

UNITED STATES TARIFF COMMISSION

**SUMMARIES OF TRADE AND TARIFF
INFORMATION**

**Prepared in Terms of the Tariff Schedules
of the United States (TSUS)**

Schedule 1

**Animal and Vegetable Products
(In 14 volumes)**

VOLUME 10

BEVERAGES

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SUMMARIES OF TRADE AND TARIFF INFORMATION BY SCHEDULES

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F O R E W O R D

In an address delivered in Boston on May 18, 1917, Frank W. Taussig, distinguished first chairman of the Tariff Commission, delineated the responsibility of the newly established Commission to operate as a source of objective, factual information on tariffs and trade. He stated that the Commission was already preparing a catalog of tariff information--

designed to have on hand, in compact and simple form, all available data on the growth, development and location of industries affected by the tariff, on the extent of domestic production, on the extent of imports, on the conditions of competition between domestic and foreign products.

The first such report was issued in 1920. Subsequently three series of summaries of tariff information on commodities were published--in 1921, 1929, and 1948-50. The current series, entitled Summaries of Trade and Tariff Information, presents the information in terms of the tariff items provided for in the eight tariff schedules of the Tariff Schedules of the United States (abbreviated to TSUS in these volumes), which on August 31, 1963, replaced the 16 schedules of the Tariff Act of 1930.

Through its professional staff of commodity specialists, economists, lawyers, statisticians, and accountants, the Commission follows the movement of thousands of articles in international commodity trade, and during the years of its existence, has built up a reservoir of knowledge and understanding, not only with respect to imports but also regarding products and their uses, techniques of manufacturing and processing, commercial practices, and markets. Accordingly, the Commission believes that, when completed, the current series of summaries will be the most comprehensive publication of its kind and will present benchmark information that will serve many interests. This project, although encyclopedic, attempts to conform with Chairman Taussig's admonition to be "exhaustive in inquiry, and at the same time brief and discriminating in statement."

This series is being published in 62 volumes of summaries, each volume to be issued as soon as completed. Although the order of publication may not follow the numerical sequence of the items in the TSUS, all items are to be covered. As far as practicable, each volume reflects the most recent developments affecting U.S. foreign trade in the commodities included.

SUMMARIES OF TRADE AND TARIFF INFORMATION

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Volume 10

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INTRODUCTION

Products fit for use as beverages or for beverage purposes comprise part 12 of schedule 1 of the Tariff Schedules of the United States (TSUS). These include fruit juices (part 12A); nonalcoholic beverages (part 12B); fermented alcoholic beverages (part 12C); and spirits, spirituous beverages, and beverage preparations (part 12D). The general headnotes to part 12 of schedule 1 of the TSUS and headnotes to subparts A through C are particularly important to an understanding of the scope of the individual summaries.

Appendix A to this summary volume reproduces pertinent segments of the Tariff Schedules of the United States Annotated (TSUSA-1970) relating to the items covered. It includes the general headnotes to the TSUS and part 12 of schedule 1. Appendix A also gives the rates of duty applicable to the individual TSUS items, including the staged annual rate modifications that resulted from concessions granted by the United States in the sixth round of trade negotiations (1964-67) under the General Agreement on Tariffs and Trade. The notes from the TSUSA as shown in appendix A to this volume also document changes in the legal text of the tariff schedules after these schedules went into effect on August 31, 1963, and in the statistical annotations to the TSUS items.

Appendix B to this summary volume provides data on the value of U.S. imports in 1968 of the TSUS items included in the individual summaries. Also shown are percentage changes in imports from 1967 to 1968 and the three principal countries which supplied imports in 1968.

<u>Commodity</u>	<u>TSUS item</u>
Apple or pear juice-----	165.15

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Nearly all the apple and pear juice consumed in the United States is supplied from domestic sources. Imports and exports are small in relation to U.S. production.

Comment

Apple juice, unmixed and with an ethyl alcohol content of not more than 1 percent, is marketed as a beverage in the form of canned apple juice or as sweet cider. Apple juice is the principal ingredient of most fermented vinegar and is also used in the production of mixed fruit juices, apple jelly, fruit wines, fermented cider, and distilled spirits. Pear juice is used mostly in mixed fruit juices, in canned fruit cocktail, and in the production of distilled spirits.

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	Third stage, effective Jan. 1, 1970	Fourth stage, effective Jan. 1, 1971 <u>1/</u>
165.15	Apple or pear juice-----	0.5¢ per gal.	0.2¢ per gal.	Free

1/ The final rate reduction becomes effective in the fourth stage.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and fourth stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

APPLE OR PEAR JUICE

The average ad valorem equivalent of the duty in effect on December 31, 1968, based on dutiable imports in 1968, was 1.7 percent.

The per-gallon duty rates shown above apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For the juices in this summary they have been determined to be:

<u>Kind of fruit juice</u>	<u>Average Brix value (degrees)</u>
Apple-----	13.3
Pear-----	15.4

The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

Reported data on U.S. consumption and production of apple and pear juice are incomplete. Most apple juice is produced in plants where it is further processed into fermented vinegar and either marketed as such or used in production of salad dressing, pickles, or other processed foods. Such production is not reported as juice for statistical purposes. Apple juice produced incidental to manufacture of apple and mixed fruit jellies and apple juice sold as cider from roadside stands are also not included in available trade statistics.

Output of canned apple juice in the United States, as reported by the National Cannery Association, ranged between 29 million and 33 million gallons annually in the crop years 1963-68, with a range in value from \$18 million to \$26 million. In the same period the volume of apple and pear juice entering the commercial production of cider, fermented vinegar, fruit jellies, wine, and distilled spirits is estimated to have amounted to more than 100 million gallons annually, with value exceeding \$40 million. This latter estimate is based on a variety of sources, including data of the Census of Manufactures of 1963 and Annual Surveys of Manufactures, as well as statistics on fruit and fruit juices used in wine and distilled spirits, provided by the U.S. Internal Revenue Service.

Exports of apple juice and pear juice are only in part separately reported in official trade statistics. Annual exports of canned, single-strength pear juice declined from 453,000 gallons, valued at \$399,000, in calendar year 1965 to 293,000 gallons, valued at \$337,000, in 1968. Netherlands Antilles, Surinam, the Dominican Republic, and the French Pacific Islands were the countries chiefly importing such products from the United States. In the 2 years prior to 1965, separate data on exports of pear juice included frozen and canned concentrate as well as canned single-strength juice. Together, such exports were valued at \$1,403,000 in 1964. Exports of apple juice are included with many other fruit juices in three residual classes.

The volume of apple or pear juice imported in the period 1963-68 ranged irregularly from 2,529,000 to 10,880,000 single-strength gallons annually. (see table). The value ranged from \$806,000 to \$2,615,000. Concentrated apple juice from France, Greece, and Canada comprised the bulk of all imports. Concentrated pear juice from Switzerland and negligible amounts of beverage pear juice from Italy were also imported.

Most imports of concentrated apple juice are used in jelly manufacture and the production of wine. In 1963-68 imports supplied between 2 and 4 percent of the estimated consumption of apple juice in the United States.

APPLE AND PEAR JUICE

Apple and pear juice: U.S. imports for consumption,
by principal sources, calendar years 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
France-----	1,039	2,312	2,006	1,182	2,274
Greece-----	593	1,287	562	905	2,147
Canada-----	927	355	367	398	1,031
West Germany-----	2	1	2	31	384
Italy-----	323	1	2	5	6
Switzerland-----	636	924	124	8	4,437
Netherlands-----	185	124	-	-	167
All other-----	419	32	9	-	434
Total-----	4,124	5,036	3,072	2,529	10,880
	Value (1,000 dollars)				
France-----	324	722	616	393	740
Greece-----	117	239	108	204	495
Canada-----	544	109	106	193	303
West Germany-----	2	2	2	8	81
Italy-----	73	1	2	5	6
Switzerland-----	158	178	23	3	870
Netherlands-----	35	30	-	-	31
All other-----	83	6	4	-	89
Total-----	1,336	1,287	861	806	2,615

^{1/} Single strength.

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

7

<u>Commodity</u>	<u>TSUS item</u>
Lime juice-----	165.25
Other citrus fruit juice, not concentrated----	165.30
Other citrus fruit juice, concentrated-----	165.35

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (1970).

U.S. trade position

The United States is the world's leading producer and consumer of orange and grapefruit juices. It is on an export basis for all major citrus juices except lime juice.

Description and uses

Citrus juices covered in this summary are derived from fruit of the subtropical and tropical evergreen trees of the genus Citrus, family Rutaceae; they are unmixed, sweetened or unsweetened, single-strength or concentrated, and do not contain over 1 percent of ethyl alcohol by volume. If concentrated, the juices may be in liquid, powdered or solid form. For discussion of citrus fruits, see volume 8 of the summaries (items 147.00-147.37).

Lime juice is sold in the form of pasteurized sweetened or unsweetened single-strength juice and sweetened or unsweetened concentrate (including frozen concentrate for limeade). Lime juice is an important beverage base for soft drinks. Other nonbeverage uses listed below for lemon juice also apply in some degree to lime juice.

Orange juice is marketed at retail principally in the form of frozen concentrate. Also important in the retail market are canned pasteurized single-strength juice and chilled single-strength juice in bottles and cartons. Orange juice used for further processing is packed chiefly in highly concentrated pasteurized or highly concentrated frozen form. Besides its use as a beverage per se, it is an important base for soft drinks and is used to flavor cakes and candy.

Lemon juice is marketed in the form of frozen or canned concentrate and canned or bottled single-strength juice, either sweetened or unsweetened. Such juice is used for lemonade and other beverages. It also has a number of nonbeverage uses, contributing flavor, acidity, and antioxidant action to such products as pies, candy, cakes, mayonnaise, canned tomato juice cocktail, fruits for salad, breakfast prunes, lemon butter, avocado paste and pickle solutions for curing hams.

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CITRUS FRUIT JUICES, NOT MIXED

Grapefruit juice is marketed principally as canned, single-strength juice, sweetened or unsweetened. Some is also sold as frozen or hot-pack concentrate or as chilled single-strength juice. Use of grapefruit juice as a beverage base for soft drinks is not of major importance.

Tangerine juice is usually blended with grapefruit or orange juice and the blend sold in the form of canned single-strength juice or frozen concentrate. Such blended juices, however, are not in this summary but are included in a separate summary in this volume covering TSUS item 165.65, which provides for mixed fruit juices not containing over 1.0 percent of ethyl alcohol by volume. Lemonade is covered by item 166.20 and limeade by item 166.40, both products being included in a separate summary in this volume.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
	Fruit juices, not mixed, and not containing over 1.0 percent of ethyl alcohol by volume: Citrus fruit:			
165.25	Lime-----	20¢ per gal.	14¢ per gal.	10¢ per gal.
	Other:			
165.30	Not concen- trated.	20¢ per gal.	<u>1/</u>	<u>1/</u>
165.35	Concentrated---	35¢ per gal.	<u>1/</u>	<u>1/</u>

1/ Rate of duty not affected by the trade conference.

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as

a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The per-gallon duty rates shown above apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For citrus juices they have been determined to be:

<u>Kind of fruit juice</u>	<u>Average Brix value</u> <u>(degrees)</u>
Grapefruit-----	10.2
Lemon-----	8.9
Lime-----	10.0
Orange-----	11.3
Tangerine-----	11.5

The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

In recent years the bulk of the duties paid on orange juice imports (included in items 165.30 and 165.35) was refunded as drawback under section 313(a) of the Tariff Act of 1930, as amended, because of offsetting exports.

Without allowance for drawback the average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
165.25-----	8
165.30-----	22
165.35-----	111

Under item 165.25, the ad valorem equivalents of the rate of duty were 7 percent on unconcentrated lime juice and 15 percent on concentrated lime juice. Under item 165.35, the duty was equivalent to 112

percent ad valorem on concentrated orange juice and 45 percent on concentrated citrus juices other than orange or lime, principally lemon juice.

U.S. consumption

Estimated consumption of lime juice ranged irregularly from 1.0 million gallons to 1.8 million annually in crop years beginning November 1, 1962-67, not greatly different from the range in the preceding five years (table 1). Most consumption of domestic lime juice was in the form of concentrated frozen limeade. Imported lime juice accounted for between 38 and 60 percent of U.S. consumption and was chiefly sweetened single-strength juice reconstituted from imported West Indian lime concentrate.

Annual consumption of orange juice in the United States varies widely with fluctuating domestic orange production. Imports contribute little to supply and are greatly exceeded by exports. Price rises in times of extreme shortage reduce consumption radically. Price declines when the orange crop is large result in expanded consumption but not always in the degree needed to avoid occasional stock build-ups which depress prices in the following season. In most years, however, carryover stocks do not exceed three-month's supply.

In the crop years beginning November 1, 1962-67, annual consumption of commercially produced orange juice unblended with other juices and on a single-strength basis, varied from 307 million to 605 million gallons, as production fluctuated between 297 million and 703 million gallons (table 2). The annual average retail price of a six-ounce container of frozen orange juice concentrate ranged between 18 cents and 32 cents in this period. Consumption of orange juice per capita (exclusive of that produced in the home from fresh fruit) varied from one-and-a-half to two-and-three-quarters single-strength gallons annually.

The commercial production of orange juice developed after 1929. Single-strength pasteurized juice was the major type in the market until 1949, and frozen orange juice concentrate dominated the market thereafter. Since 1953, consumption of chilled fresh orange juice has also assumed significance, and now exceeds in volume consumption of single-strength pasteurized juice. In the crop year November-October 1967-68, frozen concentrate comprised 74.6 percent of U.S. orange juice consumption on a single-strength basis; chilled single-strength juice comprised 19.9 percent; canned pasteurized single-strength juice, 4.8 percent; and canned hot-pack concentrate, 0.7 percent.

Consumption of lemon juice is believed to have ranged irregularly from 18 million to 25 million gallons annually in 1962-67, based on production data collected from the major producers, official U.S. import data, and past export patterns. Data on stocks and exports are not available for the period (table 3).

Annual consumption of grapefruit juice nearly doubled in the crop years beginning November 1, 1963-66, from 36 million to 68 million single-strength gallons, and receded only slightly to 63 million the following year, as the price of grapefruit juice receded from the high level reached following the Florida freeze of December 1962 (table 4). In the four years preceding 1963, consumption had ranged closely between 42 million and 45 million gallons annually. Canned, pasteurized single-strength juice continued to dominate the market although consumption of frozen concentrate and chilled single-strength juice increased at a greater rate.

U.S. producers and production

Practically all lime juice produced in the United States is packed in two plants located in southern Florida; there are at least three other plants, however, which process some lime juice from time to time. Most domestic juice reaches the consumer as frozen sweetened concentrate used in reconstituted form as limeade.

Annual production of lime juice is estimated to have ranged from 450,000 to 1,125,000 single-strength gallons in 1962-67 (table 1), varying with the size of the Florida lime crop. The growers obtain substantially greater returns for limes sold on the fresh market than for limes sold for processing. Production of lime juice depends on the quantity available over and above fresh sales.

There are about 50 primary producers of frozen, chilled, or canned orange juice in the United States, seven of which account for more than half of total production. Over 90 percent of U.S. orange juice is produced in Florida; California, Texas and Arizona account for the remainder.

Many producers of frozen concentrate sell the bulk of their production under distributors' private labels, to chain stores, grocery manufacturers and grocery wholesalers. The market for orange juice at all levels of distribution is extremely competitive on a price basis. Widely fluctuating orange production, caused by changing weather conditions, is associated with wide swings in price for both oranges and orange concentrate. Annual production of orange juice in all forms ranged from 297 million gallons to 703 million gallons (on a single-strength basis) in the crop years beginning 1962-67. Value of production ranged from \$305 million to \$421 million annually (table 2).

There are less than ten primary extractors of lemon juice in the United States, two of which, combined, produce 90 percent of U.S. output. In addition there are a limited number of processors and packers whose operations are based on acquired concentrate, either domestic or imported. Nearly all U.S. lemon juice is produced in California. The primary producers are principally grower cooperatives whose major income is derived from marketing fresh oranges and lemons. Fruit which is in excess of supplies needed to meet profitable fresh fruit market requirements in the United States and Canada, which cannot be exported to other countries, or which do not meet grade standards under a marketing order program, are processed chiefly into juice or frozen sweetened concentrate. As in the case of lime juice, production of lemon juice and lemon juice products depends on the quantity available over and above fresh fruit sales. Annual U.S. lemon juice production varied irregularly between 17 million and 28 million single-strength gallons in the crop years beginning 1962-66 (table 3). Volume in 1966 is estimated and data on production in 1967 is not yet available.

There are approximately 40 plants which pack canned pasteurized grapefruit juice; 25 are located in Florida, and the remainder in California and Texas. Some of the plants producing frozen orange concentrate also produce frozen concentrated grapefruit juice as part of their product line. Production of grapefruit juice ranged from 35 million gallons to 93 million annually in the crop years 1962-67, with value ranging from \$30 million to \$65 million (table 4). Sizable increases in production of juice occurred in the crop years following 1963-64, after grapefruit production recovered from the December 1962 freeze.

U.S. exports and imports

Data on exports of lime juice are not available. Annual imports of lime juice in crop years 1962-67 ranged between 594,000 gallons and 808,000 gallons (table 1), with annual value between \$1.3 million and \$1.7 million. In calendar years 1964-68 imports of concentrated lime juice ranged irregularly from 117,000 gallons to 316,000 gallons (table 5), and imports of unconcentrated lime juice, from 362,000 to 656,000 gallons annually (table 6).

Imports from such unlikely lime sources as the United Kingdom and Canada are of a traditional brand of sweetened bottled juice (or its sweetened concentrate). This brand, based on concentrated West Indian juice, is widely used as a standard ingredient in gimlet cocktails.

Annual U.S. exports of orange juice on a single-strength basis ranged between 20 million and 36 million gallons in crop years 1962-67, comprising between 5 and 9 percent of production in those years (table 2). Value of exports ranged from \$18 million to \$28 million annually. Frozen orange juice concentrate and canned single-strength orange juice were the major items of trade, but exports of canned hot-pack concentrate were also sizable. Canada was the leading customer for frozen concentrate (table 7) and canned single-strength juice (table 8); West Germany was the leading market for hot-pack concentrate in calendar year 1968 (table 9).

U.S. annual imports of orange juice ranged between 0.8 million gallons and 12.0 million on a single-strength basis in crop years 1962-67 (table 2). In no year did imports comprise more than 3 percent of consumption. Practically all imports were in the form of frozen orange-juice concentrate, although some single-strength juice was also imported. Brazil has been the chief source of frozen concentrate in recent years (table 10).

Exports of lemon juice are not separately reported but are believed to average around a million gallons annually based upon past industry data. Imports amounted to 2.4 million gallons valued at \$756,000 in the crop year beginning November 1, 1962; they declined to 968,000 gallons in the year following, and to negligible amounts thereafter (table 3). Almost all imports have been concentrated lemon juice from Italy (tables 11 and 12).

Exports of grapefruit juice ranged from 4.6 million gallons to 7.4 million gallons annually on a single-strength basis in the crop years 1962-67, comprising between 8 percent and 16 percent of annual production. Value of exports ranged from \$3.7 million to \$5.7 million (table 4). Canned single-strength juice accounted for over three-fifths of grapefruit juice exports in 1967-68; the remainder was about evenly divided between frozen and hot-pack concentrate. Canada, France and Belgium were the three most important export markets for canned single-strength juice in calendar year 1968 (table 13); Canada and the United Kingdom were the chief markets for frozen concentrate (table 14); and Switzerland and Denmark, for hot-pack concentrate (table 15).

Imports of grapefruit juice have been limited chiefly to small amounts from Mexico used for beverage bases. They are not separately reported in official U.S. trade statistics.

CITRUS FRUIT JUICES, NOT MIXED

Table 1.--Lime juice: U.S. production, imports for consumption, and apparent consumption, 1962-67

(Quantity in thousands of gallons) 1/

Year beginning Nov. 1--	Production	Imports	Apparent consumption <u>2/</u>	Ratio (percent) of imports to consumption
1962-----	525	742	1,267	59
1963-----	675	738	1,413	52
1964-----	750	808	1,558	52
1965-----	450	594	1,044	57
1966-----	450	677	1,127	60
1967-----	1,125	675	1,800	38

1/ Single strength.2/ Not adjusted for change in stocks, which in some years is substantial.

Source: Production based on U.S. Tariff Commission conversions from tonnage of limes processed reported by the U.S. Department of Agriculture. Imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Orange juice: U.S. production, imports for consumption, exports, and apparent consumption, 1962-67

(Quantity in thousands of gallons; ^{1/} value in thousands of dollars)

Year beginning Nov. 1--	Produ- tion	Imports <u>2/</u>	Exports <u>3/</u>	Apparent consump- tion <u>4/</u>	Ratio (percent) of imports to consumption
Quantity					
1962-----	299,634	4,188	27,750	350,251	1
1963-----	297,430	8,808	20,545	307,306	3
1964-----	460,894	5,030	22,002	396,595	1
1965-----	428,714	804	24,511	440,253	<u>5/</u>
1966-----	703,008	2,864	35,678	604,501	<u>5/</u>
1967-----	494,284	12,037	35,440	531,744	2
Value					
1962-----	327,443	2,779	23,295	<u>6/</u>	<u>6/</u>
1963-----	333,588	6,516	19,368	<u>6/</u>	<u>6/</u>
1964-----	359,265	2,542	18,014	<u>6/</u>	<u>6/</u>
1965-----	305,635	258	18,535	<u>5/</u>	<u>6/</u>
1966-----	421,455	789	23,033	<u>6/</u>	<u>6/</u>
1967-----	374,193	3,822	27,724	<u>6/</u>	<u>6/</u>

^{1/} Single strength.

^{2/} Includes some unconcentrated grapefruit juice.

^{3/} Includes minor amounts of foreign orange juice concentrate converted to single-strength.

^{4/} Adjusted for changes in packers' stocks.

^{5/} Less than 0.5 percent.

^{6/} Not available.

Source: Production compiled from official statistics of the U.S. Department of Agriculture; imports and exports compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 3.--Lemon juice: U.S. production, imports for consumption, and apparent consumption, 1963-67

(Quantity in thousands of gallons) 1/

Year beginning Nov. 1--	Production	Imports	Apparent consumption <u>2/</u>	Ratio (percent) of imports to consumption
1962-----	17,000	2,395	18,000	13
1963-----	24,000	968	23,000	4
1964-----	20,000	15	19,000	<u>3/</u>
1965-----	25,000	14	24,000	<u>3/</u>
1966 <u>4/</u> -----	28,000	23	25,000	<u>3/</u>
1967-----	<u>5/</u>	33	<u>5/</u>	<u>5/</u>

1/ Single strength.2/ Does not take into account changes in stocks; exports estimated.3/ Less than 0.5 percent.4/ Preliminary.5/ Not available.

Source: Production estimated by U.S. Tariff Commission on basis of industry reports, 1963-66; imports compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Grapefruit juice: U.S. production, exports of domestic merchandise, and apparent consumption, 1962-67

(Quantity in thousands of gallons; 1/ value in thousands of dollars)

Year beginning Nov. 1--	Production	Exports	Apparent consumption <u>2/</u>
Quantity			
1962-----	44,200	7,232	43,678
1963-----	34,700	4,591	36,037
1964-----	56,100	6,142	49,691
1965-----	66,200	5,103	56,291
1966-----	92,700	7,410	68,382
1967-----	62,100	7,020	63,003
Value			
1962-----	33,000	5,018	<u>3/</u>
1963-----	30,200	3,696	<u>3/</u>
1964-----	40,000	4,302	<u>3/</u>
1965-----	51,600	3,815	<u>3/</u>
1966-----	64,500	4,952	<u>3/</u>
1967-----	53,500	5,677	<u>3/</u>

1/ Single-strength basis; includes canned single-strength juice; canned concentrate; frozen concentrate; does not include grapefruit juice blended with other juices.

2/ Adjusted for changes in packers' stocks.

3/ Not available.

Source: Production data compiled from official statistics of the U.S. Department of Agriculture; export data compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 5.--Lime juice, concentrated: U.S. imports for consumption, by principal sources, calendar years 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
United Kingdom-----	92	88	239	294	172
Mexico-----	26	29	2	20	26
Trinidad-----	-	-	-	1	-
All other-----	1	-	2	1	8
Total-----	119	117	243	316	206
	Value (1,000 dollars)				
United Kingdom-----	190	133	349	382	205
Mexico-----	19	16	2	15	19
Trinidad-----	-	-	-	2	-
All other-----	1	-	1	2	17
Total-----	210	149	352	401	241

^{1/} Single strength.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 6.--Lime juice, not concentrated: U.S. imports for consumption, by principal sources, calendar years 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	-	-	46	199	278
United Kingdom-----	599	479	56	39	66
Mexico-----	48	157	74	96	100
Leeward and Windward Islands--	1	2	206	25	-
All other-----	8	2	12	3	2
Total-----	656	640	394	362	446
	Value (1,000 dollars)				
Canada-----	-	-	142	665	930
United Kingdom-----	1,458	1,244	135	104	150
Mexico-----	47	123	71	95	116
Leeward and Windward Islands--	1	2	673	81	-
All other-----	18	5	33	8	5
Total-----	1,524	1,374	1,054	953	1,201

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 7.--Orange juice, concentrated, frozen: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>				
Canada-----	2,142	2,448	2,265	2,992	2,955
United Kingdom-----	5	67	237	519	474
West Germany-----	25	82	155	380	229
Sweden-----	77	79	65	156	176
Netherlands-----	52	54	81	179	135
Belgium-----	7	7	9	64	85
Switzerland-----	37	34	41	63	73
Bahamas-----	13	17	26	31	37
Japan-----	1	1	4	40	3
All other-----	77	91	156	210	163
Total-----	2,436	2,880	3,039	4,634	4,330
	Value (1,000 dollars)				
Canada-----	9,051	7,790	6,777	7,556	8,961
United Kingdom-----	23	188	705	1,074	976
West Germany-----	122	347	559	815	528
Sweden-----	200	220	177	352	489
Netherlands-----	226	260	413	583	456
Belgium-----	28	21	31	147	237
Switzerland-----	173	115	129	151	219
Bahamas-----	61	65	92	92	123
Japan-----	1	3	20	83	10
All other-----	425	374	593	633	639
Total-----	10,310	9,383	9,496	11,486	12,638

1/ In concentrated form.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 8.--Orange juice, single-strength, canned, not frozen: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	3,027	4,223	5,369	6,253	5,174
Sweden-----	36	60	166	573	1,933
France-----	4	1	92	1,085	1,407
West Germany-----	31	17	75	1,228	1,141
Switzerland-----	9	3	63	297	857
Netherlands-----	4	22	24	500	428
Belgium-----	74	39	34	218	424
Denmark-----	15	18	80	613	272
Bahamas-----	54	71	93	150	166
United Kingdom-----	5	7	13	204	21
All other-----	389	360	484	577	625
Total-----	3,648	4,821	6,493	11,698	12,448
	Value (1,000 dollars)				
Canada-----	3,815	4,073	4,373	4,615	4,764
Sweden-----	44	58	141	413	1,893
France-----	5	1	79	871	1,369
West Germany-----	25	16	62	907	1,121
Switzerland-----	12	4	70	251	869
Netherlands-----	5	26	20	380	451
Belgium-----	90	41	31	177	404
Denmark-----	18	18	81	501	265
Bahamas-----	64	79	93	136	165
United Kingdom-----	6	8	13	126	19
All other-----	474	382	464	496	632
Total-----	4,558	4,706	5,427	8,873	11,952

Source: Compiled from official statistics of the U.S. Department of Commerce

CITRUS FRUIT JUICES, NOT MIXED

Table 9.--Orange juice, concentrated, hot pack: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
West Germany-----	145	107	214	203	148
Netherlands-----	102	93	98	130	116
Canada-----	228	166	150	130	111
Malaysia-----	132	128	72	81	72
Hong Kong-----	49	36	35	43	41
Switzerland-----	38	52	47	64	63
Singapore-----	^{2/}	^{2/}	62	53	36
Sweden-----	20	18	17	35	32
Ireland-----	22	27	49	32	45
Philippine Republic-----	135	17	27	13	10
All other-----	69	248	48	172	53
Total-----	940	892	819	956	727
	Value (1,000 dollars)				
West Germany-----	752	509	949	932	743
Netherlands-----	527	437	502	574	560
Canada-----	664	572	521	417	396
Malaysia-----	602	593	251	264	234
Hong Kong-----	210	163	152	188	184
Switzerland-----	159	173	156	177	181
Singapore-----	^{2/}	^{2/}	335	236	172
Sweden-----	74	69	91	155	145
Ireland-----	79	96	166	90	127
Philippine Republic-----	613	77	111	76	62
All other-----	247	1,095	202	490	222
Total-----	3,927	3,784	3,436	3,599	3,026

^{1/} In concentrated form.^{2/} Combined in figure for Malaysia.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 10.--Orange juice, concentrated: U.S. imports for consumption, by principal sources, calendar years 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
Brazil-----	998	2,773	2,275	3,580	16,438
Mexico-----	3,968	265	23	-	761
Jamaica-----	346	201	19	-	69
Surinam-----	531	-	-	35	19
Argentina-----	462	^{2/}	-	50	-
British Honduras-----	1,858	237	133	-	-
Republic of South Africa-----	163	-	-	-	-
All other-----	531	68	20	3	33
Total-----	8,857	3,544	2,470	3,668	17,320
	Value (1,000 dollars)				
Brazil-----	615	1,200	468	1,000	5,140
Mexico-----	3,229	104	10	-	278
Jamaica-----	225	114	7	-	25
Surinam-----	487	-	-	22	12
Argentina-----	308	^{3/}	-	143	-
British Honduras-----	1,358	93	64	-	-
Republic of South Africa-----	80	-	-	-	-
All other-----	306	76	22	1	17
Total-----	6,608	1,587	571	1,166	5,472

^{1/} Single-strength basis.

^{2/} Less than 500 gallons.

^{3/} Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 11.--Citrus juices, not concentrated, not otherwise provided for: U.S. imports for consumption, by principal sources, calendar years 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Mexico-----	13	204	7	51	141
Italy-----	5	6	3	<u>1</u>	15
All other-----	<u>2</u> / 225	20	7	2	17
Total-----	243	230	17	53	173
	Value (1,000 dollars)				
Mexico-----	12	172	8	36	94
Italy-----	12	12	7	1	36
All other-----	<u>2</u> / 82	13	8	4	25
Total-----	106	197	23	41	155

1/ Less than 500 gallons.

2/ Includes imports of orange juice from Brazil (190,000 gallons, valued at \$51,150), and Israel (34,023 gallons, valued at \$27,527).

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

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Table 12.--Citrus juices, concentrated, not otherwise provided for:
U.S. imports for consumption, by principal sources, calendar years
1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>				
Italy <u>2/</u> -----	933	6	1	23	22
Israel-----	-	<u>3/</u>	-	1	-
Mexico <u>2/</u> -----	3	-	10	-	-
All other-----	32	3	-	1	<u>4/</u> 54
Total-----	968	9	11	25	76
	Value (1,000 dollars)				
Italy <u>2/</u> -----	284	10	1	8	8
Israel-----	-	<u>5/</u>	-	<u>5/</u>	-
Mexico <u>2/</u> -----	3	-	35	-	-
All other-----	18	1	-	3	<u>4/</u> 51
Total-----	305	11	36	11	59

1/ Single strength.

2/ Chiefly lemon juice.

3/ Less than 500 gallons.

4/ Includes imports from the Netherlands (30,012 gallons, valued at \$38,074) and Greece (23,298 gallons, valued at \$10,683).

5/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 13.--Grapefruit juice, single-strength, canned: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	1,658	1,871	2,148	2,277	2,419
France-----	317	991	404	1,195	823
Belgium-----	65	129	100	214	263
East Germany-----	-	-	-	472	135
Sweden-----	41	60	53	89	122
West Germany-----	35	442	116	518	113
Netherlands-----	20	27	-	153	99
Switzerland-----	47	-	43	76	83
Italy-----	45	60	46	50	62
Denmark-----	9	19	44	78	47
All other-----	247	506	293	485	224
Total-----	2,484	4,105	3,247	5,607	4,390
	Value (1,000 dollars)				
Canada-----	1,595	1,364	1,585	1,479	1,952
France-----	297	782	363	909	809
Belgium-----	66	106	83	164	243
East Germany-----	-	-	-	314	131
Sweden-----	43	51	47	80	114
West Germany-----	30	305	91	375	113
Netherlands-----	20	22	-	109	100
Switzerland-----	46	-	40	63	87
Italy-----	48	55	46	41	74
Denmark-----	10	15	42	64	47
All other-----	251	381	275	336	221
Total-----	2,406	3,081	2,572	3,934	3,891

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 14.--Grapefruit juice, concentrated, frozen: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
Canada-----	174	146	172	227	232
United Kingdom-----	-	2	1	18	79
Mexico-----	-	36	47	56	22
Italy-----	-	2	5	8	2
All other-----	23	12	17	12	38
Total-----	197	198	242	321	373
	Value (1,000 dollars)				
Canada-----	487	395	569	626	734
United Kingdom-----	-	4	2	39	197
Mexico-----	-	72	113	155	67
Italy-----	-	4	21	30	5
All other-----	68	34	38	35	104
Total-----	555	509	743	885	1,107

^{1/} Concentrated form.

Source: Compiled from official statistics of the U.S. Department of Commerce.

CITRUS FRUIT JUICES, NOT MIXED

Table 15.--Grapefruit juice, hot pack, concentrated: U.S. exports of domestic merchandise, by principal markets, calendar years 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>				
Switzerland-----	61	66	67	90	83
Denmark-----	22	23	6	14	28
West Germany-----	12	29	28	6	18
Canada-----	29	38	19	13	21
Mexico-----	20	25	15	13	14
Netherlands-----	4	13	9	12	7
Belgium-----	3	5	5	5	2
All other-----	22	11	10	5	9
Total-----	173	210	159	158	182
	Value (1,000 dollars)				
Switzerland-----	41	215	214	295	283
Denmark-----	87	66	26	39	112
West Germany-----	12	114	96	18	66
Canada-----	96	110	68	33	66
Mexico-----	52	73	42	38	40
Netherlands-----	12	49	37	46	33
Belgium-----	12	17	16	18	8
All other-----	238	38	29	14	36
Total-----	550	682	528	501	644

1/ Concentrated form.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Grape juice-----	165.40

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Practically all grape juice consumed in the United States is produced domestically. Imports and exports are small.

Description and uses

This summary relates to grape juice, unsweetened, sweetened, single strength, or concentrated, which is not mixed with other juices and does not contain over 1 percent of ethyl alcohol by volume. If concentrated, it may be in liquid, powdered, or solid form. If grape juice is mixed with other juices, the mixture is provided for under item 165.65. When containing over 1 percent of ethyl alcohol by volume, grape juice is included with other such fruit juices under item 165.70.

