This is true despite the fact that Bourbon has always been acknowledged to be a unique and distinctive product of the United States and was recognized as such by the United States Congress in a joint resolution adopted in May, 1964. This failure to extend reciprocal recognition of the Bourbon appellation also flies in the face of the resolution adopted by the Federation Internationale des Industries et du Commerce en Gros des Vins, Spiriteux, Etueux-de-Vie et Liqueurs, as early as 1960, proclaiming Bourbon a distinctive product of the United States.

It is particularly noteworthy that some of the countries which have failed to extend reciprocal recognition to Bourbon must recognize the tenuousness of their position, because they have passed along informal assurances that such recognition would be forthcoming. But years have worn on, and nothing has happened. The time for words is past. If these nations would truly convince us of their good faith, they should act now.

In one case—that of France[2]—we currently import 45 million dollars worth of alcoholic beverages a year, of which more than twelve million dollars worth is Cognac. We prohibit American from making Cognac here, so there is no direct domestic competition. Yet France not only refuses to recognize the distinctiveness of Bourbon whiskey, but it actively discriminates against the sale of Bourbon in France by prohibiting its advertising in any form. French law, you see, forbids the advertising of spirits distilled from grain, such as Bourbon, while permitting full advertising privileges to spirits distlled from fruit, such as Cognac. This could be dismissed as just one more example of French truculence. But how long will the United States have to put up with such truculence? How long can it *afford* to?

MARKET BLOCS

As far back as 1963, in a brief entitled Bourbon, Barriers and Blocs, which was submitted to the United States Department of Commerce, The Bourbon Institute pointed out that market blocs such as the European Economic Community (better known as the Common Market) and the European Free Trade Association (better known as the Outer Seven) were in the process of creating a vigorous new discrimination against the United States distilling industry. It was pointed out at that time that as tariffs were progressively reduced as between the member nations of those market blocs, American products and Bourbon in particular would suffer by the continued existence of high rates of duty on these products. Thus, it was predicted and it has come to pass that the Common Market has been posted as a private preserve for Cognac, and the Outer Seven has taken on a similar status with respect to Scotch.

This situation was slightly modified by the recently concluded Kennedy Round of tariff negotiations, but even there it turned out that Bourbon gave more than it got. The result was the granting of the fullest possible reduction allowed under the law in tariffs on distilled spirits imported into the United States, even in the face of the phenomenal growth in sales by these imports. Thus, United States import duties on distilled spirits were cut fully by 50%, although the Common Market reduced its rate on Bourbon only 30%. Bearing in mind that the Common Market rate was well over three times higher than the United States rate to begin with, and consumer purchasing power is not as great in those nations as it is here, it is clear that the impact of the Common Market tariff is proportionally far greater.

The subject of the United States wine gallon/proof gallon method of levying import duties and excise taxes on all distilled spirits would not require comment in this testimony except that the matter is constantly revived by foreign shippers. There is pending today another case in Customs Court concerning this matter and the United States Government has once more firmly stated its position that the United States method of imposing duty and internal revenue tax is nondiscriminatory.

The Bourbon Institute has discussed this subject at length in testimony submitted to the Trade Information Committee in 1963 and nothing has happened since that date that would alter that testimony. Suffice to restate that the wine gallon/proof gallon method has been determined by one court after another to

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[2] Within the past few days, on June 26, 1968, the French Government again moved to create new trade barriers by imposing import ceilings and subsidizing exports—both actions aimed in large part at the United States.