in trade negotiations that any country using a quota system for the importation of wine provide a reasonable quota for the wines of the United States. Any country which refused to grant such a quota should not be permitted to market its wines in the United States.

(*c*) Treaties or agreements which preclude the sale and distribution in foreign countries of wines produced under the laws and regulations of the United States Government. (Specifically, we urge insistence that where certain labeling of United States wines (i.e., Champagne, Sherry) conflicts with existing policy of a foreign country, or conflicts with international agreements to which the importing country is a signatory, such labels be accepted by the foreign country if it is clearly shown that the wine has been produced in the United States or if the label is of a varietal classification acceptable under the laws and regulations of the United States, provided that the label distinctly eliminates any possible deception to the consumer.)

2. The reduction of tariffs on wine and brandy in all countries where such tariffs tend to impair the development of an international market for American wines.

3. The limitation on imports into the United States of low quality, low priced wines and brandy by one of the following means:

(*a*) Establish a market sharing quota for wines by price category for each country exporting wine to the United States to the end that the lowest valued segment of wines exported from any country representing 20% by volume of *all* such country's wine shipments during the year preceding, be permitted to expand at a rate no faster than the volume of all other wines shipped into the United States by the exporting country.

(*b*) Secure a voluntary restriction of such low quality wine by the country of export.

(*c*) Provide a system of variable tariffs. Such a system would envisage a high tariff rate on the low quality, low priced import, with graduated reductions in rate for the better quality product. Such a system would offer the reasonable protection needed to control low quality imports, encourage the export of better quality products by foreign producers, and protect the American consumer.

(*d*) Provide a market sharing quota for all wine and brandy imports.

(*e*) Seek the development of an international wine agreement.

Present authorities do not provide a practical approach to solving many of the problems facing the American wine industry nor is there existing authority to move in the direction indicated by some of the recommendations delineated above. To illustrate: Section 301 (the so-called "escape clause") of the Trade Expansion Act of 1962 cannot provide the safeguards needed because the Tariff Commission policy is that "unless the Commission finds the concessions are in fact the major cause in the increase in imports, it is foreclosed from ultimately making an affirmative finding irrespective of the contribution which the increase in imports makes toward causing or threatening serious injury." The purpose of this inquiry under law is to determine damage or "potential" damage. The Tariff Commission has ruled that potential damage means, in effect, that the imports involved must be in the United States and that damage has occurred to the domestic industry involved.

We believe it should be the policy of the United States to recognize potential damage as that which is reasonably possible or in the making. Such a policy would permit the Executive Branch to consider courses of action now beyond the realm of possibility or feasibility.

It should here be noted that the California wine and brandy industry believes the proposal of the Administration, contained in the recently submitted Trade Expansion Act of 1968, to broaden the eligibility for adjustment assistance by making relief available whenever increased imports are a "substantial" rather than "major" cause of injury is not a satisfactory solution to assisting those businessmen and workers who face serious problem as a result of increased imports. Specifically, as set forth above, said proposed amendment fails to recognize the need of Industry for a policy that recognizes potential damage as that which is reasonably possible or in the making as opposed to the present ineffective policy of requiring that the imports involved must be in the United States and that damage has already occurred to the specific domestic industry involved.

With respect to the problem of the California wine and brandy industry, the low quality segment of imports presently on the American market damages to a