Grape juice marketed as a beverage by U.S. producers is derived almost entirely from Concord grapes and is bottled or canned in pasteurized, single-strength form, or is packed frozen as a concentrate. In making this grape juice, grapes are heated, crushed, and pressed and the expressed juice is thereafter clarified. Cold-pressed juice made from grapes such as Catawba is bottled in the United States in minor amounts, being marketed as a nonalcoholic "substitute" for wine.

The imported types of beverage grape juice are extracted from a number of different varieties of vinifera-type grapes, all of which are used principally in making wine. They differ substantially in taste from the juice of labrusca-type grapes like Concord and they retail in a price range well above that for Concord grape juice; the prices are comparable with those for the more expensive domestic table wines and the types of domestic grape juice marketed as non-alcoholic wine.

Grape juice not marketed as a beverage in itself but used in the production of wine, brandy, fruit spirits, and jelly, is usually converted into these end products in the same plant where the juice is produced. Some concentrated grape juice used for these purposes, however, does enter commercial trade channels.

GRAPE JUICE

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade con- ference (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
165.40	Grape juice-----	50¢ per gal.	35¢ per gal.	25¢ per gal.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The per-gallon duty rates shown above apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For juice of *Vitis Vinifera* grapes the average Brix value was determined to be 18.0 degrees, and for juice of slipskin grapes, 16.0 degrees. The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

Prior to the effectuation of the TSUS, on August 31, 1963, the method of calculating duty on noncitrus juices was based on actual gallons entered regardless of the actual degree of concentration (averaging about 4 to 1). With the adoption of the TSUS, duty was calculated on a single-strength or reconstituted basis, resulting in a change in duty from 36 cents per gallon to 9 cents per gallon. In addition, the \$2.00 per proof gallon additional rate of duty in effect on the alcohol capable of being produced from imported grape juice, if over 1 percent by volume, was eliminated. In 1965, by virtue of the

passage of the Tariff Schedules Technical Amendments Act (P.L. 89-241, effective December 7, 1965), the alcoholic content element of the former duty was restored by adding to the 9-cent-per-gallon rate an amount (41 cents) equivalent to the former proof-gallon rate on the alcohol that could be produced from a gallon of average single-strength grape juice. Thus, treatment substantially equivalent to that accorded to grape juice under paragraph 806 of the previous tariff schedules, was reestablished.

The specific rate of duty in effect on December 31, 1968 (45 cents per gallon) was equivalent to 71.4 percent ad valorem, based on dutiable imports during 1968.

U.S. consumption

Production of beverage grape juice reported in the Census of Manufactures for 1958 and 1963, plus imports, but without adjustment for exports or changes in stocks, indicated an increase in consumption of about 7 percent between the two years, compared with an increase of 8 percent in population. Estimated annual production in 1964-68 ranged between 40 million and 53 million gallons. The low figure of 40 million was the result of the small Concord grape crop in 1968. Consumption fluctuated narrowly at about the production range.

U.S. consumption of grape juice as a beverage is confined almost entirely to juice of the Concord grape, predominant in the grape production of New York, Pennsylvania, Michigan, Oregon, and Washington. Grape juice produced in California from European vinifera-type grapes, and imported grape juice of the same type, is consumed as a beverage in only negligible quantities.

The volume of juice used in the production of grape wine, brandy, spirits, grape jelly, and vinegar ranged upwards of 250 million gallons annually in the period 1964-68, greatly outweighing direct consumption of grape juice as a beverage.

U.S. producers and production

Grape juice in concentrated or single-strength form is marketed by about 40 processors in the United States. About 15 produce Concord grape juice for sale as a beverage; less than 5 market other types of beverage grape juice; and the remaining 20 produce concentrate for use by wineries and distilleries. Beverage grape juice production occurs predominantly in New York and Pennsylvania, with lesser amounts in Michigan, Ohio, Arkansas, Washington, Oregon, and California. Concentrate for use by wineries and distilleries is produced almost entirely in California.

The dominant company in the field of beverage grape juice production is a grape-growers' cooperative with over 3,000 members. Plants of this organization are located in New York, Pennsylvania, Michigan, Arkansas, and Washington. Most companies producing beverage grape juice also pack jellies and jams or other fruit juices. Concentrate sold to wineries and distilleries is produced chiefly by wineries.

U.S. annual production of beverage grape juice is estimated to have ranged between 40 million and 53 million gallons (single strength) in 1964-68, with value at manufacturers' sales level between \$44 million and \$58 million (table 1). According to the 1963 Census of Manufactures, approximately 60 percent of production was in the form of frozen concentrate and the remainder was canned or bottled in single-strength form.

The amount of grape juice going into wine and spirits varies widely year to year dependent on the size of the California grape crop. About 90 percent of U.S. grape production is in California. Most of the crop not sold as table grapes or raisins (both relatively stable markets) goes into wine, and in periods of recurring grape surpluses mounting wine inventories tend to depress the price of bulk wine, grape concentrate, and grapes sold to wineries. Grape growers in California have made two attempts in recent years to solve this problem: One through surplus set-asides under a Federal marketing order program (terminated by vote of the grape growers in 1963) and the other through a State program establishing minimum prices for California bulk wine and grape concentrate (terminated by the growers in 1968 after challenge in the courts.)

U.S. exports and imports

U.S. exports of grape juice are not separately reported in official statistics, but are believed to be negligible.

Imports amounted to 120,000 gallons valued at \$94,000 in 1964 and to 1,237,000 gallons, valued at \$490,000 in 1965. The largest increases in 1965 occurred in imports from Cyprus, Canada, and Spain, consisting chiefly of low unit-value concentrate for use in making wine. The unit value per single-strength gallon from Cyprus was 46 cents in 1964 and 34 cents in 1965, when 66,000 and 1,013,000 gallons were imported respectively. Following the rate change of December 1965, annual imports diminished to a range of 22,000 to 100,000 gallons, with a value between \$51,000 and \$80,000, which reflected the pre-TSUS pattern of trade. West Germany, Switzerland and the Netherlands again became the major suppliers (table 2), and imports again were mostly bottled grape juice for direct consumption as a beverage.

Table 1.--Grape juice: U.S. production, imports for consumption, and apparent consumption, 1963-68

Year	Production ^{1/}	Imports	Apparent consumption
Quantity (1,000 gallons) ^{2/}			
1963-----	45,534	25	45,559
1964-----	46,000	120	46,120
1965-----	46,800	1,237	48,037
1966-----	47,300	95	47,395
1967-----	53,000	22	53,022
1968-----	40,800	100	40,900
Value (1,000 dollars)			
1963-----	49,912	38	<u>3/</u>
1964-----	52,400	94	<u>3/</u>
1965-----	52,900	490	<u>3/</u>
1966-----	51,600	80	<u>3/</u>
1967-----	58,300	51	<u>3/</u>
1968-----	44,700	63	<u>3/</u>

^{1/} Partially estimated.

^{2/} Single-strength basis.

^{3/} Not available.

Source: Production based on 1963 Census of Manufactures, U.S. Department of Commerce, and partial trade data in noncensus years; import data compiled from official statistics of the U.S. Department of Commerce.

GRAPE JUICE

Table 2.--Grape juice: U.S. imports for consumption
by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) ^{1/}				
West Germany-----	14	15	17	14	17
The Netherlands-----	-	2/	-	3	79
Switzerland-----	2/	2/	2/	2	3
Canada-----	24	108	71	1	-
Italy-----	3	11	5	-	-
Cyprus-----	66	1,013	2	-	-
Spain-----	12	82	-	-	2/
All other-----	1	8	2/	2	1
Total-----	120	1,237	95	22	100
	Value (1,000 dollars)				
West Germany-----	32	28	34	30	37
The Netherlands-----	-	1	-	9	18
Switzerland-----	3/	1	1	7	5
Canada-----	20	71	40	1	-
Italy-----	3	6	3	-	-
Cyprus-----	30	347	3/	-	-
Spain-----	4	24	-	-	1
All other-----	5	12	2	4	2
Total-----	94	490	80	51	63

^{1/} Single-strength basis.^{2/} Less than 500 gallons.^{3/} Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Pineapple juice:	
Not concentrated, or of not more than 3.5 degrees concentration-----	165.44
Other-----	165.46

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

The United States is the world's largest producer, exporter, and consumer of pineapple juice. Imports, mostly from the Philippines under tariff preference, supply about 15 percent of U.S. consumption. About 7 percent of U.S. production is exported.

Description and uses

Pineapple juice, from the cultivated, semitropical fruit of the plant species Ananas comosus is produced principally as a byproduct of pineapple canning. It is obtained as excess juice during production of crushed pineapple, during the trimming and slicing of cut or sliced pineapple, or from the final crush of discarded cores or trimmings. It is also extracted from whole fruit of a size or condition unsuitable for processing into canned pineapple. Pineapple juice, sweetened or unsweetened, is marketed at retail almost entirely in airtight cans. If blended with other fruit juices the pineapple juice is most often mixed with grapefruit juice. Such mixtures of fruit juices are covered in the summary on mixed juices (item 165.65). Minor amounts of pineapple juice are marketed as frozen concentrate in small containers.

Juice consumed in the United States is chiefly from fruit of the smooth cayenne variety, Hawaiian or Philippine in origin. Fruit of this type are also grown in Puerto Rico, Cuba, Mexico, Australia, Formosa, South Africa, and Kenya. The Red Spanish variety predominates in the Caribbean area, and the Queen variety in Malaysia and Australia.

About a third of the juice processed from pineapples in the United States and over half of juice imports enter the market in concentrated form. Most concentrate is used in the production of canned fruit-juice drinks, combinations of fruit juice, water, citric acid, dextrose, and vitamin C. Fruit juice drinks are included in this volume in the summary for item 166.40, covering nonalcoholic beverages not elsewhere enumerated in the tariff schedules. Although dehydrated,

powdered or crystalline concentrate is included in this summary under item 165.46, trade in such form is small.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

<u>TSUS item</u>	<u>Commodity</u>	<u>Rate of duty</u>
	Pineapple juice:	
165.44	Not concentrated, or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degree).	20¢ per gal.
165.46	Other-----	5¢ per gal.

The per-gallon duty rates apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume.). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For pineapple juice the average Brix value has been determined to be 14.3 degrees. The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure. The rates of duty on pineapple juice were not affected by the 1964-67 trade conference (Kennedy Round) under the General Agreement on Tariffs and Trade.

The rate on item 165.44, essentially unconcentrated pineapple juice, reflects an earlier concession under the GATT, effective January 1, 1948. The rate on "other" pineapple juice, 165.46, also became effective on January 1, 1948, but reflects a rate adjustment in the TSUS to take into account the prevailing degree of concentration of imports prior to August 31, 1963. Under the former tariff schedules, the duty was applicable on the basis of actual gallons entered, whether concentrated or unconcentrated, whereas under the TSUS the duty on concentrated juice is based on the quantity of reconstituted single-strength juice which can be made from a gallon of the concentrate.

Practically all U.S. imports of pineapple juice are products of the Republic of the Philippines which, when entered on or before July 3, 1974, are dutiable based on the following percentages of the applicable column 1 rates of the TSUS. (See general headnote 3c to the TSUS as shown in appendix A to this volume.)

- (A) 20 percent, during calendar years 1963 through 1964.
- (B) 40 percent, during calendar years 1965 through 1967.
- (C) 60 percent, during calendar years 1968 through 1970.
- (D) 80 percent, during calendar years 1971 through 1973.
- (E) 100 percent thereafter.

The following are the actual rates of duty applicable to imports of Philippine pineapple juice in calendar years 1965-67 and 1968-70:

<u>TSUS</u> <u>item</u>	<u>Rate of duty</u>	
	<u>1965-67</u>	<u>1968-70</u>
165.44-----	8¢ per gal.	12¢ per gal.
165.46-----	2¢ per gal.	3¢ per gal.

The average ad valorem equivalents of the specific rates on imports of pineapple juice from the Philippines during 1968 were as follows:

<u>TSUS</u> <u>item</u>	<u>Percent</u>
165.44-----	39.1
165.46-----	12.9

There were no imports of unconcentrated pineapple juice (item 165.44) from countries other than the Philippines in 1968. The average ad valorem equivalent of the specific rate of duty on concentrated pineapple juice (item 165.46) imported in 1968 from countries other than the Philippines (Mexico) was 15.3 percent.

U.S. consumption

The United States is virtually the only country where a pineapple-juice market of substantial volume has been developed, the result of much product research and sales promotion by the Hawaiian industry.

PINEAPPLE JUICE

While three-fourths of the fruit juices consumed in the United States are citrus varieties, half the remainder is pineapple. Per capita consumption of pineapple juice in most years is approximately two-fifths of a gallon. Relatively large fluctuations in total consumption generally occur in response to changes in supply and price of citrus juices, particularly that of frozen orange juice concentrate, which by itself accounts for nearly half the fruit juice consumed in the United States annually.

A rise in the price of orange juice after the severe Florida freeze of December 1962 was followed by an increase in consumption of pineapple juice from the level of 60-66 million gallons annually in the years preceding to 83-79 million gallons in the crop years ending May 31 of 1963 and 1964. Consumption declined to near the 70-million gallon level in 3 of the 4 years following (table 1).

The effect of the Florida freeze on orange juice prices also stimulated the market for less expensive diluted fruit-juice drinks in which concentrated pineapple juice is an important ingredient.

U.S. producers

In Hawaii in 1964, six companies operated six canneries and seven large pineapple-growing plantations. Three of these companies, accounting for 75 percent of the total processed output, were engaged in processing other fruits and vegetables on the U.S. mainland. The large companies operating in Hawaii also own pineapple establishments in the Republic of the Philippines--the primary source of foreign pineapple juice consumed in the United States. The largest Hawaiian producer derives over half of its sales volume from pineapple processing, whereas the two other large companies derive only 10 percent of their sales from this source. In the past decade several small concerns have either gone out of business or merged with larger companies.

The pineapple industry is one of Hawaii's major sources of agricultural income. The production of pineapple juice has an important bearing on the overall profitability of the pineapple canneries, as well as on the industry's ability to price canned pineapple competitively in the world market where there is growing competition from Taiwan, the Republic of South Africa, and Malaysia. According to industry sources, the average annual employment in production and processing of pineapples in Hawaii is about 8,800 people, with seasonal employment reaching 22,000 at the height of the harvest.

U.S. production

Production of pineapple juice in the United States in the period 1964-68 ranged between 62 million and 77 million single-strength gallons annually, with estimated value at manufacturers' sales level between \$34 million and \$50 million (table 1). Hawaii accounted for 90 percent of the total and Puerto Rico most of the remainder; minor amounts were also produced in Texas (from Mexican fruit) and in Florida.

U.S. exports

U.S. annual exports of pineapple juice in the crop years ending 1964-68 ranged between 4.0 million gallons and 6.2 million (single-strength basis). Value fluctuated between \$2.6 million and \$3.6 million (table 1). Exports of pineapple juice tend to fluctuate strongly with changes in price and competitive position relative to that of other juices.

During 1964-68 exports of pineapple juice amounted to nearly 7 percent of annual domestic production and were roughly half the size of annual imports. Only about 13 percent of total exports of pineapple juice was in concentrated form (table 2).

About 60 percent of U.S. exports were to Canada. The remainder was divided among 60 other countries and dependencies, the more important of which were France, the United Kingdom, Belgium, and West Germany (table 3).

U.S. imports

U.S. annual imports of pineapple juice in the period 1964-68 (crop years ending May 31 each year) ranged from 8 million to 12 million gallons on a single-strength basis and supplied from 12 to 16 percent of U.S. consumption of pineapple juice annually. Value of imports ranged from \$2.3 million to \$3.6 million. Fluctuations were associated with shifts in demand patterns for other fruit juices, particularly orange juice concentrate, together with fluctuations in U.S. pineapple juice production (table 1).

Over 90 percent of imported pineapple juice concentrate and the entire amount of imported single-strength juice comes from the Philippine Republic. Most Philippine juice is produced in plants owned by U.S. pineapple canners, and the marketing of this imported juice is integrated with the marketing of juice produced in the United States. It shares the product characteristics and the well-developed brand acceptance of the domestic product and serves as a readily accessible supply reserve for the U.S. market.

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1:10

PINEAPPLE JUICE

Imports of single-strength juice comprised only about a third of total imports in 1964-68. The remainder was in concentrated form. Nearly all of the imported concentrate came from the Philippines, but Mexico also provided sizeable amounts in some years (table 4).

PINEAPPLE JUICE

Table 1.--Pineapple juice: U.S. production, imports for consumption, exports of domestic merchandise and apparent consumption, crop years ending 1964-68

(Quantity in thousands of gallons; 1/ value in thousands of dollars)

Year ending May 31	Production ^{2/}	Imports	Exports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1964-----	75,710	10,400	3,975	79,176	13
1965-----	65,514	11,660	4,255	72,139	16
1966-----	76,711	8,257	4,972	71,672	12
1967-----	76,865	9,345	5,267	79,927	12
1968-----	62,477	10,484	6,201	68,633	15
Value					
1964-----	38,500	3,336	2,604	<u>3/</u>	<u>3/</u>
1965-----	39,900	3,598	3,022	<u>3/</u>	<u>3/</u>
1966-----	50,500	2,284	3,370	<u>3/</u>	<u>3/</u>
1967-----	48,300	2,969	3,333	<u>3/</u>	<u>3/</u>
1968-----	34,300	2,855	3,641	<u>3/</u>	<u>3/</u>

1/ Single-strength basis.

2/ Figures as reported by the Pineapple Growers Association of Hawaii adjusted to eliminate imports from the Philippines and to allow for shipments to continental United States from Puerto Rico.

3/ Not available.

Source: Production compiled from statistics of the Pineapple Growers Association of Hawaii and from official statistics of the U.S. Department of Commerce; imports and exports compiled from official statistics of the U.S. Department of Commerce.

PINEAPPLE JUICE

Table 2.--Pineapple juice, concentrated, hot pack: U.S. exports of domestic merchandise, by principal markets, 1965-68

Market	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>			
West Germany-----	27	42	51	95
United Kingdom-----	27	30	28	25
Canada-----	77	53	27	19
France-----	<u>2/</u>	<u>2/</u>	55	18
Belgium-----	3	5	16	12
Switzerland-----	<u>2/</u>	23	19	9
Norway-----	<u>2/</u>	7	3	4
Netherlands-----	3	10	10	4
Italy-----	-	-	7	2
Panama-----	11	13	3	1
All other-----	66	38	24	47
Total-----	214	221	243	236
	Value (1,000 dollars)			
West Germany-----	69	107	127	173
United Kingdom-----	70	75	70	46
Canada-----	200	97	57	40
France-----	<u>3/</u>	1	136	34
Belgium-----	8	14	40	21
Switzerland-----	<u>3/</u>	60	49	17
Norway-----	1	19	9	8
Netherlands-----	9	25	26	6
Italy-----	-	-	11	3
Panama-----	27	25	8	1
All other-----	155	84	50	97
Total-----	539	507	583	446

1/ In concentrated form.2/ Less than 500 gallons.3/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Pineapple juice, single-strength canned: U.S. exports of domestic merchandise, by principal markets, 1965-68

Market	1965	1966	1967	1968
	Quantity (1,000 gallons)			
Canada-----	1,952	1,827	3,295	2,930
France-----	41	90	393	217
United Kingdom-----	141	418	277	189
Belgium-----	132	158	174	164
French Pacific Islands-----	125	198	87	149
Netherlands Antilles-----	83	108	98	118
West Germany-----	152	113	164	98
Bahamas-----	43	48	87	86
Canary Islands-----	47	61	55	57
Spain-----	44	16	50	44
All other-----	977	960	894	773
Total-----	3,737	3,997	5,574	4,825
	Value (1,000 dollars)			
Canada-----	1,317	1,026	1,751	1,507
France-----	30	62	263	146
United Kingdom-----	103	261	177	126
Belgium-----	92	107	121	113
French Pacific Islands-----	90	143	63	104
Netherlands Antilles-----	62	85	72	86
West Germany-----	107	76	100	72
Bahamas-----	31	36	71	70
Canary Islands-----	41	56	52	55
Spain-----	33	13	51	38
All other-----	704	733	645	535
Total-----	2,610	2,598	3,366	2,852

Source: Compiled from official statistics of the U.S. Department of Commerce.

PINEAPPLE JUICE

Table 4.--Pineapple juice: U.S. imports for consumption, by principal sources, 1964-68

Kind and source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>				
Not concentrated:					
Republic of the Philip-					
pines-----	3,434	4,444	2,006	3,325	3,317
Total-----	3,434	4,444	2,006	3,325	3,317
Concentrated:					
Republic of the Philip-					
pines-----	8,156	5,289	6,686	6,876	4,175
Mexico-----	987	557	61	<u>2/</u>	4
All other-----	14	109	27	<u>2/</u>	-
Total-----	9,157	5,955	6,774	6,876	4,179
	Value (1,000 dollars)				
Not concentrated:					
Republic of the Philip-					
pines-----	1,234	1,481	635	1,106	1,018
Total-----	1,234	1,481	635	1,106	1,018
Concentrated:					
Republic of the Philip-					
pines-----	1,986	1,256	1,804	1,920	968
Mexico-----	615	249	32	1	1
All other-----	5	46	9	1	-
Total-----	2,606	1,551	1,845	1,922	969

1/ Single-strength basis.2/ Less than 500 gallons.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Prune juice-----	165.50

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated-1970.

U.S. trade position

The United States is the world's leading producer of prune juice, and also of dried prunes. Imports of prune juice are negligible. Exports are not reported separately, but are believed to exceed imports.

Description and uses

In the United States prune juice is made from dried prunes either by soaking them in hot water of about 180° F. for an extended period and drawing off the resulting solution, or by pressing boiled prune mash. Citric acid, lemon or lime juice are sometimes added to increase acidity.

The usual method of making prune juice concentrate is by reducing the amount of water in prune juice in low-temperature vacuum concentrators to increase the soluble-solids content to 70° Brix. 1/ A 70° Brix concentrate is of a heavy consistency and requires no preservative to keep it stable under normal storage in sealed containers. Concentration is done primarily for savings in freight to distant market areas. The concentrate is reconstituted to single-strength by the addition of water.

The term "prune juice" also includes the juice from fresh prunes. If prune juice is mixed with other juices, such mixed juices are provided for under item 165.65. If prune juice in any form contains over 1.0 percent of ethyl alcohol by volume, it is provided for under item 165.70 and is included in the summary covering that item.

1/ See headnote 3 of part 12A, schedule 1 of the TSUS, as reproduced in appendix A to this summary volume, for explanation as to Brix values.

PRUNE JUICE

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
165.50	Prune juice, not mixed and not con- taining over 1.0 percent ethyl alcohol by volume.	5¢ per gal.	4.2¢ per gal.	3.8¢ per gal.

The per-gallon duty rates shown above apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For prune juice, the average Brix value has been determined to be 18.5 degrees. The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the duty in effect on December 31, 1968, based on dutiable imports in 1968, was 6.6 percent.

U.S. consumption, production, imports and exports

Annual consumption of prune juice in the United States was relatively stable in the period 1963-67, varying irregularly from 23.8 million gallons to 25.8 million annually, somewhat higher than the range of 20 million to 25 million gallons in the preceding 5-year period. This also was the approximate level of production. Value of production ranged from \$30.4 million to \$33 million annually. In the year ending July 31, 1968, production is estimated to have amounted to 25.2 million gallons, valued at about \$32.2 million, well within the range of the 1963-67 period.

Virtually all prune juice consumed in the United States is produced domestically, and in most years consumption and production are in relative balance. About a third of prune production in recent years reached the market as prune juice, either single-strength or concentrated.

There are 30 firms with 35 plants located in 13 states, which market prune juice produced either directly from prunes or by processing prune-juice concentrate. California leads with 13 plants, New York has six, and Pennsylvania three. Most of the firms also pack other fruit and vegetable products. Plants in the Midwest and the East use concentrate packed on the west coast as the basis for their single-strength juice production. Four plants in California produce prune-juice concentrate.

Imports have been small and sporadic. In the period 1963-68 they were as follows:

<u>Year</u>	<u>Gallons</u>	<u>Dollars</u>
1963-----	26	102
1964-----	541	1,593
1965-----	18,921	8,796
1966-----	-	-
1967-----	1,904	1,380
1968-----	23,717	16,986

Sources have been Canada, Yugoslavia, Taiwan, West Germany and the Netherlands. Exports are not separately reported but are believed to be much larger than imports.

FRUIT JUICES, NONENUMERATED, NOT MIXED AND NOT CONTAINING
OVER 1.0 PERCENT OF ETHYL ALCOHOL BY VOLUME

49

Commodity TSUS
item

Fruit juices, not mixed, other than apple,
pear, citrus, grape, pineapple, or prune--165.55

Note.--For the statutory description, see the Tariff Schedules of
the United States Annotated (TSUSA-1970).

U.S. trade position

For the many individual juices in this classification, the trade
positions vary widely. In total volume, U.S. production greatly ex-
ceeds imports.

Comment

The unmixed fruit juices covered by this summary contain not
more than 1 percent alcohol by volume; included are a wide variety of
juices partially enumerated on the following page in conjunction with
their average Brix values as determined by the Bureau of Customs.
The juices from citrus fruit, apples, pears, grapes, pineapples, or
prunes are separately provided for under TSUS items 165.15-165.50.
The principal imports under 165.55 consist of concentrated juice of
black or red currants, elderberries, blackberries, and raspberries.
If fruit juices contain over 1 percent of alcohol by volume they are
provided for under item 165.70.

The column 1 rates of duty applicable to imports (see general
headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			First stage, effective Jan. 1, 1968	Second stage, effective Jan. 1, 1970 ^{1/}
	Fruit juices:			
	Not mixed and not con-			
	taining over 1.0			
	percent of ethyl al-			
	cohol by volume:			
165.55:	Other-----	4¢ per	3.5¢ per	3.0¢ per gal.
		gal.	gal.	

^{1/} The final rate reduction is effective in the second stage.

50 FRUIT JUICES, NONENUMERATED, NOT MIXED AND NOT CONTAINING
OVER 1.0 PERCENT OF ETHYL ALCOHOL BY VOLUME

The tabulation above shows the column 1 rate of duty in effect prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. The average ad valorem equivalent of the duty based on dutiable imports in 1968 was 3.3 percent.

The per-gallon duty rates shown above apply to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). For selected fruit juices included in this summary the Bureau of the Customs has determined the Brix values to be:

<u>Kind of fruit juice</u>	<u>Average Brix value (degrees)</u>	<u>Kind of fruit juice</u>	<u>Average Brix value (degrees)</u>
Apricot-----	14.3	Loganberry-----	10.5
Black currant---	15.0	Mango-----	17.0
Blackberry-----	10.0	Naranjilla-----	10.5
Blackraspberry--	11.1	Papaya-----	10.2
Blueberry-----	14.1	Passion fruit--	15.3
Boysenberry-----	10.0	Peach-----	11.8
Carob-----	40.0	Plum-----	14.3
Cherry-----	14.3	Pomegranate---	18.2
Cranberry-----	10.5	Quince-----	13.3
Date-----	18.5	Red raspberry--	10.5
Dewberry-----	10.0	Red currant---	10.5
Elderberry-----	11.0	Strawberry-----	8.0
Fig-----	18.2	Tamarind-----	55.0
Gooseberry-----	8.3	Youngberry-----	10.0
Guava-----	7.7		

The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

The principal fruit juices in this group are used mostly in the manufacture of jellies, fruit wines, blended fruit juices, and fruit drinks. Much of the juice, derived from fresh or frozen fruit, is produced in the same plant manufacturing jellies, fruit wines, blended fruit juices and fruit drinks, and official data on production are not available.

Annual use of these nonenumerated juices by the preserve industry is around 9 million gallons, and by the wine industry between 2 and 3 million. Indeterminate amounts are also used in the production of flavored table sirups, blended fruit juices, and fruit drinks.

Imports of the fruit juices in this summary ranged in volume from 1.4 million gallons to 1.6 million gallons on a single-strength basis in 1964-67, with an annual value between \$1.4 million and \$1.7 million. In 1968 imports rose 72 percent to 2.4 million gallons with a value of \$2.5 million chiefly because of increased imports in anticipation of the dock strike which tied up shipping in Atlantic and Gulf coast ports beginning in December 1968 (see table).

Blackberry, currant, raspberry, cherry, strawberry, and elderberry juices in concentrated form from the Netherlands, Yugoslavia, West Germany, Mexico, and Ireland account for most of the imports.

Imports of some juices, such as black currant and elderberry have probably supplemented inadequate domestic supplies. The convenience of using a juice concentrate rather than fresh or frozen fruit has also been a factor in establishing a market for these foreign juice concentrates among preserve manufacturers and producers of fruit wine.

Exports of the fruit juices covered in this summary are not separately reported in official trade statistics. In the calendar years 1965-68, exports of single-strength juices in airtight containers other than pineapple, grapefruit, pear, and orange juices ranged in value from \$2.5 million to \$3.5 million; exports of concentrated, hot-pack juices other than orange, pineapple, and grapefruit juices ranged in value from \$2.0 million to \$2.6 million; and exports of frozen concentrated juice other than orange and grapefruit juices ranged from \$0.9 million to \$1.2 million. Included in the above figures are exports of juices not included in this summary such as grape, prune, lime, lemon, and apple juices.

FRUIT JUICES, NONENUMERATED, NOT MIXED AND NOT CONTAINING
OVER 1.0 PERCENT OF ETHYL ALCOHOL BY VOLUME

Fruit juices, unmixed, not elsewhere provided for: U.S.
imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons) <u>1/</u>				
Netherlands-----	1,053	638	828	676	1,209
Austria-----	63	77	69	27	317
Yugoslavia-----	209	319	309	376	244
West Germany-----	53	30	25	26	60
Mexico-----	38	103	145	111	216
Ireland-----	67	101	60	83	116
All other-----	55	139	116	71	200
Total-----	1,538	1,407	1,552	1,370	2,362
	Value (1,000 dollars)				
Netherlands-----	1,045	688	834	751	1,249
Austria-----	99	116	121	43	398
Yugoslavia-----	196	288	285	318	236
West Germany-----	137	77	80	85	156
Mexico-----	31	81	113	83	149
Ireland-----	85	84	76	67	72
All other-----	106	203	216	83	211
Total-----	1,699	1,537	1,725	1,430	2,471

1/ Single-strength basis.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Fruit juices, mixed-----	165.65

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position.

Although data on domestic production and exports are incomplete, available information indicates that the United States is a net exporter of mixed fruit juices.

Comment

This summary covers mixed fruit juices not containing over 1.0 percent of ethyl alcohol by volume. The principal products included herein are a number of standard juice combinations of widespread popularity in the U.S. market, such as orange-grapefruit, orange-pineapple, pineapple-grapefruit, pineapple-apricot, and apple-cranberry.

The current rate of duty applicable to imports of mixed fruit juices is:

<u>TSUS item</u>	<u>Commodity</u>	<u>Rate of duty</u>
165.65	Fruit juices, mixed, not containing over 1.0 percent of ethyl alcohol by volume.	The highest rate applicable to any component juice.

Dependent on composition of the particular imported product, the rate may be any of those applicable to items 165.15, 165.25, 165.30, 165.35, 165.40, 165.44, 165.46, 165.50, and 165.55 of the Tariff Schedules of the United States (see appendix A of this volume of summaries for the applicable rate).

The determined per-gallon duty rate applies to juice in natural unconcentrated form. If the juice is concentrated, the duty is calculated on the number of gallons of reconstituted single-strength juice which can be made from a gallon of the concentrate (see headnotes 3 and 4 to part 12A, schedule 1 of the Tariff Schedules of the United States concerning "reconstituted" juice, which are reproduced in appendix A to this volume). A concentrated juice may be in liquid, powdered, or solid form. In determining the degree of concentration of imported mixed fruit juices, the mixture is considered as being

wholly of the component juice having the lowest Brix value. The average Brix values of unconcentrated fruit juices in the trade and commerce of the United States are set forth for tariff purposes in section 13.19, Customs Regulations (19 CFR 13.19). The corrections for added sweetener, acidity, and specific gravity provided for under headnotes 3 and 4 are made by the Bureau of Customs according to established procedure.

Data on both production and exports of mixed fruit juices are incomplete. For the year 1963, domestic shipments of canned grapefruit-pineapple juice blends amounted to 8 million cases (about 27 million gallons), valued at nearly \$22 million, and shipments of grapefruit-orange juice blends amounted to 2 million cases (over 8 million gallons), valued at \$7 million. Other combinations of mixed fruit juices were not separately reported.

Exports of mixed citrus fruit juices ranged from 981,000 gallons to 1,405,000 gallons in the period 1965-68; value ranged from \$719,000 to \$847,000 in the same period. Approximately 90 percent of these exports went to Canada. Data on exports of other mixed fruit juices are not available.

Imports of mixed fruit juices in 1964 totaled 604 gallons, valued at \$560, from West Germany and Iraq; imports in 1966 were 166 gallons, valued at \$285, entirely from Norway. In 1968 imports of 12,654 gallons, valued at \$10,313 were received from Venezuela and West Germany. There were no imports of mixed fruit juices in the years 1963, 1966, and 1967.

Commodity

TSUS
item

Fruit juices, containing over 1.0 percent
of ethyl alcohol by volume----- 165.70

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Data on U.S. production of fruit juices with an alcohol content of over 1 percent are not available. Imports are small.

Comment

This summary covers juices containing over 1 percent of alcohol by volume. It does not include fruit flavors containing alcohol, which are provided for under items 450.10-450.50. Neither does it cover the alcoholic beverages described in subparts C or D of Part 12 of the Tariff Schedules of the United States (see headnote 1 to part 12A, schedule 1 of the Tariff Schedules of the United States, reproduced in appendix A to this volume). Imports have consisted of concentrated fruit juices, containing alcohol, not suitable for use as beverages in that form.

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
165.70	Fruit juices contain- ing over 1.0 per- cent of ethyl al- cohol by volume.	35¢ per gal. + \$2.50 per proof gal. on alcohol content	29¢ per gal. + \$2.11 per proof gal. on alcohol content	26¢ per gal. + \$1.85 per proof gal. on alcohol content

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

Data on consumption and production in the United States are not available.

Imports of fruit juices containing over 1 percent alcohol ranged from 186 gallons to 1,634 gallons annually in the period 1963-67; foreign value of imports ranged from \$1,284 to \$3,312 (see table). Imports in 1967 came from Italy and Switzerland. There were no imports in 1968. The ad valorem equivalent of the specific rate of duty on these products in 1967 was 41 percent.

Exports of fruit juices containing over 1 percent of ethyl alcohol by volume are not separately reported but are believed to be nil or negligible.

