

residents are not calculated to have any material adverse effect on the purpose of the travel tax program, we would hope that the Committee will give consideration to maintaining the \$100 duty-free exemption with respect to purchases made in these airport shops. The consequent damage to the financial operation of the Shannon Airport, and more important still to employment in the west of Ireland would in our view be altogether out of proportion to the limited value to the United States of refraining from maintaining the \$100 exemption with respect to purchases made in duty-free airport shops.

We would hope that the foregoing approach to the problem we have posed will be regarded as appropriate by this Committee. If for any reason this proposal does not recommend itself to the Committee because of the fact that it is limited to airport duty-free shops, we would propose that the duty-free exemption be less sharply reduced at this time and in addition that the amount of the reduction relate itself to the level of reciprocal duty-free exemptions accorded foreign residents returning from the United States.

Ireland, for example, currently grants to Irish residents returning from the United States a duty-free allowance of £20 *viz.*, \$48.00 and in addition a duty-free allowance for a quantity of tobacco, *viz.*, cigarettes, or cigars, or tobacco, a quantity of liquor and a quantity of wine and also a certain amount of perfume. We would therefore suggest as an alternative proposal, a reduction in the duty-free exemption from \$100 to \$50 for United States residents returning to the United States provided the country in which they have purchased the exempted commodities provides a reciprocal duty-free allowance in at least the same amount from their residents returning from the United States. It is not so long ago that the duty-free allowance to American residents was \$500. Subsequently, it was reduced to \$100 of wholesale value and a year or two ago further reduced to \$100 of retail value. A reduction to \$50 on a reciprocal basis, as hereinabove suggested, should on the basis of normal two-way trade have little if any effect on the purpose of the reduction in the duty-free exemption and at the same time cushion the blow to a country such as Ireland which demonstrably depends to a measurable degree on sales from its airport duty-free shop to returning United States residents.

We would hope that this Committee, in whatever determination it may make will not overlook the fact that new emerging developing republics such as Ireland cannot be expected to reach a stage of industrialization such as exists in the developed nations of Europe, but must inevitably look to tourism as a leading source of employment for their people and as a source of obtaining the foreign exchange it requires in order to pay for its imports. We doubt that this is more clearly evident than in the developing nation such as Ireland, which has been obliged to replace steadily declining agricultural employment with tourism as a means of re-employment. A small country such as Ireland, with a population of less than 3,000,000, so far removed from the great urban centers of Europe, cannot be expected to build an industrial base remotely comparable to those of highly developed centrally located nations.

The gross national product of Ireland on a per capita basis is less than \$1,000 a year. If the proposed travel tax program should be adopted in its present form, its greatest industry, tourism, would suffer a material decline and thus seriously adversely affect the economy of Ireland.

How vital Ireland regards American travel to Ireland to its tourist industry, is indicated by the fact that Ireland, through its agencies, is currently spending in the United States, close to \$5,000,000 annually in the promotion of travel to Ireland and tourism there.

We would urge that whatever decision this Committee will arrive at with respect to the proposed travel tax program, that such decision will be made as promptly as possible so that the Americans are advised as to the precise form of limitations or restrictions that will be imposed on American tourists who can then be guided accordingly in completing their travel planning. We have already indicated that most Americans who visit Ireland generally plan their visits long in advance and accordingly, it is altogether necessary that a decision with respect to the final form of the travel tax program is not too long delayed.

Finally, we would hope that this Committee will not be unmindful of the special requirements of emerging nations such as Ireland, which, by reason of the nature of their developing, as distinguished from developed economies, must depend on tourism as their leading industry, as a principal means of employment and as a major source of foreign currency.