United States brewing industry in the international malt beverage marketplace.

In the European area, the principal exporting countries to the United States, in order of relative standing, are Germany, Netherlands, Denmark, Norway, United Kingdom, and Eire. Our exports to those countries and, for that matter, to the rest of Europe have been insignificant since 1945.

The North American area, chiefly Canada but also including Mexico to a significant degree, presents an equally bleak picture in terms of the dismally low level of exports of American beer to those countries. While the total imports from Canada and Mexico are less than the total imported from the several European countries, it should be noted that the overwhelming bulk of imports from the North American area is of Canadian production (e.g. 1,855,789 out of the total of 2,081,220 in 1966), and that Canada and the Netherlands have been running nip-and-tuck for the distinction of holding the second-place position, behind Germany, in the American import market.

Against the backdrop of the European and North American tableaus, the Asian area presents a picture which appears—at least at first blush—to depict a comparatively milder cause for concern. This is, however, far from fact. To the contrary, the situation in Asia is no less unhappy than in either of the areas previously cited. The Asian area includes not only the Asian continent, for purposes of this study, but covers also all of the Middle East and the several Pacific island areas. Our exports to Asia have been chiefly to Hong Kong, India/Pakistan/Ceylon, and Syria/Lebanon, with small shipments to other countries in the area. Our imports, however, come almost entirely from the Philippines and Japan, in that order, and we export practically nothing to those countries. For example, we imported 265,439 cases from the Philippines in 1966 and, in return, exported 704 cases to that country. Similarly, we imported 144,365 cases from Japan in 1966 and exported 382 cases to that country in return.

It is only with respect to all other geographical areas that the United States has been able to maintain a favorable balance of trade in malt beverages, as shown in Exhibits H and I. Here too, however, we see a significant leveling off of export sales at a rate far below that which was enjoyed in the years up to and including 1949.

Certainly, it is beyond dispute that the unfortunate situation described in the preceding discussion and portrayed in the cited charts and tables is of serious concern not only to the American brewing industry but to the American economy and welfare as a whole, particularly in the context of our International Balance of Payments program, and of our national programs aimed at full employment of our available labor force, including especially the so-called hard-core unemployed. The American brewing industry can contribute to the growth of our national economy and to increased employment only to the extent that it is itself enabled to grow. When export markets are effectively closed to us and competing foreign products, originating in countries with much lower operating and production costs, are permitted completely free access to the domestic consumer market, the opportunity for growth of domestic industry is effectively denied. The need to find and execute suitable corrective measures is self-evident, imperative, and urgent.

III. TARIFF BARRIERS TO AMERICAN MALT BEVERAGE EXPORT TRADE

The general discussion in Section I of this Brief has already defined the nature, scope, and impact on American exports of the import tariff structures of the countries whose domestic markets are thereby effectively closed to the American brewing industry. For the purposes of this Brief, only passing mention need be made of the outright prohibitions against beer imports by such countries as Chile, Colombia, Ecuador, and Turkey. Beer imports are currently prohibited by Turkey through the vehicle of its present policy, covering the period January through June 1968, prohibiting the issuance of beer import licenses. Even after this license "moratorium" expires, the continuing Turkish tariff impositions are such as effectively to foreclose American beer exports to that country:—the basic Duty is 100% Ad Valorem (c.i.f. value), and to this are added a Customs Surtax of 15% of the basic Duty, a Stamp Tax of 10% of the c.i.f. value, a Customs Clearance Charge that varies with the size and value of each shipment, a Port Tax of 5% of the aggregate of all the foregoing charges, and a Production Tax at the rate of 40 Kurus per liter or, in its American equivalent, 3.7¢ per gallon.