Fruit juices, mixed or unmixed, containing over 1 percent of alcohol by volume: U.S. imports for consumption, by sources, 1963-67

Source	1963 ^{1/}	1964	1965	1966	1967
Quantity (gallons)					
Italy-----	-	836	-	990	75
Switzerland-----	539	758	443	413	111
West Germany-----	-	-	392	-	-
France-----	88	40	35	-	-
Total-----	627	1,634	870	1,403	186
Value (dollars)					
Italy-----	-	4,080	-	1,111	877
Switzerland-----	2,046	2,923	1,719	1,659	407
West Germany-----	-	-	1,061	-	-
France-----	1,142	608	532	-	-
Total-----	3,188	7,611	3,312	2,770	1,284

^{1/} May include some fruit juice containing between 1/2 percent and 1 percent alcohol by volume.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--There were no imports in 1968.

<u>Commodity</u>	<u>TSUS item</u>
All mineral waters, natural, imitation, or artificial-----	166.10

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

U.S. production of medicinal mineral waters declined radically over the past 40 years. Present trade is primarily in bottled table water. Imports and exports are small.

Description and uses

Mineral waters are of two general categories: Table waters which are pure potable water with no outstanding mineral, chemical, or gaseous content for which therapeutic effects are claimed; and medicinal waters which have or are promoted as having beneficial physiological effects because they contain discernible quantities of minerals, chemicals, or gases either as natural or added components.

The principal requirements of table waters are palatability, clearness, and freedom from bacteria. Still table water is put up in large bottles for supplying hotels, offices, and sometimes homes, with drinking water. It is especially in demand where the local water supply has an objectionable taste or color. Dispensers with mechanical refrigeration are frequently provided as part of a commercial water-supply service.

Medicinal waters are of two major types: (1) those having a readily apparent purgative or alkalizing effect when taken over a short term; and (2) those which may have noticeable beneficial effect when taken over a long period. The latter are sometimes called "testimonial waters."

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Fourth stage, effective Jan. 1, 1971
166.10	Mineral waters-----	3¢ per gal.	2¢ per gal.	1.5¢ per gal. <u>1/</u>

1/ The final rate will become effective at the fourth stage.

The tabulation above shows the column 1 rates in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and fourth stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty in effect on December 31, 1967, based on dutiable imports during 1968, was 2.3 percent. The impact of the duty on imports from most countries was close to this average.

U.S. consumption, producers and production

Data on the annual volume of table and medicinal water bottled for sale in the United States has not been available since a survey by the Department of the Interior in 1923. The Bureau of the Census does not consider the bottling of water to be a manufacturing operation, and does not include bottled water as an article in the Census of Manufactures.

There are six companies listed in Thomas Wholesale Grocery and Kindred Trades Register as producers of mineral water in the United States, two in New York, and one each in Arkansas, California, Indiana, and Massachusetts. Three of the six are producers of well-known brands of medicinal waters, and the other three are primarily bottlers and national distributors of table waters for office and home use. Every large city has firms which sell noncarbonated bottled water to business and private customers in their immediate locale (New York has 21, Chicago, 25, and Los Angeles, 18). Resorts throughout the country also market bottled medicinal mineral spring water to a relatively small clientele.

U.S. exports and imports

U.S. exports of mineral water are small, and are not separately reported in the foreign trade statistics of the United States. In the years immediately following World War II, when data was last available, approximately 100,000 gallons with a value of about \$80,000 were exported annually. This volume was less than half that exported in the mid-twenties. The Philippine Republic, the Bahamas, Cuba, and Venezuela were among the most important markets.

Imports are also small, ranging between 123,000 gallons and 230,000 gallons annually in the period 1964-68, with annual value between \$130,000 and \$255,000. The chief suppliers have been France, Italy, and West Germany (see table). Most imports are products of well-known continental spas. The price, character, and reputation of these foreign brands are such that they apparently are not completely comparable with the domestic mineral waters.

MINERAL WATERS

Mineral water: U.S. imports for consumption,
by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
France-----	81	89	108	92	127
Italy-----	27	40	44	82	72
West Germany-----	7	8	8	9	14
All other-----	8	16	6	11	17
Total-----	123	153	166	194	230
	Value (1,000 dollars)				
France-----	85	107	115	110	158
Italy-----	22	36	38	77	59
West Germany-----	14	11	12	15	21
All other-----	9	24	7	19	17
Total-----	130	178	172	221	255

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Ginger ale, ginger beer, lemonade, and soda water-----	166.20
Vegetable juices, including mixed vegetable juices-----	166.30
Nonalcoholic beverages, not specially provided for-----	166.40

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

The United States is on an export basis for all the major products in the group. Imports and exports are small in relation to U.S. production and consumption.

Description and uses

This summary covers all nonalcoholic beverages except mineral waters (item 166.10) and fruit juices (items 165.15-165.65). To be nonalcoholic, the beverage must contain less than 0.5 percent alcohol (headnote 1, part 12B, schedule 1 of the Tariff Schedules of the United States Annotated). Mineral waters and fruit juices are covered in other summaries in this volume.

Item 166.20 covers ginger ale, ginger beer, lemonade and soda water. Ginger ale is a sweetened carbonated beverage flavored with ginger essence. Ginger beer may be either a dealcoholized, fermented drink brewed from an infusion of ginger and other substances such as licorice extract, hops, cloves, capsicum extract, and gentian, or an artificially carbonated beverage made with brewed ginger-beer concentrate. If the brewed ginger beer product contains 0.5 percent or more of ethyl alcohol by volume it is provided for under item 167.50, other fermented alcoholic beverages. Lemonade is primarily a water solution of lemon juice and sweetener; soda water consists of flavored water charged with carbon dioxide. Club soda, which is pure water charged with carbon dioxide, used as a mix with alcoholic beverages, is also classified in 166.20.

Vegetable juices (item 166.30) include the expressed juices of all vegetables, whether or not mixed one with another. The major items of domestic trade are tomato juice, and a seasoned mixture of tomato juice and the juices of carrots, celery, beets, parsley, lettuce, spinach and watercress, with tomato juice predominating. Certain other vegetable juices such as carrot, spinach, and watercress are packed for sale as dietetic beverages. Imported vegetable juices are

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usually similar to the specialized dietetic vegetable juices produced domestically, but tomato juice has also been imported on occasion.

Other nonalcoholic beverages (item 166.40) include but are not necessarily limited to dealcoholized beer, dealcoholized wine, coconut milk, flavored or unflavored, and "fruit juice" drinks composed of a mixture of water, fruit juice, sweetener, and citric acid. The major domestic products in this category are fruit juice drinks and dealcoholized beer.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)			
		Rate prior to: Jan. 1, 1968	Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972	
166.20	Ginger ale, ginger beer, lemonade and soda water.	2¢ per gal.	1¢ per gal.	1¢ per gal. <u>1/</u>	
166.30	Vegetable juices, in- cluding mixed vege- table juices.	2¢ per gal.	1¢ per gal. <u>2/</u>	1¢ per gal. <u>2/</u>	
166.40	Beverages not special- ly provided for.	2¢ per gal.	1¢ per gal.	1¢ per gal. <u>1/</u>	

1/ The final rate for this item became effective Jan. 1, 1970, at the third stage.

2/ The final rate for this item became effective Jan. 1, 1968, at the first stage.

The tabulation above shows the column 1 rates in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

Reductions in duty amounting to 50 percent were granted by the United States on all three items. On two of the items, 166.20 and 166.40, the reductions were put into effect on January 1, 1968 and on January 1, 1970; the full concession on item 166.30 became effective on January 1, 1968.

SOFT DRINKS, VEGETABLE JUICES, AND VARIOUS NONALCOHOLIC BEVERAGES 65

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968 were as follows:

<u>TSUS item</u>	<u>Percent</u>
166.20-----	1.3
166.30-----	0.7
166.40-----	1.1

U.S. consumption

Annual consumption of soft drinks in the United States rose from 2.9 billion gallons to 4.2 billion in the period 1964-68. The annual rate of increase averaged 9 percent, compared with an average annual increase of 5 percent in 1959-63. Among the factors leading to this upsurge were: the rising population in the 10 to 29-year age group which accounts for about half of the soft drink purchases; the extension of the market for soft drinks among diet-conscious persons through promotion of brands containing nonsugar sweeteners, the increased promotion of sale in larger containers; and the introduction of new flavors.

U.S. consumption of tomato juice and other vegetable juices fluctuated irregularly between 109 million gallons and 133 million gallons annually in the period 1963-67. Data for 1968 are unavailable. In most years of the past decade annual consumption per person has been equivalent to slightly more than a half a gallon, and year-to-year changes in overall consumption have generally followed the population trend. Variations from this trend have largely been associated with changes in the market for citrus juices, particularly frozen orange juice concentrate. The demand for tomato juice and for fruit juice drinks tends to increase in those years when Florida orange production is low and the price of orange juice rises.

The volume of fruit juice drinks consumed in the United States rose rapidly in the early 1960's as the result of the introduction of new products, price appeal and aggressive trade promotion. Annual consumption rose from less than 140 million gallons to over 230 million, and appeared to stabilize at near that level in 1964-67. Data for 1968 are unavailable.

U.S. consumption of dealcoholized beer is relatively small when compared with that of other products included in this summary. It more than doubled, however, in the period 1964-68, from 1.7 million gallons annually, to 3.7 million. Persons of Latin-American extraction are the chief consumers of these beverages in the United States.

Producers and production

The annual production of soft drinks in the United States is paced by consumption. Between 1964 and 1968, production increased by an average annual rate of 9 percent, from 2.9 billion gallons, with a wholesale value of \$2.5 billion in 1964, to 4.2 billion gallons, valued at \$4.2 billion in 1968.

Transportation costs dictate that production of the finished beverages be located in the immediate area of consumption. Owners of the major brands operate chiefly through local independent franchised bottlers of which there are over 3,500 in the United States. The brand owners sell flavoring sirup or concentrate to the local operators and provide the basic preselling advertising promotion on a national scale. Foreign operations of substantial proportions follow the same pattern. The leading brand owner in the United States derives over 40 percent of its net income from foreign sources, most of it from production facilities located abroad. There are about 20 companies whose soft-drink brands share national distribution. Two firms, specializing in cola drinks, account for slightly over 50 percent of industry brand sales; four others combined account for about 25 percent. Cola brands, including those made with nonsugar sweeteners, made up 63 percent of the soft drink market in 1966; lemon-lime, 17 percent; orange, 10 percent; and root beer, 5 percent.

Other activities of the major soft drink companies include the production and sale of concentrated citrus juices, soluble coffee, snack foods, and distilled beverages.

Annual production of vegetable juices in the United States in 1963-67 ranged irregularly from 113 million gallons to 124 million gallons. Annual value of production ranged from \$91 million to \$115 million at wholesale. Data on 1968 production are not available. Approximately 100 companies in 12 states produce vegetable juices. The leading states are California, Indiana, New York and Ohio. Output of almost all of the companies include products other than vegetable juices, mainly canned vegetables and soups, fruit, and fruit juices.

U.S. production of fruit juice drinks follows the rising consumption trend. Production is estimated to have increased from about 195 million gallons in 1963 to over 230 million gallons in 1967. About 75 companies pack fruit juice drinks in slightly over 100 plants located in 27 states. California, Florida, Hawaii, Illinois, Texas, and Washington are among the most important in output. The major producers, with one exception, also produce other products, principally canned fruits, fruit juices, and vegetables.

Dealcoholized beer containing less than one-half of one percent of alcohol by volume was produced by 11 of the 176 breweries operating

in the United States in 1967. Production occurred in 9 states, with New Jersey, Illinois and Wisconsin accounting for 67 percent of total output. Production of dealcoholized beer increased from approximately 1.5 million gallons, valued at \$1.0 million in 1963 to 4.0 million gallons, valued at \$2.8 million in 1968, following the trend in U.S. consumption.

U.S. exports

Data on U.S. exports of soft drinks, vegetable juices, and other nonalcoholic beverages were not uniformly available for the period covered in this summary. In 1963-64 only tomato juice was separately reported in the official export statistics of the U.S. Department of Commerce. Exports of other vegetable juices were included with data on canned vegetables, and soft drinks were reported with exports of other nonalcoholic beverages. Estimates in table 1 were made on the basis of the overall data for 1963-64 and the relationships shown in the separately reported data for subsequent years.

For the years when separately reported, annual exports of soft drinks (including mineral water) increased from 1,237,000 gallons in 1965 to 1,919,000 gallons in 1968 (table 2). Value of exports in 1968 amounted to \$1,503,000. Among the leading markets were the Bahamas, the Trust Pacific Islands, the Leeward and Windward Islands, Bermuda, and the Netherlands Antilles. Exports of prepared soft drinks, however, are responsible for only a small part of the foreign income of U.S. soft drink companies. Such income is chiefly derived from exports of soft-drink flavor concentrate, the manufacture and sale of concentrate abroad, and the franchising or operation of foreign bottling plants.

Annual exports of vegetable juices fluctuated irregularly between 2.1 million gallons and 3.3 million in 1965-68 (table 1). In 1968, exports of tomato juice amounted to 1,794,000 gallons with a value of \$2,048,000 (table 3) while exports of vegetable juices other than tomato amounted to 330,000 gallons, valued at \$458,000 (table 4). Canada, Japan, and Saudi Arabia were the major foreign markets for U.S. tomato juice in 1968 while the Nansei Islands, West Germany and Canada were the chief recipients of vegetable juices other than tomato.

Exports of nonalcoholic beverages not specially provided for ranged between 545,000 gallons and 578,000 gallons in 1965-68 (table 1). The value of exports in 1968 amounted to \$897,000 (table 5); the most important markets were Canada, Mexico, and Saudi Arabia.

U.S. imports

U.S. imports of the articles covered in this summary have been negligible compared with U.S. production and consumption. Annual imports of soft drinks ranged from 20,000 gallons to 83,000 gallons in 1964-68, with value in 1968 amounting to \$98,000 (table 6). The most important sources were the United Kingdom and Denmark.

Except for an entry in 1966 of 223,000 gallons of tomato juice from France, valued at \$171,000, imports vegetable juice into the United States ranged between 2,000 and 16,000 gallons annually in the five-year period beginning with 1964. Suppliers of foreign vegetable juices include Canada, Switzerland, West Germany and Mexico (table 7).

Annual imports of nonalcoholic beverages not specially provided for ranged irregularly between 102,000 gallons and 278,000 gallons in 1964-68. Imports of 278,000 gallons in 1968 were valued at \$379,000 (table 8). Canada, Italy, Denmark, West Germany, and the United Kingdom were the major suppliers.

Table 1.--Soft drinks, vegetable juices, and various nonalcoholic beverages: U.S. production, exports of domestic merchandise, imports for consumption, and consumption, 1963-68

(Quantity in thousands of gallons)

Item and year	Production	Exports	Imports	Consumption
Soft drinks:				
1963-----	2,701,373	<u>1/</u> 706	15	2,700,682
1964-----	2,922,885	<u>1/</u> 876	24	2,922,033
1965-----	3,156,423	<u>1/</u> 1,237	20	3,156,206
1966-----	3,528,881	<u>1/</u> 1,311	37	3,527,607
1967-----	3,705,678	<u>1/</u> 1,730	42	3,703,990
1968-----	4,165,552	<u>1/</u> 1,919	83	4,163,716
Vegetable juices:				
1963-----	121,935	<u>2/</u> 3,596	<u>3/</u>	<u>4/</u> 132,513
1964-----	124,635	<u>2/</u> 4,584	1	<u>4/</u> 118,694
1965-----	116,276	3,263	2	<u>4/</u> 124,380
1966-----	113,156	2,559	224	<u>4/</u> 116,508
1967-----	124,099	2,398	16	<u>4/</u> 109,842
1968-----	<u>5/</u>	2,124	11	<u>5/</u>
Other nonalcoholic beverages: <u>6/</u>				
1963-----	196,140	<u>7/</u> 302	77	<u>8/</u> 195,797
1964-----	235,341	<u>7/</u> 375	121	<u>8/</u> 235,022
1965-----	219,609	570	109	<u>8/</u> 218,973
1966-----	236,834	545	102	<u>8/</u> 236,089
1967-----	<u>7/</u> 239,578	562	125	<u>8/</u> 238,843
1968-----	<u>5/</u>	578	278	<u>5/</u>

1/ Contains mineral water; exports estimated 1963-64. Correction made in official statistics, 1966, by U.S. Tariff Commission

2/ Contains estimate for vegetable juice other than tomato juice.

3/ Less than 500 gallons.

4/ Adjusted for changes in tomato juice stocks of canners and wholesalers. 5/ Not available.

6/ The nonalcoholic beverages are those other than soft drinks, vegetable juices, fruit juices, and mineral waters.

7/ Estimated by the staff of the U.S. Tariff Commission.

8/ Includes data on removals of dealcoholized beer instead of production.

Source: Production compiled from statistics of the National Soft Drink Association, U.S. Department of Agriculture, Internal Revenue Service, and the U.S. Department of Commerce; exports and imports compiled from official statistics of the U.S. Department of Commerce, except as noted.

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Table 2.--Soft drinks 1/: U.S. exports of domestic merchandise, by principal markets, 1965-68

Market	1965	1966	1967	1968
	Quantity (1,000 gallons)			
Bahamas-----	169	295	557	792
Trust Territory, Pacific Islands-----	156	128	150	179
Leeward and Windward Islands-----	13	51	60	153
Bermuda-----	72	92	97	104
Netherlands Antilles-----	35	44	55	98
French Pacific Islands-----	8	2	37	89
Republic of Korea-----	21	33	37	66
Thailand-----	59	59	61	43
Ghana-----	9	17	35	18
All other-----	695	605	641	377
Total-----	1,237	1,326	1,730	1,919
	Value (1,000 dollars)			
Bahamas-----	141	211	413	603
Trust Territory, Pacific Islands-----	129	108	119	143
Leeward and Windward Islands-----	12	35	44	111
Bermuda-----	60	72	78	87
Netherlands Antilles-----	28	35	45	79
French Pacific Islands-----	8	2	31	69
Republic of Korea-----	20	31	30	51
Thailand-----	61	61	50	31
Ghana-----	8	15	30	17
All other-----	650	520	529	312
Total-----	1,117	1,090	1,369	1,503

1/ Export statistics include mineral waters but such are believed to be small.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 3.--Tomato juice, canned: U.S. exports of domestic merchandise, by principal markets, 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	2,257	1,159	710	548	377
Japan-----	118	127	180	220	235
Saudi Arabia-----	91	264	226	206	221
Nansei Islands-----	119	120	125	140	128
Bahrain-----	70	70	67	85	94
Sweden-----	102	60	61	55	55
United Kingdom-----	95	136	63	65	35
Hong Kong-----	63	63	66	58	50
West Germany-----	365	158	74	101	41
Singapore-----	1/	1/	41	41	27
All other-----	1,039	833	655	552	531
Total-----	4,319	2,990	2,268	2,071	1,794
	Value (1,000 dollars)				
Canada-----	1,453	907	563	436	375
Japan-----	99	130	195	275	314
Saudi Arabia-----	102	265	221	235	273
Nansei Islands-----	123	104	127	163	157
Bahrain-----	83	76	77	105	121
Sweden-----	83	52	59	57	65
United Kingdom-----	96	103	85	97	53
Hong Kong-----	51	57	63	64	53
West Germany-----	312	153	75	102	38
Singapore-----	1/	1/	43	44	30
All other-----	954	722	666	567	569
Total-----	3,356	2,569	2,174	2,145	2,048

1/ Separate data not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 4.--Vegetable juices, canned (except tomato): U.S. exports of domestic merchandise, by principal markets, 1965-68

Market	1965	1966	1967	1968
	Quantity (1,000 gallons)			
West Germany-----	44	58	69	90
Canada-----	80	53	25	71
Nansei Islands-----	15	44	97	68
Mexico-----	35	22	25	24
Haiti-----	10	27	16	16
Liberia-----	10	29	42	19
Japan-----	29	16	19	10
Sweden-----	33	6	6	6
United Kingdom-----	3	4	5	2
All other-----	44	32	22	24
Total-----	273	291	326	330
	Value (1,000 dollars)			
West Germany-----	60	79	91	122
Canada-----	159	93	50	106
Nansei Islands-----	22	59	125	98
Mexico-----	60	34	39	28
Haiti-----	13	36	23	23
Liberia-----	13	40	48	21
Japan-----	39	25	29	13
Sweden-----	4	8	10	10
United Kingdom-----	4	6	8	3
All other-----	70	43	36	34
Total-----	444	423	459	458

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 5.--Non-alcoholic beverages, n.s.p.f.: U.S. exports of domestic merchandise, by principal markets, 1965-68

Market	1965	1966	1967	1968
Quantity (1,000 gallons)				
Saudi Arabia-----	25	52	40	100
Canada-----	186	110	215	120
Mexico-----	49	49	34	61
Sweden-----	38	11	27	21
Netherlands Antilles-----	22	18	35	29
Honduras-----	3	5	5	6
French West Indies-----	29	21	20	20
Japan-----	6	3	3	2
Bahamas-----	92	99	92	1
Angola-----	2	2	9	-
All other-----	118	175	82	218
Total-----	570	545	562	578
Value (1,000 dollars)				
Saudi Arabia-----	36	82	84	185
Canada-----	240	213	227	146
Mexico-----	73	80	43	85
Sweden-----	158	30	75	64
Netherlands Antilles-----	28	22	43	34
Honduras-----	18	25	23	33
French West Indies-----	27	21	19	21
Japan-----	5	11	17	6
Bahamas-----	98	94	102	4
Angola-----	8	11	44	-
All other-----	195	320	175	319
Total-----	886	909	852	897

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 6.--Ginger ale, ginger beer, lemonade, and soda water: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
United Kingdom-----	19	15	27	31	73
Denmark-----	-	-	5	4	5
Canada-----	-	1	3	<u>1/</u>	2
Ireland-----	2	<u>1/</u>	2	3	3
All other-----	3	4	-	4	-
Total-----	24	20	37	42	83
	Value (1,000 dollars)				
United Kingdom-----	20	14	27	26	85
Denmark-----	-	-	5	4	5
Canada-----	-	<u>2/</u>	2	1	4
Ireland-----	2	<u>2/</u>	2	4	4
All other-----	3	4	-	5	-
Total-----	25	18	36	40	98

1/ Less than 500 gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Vegetable juices: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Switzerland-----	1	2	1	4	6
Canada-----	-	-	-	12	4
All other-----	-	<u>1/</u>	<u>2/</u> 223	<u>1/</u>	1
Total-----	1	2	224	16	11
	Value (1,000 dollars)				
Switzerland-----	3	4	2	7	9
Canada-----	-	-	-	8	3
All other-----	-	1	<u>2/</u> 170	1	3
Total-----	3	5	172	16	15

1/ Less than 500 gallons.

2/ Imports of tomato juice from France.

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 8.--Nonalcoholic beverages not specially provided for: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	37	28	23	14	142
Italy-----	1	2	3	3	25
Denmark-----	37	37	35	55	53
West Germany-----	38	38	32	39	35
United Kingdom-----	-	1	1	12	15
Mexico-----	2	1	<u>1</u> / ₁	2	4
All other-----	6	2	8	<u>1</u> / ₁	4
Total-----	121	109	102	125	278
	Value (1,000 dollars)				
Canada-----	55	21	23	11	178
Italy-----	1	3	5	5	61
Denmark-----	44	45	42	64	61
West Germany-----	50	50	44	54	50
United Kingdom-----	-	2	1	15	19
Mexico-----	6	3	<u>2</u> / ₁	5	5
All other-----	7	3	13	1	5
Total-----	163	127	128	155	379

1/ Less than 500 gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Alcoholic beverages are the chief products of three major U.S. industries: Malt liquors; distilled liquor, except brandy; and wines and brandy.

The United States is the world's leading producer of beer and other malt liquors. In the 1963 Census of Manufactures, establishments classified in the malt liquor industry reported product shipments valued at nearly \$2.3 billion (exclusive of internal revenue taxes). Classified in the industry were 222 establishments belonging to 171 companies located in 33 of the 50 States. Employment in the malt liquor industry exceeded 62,000 in 1963 and total payroll was \$470 million. By 1968 the number of establishments had declined to 163, continuing the long-term industry trend of consolidation (10 companies accounted for over 60 percent of U.S. sales). Industry sales had increased substantially by 1968 while the number of employees remained virtually unchanged.

The United States is outranked only by the United Kingdom as an importer of beer and other malt beverages. U.S. imports in 1968 were about half again as large as in the 1963 census year but still supplied less than 1 percent of U.S. beer consumption. Exports remained small in relation to U.S. production and the exports of other major beer-producing countries. In 1967 exports of beer from each of the leading exporting countries, West Germany, Denmark, the Netherlands, and Ireland, exceeded \$20 million, while U.S. exports were valued at \$1 million.

In distilled liquor, the United States leads the world in production, consumption, and imports. The 1963 census showed 70 companies with 107 establishments in 33 States classified in the distilled liquor industry. Shipments were valued at \$1.1 billion before excise taxes; industry employment was 17,442 and total payroll, \$110.2 million.

In recent years 10 firms have accounted for more than 90 percent of the distilled liquor sales. These companies produce a wide range of products including gin and vodka, as well as whiskey. Subsidiaries also produce and/or distribute domestic wines, brandy, and rum as well as foreign wines and brandy, Scotch, and Canadian whiskey. Other activities of the major distillers include production of industrial alcohol, petrochemicals and plastics, natural gas, oil, and food products.

Between 1963 and 1968, annual sales of domestic liquor increased nearly a fourth, chiefly in nonwhiskey lines. Imports in all categories, however, advanced at an even greater rate and by 1968 supplied 23 percent of U.S. distilled spirits consumption compared with 17 percent in the census year. Scotch and Canadian whiskey predominated among the products imported. Exports continued to be small

but were increasing. Total exports of distilled spirits from the United States were valued at \$9 million in 1967 compared with exports of \$367 million from the United Kingdom, \$132 million from Canada, and \$127 million from France. Trade with the United States comprised nearly all the exports from Canada, over half the exports from the United Kingdom, and about a sixth of the exports from France.

The U.S. wine and brandy industry is smaller than the brewing or distilling industries. It is, however, important both in itself and as a major market for grapes grown in the United States. The 1963 census showed a total of 194 companies with 222 establishments in the U.S. wine and brandy industry. All but 91 of the establishments were located in California. Industry shipments in 1963 amounted to \$368 million; total employment was 6,111 and the annual payroll, \$35 million. Twenty-six establishments, employing 50 or more persons each, accounted for 62 percent of total output.

Between 1963 and 1968 sales of the industry increased nearly 20 percent in volume. Sales of champagne and other sparkling wine more than doubled while sales of still table wines and brandy increased by about one-half. A sales decline in the important category of fortified dessert wines offset much of the gain in other types. Imports in all lines increased and, in total, supplied 11 percent of U.S. consumption in 1968 compared with 9 percent in the 1963 census year.

Wine is consumed mainly in the producing countries. Only about a tenth of world output enters world trade. The major importing countries are the United Kingdom, France, West Germany, the United States, Switzerland, and Belgium. The major exporters are France, Italy, Spain, and Portugal.

U.S. imports of alcoholic beverages are subject to applicable import duties, the statutory requirements of the Tariff Act of 1930, as amended, and the pertinent regulations and procedures administered by the Bureau of Customs. In addition, both imports and domestic production are usually subject to internal revenue taxes, to various provisions of the Internal Revenue Code of 1954, as amended, and to certain regulations and procedures administered by the Internal Revenue Service.

Insofar as the summaries on alcoholic beverages relate to imports they do not cover free entries classified in schedule 8 of the TSUS, such as articles for foreign governments or personnel of foreign governments, and articles for personal or family use in the baggage and effects of the personnel of foreign governments, international organizations, or distinguished visitors (items 820.10-821.00, 822.10-822.40, 841.10 and 841.20); certain samples to be used for soliciting orders by persons importing alcoholic beverages (item 860.10); and certain limited amounts of alcoholic beverages brought

into the United States for personal use or for gifts by nonresident or resident travelers (items 812.25, 813.30, 814.00, and 817.00). Note applicable Customs Regulations.

<u>Commodity</u>	<u>TSUS item</u>
Ale, porter, stout, and beer-----	167.05

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

The United States is the world's leading producer of malt beverages. Imports, although substantial, represent less than 1 percent of U.S. consumption. Exports are negligible.

Description and uses

Ale, porter, stout, and beer are malt beverages; mixtures of these products with each other are also included in this summary. Malt beverages are defined generally in the U.S. Internal Revenue Service regulations (27 CFR 7.10) relating to the labeling and advertising of such products, as beverages "made by the alcoholic fermentation of an infusion or decoction, or combination of both in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human food consumption." The U.S. Internal Revenue Service regulations (27 CFR 7.24) also provide that no product shall bear the designations "beer", "lager beer", "lager", "ale", "porter", or "stout" unless they contain one-half percent or more of alcohol by volume.

Most of the malt liquor produced in the United States is beer of the Pilsener type. In its production, barley malt comprises about two-thirds of the fermentable material used; the balance is made up of such products as corn, rice, wheat, sorghum grain, soybeans, soybean products, and sugar. The malt base is a low-roast type without strong caramel flavor. Hop content is high. Fermentation is generally at temperatures lower than those used for ale, porter, or stout. Content of unfermented extractive materials such as dextrans, maltose, dextrose, gums, and proteins is less than in other heavier bodied malt beverages. Alcohol content is from 3.2 to 3.8 percent by weight.

The other major classes of malt beverages cannot be differentiated on the basis of production process because industry practice is not sufficiently uniform with respect to each type. Characteristically,

ALE, PORTER, STOUT, AND BEER

ale is similar to beer in color, has a pronounced hop taste and aroma, and an alcohol content of 4 to 5 percent; porter is dark brown, sweeter and less "hoppy" than ale, and has an alcohol content of about 5 percent; stout is very dark, sweeter than porter, with a more pronounced hop and malt flavor, and alcohol content ranging from 5 to 6.5 percent. All, except ale, are heavier bodied than beer, having a greater proportionate content of unfermented extractive materials in the finished beverage.

There are important taste variations among the malt liquors of domestic breweries as well as among those of foreign producers, dependent on the types and relative proportions of malt, hops, grains and other products used, and the types of yeast and production methods employed. Most imported malt liquors are higher priced than domestic brands, and consumption of the foreign products is dependent primarily on consumer taste preference. Some of the dark, sweet beers from Germany and heavy stouts and porters from England and Ireland differ greatly in taste from the majority of domestic malt liquors.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)		
		Rate prior to Jan. 1, 1968	Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
167.05	Ale, porter, stout, and beer.	12.5¢ per gal.	8.5¢ per gal.	6¢ per gal.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty in effect on December 31, 1968, based on dutiable imports during 1968, was 10.1 percent. On imports in containers holding 1 gallon or

less the duty was equivalent to 9.2 percent, and on imports in containers holding more than 1 gallon, 15.4 percent.

In addition to the duty, imported malt liquors are subject to a U.S. internal revenue tax of \$9.00 per 31-gallon barrel, the same as levied on domestic malt liquors.

U.S. consumption

Annual U.S. consumption of beer and other malt liquors in the period 1964-68 increased 13 percent, from 3.1 billion gallons to 3.5 billion (table 1). The average annual increase was 3.1 percent. Consumption per capita (related to U.S. population aged 21 years or older) rose uninterruptedly with increasing national personal incomes, from 27.1 gallons to 29.0 gallons annually.

The general rise in U.S. beer consumption reflected both rising intake per capita and increases in the high-consumption 21 to 39-year age group, the result of high birthrates during World War II and immediately thereafter.

U.S. producers

There were 163 breweries operating in the United States in the fiscal year ending June 30, 1968. These were operated in 32 of the 50 States. The principal producing States and the number of breweries in each were:

<u>State</u>	<u>Number of breweries</u>	<u>State</u>	<u>Number of breweries</u>
Wisconsin-----	25	Ohio-----	8
Pennsylvania---	23	Texas-----	7
California-----	11	New Jersey---	6
New York-----	11	Michigan-----	5
Illinois-----	8	Missouri-----	5
Minnesota-----	8	Washington---	4

In terms of output, Wisconsin led with 458 million gallons; New York was second with 324 million; Missouri, third with 322 million; New Jersey was fourth with 318 million; and California, fifth with 291 million gallons.

According to the 1963 Census of Manufactures, the total value of shipments and other receipts of establishments in the malt liquors industry amounted to about \$2,315 million. Employment in the malt liquors industry in 1963 was 62,643 and the payroll amounted to about \$470.8 million.

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During the past quarter century many small breweries have been consolidated with other breweries or have gone out of business, as indicated by the decreasing number of establishments shown below: 1/

<u>Year</u>	<u>Number of establishments</u>
1943-----	491
1948-----	466
1953-----	329
1958-----	252
1963-----	211
1967-----	176
1968-----	163

1/ U.S. Internal Revenue Service data on number of breweries operated during any part of the year.

The leading 10 companies accounted for about 60 percent of total sales by the industry in 1963 and the top 25, for about 80 percent.

Transportation is an important cost element in the marketing of beer. Establishment or acquisition of regional plants by the large firms together with large advertising budgets by such firms have been competitive factors leading to the elimination of many small operators in the industry.

U.S. production

U.S. production of malt beverages roughly parallels consumption since imports are relatively small, exports are negligible, and stocks at the brewery level average only slightly over 1 month's production. Beer is a product which cannot be stored for a long period of time without deterioration.

Production in the period 1964-68 increased from 3.1 billion to 3.5 billion gallons annually, an increase of 14.7 percent, or 3.5 percent per year. In the preceding period, 1959-63, production increased only 7 percent, or 1.7 percent per year. Annual value of production in 1964-68 increased from \$2.4 billion to \$2.8 billion (table 1).

The pattern of beer marketing has changed substantially since World War II. Prior to the war over 50 percent of the beer was sold as draught beer in barrels and kegs. In 1968 less than 16 percent was sold in such large containers. Today sales of pasteurized beer in bottles and cans dominate the market, reflecting a postwar trend to suburban living and home entertainment. Draught beer has been made available for home consumption by packaging in larger cans and

in small kegs for use in home refrigerators, and by packaging specially filtered draught beer in bottles and cans.

U.S. exports

U.S. exports of malt liquors in 1968 amounted to 1,071,000 gallons, valued at \$1.1 million (table 1). This was less than one-tenth of 1 percent of production and less than 5 percent of the amount of beer imported.

Among the 62 countries and political subdivisions to which U.S. beer was shipped in 1968 only one received more than 100,000 gallons, the Bahamas, with 351,000 gallons, valued at \$368,000 (table 2). The bulk of the export trade was with areas heavily patronized by U.S. tourists or by U.S. servicemen stationed overseas.

