the distribution of the industry's products in the various states. The industry is subject to many and varied domestic barriers to trade resulting from decisions of the United States Supreme Court which deny to the alcoholic beverage industry Federal constitutional guarantees enjoyed by other domestic industries. Further, the California wine and brandy industry and other segments in the alcoholic beverage industry have been unable to fully develop the domestic market for their products because of the sociological views and beliefs of a minority in our society which prompts this group to propose at the Federal, state and local levels measures which would prohibit or seriously curtain sale of our products.

I. PROPOSALS RELATIVE TO IMPOSITION OF QUOTAS, EITHER ON AN ACROSS-THE-BOARD BASIS OR ON NAMED ITEMS OR COMMODITIES

The California wine and brandy industry competes in the American market with foreign wines and brandies from all over the world, and particularly with those of the countries making up the European Economic Community, and Spain and Portugal. Foreign wine and brandy move freely in the United States market, subject only to the payment of United States excise taxes and import duties which can best be described as very low.

The California wine and brandy industry is a domestic industry which receives no governmental aid or subsidy, operating in a country which imposes no barriers other than Federal and state excise taxes and low tariff duties, which is required to compete in the market with its principal foreign competitors who are aided by programs of governmental support, which include the following: subsidized advertising and promotion programs; guaranteed prices to producers; storage of surpluses paid for by the Government and which annually exceed the entire consumption of wine and brandy by the United States market; stabilization of domestic markets by the control of the movement of wine to the market; actual purchases by government of surplus wine and brandy; and rigid governmental import controls of foreign wine and brandy into the domestic markets.

The California wine and brandy industry does not and has never advocated a "protectionist attitude". On the contrary, we have for many years advocated a free and equitable world trade policy. However, reasonable price stability in the domestic markets is essential in the maintenance of a healthy grape and wine industry. This stability is being threatened by the current importation of low quality, low priced wines principally from Western Europe and the potential importation of low priced wines from other areas. The California industry is willing and able to meet the open and free competition of good to excellent quality foreign wines, but is being hurt by the flow into the American market of the low quality wines. These latter wines, representing approximately 20% of each country's imports by volume to the United States, are a definite and potential threat to the stability of the American market for both foreign and American producers of fine quality wines. This potential danger is apparent when it is recognized that all major wine producing areas of the world are suffering from surplus wine production, viz., Western Europe, Chile, Argentina, Australia, South Africa, and Algeria. Improved living standards in many of these areas, particularly Western Europe, result in a steady and sufficient demand for the fine quality traditional wines. The wines in surplus in foreign countries are looking to the United States, the fastest growing consumer country with high economic standards, to absorb a portion of these surpluses. The California Industry believes that national policy should dictate some type of control over this bottom 20% of each country's exports to the United States to *prevent* damage to the domestic industry. Existing authority does not permit the solution of this problem.

II. PROPOSALS FOR INCREASING OUR EXPORTS

Foreign wine and brandy, as previously stated, move freely in the United States market, subject only to the payment of very low United States excise taxes and import duties, with the result that the domestic wine industry is slowly losing its historical share of the American market. (See IV of this Statement.) This easy accessibility enjoyed by foreign wines and brandy to the American market is in direct contrast to the export position of the California wine and brandy industry, which is merely in the initial stage of developing a world-wide market for its products.

The industry, with few exceptions, consists of family-owned enterprises or farmer cooperatives and the development of a distribution system in foreign