

In addition to its favorable impact upon the U.S. balance-of-payments problem, this positive measure will necessarily produce more employment and income tax revenue.

I noted with much interest the latest issue of the Travel Management's Newsletter which followed Monday's White House press conference on the report of President Johnson's Special Task Force on Travel.

The recommendations in that report coincide and support my proposal.

I respectfully quote. These are some of the recommendations:

That the tax-free shops selling U.S. goods at international ports of departure should be expanded and more effectively promoted.

Also they suggest that Federal, State, and local laws should be amended to exempt from the excise tax automobiles purchased by foreign visitors for use in the United States and eventual export.

I would humbly suggest that they also include cigarettes and whisky and on which there would be a tax saving.

Mr. Chairman and members of the committee, permit me once again to thank you for the courtesy and kindness extended to me.

Mr. LANDRUM. Mr. Brody, you know that your oral statement varied from the printed statement that is filed with the committee. We wonder if you wish your oral statement to appear as a supplement to the printed statement or wish to exclude this from the record.

Mr. BRODY. I would appreciate if it could be included.

Mr. LANDRUM. Without objection, the statement filed with the committee will be entered into the record as a supplement to Mr. Brody's statement.

(Mr. Brody's prepared statement follows:)

STATEMENT OF BARNIE BRODY, WORLD TOBACCO CO., INC.

Mr. Chairman and members of the Committee, as President of World Tobacco Co., Inc., of New York, it is an honor and a distinct privilege to testify today in connection with the Travel Tax Program and Proposed Changes in Customs Rules. I wish to thank the Committee for extending to me the opportunity of expressing my views, as a member of an important segment of American industry, on this significant legislation.

World Tobacco Co. and its parent, Marine Tobacco Co. together, are domestic corporations which have been engaged for over four decades in the business of selling and distributing tax-free tobacco products and alcoholic beverages.

For forty years, Marine has been a leader in the "bonded sea-stores industry". In general, that term includes dealers in tax-free tobacco products and/or tax-free alcoholic beverages, and in other shipstores, who buy such stores from distillers, American manufacturers and/or authorized American importers, warehouse such tax-free tobacco products and/or tax-free alcoholic beverages in warehouses which are licensed by the Internal Revenue Service as export warehouses in the case of tax-free tobacco products, and in warehouses which are Customs bonded in the case of tax-free alcoholic beverages, sell them to ship owners and deliver them to ships.

World has for more than ten years been engaged in the sale of "tax-free" cigarettes to passengers departing from J. F. Kennedy International Airport on international flights. There is another company that sells "tax-free" alcoholic beverages to the same passengers.

Needless to say, it is the purchase of duty-free articles by Americans while abroad that represents a major drain on the balance of payments. It is this problem to which I address myself on this occasion.

At present there is a \$100.00 exemption allowed for purchases made abroad. These purchases must accompany the residents upon returning from abroad. The