

goods with the U.S.A. far exceeding the surplus arising from tourist payments. It is important for nations to earn large surpluses on a few items of trade, of which tourism is one, to enable them to import the capital and consumer goods from more developed nations. Restrictions on tourism lead to unemployment and falling incomes, which in turn result in a lower demand for the exports of developed nations.

9. Tourism, as the biggest single item of world trade visible and invisible, should be recognized as an integral part of international trade and should not be singled out for restrictive treatment. In recent years world trade, except for the exchange of services, has been encouraged by governments by the removal of restrictions, tariffs and other discriminatory practices through international agreements. Under these agreements governments cannot arbitrarily limit the import of merchandise, including such items as detergents, liquor and tobacco. Travel by nationals of any country to foreign destinations is, in economic terms, classified as an import. Each year greater progress is made in the removal of restrictions on the exchange of goods. In contrast, the exchange of people through tourism remains one of the few major items of world trade which can be singled out for restriction without any infringement of binding international agreements.

10. Of the countries which account for a substantial part of world travel spending one has imposed and the other is considering travel restrictions. Since travel is one important item of trade which governments may restrict at will, should the United States as the leader in world tourism institute restrictions, this example might well be followed by other countries with travel deficits, not on any basis of retaliation against the United States because such measures would be of general application. But the effect would be that such action by a small number of countries would have a significantly contracting and depressing effect on the economy of the world. A major part of international tourism consists of travel within Europe, within North America, or between the two areas. Furthermore, a substantial proportion of tourism movement originates from relatively wealthy northern industrial areas in Europe and North America, resulting in heavy visitor spending in relatively under-populated and poorer regions.

11. Therefore, the European Travel Commission reiterates the recommendations of the United Nations Conference in 1963 that—

(a) governments should not consider tourism from its balance of payments aspect alone but should take into account the contribution which tourism makes to international trade by developing the national economy and enhancing social values;

(b) in any attempt to improve an adverse balance of payments, restrictions on tourism should not be singled out as the effective corrective measure.

12. The Commission further recommends—

(a) that tourism should be considered by governments as an important and integral part of world trade and that measures taken to develop the exchange of merchandise and commodities by increasing the freedom to trade should be applied to tourism;

(b) that countries should seek improvement in their balance of payments situation by encouraging and promoting incoming foreign tourist traffic, thus contributing to an expanding level of trade. Such action applies particularly to Western European and North American countries owing to their dominant share of world tourism, the potential which exists in both areas for travel expansion and the proved effectiveness of travel promotional activity when carried out on the appropriate scale. Negative measures could well have to be re-applied later while positive measures would represent a cumulative gain from their inception.

13. Members of the European Travel Commission offer full support and the benefit of their own experience in developing two-way travel across the Atlantic on the basis of free movement of travelers. They echo the words of President Johnson that travel "is worthy of our highest efforts and the unqualified cooperation of all nations."

STATEMENT OF ERIC FRIEDHEIM, EDITOR AND PUBLISHER, TRAVEL AGENT MAGAZINE,
INTERLINE REPORTER

As a travel journalist and publisher of several travel industry magazines, I wish to commend Chairman Mills and members of the House Ways and Means Committee for giving all persons and organizations interested in the pending travel tax legislation full opportunity to state their position.