U.S. brewers have found it difficult to penetrate foreign markets for a number of reasons: (1) prohibitive tariff rates; (2) shipping charges which are high in relation to the value of beer; (3) Government regulations restricting the ingredients used in beer; (4) exchange and trade restrictions imposed for balance of payments reasons; and (5) existence of national alcoholic beverage monopolies or other factors such as the ownership of existing retail outlets by the national brewing interests.

U.S. imports

U.S. imports of malt liquors increased 16 percent in the period 1964-68, from 20.7 million gallons to 24.0 million gallons annually. The average annual rate of increase in 1964-68 was 3.8 percent, less than half the average annual increase in 1959-63 when imports rose from 11.9 million gallons to 17.0 million annually. The value of imported beer in 1964 was \$22.9 million and in 1968, \$26 million (table 1).

Well established brands of light and dark beer from West Germany comprised about 38 percent of U.S. imports in 1968, in terms of quantity. The Netherlands provided 22 percent and Canada 15 percent. Denmark and Norway together supplied about 11 percent of total imports, and the remaining 14 percent came chiefly from Mexico, the United Kingdom, the Philippine Republic, Ireland, and Japan (table 3). Except for Canadian and Mexican beer, much of which is consumed close to the border, imported malt liquors tend to be specialty types which retail at prices well in excess of the price of domestic beer. While the amount of import trade in beer was sizable, it comprised only 0.7 percent of U.S. consumption in 1968, and less in most preceding years.

World production and trade

According to estimates of the United Nations, world production of malt liquors in 1966 amounted to about 13.7 billion gallons of which the U.S. output of 3.2 billion gallons comprised nearly a fourth. West Germany accounted for 1.9 billion gallons; the United Kingdom, 1.3 billion; the U.S.S.R., 908 million; France, 534 million; Japan, 564 million; and Czechoslovakia, 512 million. Production in these 6 countries plus the United States represented two-thirds of world output. The remainder was produced in more than 90 other countries and political dependencies.

Less than 2 percent of world production enters international trade. Exports by the leading producers slightly exceeded \$126 million in 1966. The chief exporters were West Germany, Denmark, Ireland, Belgium-Luxembourg, and the United Kingdom; the chief importers were the United Kingdom, the United States, Belgium-Luxembourg, France, and Sweden.

The major producing countries were themselves the greatest importers. Imports generally supply types of beer, stout, porter, and ale not available domestically, or consist of particular foreign brands of worldwide repute.

Table 1.--Ale, porter, stout, and beer: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1963-68

Year	Production ^{1/}	Imports	Exports	Apparent consumption ^{2/}
Quantity (1,000 gallons)				
1963-----	2,933,454	16,980	709	2,924,468
1964-----	3,086,603	20,693	913	3,078,657
1965-----	3,149,122	19,789	853	3,132,837
1966-----	3,287,016	20,966	974	3,253,089
1967-----	3,387,920	20,583	992	3,336,789
1968-----	3,539,999	24,007	1,071	3,477,894
Value (1,000 dollars)				
1963-----	2,249,959	19,440	703	^{3/}
1964-----	2,407,550	22,909	923	^{3/}
1965-----	2,427,973	21,459	898	^{3/}
1966-----	2,550,724	23,259	1,026	^{3/}
1967-----	2,669,681	22,837	1,063	^{3/}
1968-----	2,828,459	25,988	1,136	^{3/}

^{1/} Total withdrawals from bond, tax-paid and tax-free.

^{2/} Tax-paid withdrawals plus imports.

^{3/} Not available.

Source: Production compiled from official statistics of the U.S. Internal Revenue Service: average value per gallon from the 1963 Census of Manufactures, adjusted yearly in accordance with the wholesale price index for malt beverages of the Bureau of Labor Statistics; imports and exports were compiled from official statistics of the U.S. Department of Commerce.

Note.--The ratio of imports to consumption in all years was less than 1 percent.

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Table 2.--Malt liquors: U.S. exports of domestic merchandise, by principal markets, 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Bahamas-----	183	184	205	236	351
Hong Kong-----	47	48	85	77	94
Canada-----	-	20	38	26	80
Jamaica-----	37	37	44	53	69
Trust Pacific Islands-----	144	105	88	110	46
Libya-----	46	45	67	36	53
Netherlands Antilles-----	39	64	56	33	35
Bermuda-----	22	26	33	28	28
British Honduras-----	28	88	60	22	22
South Viet-Nam-----	<u>1/</u>	6	15	119	15
All other-----	367	230	283	252	278
Total-----	913	853	974	992	1,071
	Value (1,000 dollars)				
Bahamas-----	195	200	221	260	368
Hong Kong-----	48	48	90	89	105
Canada-----	-	29	51	39	87
Jamaica-----	36	38	44	53	69
Trust Pacific Islands-----	131	97	88	114	52
Libya-----	48	46	72	35	51
Netherlands Antilles-----	40	66	57	38	37
Bermuda-----	25	31	38	33	32
British Honduras-----	31	93	62	24	22
South Viet-Nam-----	<u>2/</u>	5	15	126	20
All other-----	369	245	288	252	293
Total-----	923	898	1,026	1,063	1,136

1/ Less than 500 gallons.2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.—Ale, porter, stout, and beer: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
West Germany-----	7,323	7,085	7,664	7,493	9,026
Netherlands-----	3,941	3,698	4,171	4,469	5,401
Canada-----	3,869	4,060	4,176	3,767	3,672
Denmark-----	1,365	1,172	1,295	1,132	1,286
Norway-----	1,638	1,487	1,220	1,269	1,376
Mexico-----	594	468	507	567	685
United Kingdom-----	313	338	585	447	772
Philippine Republic-----	518	495	409	491	564
Ireland-----	510	442	372	457	614
Japan-----	239	228	271	231	306
All other-----	383	316	296	260	305
Total-----	20,693	19,789	20,966	20,583	24,007
	Value (1,000 dollars)				
West Germany-----	7,988	7,661	8,647	8,737	10,711
Netherlands-----	4,007	3,645	4,204	4,557	5,523
Canada-----	4,376	4,484	4,779	4,282	3,568
Denmark-----	2,088	1,667	1,889	1,628	1,799
Norway-----	1,416	1,251	1,044	1,144	1,214
Mexico-----	650	534	555	618	771
United Kingdom-----	441	484	822	491	764
Philippine Republic-----	466	446	347	458	532
Ireland-----	868	752	436	322	471
Japan-----	219	210	239	220	294
All other-----	390	325	297	380	341
Total-----	22,909	21,459	23,259	22,837	25,988

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS</u> <u>item</u>
Champagne and other sparkling wines-----	167.10

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Over four-fifths of champagne and other sparkling wines consumed in the United States are supplied by domestic production. French champagne and other foreign sparkling wines supply the remainder. Exports are small.

Description and uses

The sparkling wines include effervescent wines made from grapes or other products whether the carbon dioxide gas contained in the wine is produced by (a) secondary fermentation in the bottle, (b) secondary fermentation in other closed containers or bulk tanks before bottling, or (c) injection of carbon dioxide gas as in the production of carbonated wines.

For labeling and advertising purposes, regulations of the U.S. Internal Revenue Service (27 CFR 4.21) identify "champagne" as a type of sparkling light, grape wine fermented in glass containers of not greater than 1 gallon capacity, possessing the taste, aroma, and other characteristics attributed to champagne as made in the Champagne district of France. The regulations state that a sparkling light wine having the taste, aroma, and characteristics generally attributed to champagne but not otherwise conforming to the standard for "champagne" may, in addition to but not in lieu of the class designation "sparkling wine," be further designated as "champagne style," "champagne type," or "American (or New York State, California, etc.) champagne--bulk process."

"Crackling" wine, "petillant" wine, and "frizzante" wine are also recognized as "sparkling" wine although they contain less carbon dioxide gas than champagne or similar sparkling wine. They include some rose wines from Portugal, some white wines from the Saar and Moselle areas of Germany and from Luxembourg, as well as some red, rose, and white wines from Italy.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
167.10	Champagne and other sparkling wines.	\$1.50 per gal.	\$1.30 per gal.	\$1.17 per gal.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty in effect on December 31, 1968, based on dutiable imports during 1968, was 18 percent. On imports valued \$6.00 or less per gallon the duty was equivalent to 37.2 percent, and on imports valued over \$6.00 per gallon, it was equivalent to 10.9 percent.

U.S. internal revenue taxes applicable to domestic wines also apply to wines imported into the United States. On carbonated wines the tax is \$2.40 per wine gallon; on champagne and the other sparkling wines the internal revenue tax is \$3.40 per wine gallon.

U.S. consumption and production

The long-term upward trend in U.S. demand for sparkling wine accelerated in the period 1964-68. Annual consumption nearly doubled, from 6.5 million gallons at the beginning of the period to 12.5 million gallons at the end (table 1). The average annual increase was 18 percent, compared with an average of 7.6 percent in the preceding 5 years. Since 1948, annual consumption increased nearly nine-fold.

Annual U.S. production increased about 20 percent per year on the average between 1964 and 1968. In 1959-63 the annual average increase was 8 percent. Value of production increased from \$28 million in 1964 to \$59 million in 1968 (table 1).

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In the production of French champagne, customarily a variety of blends composed of the still wines from particular pressings and various vineyards form the base for individual brands and grades. Four species of low-yielding wine grapes, the Pinot, the Chardonnay, the Arbanne, and the Petit Meslier are eligible for use. The prescribed growing area comprises some 44,000 acres around Rheims, Ay, and Epernay in the Falaises de Champagne, northeast of Paris.

In the spring following the vintage, the blended still wine is mixed with a certain amount of sugar dissolved in the same wine, together with a small amount of selected yeast. The product is then bottled and capped to undergo a secondary fermentation. The carbon dioxide resulting from this fermentation suffuses the wine which is then aged on the lees for 2 to 5 years.

At the end of the aging period, the accumulated sediment (lees) from the secondary fermentation is carefully worked into the neck of the bottle by the process of "riddling" or "remuage," and then extracted. The loss of volume is made up by a small addition of the same wine ("dosage"), to which sugar has been added in amounts designed to produce the degree of sweetness desired for the particular type of champagne being prepared for the market. The degrees of sweetness are designated as: "brut" (very dry); "extra sec" (dry); "sec" (slightly sweet); "demi-sec" (sweet); "demi-doux" (very sweet); and "doux" (exceptionally sweet). After "dosage," the bottle is corked and the cork secured with a metal capsule and wire muzzle.

Production of champagne-type wine elsewhere than in the Champagne district of France varies to some extent from the above procedure. Basic differences are in the types of grapes used and differences in quality and flavor of the grapes depending upon where they are grown; the circumstances under which the secondary fermentation takes place (it may be in bulk tanks rather than in the bottle); the length of time the wine is aged; and the method by which the lees of the secondary fermentation are removed (it may be by transfer of the wine to a tank, followed by filtration and rebottling).

SPARKLING WINES

There were 131 bonded wine-making premises in the United States producing sparkling wines during all or part of fiscal 1968. California accounted for 76; New York, 27; and Ohio, 12. The remaining 16 were distributed among New Jersey, Illinois, and Michigan. Nearly 56 percent of U.S. production was in California and 40 percent in New York. There is no U.S. commercial winery of any size which specializes in production of sparkling wines to the exclusion of other table and dessert wines, but for many wineries the sale of sparkling wine is an important source of income.

U.S. exports and imports

Exports of sparkling wine are not reported separately in the foreign trade data of the U.S. Department of Commerce, but tax-free withdrawals from bonded wine cellars for export are recorded by the U.S. Internal Revenue Service on a fiscal-year basis. The following amounts were reported for the years 1963-68:

<u>Year ending</u> <u>June 30--</u>	<u>Wine</u> <u>gallons</u>
1963-----	67,420
1964-----	83,742
1965-----	95,061
1966-----	184,571
1967-----	208,639
1968-----	189,886

Annual exports in the period 1958-62 were approximately in the 1963-65 range. The first sizable increases in many years began in 1966.

Annual U.S. imports of sparkling wine increased steadily from 1.2 million gallons, valued at \$9.9 million in 1964 to 2.2 million gallons, valued at \$17.4 million in 1968 (table 1). This represented an average annual increase in quantity of 17 percent, compared with an average annual increase of 4.4 percent in 1959-63. The ratio of imports to U.S. consumption was 18 percent in most recent years.

In the period 1964-68 annual imports of sparkling wines valued not over \$6.00 per gallon more than doubled, from 497,000 gallons to 1,280,000 gallons. Portugal supplied 70 percent and Italy 17 percent in 1968 (table 2).

Annual imports of sparkling wine valued over \$6.00 per gallon increased 36 percent in 1964-68, from 698,000 gallons to 948,000 gallons (table 3). France, with 81 percent, and Italy, with 15 percent were the principal suppliers.

Table 1.--Champagne and other sparkling wines: U.S. production, imports for consumption, and apparent consumption, 1964-68

(Quantity in thousands of gallons; value in thousands of dollars)

Calendar year	Pro- duction	Imports	Apparent consumption <u>1/</u>	Ratio (percent) of imports to consumption
Quantity				
1964-----	5,823	1,195	6,541	18
1965-----	7,287	1,437	7,688	19
1966-----	8,752	1,635	9,032	18
1967-----	10,191	1,917	10,670	18
1968-----	12,173	2,228	12,512	18
Value				
1964-----	28,000	9,880	<u>2/</u>	<u>2/</u>
1965-----	35,000	11,499	<u>2/</u>	<u>2/</u>
1966-----	42,000	13,184	<u>2/</u>	<u>2/</u>
1967-----	49,000	15,692	<u>2/</u>	<u>2/</u>
1968-----	59,000	17,390	<u>2/</u>	<u>2/</u>

1/ Tax-paid withdrawals from bonded wine cellars plus imports for consumption. 2/ Not available.

Source: Production data compiled from official statistics of the U.S. Internal Revenue Service; imports compiled from official statistics of the U.S. Department of Commerce.

SPARKLING WINES

Table 2.--Champagne and other sparkling wines, valued at \$6 or less per gallon: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Portugal-----	257	353	487	603	890
Italy-----	123	151	164	223	214
France-----	83	95	93	86	99
West Germany-----	22	34	29	28	32
All other-----	12	17	18	19	45
Total-----	497	650	791	959	1,280
	Value (1,000 dollars)				
Portugal-----	869	1,255	1,944	2,325	3,463
Italy-----	456	554	587	821	773
France-----	326	352	361	331	373
West Germany-----	99	151	134	129	147
All other-----	53	60	77	79	161
Total-----	1,803	2,372	3,103	3,685	4,917

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Champagne and other sparkling wines, valued at more than \$6 per gallon: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 gallons)					
France-----	619	693	730	809	770
Italy-----	57	76	81	114	141
West Germany-----	15	13	19	19	22
All other-----	7	5	14	16	15
Total-----	698	787	844	958	948
Value (1,000 dollars)					
France-----	7,547	8,501	9,206	10,954	11,193
Italy-----	365	481	544	757	946
West Germany-----	110	99	159	153	187
All other-----	55	46	172	143	147
Total-----	8,077	9,127	10,081	12,007	12,473

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Cider, fermented-----	167.15
Prune wine-----	167.20
Fermented alcoholic beverages not else- where enumerated-----	167.50

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Imports supply less than 10 percent of U.S. consumption. Exports are believed to be small.

Description and uses

This summary in effect covers fermented cider (apple juice with an alcohol content over 1 percent but less than 7 percent, whether still or sparkling) (item 167.15), wine made from prunes (item 167.20), and other fermented alcoholic beverages not separately classified in the tariff schedules (item 167.50). Items of trade covered in "other fermented alcoholic beverages" include but are not limited to wines from fruit other than grapes, such as cherries, blackberries, loganberries, raspberries, strawberries, currants, elderberries, apples, and citrus fruit, and wines made from nonfruit products, such as dandelions, cactus juice, ginger, and honey. Not included under item 167.50, are: Ale, porter, stout, and beer (item 167.05); champagne and other sparkling wines (item 167.10); fermented cider (item 167.15); prune wine (item 167.20); rice wine (item 167.25); still wines produced from grapes only (items 167.30-167.37); vermouth (items 167.40 and 167.42); or imitations of wines (item 167.90).

Domestic wines included in this summary are about evenly divided between sweetened berry wines with an alcohol content of 14 percent or less (mostly 12 percent), and fortified wines, chiefly apple and citrus, with an alcohol content over 14 percent. Very little berry wine containing over 14 percent alcohol is produced in the United States. Most of the imported wines reported under item 167.50 are fortified wines.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
167.15	Cider, fermented, whether still or sparkling.	3¢ per gal.	<u>1/</u>	<u>1/</u>
167.20	Prune wine-----	35¢ per gal. + \$2.50 per pf. gal. on ethyl alcohol content	29¢ per gal. + \$2.11 per pf. gal. on ethyl alcohol content	26¢ per gal. + \$1.85 per pf. gal. on ethyl alcohol content
167.50	Other fermented alcoholic beverages.	50¢ per gal.	35¢ per gal.	25¢ per gal.

1/ No concession was granted in the Kennedy Round and the rate remains the same as that in effect prior to Jan. 1, 1968 under the TSUS.

The tabulation above shows the column 1 rates of duty in effect prior to January 1, 1968 under the TSUS, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final states of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
167.15-----	1.7
167.20-----	<u>1/</u>
167.50-----	<u>2/</u> 8.9

1/ No imports in 1968. On imports in 1967, the duty in effect at that time was equivalent to 55 percent ad valorem.

2/ The duty on imports from Czechoslovakia at the statutory rate of \$1.25 per gallon was equivalent to 60 percent ad valorem.

Products, imported or domestic, which are classed as still wine under the regulations of the U.S. Internal Revenue Service are subject to a U.S. internal revenue tax as follows:

	<u>Rate per</u> <u>wine gallon</u>
Still wines containing not more than 14 percent of alcohol by volume-----	17¢
Still wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume-----	67¢
Still wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume-----	\$2.25

If the product is classed as a sparkling wine it is dutiable under item 167.10 and subject to internal revenue tax as a sparkling wine.

U.S. consumption, production, exports, and imports

Data on U.S. production, consumption, and exports of fermented cider are not available. Imports of cider in the period 1964-68 ranged from 111,000 gallons to 156,000 gallons annually, with annual value ranging from \$188,000 to \$260,000 (table 1). Almost all imports were from Spain, France, and the United Kingdom; sparkling cider from Spain predominated in volume.

The amount of prune wine produced and consumed in the United States is negligible or nil. Data on exports are not available. It is probable that none is exported. Imports have been small and sporadic, amounting to 1,400 gallons from Italy in 1964, valued at \$2,322 and 58 gallons from Japan in 1967, valued at \$300. None was imported in 1963, 1965, 1966, or 1968.

Available data on U.S. output of nongrape wines (TSUS items 167.20 and 167.50) are limited to that reported periodically in the Census of Manufactures. Shipments of 5,225,000 gallons in 1963 were 3 percent less than the 5,388,000 gallons reported in 1958, but value of shipments was somewhat higher, \$8,877,000 compared with \$8,792,000. Nongrape wines containing not more than 14 percent alcohol increased in volume from 2,351,000 gallons to 2,601,000 gallons between 1958 and 1963, but those containing over 14 percent alcohol decreased from 3,037,000 gallons to 2,624,000 gallons. In the period 1965-68 exports of fermented beverages other than grape wine and beer ranged from 26,000 gallons to 34,000 gallons annually, with value from \$36,000 to \$165,000.

OTHER FERMENTED ALCOHOLIC BEVERAGES

Imports of "other" fermented alcoholic beverages (item 167.50) nearly doubled between the last 2 census years, from 220,000 gallons, valued at \$895,000 in 1958 to 427,000 gallons, valued at \$1,861,000 in 1963. Imports comprised 8 percent of estimated U.S. consumption in 1963. The increase since has been gradual for the most part, with import volume reaching 501,000 gallons, valued at \$2,220,000 in 1967. The overall rise between 1963 and 1967 was 17 percent, equal to an average increase of 4 percent annually. In 1968 imports rose 17 percent over 1967, to 584,000 gallons, valued at \$2,877,000 (table 2). Part of the 1968 increase was possibly due to anticipation of the dock strike which tied up Atlantic and Gulf ports beginning late December 1968. Over 60 percent of the imports in recent years have consisted of cherry wine from Denmark.

Table 1.--Cider, fermented, still or sparkling: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 gallons)					
Spain-----	68	63	99	99	118
United Kingdom-----	9	10	9	11	16
France-----	70	81	1	14	9
All other-----	-	2	2	1	2
Total-----	147	156	111	125	145
Value (1,000 dollars)					
Spain-----	123	117	189	185	222
United Kingdom-----	13	15	14	17	22
France-----	85	54	7	22	14
All other-----	-	2	2	2	2
Total-----	221	188	212	226	260

Source: Compiled from official statistics of the U.S. Department of Commerce.

OTHER FERMENTED ALCOHOLIC BEVERAGES

Table 2.--Fermented alcoholic beverages not elsewhere enumerated: 1/
U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Denmark-----	339	333	348	320	403
Japan-----	11	14	38	47	62
Poland-----	8	9	26	36	32
Italy-----	36	33	3	20	9
Netherlands-----	15	16	12	20	15
United Kingdom-----	5	6	7	8	10
Czechoslovakia-----	13	16	14	21	22
France-----	6	9	4	10	5
Israel-----	13	12	9	5	6
Yugoslavia-----	9	10	8	3	5
All other-----	6	7	21	11	15
Total-----	452	465	490	501	584
	Value (1,000 dollars)				
Denmark-----	1,601	1,653	1,796	1,587	2,114
Japan-----	32	46	119	182	269
Poland-----	18	27	68	96	115
Italy-----	138	141	10	75	75
Netherlands-----	59	67	53	92	74
United Kingdom-----	30	34	36	32	49
Czechoslovakia-----	26	31	28	41	45
France-----	38	44	29	49	37
Israel-----	30	26	25	14	14
Yugoslavia-----	17	19	16	7	10
All other-----	32	33	49	45	75
Total-----	2,021	2,121	2,229	2,220	2,877

1/ Predominantly wine from fruit other than grapes and prunes.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Rice wine or sake-----	167.25

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Rice wine or sake is a minor specialty beverage in the U.S. market. Imports are the major source of supply. There are no known exports of sake from the United States.

Comment

Rice wine, or sake, a traditional alcoholic beverage of Japan, is produced from grain, mostly rice. The starch in the grain is converted to sugar by use of a mold, Aspergillus oryzae and the resultant wort fermented with a special yeast, Saccharomyces sake. The finished beverage contains about 17 percent alcohol and is drunk either warm or cold. Its chief market in the United States is among people of Japanese origin.

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
167.25:	Rice wine or sake-----	50¢ per gal.	35¢ per gal.	25¢ per gal.	

The tabulation above shows the column 1 rate of duty in effect prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific duty in effect on December 31, 1968, based on dutiable imports during 1968, was 12.2 percent. Both imported and domestic sake are subject to a U.S. internal revenue tax which is assessed at the rate of \$9.00 per barrel of 31 gallons. Rice wine or sake is "beer" for internal revenue tax purposes (26 USC 5052).

While consumption of sake in the United States is smaller than that of most other alcoholic beverages, it has increased over the past decade from about 180,000 to nearly 300,000 gallons annually. War veterans returned from the Pacific area have played a part in extending the market beyond the traditional Japanese community.

U.S. production, which is limited to Hawaii, does not exceed 100,000 gallons annually, with value ranging from \$250,000 to \$300,000. Annual imports into the Customs district of Hawaii ranged between 17,000 and 23,000 gallons during 1964-68 (table 1), comprising about 15 percent of that State's annual consumption. Total U.S. imports of sake, almost all from Japan, ranged from 142,000 gallons to 203,000 gallons annually during 1964-68 (table 2).

In areas outside of Hawaii, imports provide the major source of supply; shipments from Hawaii to the continental United States are believed to be small. Exports of sake from the United States are not separately reported in official U.S. trade statistics but are probably negligible.

Table 1.--Rice wine or sake: U.S. imports for consumption into Hawaii and continental United States 1963-68

Year	Hawaii	Continental United States	Total
1963	18	123	141
1964	17	125	142
1965	18	139	157
1966	23	149	172
1967	17	135	152
1968	18	185	203
	Value (1,000 dollars)		
1963	44	350	394
1964	42	445	487
1965	46	453	499
1966	57	460	517
1967	44	441	485
1968	50	695	745

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Rice wine or sake: U.S. imports for consumption,
by sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Japan-----	138	156	168	152	200
All other-----	4	1	4	1/	3
Total-----	142	157	172	152	203
	Value (1,000 dollars)				
Japan-----	470	496	507	485	717
All other-----	17	3	10	2/	28
Total-----	487	499	517	485	745

1/ Less than 500 gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Still wine, grape, containing not over 14 percent alcohol:	
In containers holding not over 1 gallon---	167.30
In containers holding over 1 gallon-----	167.32

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

U.S. production supplies more than four-fifths of U.S. table wine consumption. U.S. exports of wine are small.

Description and uses

Labeling and advertising regulations of the U.S. Internal Revenue Service (27 CFR 4.21) set forth a general standard of identity for grape wine as "wine produced by the normal alcoholic fermentation of the juice of sound, ripe grapes (including restored or unrestored pure condensed grape must), with or without the addition, after fermentation, of pure condensed grape must, and with or without added grape brandy or alcohol, but without other addition or abstraction except as may occur in cellar treatment." "Cellar treatment" as defined by statute (26 USC 5382) refers to practices and procedures used to make an acceptable wine. These practices include certain additions of sugar and water as amelioration before, during, or after fermentation.

The wines covered in this summary are designated in the Internal Revenue Service regulations as "table wine," being defined as "grape wine having an alcoholic content not in excess of 14 percent by volume."

Most domestic table wines are sold under "semigeneric" names such as Burgundy, Rhine, Riesling, Claret, Chablis, Sauterne, or Chianti--nomenclature adopted from types of European wines which the U.S. wines resemble in color and general taste. In accordance with the labeling regulations of the U.S. Internal Revenue Service (27 CFR 4.24), designations of semigeneric types must also bear the name of the true place of origin, e.g., "California" Burgundy, "New York" Chablis, "California" Sauterne, "California" Claret, "New York" Riesling, or "California" Chianti. The grapes used in the domestic production of the semigeneric types of wine and the type of soil on which the grapes are grown have a definite bearing on flavor and are seldom those associated with the foreign wine prototypes.

The most expensive domestic brands, accounting for about 10 percent of production, are varietal wines bearing the name of the type of grape used in their production. These include: Pinot Noir, Pinot Chardonnay, Cabernet Sauvignon, Semillon, Sylvaner, Gewurztraminer, Barbera, Riesling, and Grignolino. All of these types of grapes are associated with production of particular European wines. Varietal wines designated as Catawba, Concord, Delaware, Niagara, and Scuppernong are identified with native American grapes not associated with European wine prototypes. Wines used for cooking and deemed unfit for beverage purposes are classifiable as sauces other than thin soy sauce (item 182.46).

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

<u>TSUS</u> <u>item</u>	<u>Commodity</u>	<u>Rate of duty</u>
	Still wines produced from grapes, containing not over 14 percent of alcohol by volume:	
167.30	In containers holding not over 1 gallon----	37.5¢ per gal.
167.32	In containers holding over 1 gallon-----	62.5¢ per gal.

The duties on these items were not reduced in the sixth round of trade negotiations concluded in 1967 under the General Agreement on Tariffs and Trade.

The average ad valorem equivalent of the specific rate of duty in effect December 31, 1968, for wines in containers holding not over 1 gallon (bottled wines), item 167.30, based on dutiable imports in 1968 from countries receiving most favored nation treatment, was 9.3 percent. On wines in this group valued at \$4.00 or less per gallon the ad valorem equivalent was 15.6 percent; on wines valued over \$4.00 per gallon, 5.3 percent. The ad valorem equivalent of the duty on imports from countries not accorded most favored nation treatment because of Communist domination (see general headnote 3 in the TSUSA-1970) was 31.3 percent.

The specific rate of duty in effect December 31, 1968, for wines in containers holding over 1 gallon (bulk wines), item 167.32, based on dutiable imports in 1968, was equivalent to 17.5 percent ad valorem.

Domestic and foreign wines containing not more than 14 percent of alcohol by volume are subject to a U.S. internal revenue tax of 17 cents per gallon.

U.S. consumption

Annual consumption of grape table wines in the United States increased from 67.6 million gallons in 1964 to 95.8 million gallons in 1968. The increase of 41.7 percent overall was equivalent to an average annual increase of 9.1 percent, exceeding slightly the 7.6 percent annual increase in the preceding 1959-63 period.

The increased use in the United States of table wines can be ascribed to the more varied beverage consumption pattern developing in the United States, as well as to a decided interest recently in Latin cuisine.

Not included in the above consumption figures for still table wine is wine withdrawn from bonded wine cellars for use in the manufacture of wine vinegar or for distillation, as follows:

<u>Calendar year</u>	<u>Tax-free withdrawals for:</u>	
	<u>Vinegar</u> (1,000 gallons)	<u>Distillation</u> (1,000 gallons)
1958-----	680	16,575
1959-----	968	22,863
1960-----	1,378	17,982
1961-----	864	16,050
1962-----	916	24,638
1963-----	1,281	31,577
1964-----	1,166	25,245
1965-----	1,022	35,596
1966-----	1,098	48,773
1967-----	1,073	30,636
1968-----	1,406	31,846

Large fluctuations in the amount of wine withdrawn for distillation reflect in great part adjustments of wine supply to prevailing demand. Wine production as a whole varies from year to year with fluctuations in the grape crop rather than with anticipated demand, and storage facilities are not unlimited.

U.S. producers and production

The Census of Manufactures for 1963 reported total employment of 6,111 in 222 establishments classified in the wine and brandy industry. Twenty-six establishments, which employed 50 or more persons each, accounted for 62 percent of the industry's output.

In 1968, as in most years, about 83 percent of all U.S. wine was produced in California; New York accounted for 8 percent, and another

8 percent was produced in the States of Illinois, New Jersey, Washington, Michigan, Virginia, Ohio, and Arkansas. Sixteen other States produced the remaining 1 percent.

In the period 1964-68, U.S. production of grape table wine ranged irregularly from 100 million gallons to 139 million, with estimated value ranging from \$91.2 million to \$133.6 million (table 1). U.S. wine stocks at yearend 1968 amounted to a total of 268 million gallons, of which 148 million gallons contained 14 percent or less alcohol. Yearend stocks have increased almost uninterruptedly since 1958 when they amounted to 200 million gallons, 70 million of which were table wine.

Wide year to year variations in the size of the California grape crop result in fluctuating production of table and dessert wines, grape juice concentrate, and wine spirits. Most of the crop not sold as table grapes or raisins (both relatively stable markets) goes into production of wines, wine spirits, or concentrates. In periods of recurring grape surpluses, mounting inventories depress the price of these products as well as the price of grapes sold to wineries.

U.S. exports and imports

Annual U.S. exports are small. In 1964-68 wine of all types exported from the United States ranged from 209,000 gallons to 324,000 gallons annually, with value ranging from \$552,000 to \$986,000 (table 2). Exports of grape table wine were estimated to range from 76,000 gallons annually to 145,000 gallons, with value ranging from \$200,000 to \$442,000 (table 1). Canada was the chief customer.

Annual U.S. imports of grape table wine increased 51 percent from 8,509,000 gallons, valued at \$29,127,000 in 1964 to 12,838,000 gallons, valued at \$51,631,000 in 1968 (table 1). Imports supplied between 12 and 14 percent of U.S. consumption annually in this recent period (table 1). The average annual increase was 10.8 percent, only slightly less than the average increase of 11.7 percent in the preceding 1959-63 period. Almost all imports were in bottled form (containers holding 1 gallon or less) (table 3). Bulk imports, which are dutiable at a much higher rate than bottled imports, in 1964-68 did not exceed 3,000 gallons in any year (table 4).

About two-thirds of U.S. table wine imports are valued at \$4.00 or less per gallon and can be considered competitive price-wise with U.S. table wines.

Table 1.--Still grape wine containing not over 14 percent of alcohol by volume: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1964-68

(Quantity in thousands of gallons; value in thousands of dollars)						
Year	Production <u>1/</u>	Imports	Exports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio (percent) of imports to consumption	
Quantity						
1964-----	100,225	8,509	76	67,557	13	
1965-----	123,830	8,792	108	71,210	12	
1966-----	131,407	10,228	110	75,716	14	
1967-----	130,503	11,112	119	84,885	13	
1968-----	139,095	12,838	145	95,751	13	
Value						
1964-----	91,224	29,127	200	<u>4/</u>	<u>4/</u>	
1965-----	104,551	31,817	274	<u>4/</u>	<u>4/</u>	
1966-----	108,771	38,925	341	<u>4/</u>	<u>4/</u>	
1967-----	118,421	44,331	386	<u>4/</u>	<u>4/</u>	
1968-----	133,589	51,631	442	<u>4/</u>	<u>4/</u>	

1/ Total domestic wine production as reported by the U.S. Internal Revenue Service, less: (1) losses; (2) withdrawals from bonded wine premises for production of sparkling wine; (3) estimated production of nongrape table wine; and (4) production of wine containing more than 14 percent alcohol, based on tax-paid withdrawals of such wine adjusted for stock changes. Value was estimated by applying the average value for grape table wines in the 1963 Census of Manufactures (adjusted by the wholesale price index in each year) to each year's internal revenue tax-paid withdrawals; valuation of residual production was based on an average value of 35 cents per gallon.

2/ Estimated on the basis of total wine exports, allocated according to the proportion of total tax-paid withdrawals represented by tax-paid withdrawals of table wine in each year.

3/ Tax-paid withdrawals, plus imports, less estimated withdrawals of nongrape table wine. Figures in this column do not include nontax-paid withdrawals for vinegar production, or for distillation into brandy or fruit spirits. 4/ Not available.

Source: Production and consumption compiled from official statistics of the U.S. Internal Revenue Service; value of production based on official statistics of the U.S. Department of Commerce and the U.S. Bureau of Labor Statistics; foreign trade data compiled from official statistics of the U.S. Department of Commerce. Adjustments by the U.S. Tariff Commission.

