tional trade, it has been separated out from the trade accounts. We should keep in mind, however, that even when tourism expenditures by our citizens visiting Europe are added to our merchandise imports from Europe, the United States still has a healthy surplus.

In short, Europe buys more from the United States than we buy from Europe. Tourism earnings contribute importantly to Europe's ability to buy our exports. The economically hard-pressed British imported $137,800,000 worth of U.S. tobacco and $24 million worth of cotton in 1966. Their earnings of $148,040,000 from visits by Americans provided almost enough foreign exchange to the United Kingdom to pay for this cotton and tobacco.

You can't balance the United States-United Kingdom trade or the trade between any other nations on an item-for-item basis.

The British don't have tobacco or cotton to sell us. If we regard tourism as a separate item in the balance of payments and single it out for restrictive action, foreign countries will be less able to respond favorably to the administration's stated purpose of increasing our exports and our balance-of-payments position.

For all these reasons and others too numerous to discuss in the limited time allotted to me today, I urge the committee, in the best interest of the American people, promptly to reject the pending proposals which would tax U.S. travel expenditures outside the Western Hemisphere.

With regard to the administration's proposed reduction in the duty-free allowance for returning U.S. citizens from $100 to $10, I believe that such a drastic move would create a bigger problem for our customs officials than it is worth as far as balance of payments is concerned. Let's be realistic. The average traveler wants to bring home souvenirs to his family, and is likely to spend more than $10 even if a flat 25-percent rate of duty were levied on purchases in excess of $10. Enactment into law of this proposal would impose an enormous and costly burden on our Customs Service, to say nothing of the needless irritation it would cause the traveler. Furthermore, collecting the duty would create chaotic jams of returning travelers at the already overcrowded air terminal facilities.

The United States participated with the other OECD member countries in a council meeting on July 20, 1965, at which it was decided that the OECD should recommend to member governments that the minimum duty-free allowance should be $50 exclusive of 100 cigarettes or 20 cigars, a bottle of wine or ¼ litre of spirits, ¼ litre of toilet water and a small amount of perfume. If we reduce the duty free allowance to the OECD minimum recommendations we could expect most American travelers to keep their spending within this limit. $50 would cover the cost of souvenirs and small gifts and furthermore it would accomplish the purpose of inhibiting expenditures for expensive luxury items.

OECD member countries such as Sweden, Norway, Denmark, Greece, Ireland, and Japan are following as minimum, this OECD recommendation. It is in our national interest to press all OECD countries to adopt this allowance for their citizens, especially in view of our plans to step up our own drive for foreign tourists. Shopping in the United States is an important attraction and can contribute