign competitors from continuing to preempt these important markets. However, the NMTBA decided a number of years ago that expansion of East-West trade involves a military and diplomatic policy decision that only the Government can make in the interest of national security. The continuing controversy between the Executive and Legislative branches which has precluded consistent policy decisions and left only uncertainty for U.S. industry must be resolved. The lack of any consistent policy and the imposition of unreasonable restrictions on credits and guarantees has meant that important markets have gone by default to our international competitors.

The Government should also continue to develop and institute export programs, such as the direct cooperation recently provided by the State and Com-