be a fair and equitable means of taxing both imported and domestic distilled spirits, and that the method is, in fact, applied equally and impartially to both imported and domestic distilled spirits, and that this method fully complies with all treaty obligations of the United States.

CONCLUSION

From all of the foregoing, it is difficult to escape the conclusion that the time has arrived when serious consideration must be given to measures which will assure the United States distilling industry of equal competitive opportunities within our own borders. The distilled spirits industry has not requested legislation tailored to its own specific needs. It has not requested the adoption of protectionist devices. But it calls most emphatically for prompt movement toward equal opportunity for all United States products, both in the United States and abroad.

Consider, if you would, a subject which has been much on your mind since January. I refer to the proposals for a travel tax and restrictions on travel outside the Western Hemisphere. I will not restate the issue which is so thoroughly familiar to you, but I would like to reiterate a salient observation made by travel industry spokesmen at the time the proposals were first advanced. They noted that restrictions on travel would impose hardships on average Americans. They pointed out that elimination of unfavorable trade balances in other industries would not cause such hardship. In this they singled out the distilled spirits industry for special mention. Well they might, as you have seen from this testimony. Elimination of the unfavorable trade balances in alcoholic beverages and other industries could eliminate our nation's entire payments deficit.

The United States is the world's freest market, as the record clearly shows. Americans tire of foreign charges to the contrary when it is well-known that this nation maintains virtually no trade barriers, but foreign nations certainly do. How else could the world's greatest steel industry, the world's greatest textile industry, and the world's greatest distilled spirits industry have suffered such severe losses in their respective shares of the U.S. market?

How many other industries find themselves in similar straits?

How much more can we give away at international bargaining tables?

How much further must our economy be set back?

How much injury must be done to U.S. wage levels before we can be competitive?

Hasn't the time arrived for Congress to take the situation in hand?

(The following statements were received for the record by the committee:)

STATEMENT OF DON W. MCCOLLY, PRESIDENT, AND JEFFERSON E. PEYSER, GENERAL COUNSEL, WINE INSTITUTE

This statement of Wine Institute, 717 Market Street, San Francisco, Calif., is presented pursuant to a press release issued May 9, 1968, by Wilbur D. Mills, Chairman, Committee on Ways and Means, for incorporation into the record of public hearings to be held beginning on June 4, 1968, on the general subject of the balance of trade between the United States and foreign nations. The positions and comments of Wine Institute, as expressed herein, shall be addressed to the following proposals, as identified in the above-mentioned "Notice": proposals relative to imposition of quotas, either on an across-the-board basis or on named items or commodities; proposals for increasing our exports; results of "Kennedy Round" agreement; and measures directed at maintaining our favorable balance of trade and other matters related to the balance of trade in the context of our balance of payments problems.

Wine Institute is a trade association of the California wine and brandy producers. Its membership consists of the producers of wine and brandy in California, which represent approximately 80% of all those engaged in the production of wine in the State and approximately 90% of the total volume of wine produced in the State. The membership also represents approximately all those engaged in the production of fruit brandy in the State.

The products of the alcoholic beverage industry, of which the California wine and brandy industry is a part, are subject to governmental controls not imposed on the products of any other commodity. A Federal law controls production and labeling. 50 different sets of State laws, plus the District of Columbia, control