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Table 2.--Wines from fresh grapes and grape must: U.S. exports,
by principal markets, 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Canada-----	139	213	177	190	210
Panama-----	6	5	7	9	8
Republic of the Philippines-----	5	9	10	10	8
Netherlands Antilles-----	11	10	8	8	9
Belgium-----	1/	3	-	1	5
All other-----	48	46	77	67	84
Total-----	209	286	279	285	324
	Value (1,000 dollars)				
Canada-----	349	480	524	583	557
Panama-----	14	13	20	24	26
Republic of the Philippines-----	9	21	22	23	21
Netherlands Antilles-----	20	17	14	14	16
Belgium-----	1	14	-	3	11
All other-----	159	183	286	280	355
Total-----	552	728	866	927	986

1/ Less than 500 gallons.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Still grape wine containing not over 14 percent alcohol by volume in containers holding 1 gallon or less: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 gallons)					
France-----	3,249	3,498	4,039	4,381	4,555
Italy-----	2,410	2,367	2,585	2,639	2,887
West Germany-----	1,302	1,291	1,399	1,527	1,779
Portugal-----	362	452	665	893	1,459
Spain-----	567	596	826	903	1,242
Greece-----	103	113	138	160	183
Israel-----	228	194	201	208	208
Japan-----	34	34	42	58	95
Yugoslavia-----	59	77	86	71	106
All other-----	192	168	246	270	322
Total-----	8,506	8,790	10,227	11,110	12,836
Value (1,000 dollars)					
France-----	15,301	17,409	20,768	23,980	25,409
Italy-----	6,072	6,107	7,219	7,686	9,639
West Germany-----	4,512	4,657	5,799	6,353	7,131
Portugal-----	897	1,183	1,895	2,698	4,471
Spain-----	930	1,041	1,441	1,588	2,434
Greece-----	219	236	310	361	461
Israel-----	417	334	364	344	403
Japan-----	108	111	142	196	299
Yugoslavia-----	103	133	152	118	188
All other-----	561	602	833	998	1,191
Total-----	29,120	31,813	38,923	44,322	51,626

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Still grape wine, containing not over 14 percent alcohol by volume, in containers holding each over 1 gallon: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 gallons)					
France-----	1	<u>1/</u>	<u>1/</u>	2	<u>1/</u>
Italy-----	<u>1/</u>	1	<u>1/</u>	-	1
All other-----	2	1	<u>1/</u>	<u>1/</u>	1
Total-----	3	2	1	2	2
Value (1,000 dollars)					
France-----	5	2	2	8	<u>2/</u>
Italy-----	1	1	<u>2/</u>	-	3
All other-----	1	1	<u>2/</u>	1	2
Total-----	7	4	2	9	5

1/ Less than 500 gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Due to rounding, figures may not add to totals shown.

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

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<u>Commodity</u>	<u>TSUS item</u>
Marsala in containers holding 1 gallon or less-----	167.34
Sherry-----	167.35
Other still grape wines containing over 14 percent of alcohol by volume (except vermouth)-----	167.37

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Domestic production supplies nearly all the wines consumed in this general category. Imports are regional specialties. Exports are small.

Description and uses

Labeling and advertising regulations of the U.S. Internal Revenue Service (27 CFR 4.21) set forth a general standard of identity for grape wine as "wine produced by the normal alcoholic fermentation of the juice of sound, ripe grapes (including restored or unrestored pure condensed grape must), with or without the addition after fermentation, of pure condensed grape must, and with or without added grape brandy or alcohol, but without other addition or abstraction except as may occur in cellar treatment." "Cellar treatment," as defined by statute (26 USC 5382) refers to practices and procedures used to make an acceptable wine. These practices include making certain limited additions of sugar or water as amelioration before, during, or after fermentation.

The wines covered in this summary are usually further identified as dessert wines. Dessert wine is defined in the Internal Revenue regulations as grape wine having an alcohol content in excess of 14 percent but not in excess of 24 percent by volume. Under the regulations, if the dessert wine has the taste, aroma, and characteristics generally attributed to sherry, and an alcoholic content, derived in part from added grape brandy or alcohol, of not less than 17 percent by volume, it may be designated as "sherry." If the dessert wines have the taste, aroma, and characteristics generally attributed to angelica, Madeira, muscatel, or port and an alcoholic content, derived in part from added grape brandy or alcohol, of not less than 18 percent by volume, they may, under the regulations, be designated "angelica," "Madeira," "muscatel," or "port," respectively.

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STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

Most of the imported dessert wines are the traditional ones associated with their places of origin: port wine from Portugal; sherry and Malaga from Spain; Madeira from the Portuguese dependency of that name; and Marsala from Sicily. Under the labeling regulations (27 CFR 4.24) if wines with the semigeneric type designations port, sherry, Madeira, etc., which have distinct geographical connotations, are produced in an area other than that traditionally associated with the name, they must be labeled to show the true place of origin, e.g., "California" sherry, or "New York" port.

There are usually notable differences between domestic dessert wines and their foreign prototypes in the kinds of grapes used, methods of production, and in the circumstances and length of storage. These differences result in variations in flavor between the domestic and foreign products.

Imported dessert wines generally range higher in price than the domestic wines and appeal to a more limited sector of the consuming public. Much of the lesser-priced domestic dessert wines are purchased for their relatively high alcohol content, in lieu of more expensive distilled alcoholic beverages.

Wines used for cooking and deemed unfit for beverage purposes are classifiable as sauces other than thin soy sauce (item 182.46).

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

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TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
	Still grape wines contain- ing over 14 percent alcohol:				
167.34:	In containers each hold- ing not over 1 gallon, if entitled under regulations of the U.S. Internal Revenue Service to a type designation which in- cludes the name "Marsala" and if so designated on the approved label.	42¢ per gal.	35¢ per gal.	31.5¢ per gal.	
167.35:	Sherry-----	\$1.00 per gal.	<u>1/</u>	<u>1/</u>	
167.37:	Other-----	\$1.00 per gal.	<u>1/</u>	<u>1/</u>	

1/ Duty not affected by the trade conference.

The tabulation above shows the column 1 rates of duty in effect prior to January 1, 1968 under the TSUS, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968, were 7 percent for Marsala wine in containers holding 1 gallon or less (item 167.34); 12 percent for sherry (item 167.35); and 19.6 percent for the other grape dessert wines (item 167.37). Domestic and dutiable foreign wines containing over 14 percent but not more than 21 percent of alcohol by volume are also subject to an internal revenue tax of 67 cents per gallon; if such wines contain over 21 percent alcohol but not more than 24 percent, the internal revenue tax is \$2.25 per gallon. Wines containing over 24 percent alcohol are dutiable and subject to internal revenue tax as spirits.

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STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)U.S. consumption

Annual U.S. consumption of grape dessert wines declined in the period 1964-68 from 97 million gallons to 89 million gallons, a reduction of 7.8 percent overall. Consumption of domestic dessert wine declined 8.1 percent while consumption of imported dessert wines increased by 26.5 percent. Despite the increase, imports supplied only 1 percent of consumption in that period.

In the preceding years 1959-63, consumption as a whole fluctuated irregularly between 92 million and 99 million gallons annually; imports for consumption increased 7 percent while consumption of domestic dessert wines showed very little net change.

The variance in trend between declining consumption of domestic and increasing consumption of imported dessert wine was part of a general pattern of changing consumer preference in the field of alcoholic beverages. Consumption of all domestic wines combined increased 12.6 percent in the period 1964-68, following an increase of 10.4 percent in 1959-63. Increases occurred in consumption of domestic table wines, champagne, other sparkling wines, and vermouth, more than offsetting declines in consumption of domestic dessert wines. The generalized increase in consumer income of recent years led to some shift in demand from fortified dessert wines to more expensive distilled beverages.

U.S. producers and production

According to the 1963 Census of Manufactures, employment in the 222 establishments classified in the wine and brandy industry numbered 6,111. Twenty-six establishments accounted for 62 percent of the industry's output. Over 80 percent of grape dessert wines are produced in California. New York and New Jersey are next in importance among the 12 producing States.

The California wine industry includes small family enterprises and religious orders, wineries operated as joint enterprises or subsidiaries of grape-grower cooperatives, small independent corporations, and corporate subsidiaries of large distilling companies. Relatively small, closely held corporations predominate in the winery business outside California.

Production of dessert wines averaged 89.2 million gallons annually in the years 1964-68, declining from a peak of 111 million in 1965 to 76.8 million gallons in 1968 (table 1). Yearend stocks of wine containing more than 14 percent alcohol built up to 145.7 million gallons by the end of 1965, but with production declining below consumption in the following 3 years, stocks fell to 120.1 million gallons by the end of 1968.

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STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

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U.S. exports and imports

U.S. exports of dessert wines are not separately reported in the official statistics of the U.S. Department of Commerce, but estimates based on exports of all grape wine, allocated in accordance with annual tax-paid withdrawals of dessert wine from bonded wine-premises, indicate volume ranging from 121,000 gallons to 160,000 in 1964-68, with value ranging between \$319,000 and \$470,000 (table 1). Canada was the most important customer, accounting for two-thirds of total exports in 1967; the Philippine Republic and Mexico were next in importance. Exports have been relatively minor in volume compared to both U.S. production and consumption.

U.S. imports of grape dessert wines in 1964-68 increased 26.5 percent from 1,067,000 gallons to 1,350,000 gallons, with annual value rising from \$6,483,000 to \$9,876,000 (table 1). Despite this rise, which followed an increase of 7.1 percent in the preceding 1959-63 period, the volume of grape dessert wines imported comprised only about 1 percent of total grape dessert wines consumed in the United States. Imports of Marsala wine from Italy, sherry from Spain, and port from Portugal increased substantially (table 2). Imports of Madeira from the Portuguese dependency did not change greatly (table 3). Most imports were in bottled form. Bulk imports did not reach 75,000 gallons in any year (table 4).

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

Table 1.--Still grape wine containing over 14 percent alcohol (except vermouth): U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1964-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports	Exports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio (percent) of imports to consumption
Quantity					
1964-----	92,931	1,067	121	96,801	1
1965-----	110,994	1,120	160	95,697	1
1966-----	84,658	1,152	149	91,252	1
1967-----	80,804	1,219	144	91,787	1
1968-----	76,770	1,350	153	89,255	1
Value					
1964-----	105,848	6,483	319	<u>4/</u>	<u>4/</u>
1965-----	129,530	6,932	408	<u>4/</u>	<u>4/</u>
1966-----	96,171	7,409	463	<u>4/</u>	<u>4/</u>
1967-----	95,348	8,401	470	<u>4/</u>	<u>4/</u>
1968-----	92,124	9,876	465	<u>4/</u>	<u>4/</u>

1/ Tax-paid withdrawals from bonded wine premises of still wines containing over 14 percent alcohol adjusted for changes in stocks during the year, with deductions for production of vermouth and estimated production of nongrape wine. Value was based on average value per gallon in the 1963 Census of Manufactures, adjusted by the annual wholesale price index for dessert wines of the Bureau of Labor Statistics.

2/ U.S. wine exports allocated according to the proportion which grape dessert wines comprised of total tax-paid withdrawals in each year.

3/ Tax-paid withdrawals plus imports.

4/ Not available.

Source: Production and domestic consumption data compiled from official statistics of the U.S. Internal Revenue Service; imports and exports compiled from official statistics of the U.S. Department of Commerce.

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

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Table 2.--Marsala wine, in containers holding 1 gallon or less:
U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Italy-----	123	130	133	156	157
All other-----	2	1	<u>1</u> / ¹	1	1
Total-----	125	131	133	156	158
	Value (1,000 dollars)				
Italy-----	484	539	595	748	869
All other-----	8	5	1	3	8
Total-----	492	544	596	752	877

1/¹ Less than 500 gallons.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Detail does not necessarily add to totals due to rounding.

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

Table 3.--Still grape wine containing over 14 percent alcohol (except vermouth and Marsala), in containers holding each 1 gallon or less: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 gallons)					
Spain-----	664	704	727	785	882
Portugal-----	108	111	115	115	121
France-----	64	59	70	50	40
Madeira-----	27	27	31	32	31
All other-----	33	31	34	31	47
Total-----	896	932	977	1,013	1,121
Value (1,000 dollars)					
Spain-----	4,743	5,053	5,442	6,264	7,432
Portugal-----	548	587	569	609	691
France-----	275	255	334	258	215
Madeira-----	133	123	163	171	180
All other-----	133	131	139	126	210
Total-----	5,832	6,149	6,647	7,428	8,728

Source: Compiled from official statistics of the U.S. Department of Commerce.

STILL GRAPE WINE CONTAINING OVER 14 PERCENT
ALCOHOL (EXCEPT VERMOUTH)

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Table 4.--Still grape wine, containing over 14 percent alcohol by volume, in containers holding each over 1 gallon (other than vermouth): U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Spain-----	33	44	33	44	54
France-----	1	2	1	-	14
Portugal-----	5	3	5	2	2
Madeira-----	1	<u>1/</u>	1	1	<u>1/</u>
West Germany-----	<u>1/</u>	3	-	-	<u>1/</u>
Greece-----	6	4	1	<u>1/</u>	-
All other-----	<u>1/</u>	1	1	-	<u>1/</u>
Total-----	46	57	42	49	70
	Value (1,000 dollars)				
Spain-----	120	191	138	211	234
France-----	6	11	4	-	29
Portugal-----	13	8	19	7	6
Madeira-----	2	1	3	3	1
West Germany-----	1	18	-	-	1
Greece-----	16	11	2	1	-
All other-----	1	<u>2/</u>	1	-	1
Total-----	159	240	167	222	271

1/ Less than 500 gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Detail does not necessarily add to totals due to rounding.

<u>Commodity</u>	<u>TSUS</u> <u>item</u>
Vermouth-----	167.40, -.42

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Imports supply half of the vermouth consumed in the United States. Exports are believed to be small.

Description and uses

Labeling and advertising regulations of the U.S. Internal Revenue Service (27 CFR 4.21) state that vermouth is a type of apertif wine compounded from grape wine, having the taste, aroma, and characteristics generally attributed to vermouth. Apertif wine, such regulations state, has an alcoholic content of not less than 15 percent by volume and is compounded from grape wine containing added brandy or alcohol, flavored with herbs and other natural aromatic flavoring materials, with or without the addition of caramel for coloring purposes.

The two major types of vermouth are dry, or "French" vermouth, and sweet, or "Italian" vermouth. Dry vermouth contains about 18 percent alcohol and less than 5 percent sugar, while sweet vermouth has between 15 and 17 percent alcohol and a sugar content between 12 and 19 percent.

In Europe these wines are usually drunk straight as appetizers, or mixed with fruit syrup, as in a vermouth cassis. In the United States, vermouth is consumed chiefly as an ingredient in martini and manhattan cocktails. Italian sweet and French dry vermouths are made from wines aged at least 1 year before processing and are aged 3 to 5 years after infusion of the flavor. Domestic vermouths, for the most part, are made from young wines and are finished and bottled young, usually within a year. U.S. brands of sweet vermouth are usually higher in alcohol content than the Italian and are lower in sugar. Dry vermouths produced in the United States are generally lighter flavored than the major French brands.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
	Vermouth:			
167.40:	In containers each holding 1 gallon or less.	26.5¢ per gal.	23¢ per gal.	21¢ per gal.
167.42:	In containers each holding over 1 gallon.	40¢ per gal.	35¢ per gal.	32¢ per gal.

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty on imports of vermouth in containers holding not over 1 gallon in effect on December 31, 1968, based on dutiable imports in 1968, was 7.2 percent; on imports of vermouth in containers holding over 1 gallon the specific duty was equivalent to 23.6 percent ad valorem.

Domestic and imported dutiable vermouths are subject to the U.S. internal revenue tax of 67 cents per wine gallon, applicable to still wines containing more than 14 percent but not more than 21 percent alcohol by volume.

U.S. consumption

U.S. consumption of vermouth moved upward at a diminishing rate in recent years. In the period 1964-68 annual consumption increased 12 percent, from 8.9 million gallons to 10.0 million (table 1), equivalent to an average annual increase of 2.9 percent. The rate reflects some tapering off from 1959-63 when the increase in consumption was 23.9 percent overall and averaged 5.5 percent annually.

U.S. production and producers

U.S. production of vermouth fluctuated irregularly in the years 1964-68, showing a 2 percent net rise from 5.2 million gallons to 5.3 million over the period (table 1). Value of production rose from \$9.2 million in 1964 to \$9.4 million in 1968. Yearend stocks fluctuated between 1.3 million gallons and 1.5 million, representing between 3 and 4 months' supply.

California and New York accounted for practically all U.S. production. California, with 53 establishments, produced 3.3 million gallons in the year ending June 30, 1968. New York, with 20 establishments, produced 1.8 million gallons. Small amounts were also produced by 19 plants in 7 other States. The product lines of most producers include a wide range of table and dessert wines besides vermouth.

U.S. exports and imports

U.S. exports of vermouth are not separately reported by the U.S. Department of Commerce, but they are believed to be negligible.

U.S. imports of vermouth increased 19.5 percent in 1964-68, from 4.2 million gallons to 5.0 million, 4.5 percent per year on average (table 1). The rate of increase was substantially less than the 34.8 percent rise in the 1959-63 period. Value of imports rose from \$14.1 million in 1964 to \$17.4 million in 1968.

Nearly four-fifths of all imports in recent years were from Italy, and the remainder almost entirely from France (table 2). The major brands from each country, which include both sweet and dry vermouths, retail at prices ranging from 45 to 75 percent higher than domestic brands. Imported brands selling at prices competitive with domestic vermouths comprise less than 15 percent of imports. Vermouth entered in bulk (in containers each holding over 1 gallon) made up less than 1 percent of imports (table 3).

Table 1.--Vermouth: U.S. production, imports for consumption, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production	Imports	Apparent consumption <u>1/</u>	Ratio (percent) of imports to consumption
Quantity				
1963-----	4,751	3,905	8,180	48
1964-----	5,197	4,191	8,880	47
1965-----	4,938	4,315	9,161	47
1966-----	5,110	4,302	9,164	47
1967-----	5,435	4,474	9,741	46
1968-----	5,306	5,008	9,950	50
Value				
1963-----	8,442	12,600	<u>2/</u>	<u>2/</u>
1964-----	9,234	14,066	<u>2/</u>	<u>2/</u>
1965-----	8,774	14,778	<u>2/</u>	<u>2/</u>
1966-----	9,081	14,541	<u>2/</u>	<u>2/</u>
1967-----	9,653	15,278	<u>2/</u>	<u>2/</u>
1968-----	9,423	17,436	<u>2/</u>	<u>2/</u>

1/ U.S. tax-paid withdrawals from bonded wine premises plus imports for consumption. 2/ Not available.

Source: Production and tax-paid withdrawals compiled from official statistics of the U.S. Internal Revenue Service; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Vermouth in containers holding 1 gallon or less: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Italy-----	3,279	3,412	3,383	3,501	3,902
France-----	878	877	896	950	1,080
All other-----	27	15	15	13	13
Total-----	4,184	4,304	4,294	4,464	4,995
	Value (1,000 dollars)				
Italy-----	10,589	11,279	11,115	11,722	13,538
France-----	3,389	3,428	3,366	3,488	3,829
All other-----	79	58	50	52	49
Total-----	14,057	14,765	14,531	15,262	17,416

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Vermouth, in containers holding over 1 gallon: U.S. imports for consumption, by principal sources, 1964-68

Country	1964	1965	1966	1967	1968
	Quantity (1,000 gallons)				
Italy-----	6	11	8	10	11
All other-----	1	-	-	<u>1/</u>	2
Total-----	7	11	8	10	13
	Value (1,000 dollars)				
Italy-----	8	13	10	13	13
All other-----	1	-	-	3	7
Total-----	9	13	10	16	20

1/ Less than 500 gallons.

Source: Compiled from official statistics of the U.S. Department of Commerce.

IMITATIONS OF WINES AND IMITATIONS OF BRANDY AND OTHER
SPIRITUOUS BEVERAGES

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<u>Commodity</u>	<u>TSUS</u> <u>item</u>
Imitations of wine-----	167.90
Imitations of brandy and other spirituous beverages-----	168.90

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

No statistical data are available on the production of these beverages; recent records show only small sporadic imports. Exports are not separately reported but are believed to be negligible or nil.

Comment

The regulations of the Internal Revenue Service (27 CFR 4.21, 5.21) provide for the labeling of certain wine and distilled spirit products as imitation wines and imitation distilled spirits. For tariff purposes, however, it is the common meaning of the term "imitation" in the tariff legislation which applies. The U.S. Court of Customs and Patent Appeals, for instance, in Stephen Rug Mills v. United States, C.A.D. 293, stated the common meaning of "imitation" to be "an act of imitating or copying, or that which is made or produced by imitating, or a simulated reproduction or representation of the thing sought to be copied or imitated." In a customs court case directly involving a wine product, Gancia Products Import Corp. v. United States, C.D. 2393, the court used the common meaning test and held that where a coal tar dye (synthetic) was added to a wine product to give the coloration of a particular kind of wine, the resultant colored product was for tariff classification purposes an "imitation wine" within the common meaning.

While tariff classification depends on the common meaning of "imitation," some factors which would establish a wine or distilled alcoholic beverage as "imitation" under Internal Revenue Service labeling regulations would also determine such classification for tariff purposes. It appears that there is practically no commerce in these "imitation" products, probably because they are unmarketable when so labeled.

IMITATIONS OF WINES AND IMITATIONS OF BRANDY AND OTHER
SPIRITUOUS BEVERAGES

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
167.90	Imitations of wines-----	\$5.00 per	\$4.25 per	\$3.75 per
		proof	proof gal.	proof gal.
		gal.		
168.90	Imitations of brandy	\$5.00 per	\$3.50 per	\$2.50 per
	and other spirituous	gal.	gal.	gal.
	beverages.			

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The ad valorem equivalent of the specific rate of duty on imports under TSUS item 167.90 in 1963 was 137 percent; on imports under TSUS item 168.90 in 1968, the ad valorem equivalent was 50 percent.

There are no statistical data on domestic production of imitation wines, brandy, and other spirituous beverages. Imports have been negligible. During the period 1963-68, there were only two entries under TSUS item 167.90, both during 1963, and two entries under TSUS item 168.90, one in 1966 and one in 1968. Imports of imitations of wines in 1963 were 121 proof gallons from France, valued at \$427, and 113 proof gallons from Italy, valued at \$428. Imports of imitations of brandy and other spirituous beverages in 1966 were 53 proof gallons from France, valued at \$901; imports in 1968 were 799 gallons, valued at \$7,141, also from France. Although exports are not separately reported in official trade statistics, they are believed to be nil or negligible.

<u>Commodity</u>	<u>TSUS item</u>
Aquavit-----	168.05
Arrack-----	168.10
Ethyl alcohol for beverage purposes-----	168.30
Nonenumerated spirits and beverage preparations in chief value of spirits:	
Spirits-----	168.50
Other-----	168.55

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Most of the U.S. imports are specialties not directly competitive with U.S. products. U.S. production consists mostly of vodka, ethyl alcohol for beverage purposes, and prepared cocktails. Imports are small and exports are minor.

Description and uses

This summary includes beverage spirits and beverage preparations in chief value of distilled spirits which are not covered in the summaries on bitters (items 168.15 and 168.17); brandy (items 168.19-168.22); cordials, liqueurs, kirschwasser, and ratafia (item 168.25); gin (item 168.35); rum (item 168.40); whiskey (items 168.45 and 168.46); and imitations of brandy and other spirituous beverages (item 168.90).

Aquavit (item 168.05) is a Scandinavian beverage based on neutral spirits, reduced by the addition of water to 120° proof, redistilled for flavor in the presence of caraway seed, cardamon seed, orange and lemon peel, and bottled at about 90° proof. It is not aged.

Arrack (item 168.10) usually refers to a pungent distillate of fermented molasses and malted rice, similar to rum. The better grades are aged for as long as 10 years. In parts of the Eastern world, arrack may refer to the distilled fermented juice of dates or mahua flowers, the distilled fermented sap of the palmyra or nipa palm, distilled fermented mare's milk and sugar, or a beverage distilled from grapes and flavored with anise, Lebanese "Arak Razzouk."

Ethyl alcohol for beverage purposes (items 168.30 and 168.31) is a neutral spirit. Neutral spirits are defined in the standards of

identity of the U.S. Internal Revenue Service (27 CFR 5.21) as distilled spirits distilled from any material at or above 190° proof, whether or not such proof is subsequently reduced.

Among the nonenumerated spirits (item 168.50) is vodka, defined in the Internal Revenue Service standards as neutral spirits reduced to not more than 110° proof and not less than 80° proof and so treated as to be without distinctive character, aroma, or taste.

Internal Revenue Service standards of identity have not been published for most beverage products covered in this summary. The regulations (27 CFR 5.34) require any product designation to be in conformity with the trade understanding thereof; if there is no such trade understanding, the product is required to bear a distinctive or fanciful name which is to be deemed the "class designation." Where there is a trade understanding or otherwise, a truthful and adequate statement of composition is to be shown upon the brand label.

Tequila, which comprises the bulk of imports from Mexico under item 168.50, is produced by distilling the fermented sap and pulp of the maguey cactus. Most tequila is imported into the United States in bulk; it is bottled here in a range of 80° to 90° proof. A similar spirit, mescal, is based on the fermented sap and pulp of the dumpling cactus. It is said to contain traces of mescaline.

Imports from Poland under item 168.55 include zubrowka, a vodka in which a piece of zubrowka grass is steeped which gives it a distinctive bouquet and a yellow tinge. Other imports under item 168.55 include preparations such as prepared cocktails.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
168.05:	Aquavit-----	85¢ per	59¢ per	42¢ per gal.
		gal.	gal.	
168.10:	Arrack-----	\$2.00 per	\$1.40 per	\$1.00 per
		gal.	gal.	gal.
168.30:	Ethyl alcohol for	\$2.25 per	\$1.57 per	\$1.12 per
	beverage purposes.	gal.	gal.	gal.
	Other spirits and prep-			
	arations in chief			
	value of distilled			
	spirits, fit for use			
	as beverages or for			
	beverage purposes:			
168.50:	Spirits-----	\$1.25 per	<u>1/</u>	<u>1/</u>
		gal.		
168.55:	Other-----	\$2.50 per	\$1.75 per	\$1.25 per
		gal.	gal.	gal.

1/ The rate of duty was not affected by the trade conference.

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
168.05-----	41.4
168.10-----	27.0
168.30-----	84.9
168.50-----	45.3
168.55-----	35.2

Under item 168.50, the statutory duty applied to imports from certain Communist countries was equivalent to 135 percent ad valorem. Under section 303 of the Tariff Act of 1930, a countervailing duty equivalent to 5 pence per British proof gallon is imposed on compounded spirits imported from the United Kingdom, Northern Ireland, and Eire and a countervailing duty equivalent to 3 pence per British proof gallon on plain spirits from Eire.

All imported and domestic distilled beverages are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon or wine gallon when below proof. ^{1/} Both the internal revenue tax and the duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof--100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50 and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption, production, exports, and imports

Annual U.S. consumption of the distilled beverages covered in this summary increased 48 percent in the period 1964-68, about 10 percent per year. Annual production, which did not differ greatly from consumption, increased steadily from 28.3 million wine gallons, valued at \$94.0 million in 1964 to 41.4 million gallons, valued at \$137.5 million in 1968 (table 1).

U.S. production of vodka, which comprised the bulk of the above, increased from 28.2 million wine gallons in 1964 to 41.3 million in 1968. The increase of nearly 47 percent continued the 1959-63 trend when production (and consumption) rose 41 percent.

In the fiscal year ending June 30, 1968, vodka was produced in 21 States. Plants in California, Connecticut, and Illinois accounted for 53 percent of U.S. production. New Jersey, Michigan, Pennsylvania, Massachusetts, Indiana, and Maryland supplied most of the remainder.

Nearly half of U.S. vodka is produced by five companies but most U.S. distillers produce one or more brands. In 1968 there were 77

^{1/} A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof" gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

plants in the United States which were licensed by the Internal Revenue Service to product spirits from grain, including vodka. Except for the leading producer, vodka does not represent the principal item in any distiller's product line. For the distilling industry as a whole, vodka comprised 7 percent of 1963 product value.

Production of prepared cocktails, the other principal U.S. product among those covered in this summary, is not separately reported by the U.S. Internal Revenue Service or by the U.S. Department of Commerce in its Census of Manufactures. There are about five major brands with national distribution. Trade promotion has resulted in substantially increased consumption of prepared cocktails in recent years, supplied almost entirely by domestic production.

Exports of vodka, and the other products covered in this summary, are not reported separately in the foreign trade data of the U.S. Department of Commerce, but tax-free withdrawals from bond of vodka for export are reported by the U.S. Internal Revenue Service on a fiscal-year basis. The following amounts were reported for the years 1963-68:

<u>Year ending</u> <u>June 30--</u>	<u>Tax</u> <u>gallons</u>
1963-----	17,527
1964-----	22,456
1965-----	36,273
1966-----	80,508
1967-----	62,273
1968-----	88,296

Exports in the preceding 5 years were small and irregular.

U.S. imports of the products covered in this summary more than trebled in the most recent 5 years, from 284,000 wine gallons, valued at \$627,000 in 1964 to 917,000 wine gallons, valued at \$2,277,000 in 1968 (table 1). The gallonage figures quoted in table 1 are slightly larger than the Department of Commerce proof gallon figures because of conversions to wine gallons of bulk imports based on Internal Revenue Service data.

Except for a 1968 entry from Poland of 1,627 gallons, valued at \$3,867, there were no imports over the past 10 years of ethyl alcohol for beverage purposes (items 168.30 and 168.31). Imports of arrack (item 168.10) were insignificant in 1964-68 ranging from none to 2,378 gallons annually. Imports of beverage preparations in chief value of spirits (item 168.55) were also minor. In the period 1962-66 imports ranged between 2,000 and 3,000 gallons annually. In

the preceding period 1958-61, annual imports were under 100 gallons. Imports increased to 10,443 gallons, valued at \$46,436 in 1967 and to 15,572 gallons, valued at \$98,809 in 1968, with entries of zubrowka (flavored vodka) from Poland, and prepared drink mixtures from the United Kingdom responsible for the rise.

Imports of spirits for beverage purposes, not elsewhere enumerated, increased steadily from 236,000 gallons, valued at \$592,000 in 1964 to 768,000 gallons, valued at \$2,129,000 in 1968. Imports were chiefly tequila from Mexico (table 2).

Table 1.--Vodka, tequila, arrack, aquavit, and beverage spirits not specially provided for: U.S. production, imports for consumption, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption	Ratio (percent) of imports to consumption
Quantity				
1963-----	24,957	231	25,188	1
1964-----	28,310	284	28,594	1
1965-----	31,298	406	31,704	1
1966-----	34,865	596	35,461	2
1967-----	38,708	765	39,473	2
1968-----	41,407	917	42,324	2
Value				
1963-----	82,857	463	<u>3/</u>	<u>3/</u>
1964-----	93,989	627	<u>3/</u>	<u>3/</u>
1965-----	103,909	923	<u>3/</u>	<u>3/</u>
1966-----	115,752	1,269	<u>3/</u>	<u>3/</u>
1967-----	128,511	1,557	<u>3/</u>	<u>3/</u>
1968-----	137,471	2,277	<u>3/</u>	<u>3/</u>

1/ U.S. bottlings of vodka and beverage spirits not specially provided for, adjusted to exclude bulk imports bottled here, converted from proof gallons to wine gallons.

2/ Imports converted to wine gallons from reported proof gallons.

3/ Not available.

Source: Production compiled from official statistics of the U.S. Internal Revenue Service; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Spirits for beverage purposes, not elsewhere enumerated:
U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
Mexico-----	191	301	459	582	693
Poland-----	13	12	12	21	12
U.S.S.R-----	2	5	5	8	10
Hong Kong-----	2	1	1	1	1
All other-----	28	25	40	29	52
Total-----	236	344	517	641	768
	Value (1,000 dollars)				
Mexico-----	452	676	1,008	1,304	1,765
Poland-----	40	35	37	65	68
U.S.S.R-----	9	18	22	28	38
Hong Kong-----	18	13	14	12	6
All other-----	73	145	153	83	252
Total-----	592	887	1,234	1,492	2,129

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS</u> <u>item</u>
Bitters of all kinds containing spirits:	
Not fit for use as beverages-----	168.15
Fit for use as beverages-----	168.17

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

U.S. production of bitters is small. Imports supply almost all the bitters consumed in the United States. Exports are negligible.

Comment

Bitters consist essentially of a spirit base into which bitter and aromatic essences derived from plant parts--roots, bark, stems, leaves, flowers, seeds, or fruits--have been incorporated by infusion, distillation, or both. For almost all such products, the individual formula is considered a trade secret.

Bitters not fit for use as beverages (item 168.15) are aromatic or flavoring bitters used primarily in cocktails. They include Angostura bitters from Trinidad, Underberg bitters from West Germany, orange bitters from the United Kingdom and the Netherlands, as well as cocktail bitters bearing domestic labels. The language, "not fit for use as beverages," relates to products containing bitter components of such nature or in such quantity as to render them suitable for use only in small amounts as flavoring agents.

Bitters fit for use as beverages (item 168.17) include products such as Unicum Zwack from Hungary or Fernet Branca from Italy, used as an aid to digestion or as a stomachic, as well as products similar in some respects to vermouth, like Italian Compari or Dutch Bols.

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)		
		Rate prior to Jan. 1, 1968	Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
	Bitters of all kinds con-			
	taining spirits:			
168.15:	Not fit for use as	\$1.88 per	\$1.31 per	94¢ per gal.
	beverages.	gal.	gal.	
168.17:	Fit for use as	\$1.00 per	70¢ per	50¢ per gal.
	beverages.	gal.	gal.	

The tabulation above shows the column 1 rates of duty in effect prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports in 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
168.15-----	36.5
168.17-----	21.2

A countervailing duty equivalent to 5 pence per British proof gallon is imposed on compounded spirits imported from the United Kingdom and Eire, 1/ as provided for under section 303 of the Tariff Act of 1930.

The principal imported bitters classed as being unfit for use as beverages (item 168.15) are Angostura bitters from Trinidad, which are imported in bulk. The ad valorem equivalent of the duty on these imports was 38.8 percent in 1968. Imports from West Germany in this class were in small retail-size containers with the product having a high unit value. As a consequence, the ad valorem equivalent of the duty was relatively low, 9.8 percent.

1/ The applicable countervailing duty orders or notices are cited in section 16.24, Customs Regulations (19 CFR 16.24).

The ad valorem equivalent of the duty on bitters fit for use as beverages (item 168.17) imported in 1968 was 21.2 percent, ranging from 11.9 percent to 21.8 percent on imports from individual countries. On imports from Hungary, which are subject to the statutory duty of \$5.00 per gallon, the ad valorem equivalent was 83.3 percent.

Imported bitters fit for use as beverages (item 168.17) are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon when below proof. ^{1/} Both the internal revenue tax and the duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof--100°. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50, and is also dutiable at the rate specified "per gallon" in the TSUSA.

Imported bitters not fit for use as beverages (item 168.15) are not subject to the internal revenue tax. Domestic bitters of both types are made with spirits on which the internal revenue tax of \$10.50 per proof gallon has been paid. A refund of \$9.50 per proof gallon, however, is allowed under drawback if the U.S. Internal Revenue Service determines that the product made with tax-paid spirits is unfit for beverage purposes (26 USC 5134).

