

degree the sales of American wine *and* the sales of the better foreign wine. Such damage cannot be demonstrated statistically to the extent required by present government policy. However, existing damage, when measured with possible damage or damage in the making, would justify a reasonable action on the part of government to maintain a degree of stability in the market place both for domestic and foreign suppliers.

We strongly urge serious consideration of the contention that new policy *and* new authority is reasonable, necessary and justified.

If it is determined that the present policies of the United States Government relating to foreign trade must prevail without modification, that the United States Government will continue to advocate the free movement of goods in international trade and the avoidance of the use of quotas or other protective devices, even though such policy and advocacy is not reciprocated by other countries, then it be also the policy of the United States to advocate, sponsor and encourage a commodity approach to the problems involved which could result in beneficial voluntary actions by foreign exporting countries or the development of multi-lateral commodity agreements. Such agreements might be the sole vehicle which would allow participants to modify positions in a manner which would not be inimical or offensive to existing national policies.

CONCLUSION

Wine Institute, and its members, requests that the Committee on Ways and Means give full and favorable consideration to the positions and comments of Wine Institute as expressed herein. We earnestly believe that our views are consonant with the best interest of government, industry and the consuming public.

WINE INSTITUTE,
Washington, D.C., July 12, 1968.

Re: Tariff and Trade Proposals

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is for the purpose of permitting Wine Institute to replay to comments made by the National Association of Alcoholic Beverage Importers, Inc. (NAABI) in its Statement of July 10, 1968, on pages 12 through 22, in regard to the Statement of Wine Institute, filed with the Committee on June 28, 1968.

More specifically, NAABI, in its Statement finding fault with various positions previously advocated by Wine Institute, failed to bring out, perhaps inadvertently, what the California wine industry, and indeed the entire United States wine industry, regards as the crux of the inequities besetting world-wide wine trade, i.e., that it is virtually impossible for the United States wine industry to sell any American wine in any of the wine producing countries of Europe while European wines are sold in great and increasing quantities in the United States.

NAABI, while choosing to ignore the above, takes issue with our declaration that "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 Importers concluded, on the contrary, on page 13 of their Statement, that "U.S. taxes and duties on imported wines and brandy are not light".

It should be remembered by NAABI that the Internal Revenue excise taxes imposed upon wines and distilled spirits are also applicable to domestic wines and distilled spirits. The 17¢ per gallon excise tax on table wine and 67¢ per gallon on dessert wine clearly indicate, we suggest, that describing such excise taxes as "low" certainly is not stretching the truth. Moreover, the NAABI Statement made much of the alleged discrimination against imported brandies because of the excise tax wine gallon-proof gallon tax assessment. However, at this point we feel obliged to advise the Committee that approximately 50% of the brandy imported into the United States is brought in in bulk. Thus, as far as said brandy imported in bulk is concerned, the Internal Revenue excise tax is the same for imports as for the domestic production in that imports are brought in in bulk at a minimum of 100 proof.

NAABI, in concluding that the "duties on imported wines and brandies are not light", points out that the duty on table wine is 37.5¢ per gallon and \$1.00