United States of low quality, low priced wines to prevent damage to the domestic industry, states on page 22, "This association stands for free and open trade for imports and free and open trade for exports. We oppose any quota system on either side of any ocean, as it tends to restrict artificially the consumer choice, as well as the obvious free flow of commerce."

The California wine industry is amused by the quoted language. The Importers in making this statement completely overlook the almost complete inability of American wines to secure access to the major wine producing and consuming countries of the EEC, and Spain and Portugal. Quite apart from the danger to the American wine industry resulting from the increased flow into this country of these low quality, low priced wines—and spelled out in our Statement to the Committee—the heroic attitude of the NAABI against European trade barriers is hardly compensated for American producers whose products are denied entry into the European market.

Respectively sumbitted.

DON W. MCCOLLY,
President and General Manager.
ARTHUR H. SILVERMAN,
Washington Counsel.

STATEMENT OF ROBERT W. COYNE, PRESIDENT, DISTILLED SPIRITS INSTITUTE, INC.

INTRODUCTION

The Distilled Spirits Institute, Inc., Washington, D.C., is the national trade association of the domestic distilling industry. Its members sell approximately 80% of the beverage spirits produced and sold in the United States, and account for the majority of distilled spirits exported from the United States. I know that our member companies join me in extending our thanks to the Committee for this opportunity to be heard.

The Institute has played a continuing interest in the formulation and implementation of our national trade policy. DSI has presented oral or written statements before a variety of national and international agencies such as the United States Tariff Commission on section 301(b) of the 1962 Trade Expansion Act (1963); Committee of Senior Officials on Wine and Spirituous Liquors of the Council of Europe in Strasbourg, France, upon the recognition of Bourbon as a distinctive product of the United States (1967); Trade Information Committee of the Office of the Special Representative for Trade Negotiations upon Renegotiation of Tariff Schedules granted by the Government of Venezuela (1967) and upon the future of U.S. Trade Policy (1968). This hearing upon the proposed "Trade Expansion Act of 1968" provides an impressive forum for us to present our views upon the posture of our nation's trade policy as our industry is affected by it.

We are, of course, fully in accord with the basic purposes of the Act as set out in Section 102 of H.R. 17551, and particularly with the avowed goal of reduction or elimination of nontariff barriers to trade. We most emphatically agree with the statement of the President of the United States in his recent message *Greater Prosperity Through Expanded World Trade* that:

"Trade is a two-way street. A successful trade policy must be built on reciprocity. Our own trade initiative will founder unless our trading partners join with us in these efforts."

We agree that the progress made to date in opening channels of trade should not be jeopardized by new trade restrictions imposed by this nation upon the products of our trading partners, but at the same time, we do not wish to see the nation weaken its position by bargaining away too much of its relative strength in return for promises of reciprocity.

We agree that protectionism should not be the ruling factor in the creation of our trade policy, but we feel that some degree of indemnification from the adverse effects of discrimination against this country is required.

We agree that the nation should be ready to meet any reasonable suggestions of our neighbors which will improve our trade relationships, but we ask that the proposed legislation contain certain guarantees against nontariff barriers which operate to impede such relationships.