Twenty-four domestic companies market some 40 brands of bitters, but statistical data on production are not available. The greatest production, however, is known to be by companies which use bitters in compounding their own brands of prepared cocktails or cocktail mixes. Exports are not separately reported but are believed to be quite small. The primary business of major U.S. producers of bitters is in the major distilled beverages and in flavoring extracts.

U.S. consumption corresponds approximately with the volume of imports. In the primary category, bitters unfit for beverage use (cocktail bitters), imports ranged irregularly from 96,000 gallons to 120,000 gallons annually in the years 1959-68. Peak years were 1961 and 1962 when imports amounted to 120,000 and 119,000 gallons, respectively. In the period 1964-68, annual imports ranged from 83,000 to 113,000 gallons with a value from \$357,000 to \$480,000. Practically all were from Trinidad (table 1).

^{1/} A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

The lack of sustained increase in consumption was associated with lagging demand for cocktails made with whiskey, despite increased demand for distilled spirits generally. In recent years, U.S. consumers have shown increased preference for drinks made with gin and vodka.

Annual imports of bitters fit for beverage use (item 168.17) doubled in the most recent 5-year period, from 15,000 gallons, valued at \$68,000 in 1964 to 30,000 gallons, valued at \$126,000 in 1968. Practically all imports were from Italy (table 2).

Table 1.--Bitters containing spirits, not fit for beverage use:
U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
Trinidad-----	100	110	80	101	101
West Germany-----	2	2	2	2	2
All other-----	2	1	1	-	1
Total-----	104	113	83	103	104
	Value (1,000 dollars)				
Trinidad-----	403	429	312	390	439
West Germany-----	42	28	45	44	38
All other-----	10	1	1	-	3
Total-----	455	458	357	434	480

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Due to rounding, figures may not add to total.

BITTERS

Table 2.--Bitters containing spirits, fit for beverage use: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
Italy-----	14	21	19	29	29
Switzerland-----	1	1	1	1	1
West Germany-----	<u>1/</u>	<u>1/</u>	1	<u>1/</u>	-
Spain-----	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	-
All other-----	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Total-----	15	22	20	30	30
	Value (1,000 dollars)				
Italy-----	58	87	81	124	118
Switzerland-----	6	6	4	5	6
West Germany-----	1	1	3	2	-
Spain-----	2	1	1	2	-
All other-----	1	1	1	<u>2/</u>	2
Total-----	68	96	90	134	126

1/ Less than 500 proof gallons.

2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Note.--Due to rounding, figures may not add to total.

<u>Commodity</u>	<u>TSUS</u> <u>item</u>
Brandy-----	168.19, -.20, -.21, -.22

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Imports supply over one-fifth of the brandy consumed in the United States. Regional specialties comprise a major share of such imports. Exports are small.

Description and uses

Labeling regulations of the U.S. Internal Revenue Service (27 CFR 5.21) define brandy in part as "a distillate, or a mixture of distillates, obtained solely from the fermented juice, mash or wine of fruit, or from the residue thereof, distilled at less than 190° proof in such manner as to possess the taste, aroma and characteristics generally attributed to the product, and bottled at not less than 80° proof."

The labeling regulations further identify "fruit brandy" as brandy distilled solely from the juice or mash of whole, sound, ripe fruit, or from standard grape, citrus, or other fruit wine, having a volatile acidity, calculated as acetic acid and exclusive of sulphur dioxide, not in excess of 0.20 gram per 100 cubic centimeters (20°C.), with or without the addition of not more than 20 percent by weight of the pomace of such juice or wine, or both, (calculated prior to the addition of water to facilitate fermentation or distillation) and including mixtures of such brandy with not more than 30 percent (calculated on a proof basis) of lees brandy.

"Neutral brandy" is identified in the labeling regulations as brandy distilled at more than 170° proof; "pomace brandy" or "marc brandy," as brandy distilled from the skin and pulp of sound, ripe grapes, citrus, or other fruit after the withdrawal of the juice or wine therefrom; and "lees brandy," as brandy distilled from the lees of standard grape, citrus, or other fruit wine. If brandy is made from the pomace or marc of grapes it may be designated "grappa." Brandy must bear the designation of the fruit from which it is derived.

"Flavored brandy," according to the Internal Revenue Service regulations, contains added natural flavoring materials with or without the addition of sugar. It may be bottled at no less than 70° proof. It may also contain up to 15 percent by volume of wine, without disclosure on the label, if the additional wine is derived from the particular fruit corresponding to the labeled flavor of the product.

Specific recognition is given in the regulations to "Cognac" or "Cognac (grape) brandy" as grape brandy distilled in the Cognac region of France, which is entitled to be designated as Cognac by the laws and regulations of the French Government.

A large number of different brandies are marketed in the United States. Included among them are foreign specialty products for which it would be difficult to find domestic counterparts, such as French Cognac and Armagnac, sherry brandies from Spain, certain Greek brandies, and Pisco from Peru; a profusion of less expensive domestic and imported grape brandies made from wine or pomace; domestic and foreign blends of grape brandy with fruit flavors, such as blackberry, raspberry, apricot, peach, or strawberry as well as other fruit brandies like slivovitz, quetsch, mirabelle, prunelle, or Calvados made from plums, apples, and other fruit. 1/

According to the 1963 "Minimum Consumer Retail Price List" of the State of New York, which listed 365 different brandy items in that year, about two-fifths of the 315 foreign brands were priced low enough to compete in price with similar domestic types. Despite the price competition, domestic grape brandies have continued to dominate the U.S. market, probably because their predictable uniformity causes them to be preferred for commercial bar use as an ingredient in cocktails.

Trade sources 2/ indicate that about 84 percent of all brandy sold in the United States in 1967 retailed in a price range of \$4.66 to \$5.50 per fifth of a gallon. The remaining 16 percent (mostly Cognac) retailed at prices over \$7.60 per fifth.

1/ Kirschwasser or cherry brandy is not in this summary, but is included in the summary covering cordials, liqueurs, kirschwasser, and ratafia (item 168.25).

2/ The Liquor Handbook - 1968. Gavin-Jobson Associates, Inc., New York, New York.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
:	Brandy:	:	:	:
:	In containers each	:	:	:
:	holding not over	:	:	:
:	1 gallon:	:	:	:
168.19:	Valued not over \$9.00:	\$1.25 per:	87¢ per	62¢ per gal.
:	per gallon.	gal.	gal.	:
168.20:	Valued over \$9.00 per:	\$1.25 per:	<u>1/</u>	<u>1/</u>
:	gallon.	gal. <u>2/</u>	:	:
:	In containers each	:	:	:
:	holding over 1 gal-	:	:	:
:	lon:	:	:	:
168.21:	Valued not over \$9.00:	\$1.00 per:	70¢ per	50¢ per gal.
:	per gallon.	gal.	gal.	:
168.22:	Valued over \$9.00 per:	\$1.00 per:	<u>1/</u>	<u>1/</u>
:	gallon.	gal. <u>2/</u>	:	:

1/ The rate of duty not affected by the trade conference.

2/ Brandy valued over \$9.00 per gallon (see item 945.16 in the appendix to the TSUSA-1970) became dutiable at the 1930 tariff rate of \$5.00 per proof gallon on and after Jan. 7, 1964; this change reflected a temporary modification made pursuant to section 252 of the Trade Expansion Act of 1962.

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

When the TSUS became effective on August 31, 1963, brandy in containers each holding not over 1 gallon was dutiable under item 168.20 at the column 1 rate of \$1.25 per gallon and brandy in containers each holding over 1 gallon was dutiable under item 168.22 at the rate of \$1.00 per gallon. Pursuant to Presidential Proclamation No. 3564 of

December 4, 1963, made under authority of section 252 of the Trade Expansion Act of 1962, the column 1 rate of duty on brandy valued over \$9.00 per gallon was temporarily increased to \$5.00 per gallon. This increased rate was carried in the TSUS under item 945.16, referenced to items 168.20 and 168.22 in schedule 1. Concessions in the 1964-67 trade conference (Kennedy Round) applied only to brandy valued not over \$9.00 per gallon, resulting in creation, effective January 1, 1968 (Presidential Proclamation 3822 of Dec. 16, 1967), of two new items, 168.19 and 168.21, which embodied the concessions and resulting in the limitation of coverage of items 168.20 and 168.22 to brandy valued over \$9.00 per gallon, upon which no 1964-67 conference concession was granted. Effective the same date, January 1, 1968, the article description for item 945.16 was changed to apply to modified items 168.20 and 168.22.

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports during 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
168.19-----	14.0
168.20-----	8.1
168.21-----	38.5
168.22-----	7.2

Products in each of these groups, however, vary widely in value making the average ad valorem equivalents of limited significance. Under authority of section 303 of the Tariff Act of 1930, a countervailing duty equivalent to 5 pence per British proof gallon is imposed on compounded spirits imported from the United Kingdom, Northern Ireland, and Eire and a countervailing duty equivalent to 3 pence per British proof gallon on plain spirits from Eire. The applicable countervailing duty orders or notices are cited in section 16.24, Customs Regulations (19 CFR 16.24).

Imported and domestic distilled spirits, brandy included, are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon, when below proof. 1/ Both the internal revenue tax and the duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate

1/ A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

amount of the base tax and duty is added when the product is above proof--100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50 and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption

Annual consumption of brandy as a beverage in the United States increased from 8.7 million gallons in 1964 to 11.7 million gallons in 1968. The increase of 35 percent overall was equivalent to an average annual increase of 7.7 percent in the intervening period, slightly less than the 8.5 percent average annual increase between 1959-63.

U.S. producers and production

Although wineries are the chief U.S. producers of brandy, only about 30 of the 222 establishments classified in the wine and brandy industry of the United States market brandy as a beverage. Many wineries in California, however, produce neutral brandy at around 180° proof for the purpose of fortifying dessert wines (e.g., port, sherry, and muscatel) or for use in the preparation of vermouth, cordials, and liqueurs. Leading producers of beverage brandy include two major grape-grower cooperatives, a religious order, six subsidiaries of major distillers (two of which have Canadian interests), and two large producers of kosher wines. Brandy is only a minor product in the overall output of these large concerns.

Most beverage brandy is produced in California although scattered production occurs in several other States, the most important of which is Pennsylvania. Much of the production in California is shipped in bulk under bond to firms in other States where it is rectified 1/ and bottled under a variety of labels. These secondary marketing operations are of importance in Illinois, Indiana, Massachusetts, and Pennsylvania.

For the purpose of this summary, U.S. production of beverage brandy is reported in terms of finished domestic brandy bottled in the United States. 2/

1/ Rectifying consists chiefly of "purifying, refining, mixing, or blending of liquors other than in the course of original distillation," within the meaning of the U.S. Internal Revenue Code.

2/ Brandy bottled in the United States, as reported by the Internal Revenue Service, reduced by the amount of brandy imported in bulk (in containers holding over 1 gallon), converted from 100° proof to 80° proof.

The annual domestic production of brandy increased from 6.7 million gallons, valued at \$13.1 million in 1964 to 9.3 million gallons, valued at \$18.5 million in 1968, an increase of 39 percent over the period (table 1). The average annual increase was 8.7 percent compared with an average annual increase of 8.3 percent in 1959-63.

U.S. exports and imports

Annual exports of brandy in 1965-68 ranged from 29,000 gallons to 61,000 gallons; value ranged from \$54,000 to \$182,000. In prior years exports were not separately reported by the U.S. Department of Commerce but data on tax-free withdrawals for export, provided by the U.S. Internal Revenue Service, indicated that there were probably no exports in any of the preceding 4 fiscal years. In the period for which country data was available, Canada was the only export market of significance.

U.S. imports of brandy in 1963 amounted to 2.5 million gallons, valued at \$14.5 million, while in 1964 they amounted to only 2.0 million gallons with a value of \$11.2 million. Larger 1963 imports in part reflected anticipation of the change in the rate of duty on brandy valued over \$9.00 per gallon which became effective January 7, 1964. Imports in 1964 were approximately at the level of 1961 and 1962. An increase of 24.2 percent, an average of 7.5 percent per year, occurred between 1964 and 1967, with imports in 1967 reaching 2.5 million gallons, valued at \$13.8 million (table 1). In gallons, 1967 imports were at the high level of 1963; import value was lower, however, because beginning in 1964 some large shippers ceased their earlier practice of including promotional charges in their stated foreign values. Import volume in 1968 remained at the 1967 level; value of imports, however, rose 9 percent to \$15.1 million primarily because of price increases.

As in previous years, France continued to provide the bulk of foreign brandies sold in the United States, accounting for 74 percent of all imports in the 1964-68 period. Between 6 and 8 percent each was supplied by Italy, Spain, and Portugal, another 2 percent was supplied by West Germany, and about an equal share by some 20 other countries combined (table 2).

Annual imports of bottled brandy in 1964-68 ranged from 1,113,000 gallons to 1,506,000 gallons; imports of bulk brandy in the same period ranged from 718,000 gallons to 884,000 gallons. Value of bottled brandy imports ranged from \$9,706,000 to \$13,098,000 annually and value of imported bulk brandy, from \$1,459,000 to \$2,168,000 (tables 3 and 4).

U.S. imports of brandy valued over \$9.00 per gallon, subject to the temporary duty rate of \$5.00 per gallon, were as follows in 1964-68:

Year	France		Other sources		Total	
	In containers holding 1 gallon or less					
	<u>Gallons</u>	<u>Dollars</u>	<u>Gallons</u>	<u>Dollars</u>	<u>Gallons</u>	<u>Dollars</u>
1964---	129,585	1,783,200	3,844	59,318	133,429	1,842,518
1965---	107,959	1,587,682	5,420	82,444	113,379	1,670,126
1966---	99,333	1,520,406	7,769	128,719	107,102	1,649,125
1967---	85,064	1,343,770	7,318	132,541	92,382	1,476,311
1968---	135,933	2,074,170	9,892	185,005	145,825	2,259,175
	In containers holding over 1 gallon					
1964---	265	3,267	30	321	295	3,588
1965---	1,624	29,120	73	1,450	1,697	30,570
1966---	9,810	158,613	81	1,694	9,891	160,307
1967---	5,175	92,420	635	11,804	5,810	104,224
1968---	9,525	133,259	261	2,834	9,786	136,093

Table 1.--Brandy: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports <u>2/</u>	Exports <u>3/</u>	Apparent consumption	Ratio (percent) of imports to consumption
Quantity					
1963-----	5,792	2,507	-	8,299	30
1964-----	6,696	2,010	-	8,706	23
1965-----	7,186	2,220	29	9,377	24
1966-----	8,251	2,359	61	10,549	22
1967-----	8,954	2,507	54	11,407	22
1968-----	9,330	2,511	123	11,718	21
Value					
1963-----	11,200	14,478	-	<u>4/</u>	<u>4/</u>
1964-----	13,100	11,208	-	<u>4/</u>	<u>4/</u>
1965-----	14,200	11,540	54	<u>4/</u>	<u>4/</u>
1966-----	16,300	12,843	104	<u>4/</u>	<u>4/</u>
1967-----	17,900	13,848	90	<u>4/</u>	<u>4/</u>
1968-----	18,500	15,093	182	<u>4/</u>	<u>4/</u>

1/ Brandy bottled in the United States adjusted to exclude brandy imported in bulk and bottled here. Value based on Census of Manufactures-1963 with reported tax gallons converted to wine gallons of 80° proof.

2/ Includes brandy imported in bulk converted to wine gallons on the basis of 80° proof.

3/ The U.S. Internal Revenue Service reported no withdrawals for export in 1963 and 1964; exports in subsequent years were compiled from official export statistics of the U.S. Department of Commerce, with conversion to wine gallons of 80° proof by the U.S. Tariff Commission.

4/ Not available.

Source: Production compiled from official statistics of the U.S. Internal Revenue Service; imports and exports compiled from official statistics of the Department of Commerce, except as noted.

Table 2.--Brandy: U.S. imports for consumption,
by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
France-----	1,353	1,426	1,558	1,757	1,818
Spain-----	120	157	162	174	186
West Germany-----	39	40	39	47	42
Italy-----	121	199	189	132	97
Portugal-----	151	141	153	113	115
All other-----	47	41	51	63	53
Total-----	1,831	2,004	2,152	2,286	2,311
	Value (1,000 dollars)				
France-----	9,742	9,824	11,121	12,126	13,373
Spain-----	402	582	539	654	710
West Germany-----	249	251	257	296	272
Italy-----	251	400	369	251	199
Portugal-----	277	259	271	209	217
All other-----	287	224	286	312	322
Total-----	11,208	11,540	12,843	13,848	15,093

Source: Compiled from official statistics of the U.S. Department of Commerce.

BRANDY

Table 3.--Brandy: U.S. imports for consumption in containers holding each 1 gallon or less, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
France-----	932	958	1,131	1,209	1,317
Spain-----	76	68	62	71	96
West Germany-----	33	37	36	38	37
Italy-----	25	31	42	34	7
All other-----	47	48	51	50	49
Total-----	1,113	1,142	1,322	1,402	1,506
Value (1,000 dollars)					
France-----	8,831	8,804	9,937	10,664	11,980
Spain-----	304	323	314	369	493
West Germany-----	231	239	245	269	248
Italy-----	92	98	105	82	51
All other-----	291	242	292	296	326
Total-----	9,749	9,706	10,893	11,680	13,098

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Brandy: U.S. imports for consumption in containers holding each more than 1 gallon, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
France-----	421	468	426	548	501
Spain-----	44	89	100	102	90
Portugal-----	146	130	144	104	107
Italy-----	96	168	147	98	90
All other-----	11	7	13	32	16
Total-----	718	862	830	884	804
	Value (1,000 dollars)				
France-----	911	1,020	1,184	1,462	1,393
Spain-----	97	258	225	285	218
Portugal-----	257	228	248	183	186
Italy-----	159	302	265	170	148
All other-----	35	26	29	68	50
Total-----	1,459	1,834	1,951	2,168	1,995

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Cordials and liqueurs, kirschwasser, and ratafia-----	168.25

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Most cordials and liqueurs consumed in the United States are domestic in origin. Imports supply about 11 percent and are principally high-priced specialties. Exports are believed to be small.

Description and uses

According to labeling regulations of the Internal Revenue Service (27 CFR 5.21), which govern both domestic and imported alcoholic beverages, cordials and liqueurs are products obtained by mixing or redistilling neutral spirits, brandy, gin, or other distilled spirits, with or over fruits, flowers, plants, pure juices derived therefrom, other natural flavoring materials, or extracts derived from infusions, percolations, or maceration of such materials, and which contain sugar or dextrose or both in an amount not less than 2-1/2 percent by weight of the finished product. A cordial or liqueur may be designated as "dry" if the added sweeteners comprise less than 10 percent by weight of the finished product.

Specific recognition is given in the Internal Revenue Service regulations to a number of articles in the cordials and liqueur class including rye liqueur, bourbon liqueur, rock and rye, rock and bourbon, rock and brandy, rock and rum, and sloe gin.

Kirschwasser is not a liqueur or cordial but is a brandy made from small, black European cherries.

Ratafia is actually a generic name for a variety of cordials, mostly homemade and usually of relatively high proof. Some are made from new wine or grape juice flavored with fruits, herbs, or spices, with spirits added to stop fermentation; others are made by infusion of natural flavoring materials in brandy.

CORDIALS AND LIQUEURS

Among the liqueurs imported are the following:

<u>Proprietary formulas</u>	<u>Generic</u>
Benedictine (France)	Triple Sec
Chartreuse (France)	Creme de Menthe
Grand Marnier (France)	Creme de Cacao
Cherry Heering (Denmark)	Creme de Cassis
Drambuie (United Kingdom)	Anisette
Irish Mist (Ireland)	Kummel
Liquore Galliano (Italy)	Sloe gin
Strega (Italy)	Maraschino
Kahlua (Mexico)	Goldwasser
Tia Maria (Jamaica)	Blackberry brandy

Liqueurs in the first column of the above list are proprietary formulas of single producers; those in the second column are generic types marketed by many. Most of the imported products retail at prices substantially higher than U.S. liqueurs and cordials. The bulk of U.S. products are generic in type although some proprietary liqueurs are also produced here.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
168.25	Cordials, liqueurs, kirschwasser, and ratafia.	\$1.00 per gal.	70¢ per gal.	50¢ per gal.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty in effect on December 31, 1968, based on dutiable imports in 1968, was 8.6 percent. On imports from most major suppliers the ad valorem equivalent of the duty ranged closely about this figure. Under authority of section 303 of the Tariff Act of 1930, a countervailing duty equivalent to 5 pence per British proof gallon is imposed on compounded spirits imported from the United Kingdom, Northern Ireland, and Eire. The applicable countervailing duty orders or notices are cited in section 16.24, Customs Regulations (19 CFR 16.24).

All imported and domestic distilled alcoholic beverages, including cordials and liqueurs, are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon when below proof. ^{1/} Both internal revenue tax and duty are calculated on a proof-gallon basis if withdrawn from bond or imported for consumption at 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof--100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50 and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption and production

U.S. consumption of liqueurs increased at an annual average rate of 10 percent in the period 1964-68, from 14.0 million gallons in 1964 to 20.4 million gallons in 1968. The average annual rate of increase in the period 1959-63 was 8.3 percent.

The increase in production in 1964-68 was not quite as great as that in consumption, 43 percent overall or 9.4 percent per annum. Production in 1968 amounted to 18,100,000 gallons, valued at \$59.7 million compared with 12,628,000 gallons, valued at \$41.7 million in 1964 (table 1). In the period 1959-63, production increased at about the same rate as consumption, about 8 percent per annum. Part of this production is composed of other distilled beverages containing only the minimum amount of sweetener needed to qualify as a liqueur under the Internal Revenue Service regulations. The reason for this lies in the fact that the laws of certain States, such as New York, New Jersey, and Colorado, do not permit sale of bottled

^{1/} A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

whiskey, gin, vodka, and other distilled beverages in half pints but allow sale of liqueurs in such container sizes.

Liqueur and cordial production is of major importance to about half the 20 U.S. firms in the field. The others are subsidiaries either of the leading whiskey, gin, and vodka distillers or of firms engaged principally in marketing a wide range of imported alcoholic beverages. Production is carried on in 21 States. In the year ending June 30, 1968, Illinois, Michigan, Pennsylvania, Missouri, and Massachusetts each had annual volume ranging from 1 million to 1.5 million gallons, while Maryland, Ohio, New Jersey, Kentucky, and Connecticut each produced between a half million and a million gallons. Production ranged downward from the half-million mark in each of the remaining 11 States.

U.S. exports and imports

Exports of liqueurs and cordials are not separately reported in the U.S. Department of Commerce foreign trade statistics. There were no recorded withdrawals of liqueurs and cordials for export in the published fiscal-year data of the U.S. Internal Revenue Service for 1964-68.

U.S. imports of cordials and liqueurs nearly doubled in the most recent 5 years, from 1,326,000 gallons, valued at \$13,083,000 in 1964 to 2,315,000 gallons, valued at \$24,251,000 in 1968. From 1964 to 1966 imports increased in volume at an average annual rate of 12 percent per year, only slightly higher than the annual rate of 11 percent which was obtained during 1959-63. In 1967, however, imports rose 30 percent over the previous year and the share of U.S. consumption supplied by imports rose to 11 percent compared with 9 percent in each of the preceding 4 years. Imports also supplied 11 percent of consumption in 1968 when they rose 7 percent (table 1).

The four leading foreign suppliers in 1964-68, as in previous years, were the United Kingdom, France, Italy, and Denmark (table 2). The products imported from these countries included proprietary liqueurs such as Drambuie, from the United Kingdom; Benedictine, Chartreuse, and Grand Marnier, from France; Liqueur Galliano and Strega, from Italy; and Cherry Heering, from Denmark. Specialties imported from other suppliers were Ouzo, from Greece; Tia Maria, from Jamaica; Kahlua, from Mexico; and Irish Mist, from Ireland.

Table 1.--Cordials and liqueurs: U.S. production, imports for consumption, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production ^{1/}	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity				
1963-----	11,225	1,128	12,353	9
1964-----	12,628	1,326	13,954	9
1965-----	14,544	1,515	16,059	9
1966-----	16,081	1,662	17,743	9
1967-----	16,858	2,159	19,017	11
1968-----	18,100	2,315	20,415	11
Value				
1963-----	37,000	10,870	<u>2/</u>	<u>2/</u>
1964-----	41,700	13,083	<u>2/</u>	<u>2/</u>
1965-----	48,000	15,795	<u>2/</u>	<u>2/</u>
1966-----	53,000	17,332	<u>2/</u>	<u>2/</u>
1967-----	55,600	20,979	<u>2/</u>	<u>2/</u>
1968-----	59,700	24,251	<u>2/</u>	<u>2/</u>

^{1/} Liqueurs and cordials bottled in the United States adjusted to exclude liqueurs and cordials imported in bulk and bottled here based on U.S. Internal Revenue Service reports of imported distilled spirits released for bottling. Value based on 1963 Census of Manufactures.

^{2/} Not available.

Source: Production compiled from official statistics of the U.S. Internal Revenue Service; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Cordials, liqueurs, kirschwasser, and ratafia: U.S. imports for consumption, by principal countries of origin, 1964-68

Country	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
United Kingdom-----	352	458	487	732	697
France-----	332	393	394	471	466
Italy-----	190	211	223	253	311
Denmark-----	105	124	92	108	105
Greece-----	71	85	86	93	105
Mexico-----	108	86	99	156	168
Jamaica-----	44	45	60	52	73
Ireland-----	22	20	22	32	36
Netherlands-----	6	7	12	23	37
West Germany-----	15	14	27	15	16
All other-----	81	72	160	224	301
Total-----	1,326	1,515	1,662	2,159	2,315
	Value (1,000 dollars)				
United Kingdom-----	3,332	4,858	5,225	6,673	7,480
France-----	3,678	4,337	4,446	5,236	5,412
Italy-----	2,597	2,916	3,364	3,842	5,100
Denmark-----	1,420	1,408	1,070	1,072	1,159
Greece-----	529	759	832	934	1,012
Mexico-----	331	299	321	583	614
Jamaica-----	276	315	506	428	590
Ireland-----	225	260	276	382	478
Netherlands-----	59	75	113	184	291
West Germany-----	96	107	137	119	136
All other-----	540	461	1,042	1,526	1,979
Total-----	13,083	15,795	17,332	20,979	24,251

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Gin-----	168.35

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Domestic production supplies nearly all the gin marketed in the United States. About 8 percent of U.S. supply is imported. Exports are small.

Description and uses

Labeling regulations of the U.S. Internal Revenue Service (27 CFR 5.21) define gin as "a product obtained by original distillation from mash or by redistillation of distilled spirits, or by mixing neutral spirits with or over juniper berries and other aromatics, or with or over extracts derived from infusions, percolations, or maceration of such materials and includes mixtures of gin and neutral spirits. It shall derive its main characteristic flavor from juniper berries and be reduced at time of bottling to not less than 80° proof. Gin produced exclusively by original distillation or by redistillation may be further designated as "distilled", "dry gin" (London dry gin). "Geneva gin" (Hollands gin), and "Old Tom gin" (Tom gin) are types of gin known under such designations."

Most of the gin marketed in the United States is of the type called "dry" gin, or "London dry" gin, unsweetened and colorless, having a slightly perfumed odor dominated by that of juniper oil. When bottled it is between 80° and 94° proof. It is distilled at 180° to 190° proof and is not aged. Ingredients other than juniper berries used for flavoring in production of gin include coriander seed, orange peel, cassia bark, angelica root, licorice, orris root, cardamon seed, caraway seed, anise seed, and bitter almonds. Dry gin is used principally in the concoction of cocktails (martini, Alexander, Bronx, Dubonnet, gimlet) or tall cooling drinks (gin rickey, Tom Collins, Singapore sling).

There are important processing differences between "London dry" gin and the type called "Hollands," "Geneva," or "Schiedam" gin. In producing the latter, the botanicals are ground up with the malt in forming the basic grain mash and the fermented "beer" or "wash" is distilled at extremely low proof, 89° to 94°. This procedure results in a distilled beverage heavy in congeners; it is usually drunk straight or with a dash of bitters.

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The product called "sloe gin" is highly sweetened and is classified as a liqueur or cordial under TSUS item 168.25. For dry gin, trade sources indicate the following retail price distribution (per fifth of a gallon) in 1967: 1/

<u>Retail price</u> <u>Class</u>	<u>Percent of</u> <u>market</u>
Under \$4.14-----	26.8
\$4.15-\$4.65-----	63.6
\$5.51-\$6.65-----	9.6
Total-----	100.0

1/ The Liquor Handbook, 1968, Gavin-Jobson Associates, Inc., New York, New York.

Almost all imported gin sells at retail in the highest price class shown in the above tabulation. Prominent brands of English gin produced under franchise in the United States, according to British formula, comprise an important share of the market in the middle price category.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade confer- ence (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
168.35	Gin-----	\$1.00 per gal.	70¢ per gal.	50¢ per gal.

The tabulation above shows the column 1 rate of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalent of the specific rate of duty in effect on December 31, 1968, based on dutiable imports during 1968, was 19.4 percent. Under authority of section 303 of the Tariff Act of 1930, a countervailing duty equivalent to 5 pence per British proof gallon is imposed on compounded spirits imported from the United Kingdom, Northern Ireland, and Eire. The applicable countervailing duty orders or notices are cited in section 16.24, Customs Regulations (19 CFR 16.24).

All imported and domestic distilled beverages, gin included, are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon, when below proof. ^{1/} Both the internal revenue tax and the duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof--100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50 and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption and production

Annual consumption of gin in the United States increased from 31.0 million gallons in 1964 to 36.3 million gallons in 1968. The increase of 17 percent overall was equivalent to 4 percent per year compared with the average annual increase of 6.6 percent in 1959-63.

U.S. production in 1964-68 increased at a pace slightly less than consumption, from 28.8 million gallons to 33.1 million (3.5 percent per year). This rate of increase was somewhat less than the average annual increase of 4.3 percent in the preceding 1959-63 period. The value of gin production increased from \$64.6 million to \$73.7 million in 1964-68. Shipments of bottled gin shown in the Census of Manufactures comprised 7 percent of the value of all bottled liquor shipped by the distilling industry in 1963. In 1968 there were 77 plants in the United States, which were licensed by the Internal Revenue Service to produce gin, whiskey, and other spirits from grain. Only one of the ten leading distillers is represented among the four leading brands, sales of which comprise about half the gin sold in the United States. Two of the four leaders are major British brands produced in the United States. Gin is produced in 17 States. Nine account for 90 percent of production. In order of importance they are: New Jersey; Ohio; Illinois; Indiana; Kansas; Iowa; Maryland; New York; and Pennsylvania.

^{1/} A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

U.S. exports and imports

Exports of gin are not reported separately in the foreign trade statistics of the U.S. Department of Commerce, but tax-free withdrawals of gin from bond for export are reported by the U.S. Internal Revenue Service on a fiscal-year basis. Over the past 10 years tax-free withdrawals for export have declined irregularly from a high of 121,000 gallons in 1959 to less than 14,000 gallons in 1968. The following amounts were reported for the years 1963-68:

<u>Year ending</u> <u>June 30--</u>	<u>Tax</u> <u>gallons</u>
1963-----	42,640
1964-----	22,977
1965-----	19,984
1966-----	15,977
1967-----	18,507
1968-----	13,967

Although not maintaining the pace of the 1959-63 period, when imports nearly doubled, the quantity of gin imported in 1964-68 increased 47 percent, from 2,187,000 gallons in 1964 to 3,221,000 gallons in 1968 (table 1). Imports comprised 7 percent of consumption at the beginning of the period and 9 percent at the end. Practically all entries were from the United Kingdom and were mostly highly advertised prestige brands selling at premium prices (table 2).

Imported gin released for bottling in the United States was reported by the U.S. Internal Revenue Service as follows:

<u>Calendar year</u>	<u>Proof gallons</u>
1963-----	36,199
1964-----	118,475
1965-----	203,272
1966-----	196,823
1967-----	272,161
1968-----	172,072

Table 1.--Gin: U.S. production, imports for consumption, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption	Ratio (percent) of imports to consumption
Quantity				
1963-----	25,754	1,758	27,512	6
1964-----	28,828	2,187	31,015	7
1965-----	29,383	2,532	31,915	8
1966-----	31,404	2,840	34,244	8
1967-----	32,739	3,080	35,819	9
1968-----	33,065	3,221	36,286	9
Value				
1963-----	57,570	7,615	<u>3/</u>	<u>3/</u>
1964-----	64,600	9,160	<u>3/</u>	<u>3/</u>
1965-----	65,900	10,369	<u>3/</u>	<u>3/</u>
1966-----	70,400	11,867	<u>3/</u>	<u>3/</u>
1967-----	73,400	13,318	<u>3/</u>	<u>3/</u>
1968-----	73,700	14,841	<u>3/</u>	<u>3/</u>

1/ Gin bottled in the United States excluding estimated wine gallon equivalents of imported gin released for bottling reported in proof gallons by the U.S. Internal Revenue Service. Value based on the 1963 Census of Manufactures.

2/ Adjusted to reflect conversions to wine gallons of imported gin released for bottling, reported in proof gallons by the U.S. Internal Revenue Service.

3/ Not available.

Source: Production, compiled from official statistics of the U.S. Internal Revenue service; imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Gin: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
United Kingdom-----	2,142	2,460	2,773	3,012	3,164
Netherlands-----	6	7	8	4	10
West Germany-----	7	8	11	7	5
Canada-----	2	13	1	3	2
France-----	2	6	3	4	1
All other-----	8	4	12	6	11
Total-----	2,167	2,498	2,808	3,036	3,193
Value (1,000 dollars)					
United Kingdom-----	9,073	10,258	11,727	13,212	14,659
Netherlands-----	19	21	35	12	41
West Germany-----	25	26	41	27	26
Canada-----	4	17	3	14	8
France-----	6	28	13	19	7
All other-----	33	19	48	34	100
Total-----	9,160	10,369	11,867	13,318	14,841

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Rum-----	168.40

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

Nearly all U.S. consumption of rum is supplied by production in Puerto Rico and the Virgin Islands. Imports are chiefly specialty types not produced domestically. Exports are small.

Description and uses

Rum is defined in the labeling regulations of the U.S. Internal Revenue Service (27 CFR 5:21) as "any alcoholic distillate from the fermented juice of sugarcane, sugarcane sirup, sugarcane molasses, or other sugarcane byproducts distilled at less than 190° proof (whether or not such proof is further reduced prior to bottling to not less than 80° proof) in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to rum, and includes mixtures solely of such distillates."

