its sales at a steady pace." A copy of this article is reproduced in full and attached hereto as Exhibit B.

Let me point out that the producers of Bourbon whiskey are a robust, knowledgeable, resourceful group. They are a credit to the industry of which they are a major component and to American industry as a whole. I am pleased to pay them this well-deserved tribute. They need no advantages in the way of tariff increases or additional barriers to international trade to remain vibrant, vigorous and able to handle themselves in the marketplace.

If they understand that you in the Congress are definitely opposed to constructing a Maginot Line of tariff restrictions and trade barriers behind which they can relax, they will take good care of themselves in the marketplace, of that you may be sure.

6. SERIOUS INDUSTRY PROBLEMS DESERVE CONCERTED ACTION

Certainly, Bourbon whiskey is oppressively taxed. So are imported distilled spirits which pay identical excise taxes and *in addition* pay duties and tax penalties because of the assessment of tax on imports of bottled spirits on a wine gallon basis.

Certainly, Bourbon whiskey sales are seriously hurt by reason of the production and sale of moonshine whiskey which pays no tax of any kind to any agency or level of government. But, please remember that imports are victimized in like manner.

These oppressions we all bear and, as an industry, must constantly fight. This fight is an industry cause that all of us should be presenting to the Congress as an industry; one cause, one position, one voice.

7. COMMENTS ON SOME STATEMENTS BY THE WINE INSTITUTE

The statement submitted to you under date of June 28, 1968 by the Wine Institute would also appear to warrant analysis and comment by us.

(a) Domestic trade barriers burden both imported and domestic products

We are pleased to note, and to join in, its condemnation of "the many and varied domestic barriers to trade (as a result of which) the California wine and brandy industry and other segments in the alcoholic beverage industry have been unable to fully develop the domestic market. . . ." These pernicious barriers to *interstate* trade in alcoholic beverages and their employment in the guise of liquor control measures to favor home industry and home agriculture at the expense of both consumers and out-of-state competitors fully deserve both condemnation and repeal.

It was this situation that inspired the California State Legislature in 1967 to memorialize the Congress "to proceed in such a manner as it may deem appropriate to cause the elimination of trade barriers by the several states . . ."

The frustration experienced by members of the Wine Institute in their search for ways and means of contending with these barriers has been stated conservatively by the Wine Institute.

Members of this Association share these sentiments and these frustrations. We are moved to observe in passing that our experiences cannot begin to compare with the bewilderment and exasperation experienced by foreign producers of alcoholic beverages when they are confronted with our interstate trade barriers, our crazy-quilt of inconsistent and contradictory advertising regulations, the wide and baffling variances in licensing provisions and other statutory and regulatory requirements of the 52 jurisdictions—Federal, 50 states and the District of Columbia—with which they must contend.

(b) U.S. taxes and duties on imported wines and brandy are not light

We must, however, take issue with the assertion appearing on page 2 of the Wine Institute's statement that "Foreign wine and brandy move freely in the United States market, subject only to the payment of United States excise axes and import duties which can best be described as very low." This is a shocking statement; in fact, we have never before heard any informed industry member refer to the $10.50 per gallon excise tax on distilled spirits as "very low".

We should emphasize at the outset that all the domestic barriers that impede the free movement of California wines and brandies in this country burden imported wines and brandies in no lesser degree. Furthermore, although the Federal Excise Tax on Table Wine is only 17¢ a gallon, the duty is 37½¢. Likewise, the tax on Fortified Wine is 67¢ a gallon, whereas the duty is $1. These duties,