The regulations do not differentiate among types of rum, although they do refer to "New England" rum as being produced in the United States and distilled at less than 160° proof; also, use of certain geographic designations on the label, viz., Puerto Rico, Cuba, Demerara, Barbados, St. Croix, St. Thomas, Virgin Islands, Jamaica, Martinique, Trinidad, Haiti, and San Domingo, is limited to rum produced in the particular area designated. Rums of different origins differ in character because of variations in a number of production factors: The molasses or sugar sirups employed; the types of yeast used; the rate and length of fermentation; the proof at which the rum is distilled; the presence or lack of certain added flavoring and color ingredients; the length of time the rum is aged in the barrel; and the proof at which it is bottled.

Most rum consumed in the United States is light in flavor, the product of relatively rapid fermentation, distilled in modern column stills at proofs between 180° and 190° and bottled at 80° proof. Puerto Rican rum and some from the Virgin Islands and continental United States fall in this class, as do rums from the Dominican Republic, Haiti, Venezuela, Mexico, Hawaii, and the Philippine Islands.

Light rum is used mostly in preparing daiquiri and bacardi cocktails, and in cooling drinks like rum and cola or rum collins. More full-bodied types, including New England rum, as well as rum from Jamaica, Demerara, Trinidad, Martinique, and Barbados, are used as ingredients in planters punch, rum toddies, Tom and Jerries, and zombies.

Trade sources indicate the following average retail price distribution in 1967: 1/

<u>Retail price class</u> <u>per fifth-gallon</u>	<u>Percent of market</u>
Under \$4.14-----	18.5
\$4.66-\$5.50-----	79.0
\$5.51-\$6.65-----	2.5
	<u>100.0</u>

Almost all imported rum sells in the highest price class, with major Jamaican brands being priced near the top limit.

U.S. tariff treatment

The column 1 rate of duty applicable to imports (see general headnote 3 in the TSUSA-1970) is as follows:

<u>TSUS</u> <u>item</u>	<u>Commodity</u>	<u>Rate of duty</u>
168.40	Rum (including cana paraguaya)-----	\$1.75 per gallon

The rate was not affected by the trade negotiations (Kennedy Round) concluded in 1967. The ad valorem equivalent of the specific rate, based on total imports in 1968, was 57 percent. On rum in containers holding 1 gallon or less, the rate was equivalent to 47.8 percent and on rum in containers holding more than 1 gallon, it was 66.4 percent.

All imported and domestic distilled spirits are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon when below proof 2/. Both the internal revenue tax and the

1/ The Liquor Handbook, 1968, Gavin-Jobson Associates, Inc., New York, New York.

2/ A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e. 100° proof.

duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof -- 100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50, and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption and production

Annual consumption of rum as a beverage nearly trebled in the period 1958-68, from 3.6 million wine gallons to 9.0 million, increasing at an average annual rate of 9.5 percent in the first 5 years of the period and at an annual rate of 11 percent in the final 5 years. Despite the rapid rise, rum remained a minor item in the total U.S. distilled beverage market.

In addition to rum fit for use as a beverage, which is the product covered by this summary, rum is denatured for use in toiletries and as a solvent for flavoring materials in the production of tobacco products. Use in the tobacco industry declined substantially in 1967 and 1968. The total number of users of denatured rum dropped from 46 in 1963 to 37 in 1968. U.S. consumption of denatured rum in recent years was as follows:

<u>Fiscal year</u> <u>ending June 30</u>	<u>Wine gallons</u> <u>(140° proof)</u>	<u>Fiscal year</u> <u>ending June 30</u>	<u>Wine gallons</u> <u>(140° proof)</u>
1963-----	988,958	1966-----	1,036,858
1964-----	1,019,827	1967-----	754,129
1965-----	1,048,230	1968-----	374,614

As in the treatment of other distilled alcoholic beverages in these summaries, production of beverage rum is equated with volume in bottled form entering trade channels. Production in table 1 includes rum bottled in the United States and shipments of bottled rum from Puerto Rico and the Virgin Islands to the United States, converted from proof gallons to wine gallons of 80° proof. Not included is rum in unfinished form laid down for aging, amounts denatured for nonbeverage purposes, or rum imported in bulk and bottled in the United States.

On the basis of amounts bottled, production of beverage rum closely corresponds with consumption. Volume of 8.7 million wine gallons in 1968 was more than twice the 3.4 million gallons of U.S. rum entering beverage trade channels in 1959. Value of annual production in the period 1964-68 increased from \$13.4 million to \$26.6 million (table 1).

RUM

Output in Puerto Rico and the Virgin Islands accounts for most of U.S. beverage rum production. Rum is an important source of income in both these areas. For the period 1963-68 shipments to the United States were as follows:

Year	Virgin Islands		Puerto Rico	
	<u>1,000</u> <u>proof</u> <u>gallons</u>	<u>1,000</u> <u>dollars</u>	<u>1,000</u> <u>proof</u> <u>gallons</u>	<u>1,000</u> <u>dollars</u>
1963-----	735	999	3,300	10,522
1964-----	1,230	1,358	3,245	11,501
1965-----	918	1,168	3,721	13,891
1966-----	1,360	1,874	4,052	17,116
1967-----	1,258	1,419	4,940	20,979
1968-----	1,492	1,759	5,202	23,823

Most rum from the Virgin Islands is shipped in bulk and bottled here. Puerto Rican rum is bottled before shipment. Major U.S. distillers have financial interests in companies producing rum in both these areas.

Production of beverage rum in the States (excluding the territories and the Commonwealth of Puerto Rico) averaged 296,000 gallons annually in the period 1964-68. There were seven establishments producing rum, located in Massachusetts, Kentucky, Hawaii, Pennsylvania, and Florida. In addition to beverage rum, production of nonbeverage denatured rum was as follows:

<u>Year ending</u> <u>June 30--</u>	<u>Wine gallons</u> <u>(140° proof)</u>
1963-----	955,315
1964-----	1,030,768
1965-----	1,066,710
1966-----	1,058,967
1967-----	688,539
1968-----	357,428

Production of denatured rum closely corresponded with consumption in the period.

U.S. exports and imports

The U.S. Internal Revenue Service reported tax-free withdrawals

of rum for export as follows:

<u>Year ending</u> <u>June 30--</u>	<u>Proof</u> <u>gallons</u>	<u>Wine gallons of</u> <u>80° proof</u>
1963-----	8,668	10,835
1964-----	11,746	14,683
1965-----	25,727	32,159
1966-----	28,553	35,691
1967-----	16,082	20,103
1968-----	17,152	21,440

Exports remained small over this period, but increased over the average of 4,000 proof gallons exported annually in the preceding 5 fiscal years. Value is not provided in Treasury statistics and is, therefore, not available. Exports of rum are not reported separately in Department of Commerce foreign trade data.

Imports of rum into the United States have shown little change over the past decade. In four of the five years, 1964-68 they ranged between 283,000 gallons and 325,000 gallons, with value between \$834,000 and \$901,000. In the preceding 5 years imports ranged between 212,000 and 245,000 gallons annually. A temporary expansion in 1964, to 567,000 gallons and \$1,218,000, resulted from labor difficulties in the Puerto Rican plant of a large international rum distiller. Curtailed output in the Puerto Rican plant was offset by imports of rum in bulk from Mexico.

Except for 1964, entries from Jamaica in the past 5 years have accounted for between 60 and 73 percent of U.S. rum imports (tables 2 and 3). Imports from this source have increasingly been in bulk form because of the saving involved in payment of duty and internal revenue tax on a proof-gallon basis before the cutback in proof for bottling. Imports from Brazil, Guyana, Barbados, the French West Indies, and Trinidad provide most of the balance.

Table 1.--Rum: U.S. production, imports for consumption, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio (percent) of imports to consumption
Quantity				
1963-----	4,978	227	5,194	4
1964-----	5,348	567	5,900	10
1965-----	6,237	283	6,488	4
1966-----	6,797	316	7,077	4
1967-----	8,177	317	8,474	4
1968-----	8,702	325	9,006	4
Value				
1963-----	12,520	855	<u>4/</u>	<u>4/</u>
1964-----	13,421	1,218	<u>4/</u>	<u>4/</u>
1965-----	16,199	852	<u>4/</u>	<u>4/</u>
1966-----	19,080	901	<u>4/</u>	<u>4/</u>
1967-----	23,641	834	<u>4/</u>	<u>4/</u>
1968-----	26,606	873	<u>4/</u>	<u>4/</u>

1/ Represents rum bottled in the United States, as reported by the U.S. Treasury Department, and entries of bottled rum into the United States from the Virgin Islands and Puerto Rico, reported by the Bureau of the Census of the U.S. Department of Commerce, less imports in bulk converted to 80° proof. Entries from the Virgin Islands and Puerto Rico were converted from proof gallons to wine gallons on the basis of 80° proof at time of bottling. Value is based on the average value of bottled rum from the Virgin Islands and Puerto Rico.

2/ Adjusted to reflect conversion to wine gallons of rum imported in bulk.

3/ Adjusted for fiscal year exports.

4/ Not available.

Source: Production data compiled from official statistics of the U.S. Treasury Department and the U.S. Department of Commerce, with conversions by the U.S. Tariff Commission; data on U.S. imports compiled from official statistics of the U.S. Department of Commerce.

Table 2.--Rum, in containers holding 1 gallon or less: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
Jamaica-----	132	46	34	40	51
Guyana-----	27	24	23	26	26
Brazil-----	10	18	26	53	26
Barbados-----	5	8	5	7	8
French West Indies-----	4	4	4	4	4
Trinidad-----	2	3	3	3	1
Bahamas-----	<u>1</u>	2	2	2	<u>1</u>
All other-----	6	3	5	3	4
Total-----	186	108	102	138	120
	Value (1,000 dollars)				
Jamaica-----	554	198	144	169	207
Guyana-----	94	90	85	87	102
Brazil-----	18	34	60	100	50
Barbados-----	23	38	22	35	39
French West Indies-----	19	18	19	20	20
Trinidad-----	9	10	12	14	5
Bahamas-----	1	11	8	8	1
All other-----	24	20	27	17	16
Total-----	742	419	377	450	440

1/ Less than 500 gallons.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Rum, in containers holding more than 1 gallon: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
Jamaica-----	50	115	157	129	145
Guyana-----	7	10	6	12	11
Belgium-----	-	8	4	-	-
French West Indies-----	2	6	3	2	3
All other-----	1/ 246	1	1	-	5
Total-----	305	140	171	143	164
	Value (1,000 dollars)				
Jamaica-----	183	376	494	350	376
Guyana-----	20	23	15	27	29
Belgium-----	-	18	4	-	-
French West Indies-----	5	14	9	5	7
All other-----	1/ 268	2	2	2	21
Total-----	476	433	524	384	433

1/ Includes 243 thousand gallons, valued at 266 thousand dollars from Mexico.

Source: Compiled from official statistics of the U.S. Department of Commerce.

<u>Commodity</u>	<u>TSUS item</u>
Whiskey:	
Irish and Scotch-----	168.45
Other-----	168.46

Note.--For the statutory description, see the Tariff Schedules of the United States Annotated (TSUSA-1970).

U.S. trade position

The United States produces and imports more whiskey than any other country. Imports, valued at \$396 million in 1968, supplied 31 percent of U.S. consumption in that year. Exports have been small in relation to production.

Description and uses

Whiskey is described in the Internal Revenue Service labeling regulations (27 CFR 5.21) as an alcoholic distillate from a fermented mash of grain distilled at less than 190° proof in such manner that the distillate possesses the taste, aroma, and characteristics generally attributed to whiskey, "withdrawn from the distillery at not more than 110° proof and not less than 80° proof," and bottled at not less than 80° proof.

Among the "American type" whiskeys, as set forth in the regulations, are "rye whiskey," "bourbon whiskey," "wheat whiskey," "malt whiskey," and "rye malt whiskey," defined as whiskeys distilled at not exceeding 160° proof from a fermented mash of not less than 51 percent rye, corn, wheat, malted barley, or malted rye, respectively, and stored in charred, new oak containers. In accordance with the regulations, "corn whiskey" is distilled at not exceeding 160° proof from a fermented mash of not less than 80 percent corn and stored in uncharred oak containers or reused charred oak containers. Any of the foregoing can be designated presently as "straight" whiskey if aged under the approved storage conditions for not less than 24 calendar months; unrectified mixtures of these whiskeys are included as "straight" whiskey.

The product designation "blended whiskey" is limited to a mixture which contains at least 20 percent by volume of 100° proof straight whiskey and, separately or in combination, whiskey or neutral spirits. The mixture must be bottled at not less than 80° proof. Recognition was recently accorded to a U.S. "light whiskey" and a "blended light whiskey." The regulations provide that "light whiskey"

be distilled at more than 160° proof but less than 190° proof, aged in used or uncharred new oak containers, entered for storage at proofs higher than 125° proof, and bottled at not less than 80° proof. Mixtures of this type with less than 20 percent by volume of 100° proof straight whiskey are designated "blended light whiskey." Sale of U.S. products with these designations will not be permitted by the U.S. Internal Revenue Service until July 1, 1972.

Aside from the different grain formulas used, important differences between most whiskeys made in the United States and those made abroad have been the differences in proof at which the bulk of the component whiskeys in each type were distilled, the lower proof at which American type whiskeys have usually been placed in the barrel, and the aging of almost all whiskeys produced in the United States (except corn whiskey) in new cooperage in contrast with that of whiskeys produced abroad, which were usually aged in reused cooperage.

The regulations of the Internal Revenue Service designate Scotch whiskey as a distinctive product of Scotland, manufactured in Scotland in compliance with the laws of Great Britain regulating the manufacture of Scotch whiskey for consumption in Great Britain, and containing no distilled spirits less than 3 years old. Almost all Scotch whiskey sold in the United States is blended whiskey composed of from 20 to 30 percent by volume of malt whiskeys distilled in pot stills at about 137° proof from a fermented mash of malt barley dried over a peat fire, and from 70 to 80 percent by volume of whiskeys distilled in patent stills from other grains (largely corn) at high proofs approximating that of neutral spirits, all of which (including the malt whiskeys) have been aged at least 3 years.

Irish whiskey is described in the regulations as a distinctive product of Ireland, manufactured either in Eire or in Northern Ireland in compliance with their laws regulating the manufacture of Irish whiskey for home consumption, and containing no distilled spirits less than 3 years old. Irish whiskey, manufactured either in Eire or Northern Ireland, is produced from small cereal grains containing not less than 50 percent of a mixture of malted barley and unmalted barley, wheat, oats, or rye, and distilled in a pot still at about 171° proof.

Canadian whiskey is described in the regulations as a distinctive product of Canada, manufactured in Canada in compliance with the laws of Canada regulating the manufacture of whiskey for consumption in Canada, and containing no distilled spirits less than 2 years old. Canadian whiskey is produced from the same kinds of grains as American-type whiskeys, but is a blend of heavy-bodied and light-bodied whiskeys, the former distilled at about the same proof as American-type whiskeys, the latter distilled at proofs usually in excess of 170° proof but less than 188.4° proof.

Scotch whiskey is dissimilar in taste to American-type whiskey, while Irish and Canadian whiskey is somewhat similar to the American.

Competition between imported and domestic whiskey is not predominantly on the basis of price, although there is some price overlap between medium-priced brands of Scotch and Canadian whiskeys bottled in the countries of origin and the more expensive U.S. brands of whiskey. There is also a price overlap between the less expensive bulk imported Scotch and Canadian whiskeys bottled in the United States and the standard brands of U.S. whiskeys.

Trade sources indicate the following average retail price distribution in 1967: 1/

Average retail price per fifth-gallon	U.S. whiskeys			Imported whiskeys	
	Spirit blends	Straight <u>2/</u>	Bonded <u>2/</u>	Scotch	Canadian
	Percent	Percent	Percent	Percent	Percent
Under \$4.14---	12.3	15.6	-	-	-
\$4.14-\$4.65---	42.2	9.4	-	-	-
\$4.66-\$5.50---	45.5	56.9	63.6	26.3	17.2
\$5.51-\$6.65---	-	16.4	3.0	4.2	14.8
Over \$6.65----	-	1.7	33.4	69.5	68.0
Total-----	100.0	100.0	100.0	100.0	100.0

1/ The Liquor Handbook, 1968, Gavin-Jobson Associates, Inc., New York, New York.

2/ Almost entirely bourbon.

U.S. tariff treatment

The column 1 rates of duty applicable to imports (see general headnote 3 in the TSUSA-1970) are as follows:

TSUS item	Commodity	Rate prior to Jan. 1, 1968	U.S. concessions granted in 1964-67 trade conference (Kennedy Round)	
			Third stage, effective Jan. 1, 1970	Final stage, effective Jan. 1, 1972
168.45	Whiskey: Irish and Scotch-----	\$1.02 per gal.	71¢ per gal.	51¢ per gal.
168.46	Other-----	\$1.25 per gal.	87¢ per gal.	62¢ per gal.

WHISKEY

The tabulation above shows the column 1 rates of duty in effect under the TSUS prior to January 1, 1968, and modifications therein as a result of concessions granted by the United States in the sixth round of trade negotiations under the General Agreement on Tariffs and Trade. Only the third and final stages of the annual rate modifications are shown above (see the TSUSA-1970 for the other stages).

The average ad valorem equivalents of the specific rates of duty in effect on December 31, 1968, based on dutiable imports in 1968, were as follows:

<u>TSUS item</u>	<u>Percent</u>
168.45-----	15.1
168.46-----	19.2

Under authority of section 303 of the Tariff Act of 1930, a countervailing duty equivalent to 3 pence per British proof gallon is imposed on plain spirits (including whiskey) from Eire. The applicable countervailing duty orders or notices are cited in section 16.24, Customs Regulations (19 CFR 16.24).

Domestic and imported distilled beverages are subject to the U.S. internal revenue tax of \$10.50 on each proof gallon, or wine gallon, when below proof. 1/ Both the internal revenue tax and the duty are calculated on a proof-gallon basis if the product imported for consumption is 100° proof or above. A proportionate amount of the base tax and duty is added when the product is above proof--100° proof. Each gallon (wine gallon) imported below 100° proof is subject to the internal revenue tax of \$10.50 and is also dutiable at the rate specified "per gallon" in the TSUSA.

U.S. consumption

Annual consumption of whiskey in the United States increased without interruption, from 198 million gallons in 1964 to 229 million in 1968 (table 1), for an average annual increase in the period of... 3.7 percent. In the preceding 5 years 1959-63, the average annual increase was less than 2 percent. Consumption of whiskey per capita,

1/ A "gallon" or "wine gallon" is a U.S. gallon of liquid measure equivalent to the volume of 231 cubic inches. "Proof" is the ethyl alcohol content of a liquid at 60° Fahrenheit stated as twice the percent of ethyl alcohol by volume, e.g., a gallon of pure ethyl alcohol is 200° proof and is equivalent to 2 proof gallons. A "proof gallon" is the equivalent of a U.S. gallon at 60° Fahrenheit containing 50 percent of ethyl alcohol by volume, i.e., 100° proof.

based on population aged 21 and over, rose from 1.6 wine gallons in 1959 to 1.9 wine gallons in 1968. Consumption of all other distilled spirits per capita about doubled, from a half gallon to nearly 1 gallon, in the same period.

U.S. producers and production

On July 1, 1968 there were 77 plants in the United States licensed to produce distilled spirits from grain, mostly whiskey. Of these plants, 43 were located in Kentucky and the remainder in 19 other States including Tennessee, Illinois, Pennsylvania, California, and Maryland.

The ten leading firms account for more than 90 percent of U.S. sales of domestic distilled beverages. Most of these firms also produce gin and vodka besides whiskey and have subsidiaries engaged in production and/or distribution of domestic wines, brandy, and rum, as well as foreign wines, brandy, and other distilled beverages including Scotch and Canadian whiskey. Other activities of the major firms include production of industrial alcohol, petro-chemicals and plastics, oil and gas, food products, and beer.

In 1963, according to the Census of Manufactures, the average number of production employees in the distilling industry was 13,776 and average total employment was 17,442. Production payroll was \$80.2 million and total payroll, \$110.2 million.

U.S. marketings of straight whiskey (mostly bourbon) and blended whiskey, by the U.S. distilling industry in the period 1963-68, were as follows:

(In thousands of wine gallons)

Year	: Straight whiskey <u>1/</u> :	: Blended whiskey :	: Total
1963-----	73,142 :	72,304 :	145,446
1964-----	77,486 :	74,731 :	152,217
1965-----	77,478 :	74,054 :	151,532
1966-----	81,724 :	76,910 :	158,634
1967-----	84,642 :	76,374 :	161,016
1968-----	83,821 :	75,271 :	159,092
	:	:	:

1/ Almost entirely bourbon.

U.S. exports

U.S. annual exports of whiskey nearly doubled in the period 1964-68, from 1,141,000 gallons, valued at \$3,810,000 in 1964 to 2,023,000 gallons, valued at \$8,200,000 in 1968. Despite this increase, exports remained minor compared with production and imports. Shipments to Canada comprised about half the volume in each year (table 2). A major part of this trade was the shipment of bulk whiskey to Canadian plants of U.S.-Canadian distilled beverage companies. This whiskey was blended with Canadian whiskey and marketed in Canada or exported to countries other than the United States.

Much of the exports of bottled whiskey supply American tourist markets abroad as well as American business and industrial personnel residing in foreign countries.

U.S. imports

Annual imports of all whiskey into the United States rose substantially in the period 1964-68, from an equivalent of 45.6 million wine gallons in 1964 to 70.5 million in 1968. Annual value of imports rose from \$257.6 million to \$395.9 million. In 1968 imports supplied 31 percent of U.S. consumption of whiskey compared with 23 percent 5 years earlier (table 1). Increased imports of whiskey reflected a market trend in the United States toward consumption of a greater variety of distilled spirits, not only foreign whiskeys, but other domestic and foreign distilled beverages as well.

With imports in bulk converted to bottled volume equivalent, total annual imports of Scotch and Irish whiskey and of other whiskey (mostly Canadian) rose 54 percent between 1964-68, or slightly over 11 percent per year. U.S. annual consumption of domestic vodka rose 47 percent; consumption of domestic rum rose 63 percent and consumption of domestic liqueurs, 43 percent. Annual imports of gin and liqueurs in the period rose by over 50 percent.

Increases in bulk imports of Scotch and Canadian whiskeys have resulted from promotion of relatively inexpensive brands bottled in the United States. Such brands usually retail for about \$1.00 to \$2.00 less per fifth than the well established brands bottled in Scotland and Canada. Brands bottled in the United States have a cost advantage over those bottled abroad in that the law requires that the duty and excise tax be levied on a proof-gallon basis on imports entering at 100° proof or above and on a wine-gallon basis on imports entering at less than 100° proof.

Imports of bottled and bulk whiskey in the period 1963-68 were as follows:

Year	Bottled		Bulk	
	1,000 wine gallons	1,000 proof gallons	1,000 estimated wine gallons	1,000 estimated wine gallons <u>1/</u>
	Scotch and Irish			
1963-----	22,219	3,018		3,509
1964-----	22,668	4,839		5,627
1965-----	25,175	6,111		7,452
1966-----	25,050	7,578		9,241
1967-----	28,219	9,387		11,447
1968-----	30,259	10,881		13,275
	Other than Scotch and Irish <u>2/</u>			
1963-----	13,338	1,599		1,859
1964-----	14,280	2,624		3,051
1965-----	15,710	3,337		4,070
1966-----	15,856	4,440		5,415
1967-----	16,169	5,928		7,229
1968-----	18,111	7,252		8,847

1/ Data converted to wine gallons based on estimated proof when bottled.

2/ Almost entirely Canadian.

U.S. position in world production and trade

The United States is the world's leading producer, importer, and consumer of whiskey, absorbing nearly all its own production as well as over half the exports of Scotch and Irish whiskey from the United Kingdom and over 90 percent of Canadian exports of Canadian whiskey. U.S. exports of whiskey have been small.

Producing capacity and accumulated stocks in the United Kingdom and Canada are more than sufficient to meet any likely increases in U.S. demand for whiskey from these sources.

WHISKEY

Table 1.--Whiskey: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1963-68

(Quantity in thousands of wine gallons; value in thousands of dollars)

Year	Production <u>1/</u>	Imports <u>2/</u>	Exports	Consumption <u>3/</u>	Ratio (percent) of imports to consumption
Quantity					
1963-----	146,271	40,925	825	186,290	22
1964-----	153,358	45,626	1,141	197,784	23
1965-----	152,675	52,407	1,143	203,779	26
1966-----	160,091	55,562	1,457	214,012	26
1967-----	162,699	63,064	1,683	223,884	28
1968-----	161,115	70,492	2,023	228,971	31
Value					
1963-----	607,918	228,607	3,165	<u>4/</u>	<u>4/</u>
1964-----	620,793	257,554	3,810	<u>4/</u>	<u>4/</u>
1965-----	594,516	294,442	4,205	<u>4/</u>	<u>4/</u>
1966-----	623,394	322,479	5,439	<u>4/</u>	<u>4/</u>
1967-----	633,550	360,330	6,322	<u>4/</u>	<u>4/</u>
1968-----	626,737	395,863	8,200	<u>4/</u>	<u>4/</u>

1/ Bottlings of finished whiskey in the United States as reported by the U.S. Internal Revenue Service, adjusted to include whiskey exported and to exclude bottlings of foreign whiskey imported in bulk. Value is based on reported value of bottled whiskey in the 1963 Census of Manufactures, adjusted in other years in accordance with the Wholesale Price Index for whiskey of the Bureau of Labor Statistics.

2/ Includes adjustments in imports of bulk whiskey to convert proof gallons to wine gallons based on estimated proof when bottled.

3/ Allowance made for minor exports of foreign whiskey.

4/ Not available.

Source: Compiled from official statistics of the U.S. Internal Revenue Service and the U.S. Department of Commerce. Adjustments by the U.S. Tariff Commission.

Table 2.--Whiskey: U.S. exports of domestic merchandise, by principal markets, 1964-68

Market	1964	1965	1966	1967	1968
	Quantity (1,000 proof gallons)				
West Germany-----	59	73	104	157	284
Canada-----	719	686	904	1,002	862
France-----	26	36	43	57	90
Italy-----	21	24	29	47	75
United Kingdom-----	44	48	47	50	83
Belgium-----	46	52	53	49	104
Mexico-----	12	25	31	27	56
Australia-----	9	8	10	15	32
Bahamas-----	17	12	13	18	28
Panama-----	12	13	22	31	33
Hong Kong-----	8	13	15	16	17
Nansei and Nanpo Islands-----	18	15	24	38	25
All other-----	150	138	162	176	260
Total-----	1,141	1,143	1,457	1,683	1,949
	Value (1,000 dollars)				
West Germany-----	303	433	694	889	1,772
Canada-----	810	1,175	1,575	1,753	1,553
France-----	197	250	303	400	647
Italy-----	147	173	200	371	522
United Kingdom-----	209	208	334	358	420
Belgium-----	356	307	219	240	377
Mexico-----	118	141	270	242	304
Australia-----	76	69	83	133	201
Bahamas-----	142	100	111	144	197
Panama-----	92	102	142	180	168
Hong Kong-----	72	109	110	113	112
Nansei and Nanpo Islands-----	86	67	108	148	107
All other-----	1,202	1,071	1,290	1,351	1,824
Total-----	3,810	4,205	5,439	6,322	8,204

Source: Compiled from official statistics of the U.S. Department of Commerce.

WHISKEY

Table 3.--Whiskey, Scotch and Irish, in containers holding 1 gallon or less: U.S. imports for consumption, by sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
United Kingdom-----	22,622	25,140	25,010	28,181	30,206
Ireland-----	46	35	40	38	53
Total-----	22,668	25,175	25,050	28,219	30,259
Value (1,000 dollars)					
United Kingdom-----	143,495	165,131	177,182	201,998	218,332
Ireland-----	272	225	275	288	424
Total-----	143,767	165,356	177,457	202,286	218,756

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Whiskey, Scotch and Irish, in containers holding over 1 gallon: U.S. imports for consumption, by sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
United Kingdom-----	4,800	6,054	7,533	9,348	10,817
Ireland-----	39	57	45	39	64
Total-----	4,839	6,111	7,578	9,387	10,881
Value (1,000 dollars)					
United Kingdom-----	15,122	19,707	24,188	27,921	28,696
Ireland-----	129	209	161	146	245
Total-----	15,251	19,916	24,349	28,067	28,941

Source: Compiled from official statistics of the U.S. Department of Commerce.

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Table 5.--Whiskey, except Scotch and Irish, in containers holding 1 gallon or less: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
Canada-----	14,273	15,691	15,854	16,160	18,107
All other-----	7	19	2	9	4
Total-----	14,280	15,710	15,856	16,169	18,111
Value (1,000 dollars)					
Canada-----	89,753	98,998	107,135	111,438	125,553
All other-----	25	63	13	87	39
Total-----	89,778	99,061	107,148	111,525	125,592

Source: Compiled from official statistics of the U.S. Department of Commerce.

WHISKEY

Table 6.--Whiskey, except Scotch or Irish, in containers holding more than 1 gallon: U.S. imports for consumption, by principal sources, 1964-68

Source	1964	1965	1966	1967	1968
Quantity (1,000 proof gallons)					
Canada-----	2,491	3,235	4,357	5,853	7,174
All other-----	133	102	83	75	78
Total-----	2,624	3,337	4,440	5,928	7,252
Value (1,000 dollars)					
Canada-----	8,404	9,832	13,286	18,222	22,372
All other-----	354	277	239	230	202
Total-----	8,758	10,109	13,525	18,452	22,574

Source: Compiled from official statistics of the U.S. Department of Commerce.

A P P E N D I X A

Tariff Schedules of the United States Annotated (1970):
General headnotes and rules of interpretation, and
excerpts relating to the items included in this
volume.

NOTE: The shaded areas in this appendix cover head-
notes and TSUS items not included in the summaries
in this volume.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

GENERAL HEADNOTES AND RULES OF INTERPRETATION

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1. Tariff Treatment of Imported Articles. All articles imported into the customs territory of the United States from outside thereof are subject to duty or exempt therefrom as prescribed in general headnote 3.

2. Customs Territory of the United States. The term "customs territory of the United States", as used in the schedules, includes only the States, the District of Columbia, and Puerto Rico.

3. Rates of Duty. The rates of duty in the "Rates of Duty" columns numbered 1 and 2 of the schedules apply to articles imported into the customs territory of the United States as hereinafter provided in this headnote:

(a) Products of Insular Possessions.

(i) Except as provided in headnote 6 of schedule 7, part 2, subpart E, [and] except as provided in headnote 4 of schedule 7, part 7, subpart A, articles imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules, except that all such articles the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product, or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 50 percent of their total value, coming to the customs territory of the United States directly from any such possession, and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund, or drawback of such duties or taxes, directly to the possession from which they are being returned by direct shipment, are exempt from duty.

(ii) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 percent, no material shall be considered foreign which, at the time such article is entered, may be imported into the customs territory from a foreign country, other than Cuba or the Philippine Republic, and entered free of duty.

(b) Products of Cuba. Products of Cuba imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. Preferential rates of duty for such products apply only as shown in the said column 1. 1/

(c) Products of the Philippine Republic.

(i) Products of the Philippine Republic imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty which are set forth in column numbered 1 of the schedules or to fractional parts of the rates in the said column 1, as hereinafter prescribed in subdivisions (c)(ii) and (c)(iii) of this headnote.

(ii) Except as otherwise prescribed in the schedules, a Philippine article, as defined in subdivision (c)(iv) of this headnote, imported into the customs

territory of the United States and entered on or before July 3, 1974, is subject to that rate which results from the application of the following percentages to the most favorable rate of duty (i.e., including a preferential rate prescribed for any product of Cuba) set forth in column numbered 1 of the schedules:

(A) 20 percent, during calendar years 1963 through 1964,

(B) 40 percent, during calendar years 1965 through 1967,

(C) 60 percent, during calendar years 1968 through 1970,

(D) 80 percent, during calendar years 1971 through 1973,

(E) 100 percent, during the period from January 1, 1974, through July 3, 1974.

(iii) Except as otherwise prescribed in the schedules, products of the Philippine Republic, other than Philippine articles, are subject to the rates of duty (except any preferential rates prescribed for products of Cuba) set forth in column numbered 1 of the schedules.

(iv) The term "Philippine article", as used in the schedules, means an article which is the product of the Philippines, but does not include any article produced with the use of materials imported into the Philippines which are products of any foreign country (except materials produced within the customs territory of the United States) if the aggregate value of such imported materials when landed at the Philippine port of entry, exclusive of any landing cost and Philippine duty, was more than 20 percent of the appraised customs value of the article imported into the customs territory of the United States.

(d) Products of Canada.

(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d)(ii) of this headnote, apply only as shown in the said column numbered 1.

(ii) The term "Canadian article", as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was --

(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 60 percent of the appraised value of the article imported into the customs territory of the United States; and

(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States.

(e) Products of Communist Countries. Notwithstanding any of the foregoing provisions of this headnote, the rates of duty shown in column numbered 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1962, to section 231 or 257(e)(2) of the Trade Expansion Act of 1962, or to

1/ By virtue of section 401 of the Tariff Classification Act of 1962, the application to products of Cuba of either a preferential or other reduced rate of duty in column 1 is suspended. See general headnote 3(e), *infra*. The provisions for preferential Cuban rates continue to be reflected in the schedules because, under section 401, the rates therefor in column 1 still form the bases for determining the rates of duty applicable to certain products, including "Philippine articles".

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General Headnotes and Rules of Interpretation

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action taken by the President thereunder:

Albania
Bulgaria
China (any part of which may be under Communist domination or control)
Cuba 1/
Czechoslovakia
Estonia
Germany (the Soviet zone and the Soviet sector of Berlin)
Hungary
Indochina (any part of Cambodia, Laos, or Vietnam which may be under Communist domination or control)
Korea (any part of which may be under Communist domination or control)
Kurile Islands
Latvia
Lithuania
Outer Mongolia
Rumania
Southern Sakhalin
Tanna Tuva
Tibet
Union of Soviet Socialist Republics and the area in East Prussia under the provisional administration of the Union of Soviet Socialist Republics.

(f) Products of All Other Countries. Products of all countries not previously mentioned in this headnote imported into the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules.

(g) Effective Date; Exceptions - Staged Rates of Duty. 2/ Except as specified below or as may be specified elsewhere, pursuant to section 501(a) of the Tariff Classification Act of 1962 (P.L. 87-456, approved May 24, 1962), the rates of duty in columns numbered 1 and 2 become effective with respect to articles entered on or after the 10th day following the date of the President's proclamation provided for in section 102 of the said Act. If, in column numbered 1, any rate of duty or part thereof is set forth in parenthesis, the effective date shall be governed as follows:

(i) If the rate in column numbered 1 has only one part (i.e., 8¢ (10¢ per lb.), the parenthetical rate (viz., 10¢ per lb.) shall be effective as to articles entered before July 1, 1964, and the other rate (viz., 8¢ per lb.) shall be effective as to articles entered on or after July 1, 1964.

(ii) If the rate in column numbered 1 has two or more parts (i.e., 5¢ per lb. + 50% ad val.) and has a parenthetical rate for either or both parts, each part of the rate shall be governed as if it were a one-part rate. For example, if a rate is expressed as "4¢ (4.5¢) per lb. + 8% (9%) ad val.", the rate applicable to articles entered before July 1, 1964, would be "4.5¢ per lb. + 9% ad val."; the rate applicable to articles entered on or after July 1, 1964, would be "4¢ per lb. + 8% ad val."

(iii) If the rate in column numbered 1 is marked with an asterisk (*), the foregoing provisions of (i) and (ii) shall apply except that "January 1, 1964" shall be substituted for "July 1, 1964", wherever this latter date appears.

1/ In Proclamation 3447, dated February 3, 1962, the President, acting under authority of section 620(a) of the Foreign Assistance Act of 1961 (75 Stat. 445), as amended, prohibited the importation into the United States of all goods of Cuban origin and all goods imported from or through Cuba, subject to such exceptions as the Secretary of the Treasury determines to be consistent with the effective operation of the embargo.

2/ The purpose of headnote 3(g) was to provide for an effective date for the rates of duty initially contained in the Tariff Schedules of the United States. By Presidential Proclamation 3548 of August 21, 1963, these rates of duty, except as noted in subparagraphs (i), (ii), and (iii) of headnote 3(g), became effective on August 31, 1963.

4. Modification or Amendment of Rates of Duty. Except as otherwise provided in the Appendix to the Tariff Schedules --

(a) a statutory rate of duty supersedes and terminates the existing rates of duty in both column numbered 1 and column numbered 2 unless otherwise specified in the amending statute;

(b) a rate of duty proclaimed pursuant to a concession granted in a trade agreement shall be reflected in column numbered 1 and, if higher than the then existing rate in column numbered 2, also in the latter column, and shall supersede but not terminate the then existing rate (or rates) in such column (or columns);

(c) a rate of duty proclaimed pursuant to section 336 of the Tariff Act of 1930 shall be reflected in both column numbered 1 and column numbered 2 and shall supersede but not terminate the then existing rates in such columns; and

(d) whenever a proclaimed rate is terminated or suspended, the rate shall revert, unless otherwise provided, to the next intervening proclaimed rate previously superseded but not terminated or, if none, to the statutory rate.

5. Intangibles. For the purposes of headnote 1 --

(a) corpses, together with their coffins and accompanying flowers,

(b) currency (metal or paper) in current circulation in any country and imported for monetary purposes,

(c) electricity,

(d) securities and similar evidences of value, and

(e) vessels which are not "yachts or pleasure boats" within the purview of subpart D, part 6, of schedule 6,

are not articles subject to the provisions of these schedules.

6. Containers or Holders for Imported Merchandise.

For the purposes of the tariff schedules, containers or holders are subject to tariff treatment as follows:

(a) Imported Empty: Containers or holders if imported empty are subject to tariff treatment as imported articles and as such are subject to duty unless they are within the purview of a provision which specifically exempts them from duty.

(b) Not Imported Empty: Containers or holders if imported containing or holding articles are subject to tariff treatment as follows:

(i) The usual or ordinary types of shipping or transportation containers or holders, if not designed for, or capable of, reuse, and containers of usual types ordinarily sold at retail with their contents, are not subject to treatment as imported articles. Their cost, however, is, under section 402 or section 402a of the tariff act, a part of the value of their contents and if their contents are subject to an ad valorem rate of duty such containers or holders are, in effect, dutiable at the same rate as their contents, except that their cost is deductible from dutiable value upon submission of satisfactory proof that they are products of the United States which are being returned without having been advanced in value or improved in condition by any means while abroad.

(ii) The usual or ordinary types of shipping or transportation containers or holders, if designed for, or capable of, reuse, are subject to treatment as imported articles separate and distinct from their contents. Such holders or containers are not part of the dutiable value of their contents and are separately subject to duty upon each and every importation into the customs territory of the United States unless within the scope of a provision specifically exempting them from duty.

(iii) In the absence of context which requires otherwise, all other containers or holders are subject to the same treatment as specified in (ii) above for usual or ordinary types of shipping or transportation containers or holders designed for, or capable of, reuse.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

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7. **Commingling of Articles.** (a) Whenever articles subject to different rates of duty are so packed together or mingled that the quantity or value of each class of articles cannot be readily ascertained by customs officers (without physical segregation of the shipment or the contents of any entire package thereof), by one or more of the following means:

(i) sampling,
(ii) verification of packing lists or other documents filed at the time of entry, or

(iii) evidence showing performance of commercial settlement tests generally accepted in the trade and filed in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, the commingled articles shall be subject to the highest rate of duty applicable to any part thereof unless the consignee or his agent segregates the articles pursuant to subdivision (b) hereof.

(b) Every segregation of articles made pursuant to this headnote shall be accomplished by the consignee or his agent at the risk and expense of the consignee within 30 days (unless the Secretary authorizes in writing a longer time) after the date of personal delivery or mailing, by such employee as the Secretary of the Treasury shall designate, of written notice to the consignee that the articles are commingled and that the quantity or value of each class of articles cannot be readily ascertained by customs officers. Every such segregation shall be accomplished under customs supervision, and the compensation and expenses of the supervising customs officers shall be reimbursed to the Government by the consignee under such regulations as the Secretary of the Treasury may prescribe.

(c) The foregoing provisions of this headnote do not apply with respect to any part of a shipment if the consignee or his agent furnishes, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof --

(i) that such part (A) is commercially negligible, (B) is not capable of segregation without excessive cost, and (C) will not be segregated prior to its use in a manufacturing process or otherwise, and

(ii) that the commingling was not intended to avoid the payment of lawful duties.

Any article with respect to which such proof is furnished shall be considered for all customs purposes as a part of the article, subject to the next lower rate of duty, with which it is commingled.

(d) The foregoing provisions of this headnote do not apply with respect to any shipment if the consignee or his agent shall furnish, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof --

(i) that the value of the commingled articles is less than the aggregate value would be if the shipment were segregated;

(ii) that the shipment is not capable of segregation without excessive cost and will not be segregated prior to its use in a manufacturing process or otherwise; and

(iii) that the commingling was not intended to avoid the payment of lawful duties.

Any merchandise with respect to which such proof is furnished shall be considered for all customs purposes to be dutiable at the rate applicable to the material present in greater quantity than any other material.

(e) The provisions of this headnote shall apply only in cases where the schedules do not expressly provide a particular tariff treatment for commingled articles.

8. **Abbreviations.** In the schedules the following symbols and abbreviations are used with the meanings respectively indicated below:

\$	-	dollars
c	-	cents
%	-	percent
+	-	plus
ad val.	-	ad valorem
bu.	-	bushel
cu.	-	cubic
doz.	-	dozen
ft.	-	feet
gal.	-	gallon
in.	-	inches
lb.	-	pounds
oz.	-	ounces
sq.	-	square
wt.	-	weight
yd.	-	yard
pcs.	-	pieces
prs.	-	pairs
lin.	-	linear
I.R.C.	-	Internal Revenue Code

9. **Definitions.** For the purposes of the schedules, unless the context otherwise requires --

(a) the term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States;

(b) the term "entered for consumption" does not include withdrawals from warehouse for consumption;

(c) the term "withdrawn for consumption" means withdrawn from warehouse for consumption and does not include articles entered for consumption;

(d) the term "rate of duty" includes a free rate of duty; rates of duty proclaimed by the President shall be referred to as "proclaimed" rates of duty; rates of duty enacted by the Congress shall be referred to as "statutory" rates of duty; and the rates of duty in column numbered 2 at the time the schedules become effective shall be referred to as "original statutory" rates of duty;

(e) the term "ton" means 2,240 pounds, and the term "short ton" means 2,000 pounds;

(f) the terms "of", "wholly of", "almost wholly of", "in part of" and "containing", when used between the description of an article and a material (e.g., "furniture of wood", "woven fabrics, wholly of cotton", etc.), have the following meanings:

(i) "of" means that the article is wholly or in chief value of the named material;

(ii) "wholly of" means that the article is, except for negligible or insignificant quantities of some other material or materials, composed completely of the named material;

(iii) "almost wholly of" means that the essential character of the article is imparted by the named material, notwithstanding the fact that significant quantities of some other material or materials may be present; and

(iv) "in part of" or "containing" mean that the article contains a significant quantity of the named material.

With regard to the application of the quantitative concepts specified in subparagraphs (ii) and (iv) above, it is intended that the de minimis rule apply.

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General Headnotes and Rules of Interpretation

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10. General Interpretative Rules. For the purposes of these schedules --

(a) the general, schedule, part, and subpart headnotes, and the provisions describing the classes of imported articles and specifying the rates of duty or other import restrictions to be imposed thereon are subject to the rules of interpretation set forth herein and to such other rules of statutory interpretation, not inconsistent therewith, as have been or may be developed under administrative or judicial rulings;

(b) the titles of the various schedules, parts, and subparts and the footnotes therein are intended for convenience in reference only and have no legal or interpretative significance;

(c) an imported article which is described in two or more provisions of the schedules is classifiable in the provision which most specifically describes it; but, in applying this rule of interpretation, the following considerations shall govern:

(i) a superior heading cannot be enlarged by inferior headings indented under it but can be limited thereby;

(ii) comparisons are to be made only between provisions of coordinate or equal status, i.e., between the primary or main superior headings of the schedules or between coordinate inferior headings which are subordinate to the same superior heading;

(d) if two or more tariff descriptions are equally applicable to an article, such article shall be subject to duty under the description for which the original statutory rate is highest, and, should the highest original statutory rate be applicable to two or more of such descriptions, the article shall be subject to duty under that one of such descriptions which first appears in the schedules;

(e) in the absence of special language or context which otherwise requires --

(i) a tariff classification controlled by use (other than actual use) is to be determined in accordance with the use in the United States at, or immediately prior to, the date of importation, of articles of that class or kind to which the imported articles belong, and the controlling use is the chief use, i.e., the use which exceeds all other uses (if any) combined;

(ii) a tariff classification controlled by the actual use to which an imported article is put in the United States is satisfied only if such use is intended at the time of importation, the article is so used, and proof thereof is furnished within 3 years after the date the article is entered;

(f) an article is in chief value of a material if such material exceeds in value each other single component material of the article;

(g) a headnote provision which enumerates articles not included in a schedule, part, or subpart is not necessarily exhaustive, and the absence of a particular article from such headnote provision shall not be given weight in determining the relative specificity of competing provisions which describe such article;

(h) unless the context requires otherwise, a tariff description for an article covers such article, whether assembled or not assembled, and whether finished or not finished;

(i) a provision for "parts" of an article covers a product solely or chiefly used as a part of such article, but does not prevail over a specific provision for such part.

11. Issuance of Rules and Regulations. The Secretary of the Treasury is hereby authorized to issue rules and regulations governing the admission of articles under the provisions of the schedules. The allowance of an importer's claim for classification, under any of the provisions of the schedules which provide for total or partial relief from duty or other import restrictions on the basis of facts which are not determinable from an examination of the article itself in its condition as imported, is dependent upon his complying with any rules or regulations which may be issued pursuant to this headnote.

12. The Secretary of the Treasury is authorized to prescribe methods of analyzing, testing, sampling, weighing, gauging, measuring, or other methods of ascertainment whenever he finds that such methods are necessary to determine the physical, chemical, or other properties or characteristics of articles for purposes of any law administered by the Customs Service.

General statistical headnotes:

1. Statistical Requirements for Imported Articles. Persons making customs entry or withdrawal of articles imported into the customs territory of the United States shall complete the entry or withdrawal forms, as provided herein and in regulations issued pursuant to law, to provide for statistical purposes information as follows:

(a) the number of the Customs district and of the port where the articles are being entered for consumption or warehouse, as shown in Statistical Annex A of these schedules;

(b) the name of the carrier or the means of transportation by which the articles were transported to the first port of unloading in the United States;

(c) the foreign port of lading;

(d) the United States port of unloading;

(e) the date of importation;

(f) the country of origin of the articles expressed in terms of the designation therefor in Statistical Annex B of these schedules;

(g) a description of the articles in sufficient detail to permit the classification thereof under the proper statistical reporting number in these schedules;

(h) the statistical reporting number under which the articles are classifiable;

(i) gross weight in pounds for the articles covered by each reporting number when imported in vessels or aircraft;

(k) the net quantity in the units specified herein for the classification involved;

(l) the U.S. dollar value in accordance with the definition in Section 402 or 402a of the Tariff Act of 1930, as amended, for all merchandise including that free of duty or dutiable at specific rates; and

(m) such other information with respect to the imported articles as is provided for elsewhere in these schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

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2. Statistical Annotations. (a) The statistical annotations to the Tariff Schedules of the United States consist of --

- (i) the 2-digit statistical suffixes,
- (ii) the indicated units of quantity,
- (iii) the statistical headnotes and annexes, and
- (iv) the italicized article descriptions.

(b) The legal text of the Tariff Schedules of the United States consists of the remaining text as more specifically identified in headnote 10(a) of the general headnotes and rules of interpretation.

(c) The statistical annotations are subordinate to the provisions of the legal text and cannot change their scope.

3. Statistical Reporting Number. (a) General Rule: Except as provided in paragraph (b) of this headnote, and in the absence of specific instructions to the contrary elsewhere, the statistical reporting number for an article consists of the 7-digit number formed by combining the 5-digit item number with the appropriate 2-digit statistical suffix. Thus, the statistical reporting number for live monkeys dutiable under item 100.95 is "100.9520".

(b) Wherever in the tariff schedules an article is classifiable under a provision which derives its rate of duty from a different provision, the statistical reporting number is, in the absence of specific instructions to the contrary elsewhere, the 7-digit number for the basic provision followed by the item number of the provision from which the rate is derived. Thus, the statistical reporting number of mixed apple and grape juices, not containing over 1.0 percent of ethyl alcohol by volume, is "165.6500-165.40".

4. Abbreviations. (a) The following symbols and abbreviations are used with the meanings respectively indicated below:

s. ton	-	short ton
C.	-	one hundred
cwt.	-	100 lbs.
mg.	-	milligram
M.	-	1,000
bd. ft.	-	board feet
M. bd. ft.	-	1,000 board feet
mc.	-	milliauris
cord	-	128 cubic feet
square	-	amount to cover 100 square feet of surface
sq. ft.	-	superficial foot
oz.	-	ounces avoirdupois
fl. oz.	-	fluid ounce
oz. troy	-	troy ounce
pf. gal.	-	proof gallon

(b) An "X" appearing in the column for units of quantity means that no quantity (other than gross weight) is to be reported.

(c) Whenever two separate units of quantity are shown for the same article, the "v" following one of such units means that the value of the article is to be reported with that quantity.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

HISTORICAL NOTES

Notes p. 1
General
Headnotes

Amendments and ModificationsPROVISIONS

Gen Hdnte--Language "Except as provided in headnote 6 of
3(a)(i) schedule 7, part 2, subpart E," added; language
"except that all articles" deleted and language
"except that all such articles" inserted in
lieu thereof. Pub. L. 89-805, Secs. 1(a), (c),
Nov. 10, 1966, 80 Stat. 1521, 1522, effective
date Jan. 1, 1967.
Language "Except as provided in headnote 4 of
schedule 7, part 7, subpart A," added. Pub. L.
89-806, Secs. 2(b), (c), Nov. 10, 1966, 80 Stat.
1523, effective date March 11, 1967.

PROVISIONS

Gen Hdnte--Headnotes 3(d), (e), and (f) redesignated as
3(d), (e), headnotes 3(e), (f), and (g), respectively,
(f) and (g) and new headnote 3(d) added. Pub. L. 89-283,
Secs. 401(a), 403, Oct. 21, 1965, 79 Stat.
1021, 1022; entered into force Oct. 22, 1965,
by Pres. Proc. 3682, Oct. 21, 1965, 3 CFR,
1965 Supp., p. 68.
Gen Hdnte--Language "and containers of usual types ordi-
narily sold at retail with their contents,"
6(b)(i) added. Pub. L. 89-241, Secs. 2(a), 4,
Oct. 7, 1965, 79 Stat. 933, 934, effective
date Dec. 7, 1965.

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

10

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS

<p>Part 1 - Live Animals</p> <p>Part 2 - Meats</p> <p>A. Bird Meat</p> <p>B. Meats Other Than Bird Meat</p> <p>Part 3 - Fish and Shellfish</p> <p>A. Fish, Fresh, Chilled, or Frozen</p> <p>B. Fish, Dried, Salted, Pickled, Smoked, or Rippled</p> <p>C. Fish in Airtight Containers</p> <p>D. Other Fish Products</p> <p>E. Shellfish</p> <p>Part 4 - Dairy Products, Birds' Eggs</p> <p>A. Milk and Cream</p> <p>B. Butter, Ghee, Margarine, and Butter Substitutes</p> <p>C. Cheese</p> <p>D. Other Milk Products</p> <p>E. Poultry and Other Birds' Eggs</p> <p>Part 5 - Hides, Skins, and Leather, Furkins</p> <p>A. Hides, Skins, and Leather</p> <p>B. Furkins</p> <p>Part 6 - Live Plants, Seeds</p> <p>A. Live Plants</p> <p>B. Seeds</p> <p>Part 7 - Cereal Grains, Millal Grain Products, and Malts and Malt Extracts</p> <p>A. Grain</p> <p>B. Millal Grain Products</p> <p>C. Malts and Starches</p> <p>Part 8 - Vegetables</p> <p>A. Vegetables, Fresh, Chilled, or Frozen</p> <p>B. Vegetables, Dried, Desteated, or Dehydrated</p> <p>C. Vegetables, Packed in Salt, in Brine, Pickled, or Otherwise Prepared or Preserved</p> <p>D. Mushrooms and Truffles</p> <p>Part 9 - Edible Nuts and Fruits</p> <p>A. Edible Nuts</p> <p>B. Edible Fruits</p> <p>C. Fruit Juices, Pools, Pulpes, Pulps, Jellies, Jams, Marmalades, and Butters</p> <p>D. Glass Nuts, Fruits, and Other Vegetable Substances</p> <p>Part 10 - Sugar, Cocoa, Confectionery</p> <p>A. Sugars, Syrups, and Molasses</p> <p>B. Cocoa</p> <p>C. Confectionery</p> <p>Part 11 - Tobacco, Tea, Mates, and Spices</p> <p>A. Tobacco</p> <p>B. Tea, Mates, and Coffee Substitutes, Tea, Mates, and Coffee</p> <p>C. Spices and Flavoring</p>	<p>Part 12 - Beverages</p> <p>A. Fruit Juices</p> <p>B. Non-Alcoholic Beverages</p> <p>C. Fermented Alcoholic Beverages</p> <p>D. Spirits, Spirituous Beverages and Beverage Preparations</p> <p>Part 13 - Tobacco and Tobacco Products</p> <p>Part 14 - Animal and Vegetable Oils, Fats and Greases</p> <p>A. Oil-bearing Vegetable Materials</p> <p>B. Vegetable Oils, Crude or Refined</p> <p>C. Animal Oils, Fats, and Greases, Crude or Refined</p> <p>D. Hardened Oils, Fats, and Greases, Mixtures</p> <p>Part 15 - Other Animal and Vegetable Products</p> <p>A. Products of American Fisheries</p> <p>B. Edible Preparations</p> <p>C. Animal Feeds</p> <p>D. Feathers, Down, Bristles, and Hair</p> <p>E. Shells and Other Leds, Natural Gums, Gum Resins, Resins, and Balsams, Turpentine and Resin</p> <p>F. Miscellaneous Animal Products</p> <p>G. Miscellaneous Vegetable Products</p>
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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
		<p>Part 12. - BEVERAGES ^{1/}</p> <p><u>Part 12 headnotes:</u></p> <p>1. This part covers only products which are fit for use as beverages or for beverage purposes.</p> <p>2. Each and every gauge or wine gallon of measurement is counted as at least one proof gallon; and the standard for determining the proof of brandy and other spirits or liquors of any kind when imported is the same as that which is defined in the laws relating to internal revenue. The Secretary of the Treasury, in his discretion, may authorize the ascertainment of the proof of wines, cordials, or other liquors and fruit juices by distillation or otherwise, when it is impracticable to ascertain such proof by the means prescribed by existing law or regulations.</p> <p>3. The duties prescribed on products covered by this part are in addition to the internal-revenue taxes imposed under existing law or any subsequent Act. The duties imposed on products covered by this part which are subject also to internal-revenue taxes are imposed only on the quantities subject to such taxes.</p> <p>4. Provisions for the free entry of certain samples of alcoholic beverages are covered by part 5 of schedule 8.</p> <p style="text-align: center;">-----</p> <p>Subpart A. - Fruit Juices</p> <p><u>Subpart A headnotes:</u></p> <p>1. The products described in this subpart are covered herein whether or not containing ethyl alcohol, but any such products which are also described in subpart C or D of this part are classifiable in said subpart C or D.</p> <p>2. For the purposes of this subpart, a concentrated juice may be in liquid, powdered, or solid form.</p> <p>3. For the purposes of this subpart --</p> <p>(a) the term "<u>gallon</u>" in the "Rates of Duty" column of the provisions applicable to fruit juices means gallon of natural unconcentrated juice or gallon of reconstituted juice;</p> <p>(b) the term "<u>reconstituted juice</u>" means the product which can be obtained by mixing the imported concentrate with water in such proportion that the product will have a Brix value equal to that found by the Secretary of the Treasury from time to time to be the average Brix value of like natural unconcentrated juice in the trade and commerce of the United States; and</p> <p>(c) the term "<u>Brix value</u>" means the refractometric sucrose value of the juice, adjusted to compensate for the effect of any added sweetening materials, and thereafter corrected for acid.</p> <p>^{1/} Articles in chief value of cane and beet sugar are, in certain circumstances, subject to an additional import duty. See Appendix to Tariff Schedules.</p>			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

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SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

1 - 12 - A

165.15-165.70

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
		<p>4. In determining the number of gallons of reconstituted fruit juice which can be obtained from a concentrate, the degree of concentration shall be calculated on a volume basis to the nearest 0.5 degree, as determined by the ratio of the Brix value of the imported concentrated juice to that of the reconstituted juice, corrected for differences of specific gravity of the juices. Any juice having a degree of concentration of less than 1.5 (as determined before correction to the nearest 0.5 degree) shall be regarded as a natural unconcentrated juice.</p> <p>5. In determining the degree of concentration of mixed fruit juices (item 165.65), the mixture shall be considered as being wholly of the component juice having the lowest Brix value.</p>			
		Fruit juices, including mixed fruit juices, concentrated or not concentrated, whether or not sweetened:			
		Not mixed and not containing over 1.0 percent of ethyl alcohol by volume:			
165.15	00	Apple or pear.....	Gal.....	0.2¢ per gal.	5¢ per gal.
165.25		Citrus fruit:			
	20	Lime.....	.....	14¢ per gal.	70¢ per gal.
	40	Not concentrated.....	Gal.		
		Concentrated.....	Gal.		
		Other:			
165.30	00	Not concentrated.....	Gal.....	20¢ per gal.	70¢ per gal.
165.35		Concentrated.....	.....	35¢ per gal.	70¢ per gal.
	40	Orange.....	Gal.		
	70	Other.....	Gal.		
165.40	00	Grape.....	Gal.....	35¢ per gal.	\$1 per gal.
165.44	00	Pineapple:			
		Not concentrated, or having a degree of concentration of not more than 3.5 degrees (as determined before correction to the nearest 0.5 degree).....	Gal.....	20¢ per gal.	70¢ per gal.
165.46	00	Other.....	Gal.....	5¢ per gal.	70¢ per gal.
165.50	00	Prune.....	Gal.....	4.2¢ per gal.	70¢ per gal.
165.55	00	Other.....	Gal.....	3¢ per gal.	70¢ per gal.
165.65	00	Mixed, not containing over 1.0 percent of ethyl alcohol by volume.....	Gal.....	The highest rate applicable to any component juice under the foregoing provisions	The highest rate applicable to any component juice under the foregoing provisions
165.70	00	Mixed or not mixed, containing over 1.0 percent of ethyl alcohol by volume.....	Gal.....	29¢ per gal. + \$2.11 per proof gal. on the alcohol content	70¢ per gal. + \$5 per proof gal. on the alcohol content

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
Subpart B. - Non-Alcoholic Beverages					
Subpart B headnote:					
1. The provisions of this subpart cover only products fit for use as beverages, and do not apply to any product containing 0.5 percent or more of ethyl alcohol by volume or to any product described in subpart A of this part.					
166.10	00	All mineral waters, natural, imitation, or artificial.....	Gal.....	2¢ per gal.	10¢ per gal.
166.20	00	Ginger ale, ginger beer, lemonade, and soda water.....	Gal.....	1¢ per gal.	15¢ per gal.
166.30	00	Vegetable juices, including mixed vegetable juices.....	Gal.....	1¢ per gal.	15¢ per gal.
166.40	00	Beverages, not specially provided for.....	Gal.....	1¢ per gal.	15¢ per gal.
Subpart C. - Fermented Alcoholic Beverages					
Subpart C headnote:					
1. Beverages in this subpart, containing over 24 percent of ethyl alcohol by volume when imported, are classed as spirits under item 168.50.					
167.05	20 40	Ale, porter, stout, and beer..... <i>In containers each holding not over 1 gallon.....</i> <i>In containers each holding over 1 gallon.....</i>	..... Gal. Gal.	8.5¢ per gal.	50¢ per gal.
167.10	20 40	Champagne and other sparkling wines..... <i>Valued not over \$6 per gallon.....</i> <i>Valued over \$6 per gallon.....</i>	..... Gal. Gal.	\$1.30 per gal.	\$6 per gal.
167.15	00	Cider, fermented, whether still or sparkling.....	Gal.....	3¢ per gal.	5¢ per gal.
167.20	00	Prune wine.....	Gal.....	29¢ per gal. + \$2.11 per proof gallon on ethyl alcohol content	70¢ per gal. + \$5 per proof gallon on ethyl alcohol content
167.25	00	Rice wine or sake.....	Gal.....	35¢ per gal.	\$1.25 per gal.
Still wines produced from grapes: Containing not over 14 percent of alcohol by volume:					
167.30	20 40	In containers each holding not over 1 gallon..... <i>Valued not over \$4 per gallon.....</i> <i>Valued over \$4 per gallon.....</i>	..... Gal. Gal.	37.5¢ per gal.	\$1.25 per gal.
167.32	00	In containers each holding over 1 gallon.....	Gal.....	62.5¢ per gal.	\$1.25 per gal.
Containing over 14 percent of alcohol by volume:					
167.34	00	In containers each holding not over 1 gallon, if entitled under regulations of the United States Internal Revenue Service to a type designation which includes the name "Marsala" and if so designated on the approved label.....	Gal.....	35¢ per gal.	\$1.25 per gal.
167.35	20 40	Sherry..... <i>In containers each holding not over 1 gallon.....</i> <i>In containers each holding over 1 gallon.....</i> Gal. Gal.	\$1 per gal.	\$1.25 per gal.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

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SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

1 - 12 - C, D
167.37 - 168.40

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty	
				1	2
167.37	20	Still wines produced from grapes (con.): Containing over 14 percent of alcohol by volume (con.):			
		Other.....	Gal.	\$1 per gal.	\$1.25 per gal.
		<i>In containers each holding not over 1 gallon.....</i>	Gal.		
167.40	00	Vermuth:			
		<i>In containers each holding over 1 gallon.....</i>	Gal.	23¢ per gal.	\$1.25 per gal.
167.42	00	<i>In containers each holding over 1 gallon.....</i>	Gal.	35¢ per gal.	\$1.25 per gal.
167.50	00	Other fermented alcoholic beverages.....	Gal.	35¢ per gal.	\$1.25 per gal.
167.90	00	Imitations of wines.....	Pf. gal.	\$4.25 per proof gallon	\$5 per proof gallon
<p>Subpart D. - Spirits, Spirituous Beverages and Beverage Preparations</p> <p>Subpart D headnote:</p> <p>1. No lower rate or amount of duty shall be levied, collected, and paid on the articles enumerated in this subpart than that fixed by law for the description of first proof; and the rate or amount of duty shall be increased in proportion for any greater strength than the strength of first proof.</p>					
168.05	00	Aquavit.....	Pf. gal.	59¢ per gal.	\$5 per gal.
168.10	00	Arrack.....	Pf. gal.	\$1.40 per gal.	\$5 per gal.
Bitters of all kinds containing spirits:					
168.15	00	Not fit for use as beverages.....	Pf. gal.	\$1.31 per gal.	\$5 per gal.
168.17	00	Fit for use as beverages.....	Pf. gal.	70¢ per gal.	\$5 per gal.
Brandy:					
In containers each holding not over 1 gallon:					
168.19	00	Valued not over \$9 per gallon.....	Pf. gal.	87¢ per gal.	\$5 per gal.
168.20	00	Valued over \$9 per gallon.....	Pf. gal.	\$1.25 per gal. ^{1/}	\$5 per gal.
In containers each holding over 1 gallon:					
168.21	00	Valued not over \$9 per gallon.....	Pf. gal.	70¢ per gal.	\$5 per gal.
168.22	00	Valued over \$9 per gallon.....	Pf. gal.	\$1 per gal. ^{1/}	\$5 per gal.
168.25	00	Cordials, liqueurs, kirschwasser, and ratafia.....		70¢ per gal.	\$5 per gal.
20	40	<i>In containers each holding not over 1 gallon.....</i>	Pf. gal.		
		<i>In containers each holding over 1 gallon.....</i>	Pf. gal.		
168.30	00	Ethyl alcohol for beverage purposes.....	Pf. gal.	\$1.57 per gal.	\$5 per gal.
168.35	00	Gin.....		70¢ per gal.	\$5 per gal.
20	40	<i>In containers each holding not over 1 gallon.....</i>	Pf. gal.		
		<i>In containers each holding over 1 gallon.....</i>	Pf. gal.		
168.40	00	Rum (including <i>cana paraguaya</i>).....		\$1.75 per gal.	\$5 per gal.
20	40	<i>In containers each holding not over 1 gallon.....</i>	Pf. gal.		
		<i>In containers each holding over 1 gallon.....</i>	Pf. gal.		

^{1/} Rate temporarily increased by proclamation. See Appendix to Tariff Schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 12. - Beverages

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I - 12 - D
168.45-168.90

Item	Stat Suf- fix	Articles	Units of Quantity	Rates of Duty	
				1	2
168.45		Whiskey:			
	20	Irish and Scotch.....	Pf. gal..	71¢ per gal.	\$5 per gal.
	40	<i>In containers each holding not over 1 gallon..</i>	Pf. gal..		
168.46		Other.....	Pf. gal..	87¢ per gal.	\$5 per gal.
	20	<i>In containers each holding not over 1 gallon..</i>	Pf. gal..		
	40	<i>In containers each holding over 1 gallon.....</i>	Pf. gal..		
		Other spirits, and preparations in chief value of distilled spirits, fit for use as beverages or for beverage purposes:			
168.50	00	Spirits.....	Pf. gal..	\$1.25 per gal.	\$5 per gal.
168.55	00	Other.....	Pf. gal..	\$1.75 per gal.	\$5 per gal.
168.90	00	Imitations of brandy and other spirituous beverages.....	Pf. gal..	\$3.50 per gal.	\$5 per gal.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

STAGED RATES AND HISTORICAL NOTES

Notes p. 1
Schedule 1,
Part 12

Staged Rates

Modifications of column 1 rates of duty by Pres. Proc. 3822 (Kennedy Round), Dec. 16, 1967, 32 F.R. 19002:

TSUS item	Prior rate	Rate of duty, effective with respect to articles entered on and after January 1 --				
		1968	1969	1970	1971	1972
165.15	0.5¢ per gal.	0.4¢ per gal.	0.3¢ per gal.	0.2¢ per gal.	Free	Free
165.25	20¢ per gal.	18¢ per gal.	16¢ per gal.	14¢ per gal.	12¢ per gal.	10¢ per gal.
165.40	50¢ per gal.	45¢ per gal.	40¢ per gal.	35¢ per gal.	30¢ per gal.	25¢ per gal.
165.50	5¢ per gal.	4.7¢ per gal.	4.5¢ per gal.	4.2¢ per gal.	4¢ per gal.	3.8¢ per gal.
165.55	4¢ per gal.	3.5¢ per gal.	3.5¢ per gal.	3¢ per gal.	3¢ per gal.	3¢ per gal.
165.70	35¢ per gal. + \$2.50 per proof gal. on alcohol content	33¢ per gal. + \$2.37 per proof gal. on alcohol content	31¢ per gal. + \$2.24 per proof gal. on alcohol content	29¢ per gal. + \$2.11 per proof gal. on alcohol content	27¢ per gal. + \$1.98 per proof gal. on alcohol content	26¢ per gal. + \$1.85 per proof gal. on alcohol content
166.10	3¢ per gal.	2.5¢ per gal.	2¢ per gal.	2¢ per gal.	1.5¢ per gal.	1.5¢ per gal.
166.20	2¢ per gal.	1.5¢ per gal.	1.5¢ per gal.	1¢ per gal.	1¢ per gal.	1¢ per gal.
166.30	2¢ per gal.	1¢ per gal.	1¢ per gal.	1¢ per gal.	1¢ per gal.	1¢ per gal.
166.40	2¢ per gal.	1.5¢ per gal.	1.5¢ per gal.	1¢ per gal.	1¢ per gal.	1¢ per gal.
167.05	12.5¢ per gal.	11¢ per gal.	10¢ per gal.	8.5¢ per gal.	7¢ per gal.	6¢ per gal.
167.10	\$1.50 per gal.	\$1.43 per gal.	\$1.36 per gal.	\$1.30 per gal.	\$1.23 per gal.	\$1.17 per gal.
167.20	35¢ per gal. + \$2.50 per proof gal. on ethyl alcohol content	33¢ per gal. + \$2.37 per proof gal. on ethyl alcohol content	31¢ per gal. + \$2.24 per proof gal. on ethyl alcohol content	29¢ per gal. + \$2.11 per proof gal. on ethyl alcohol content	27¢ per gal. + \$1.98 per proof gal. on ethyl alcohol content	26¢ per gal. + \$1.85 per proof gal. on ethyl alcohol content
167.25	50¢ per gal.	45¢ per gal.	40¢ per gal.	35¢ per gal.	30¢ per gal.	25¢ per gal.
167.34	42¢ per gal.	39¢ per gal.	37¢ per gal.	35¢ per gal.	33¢ per gal.	31.5¢ per gal.
167.40	26.5¢ per gal.	25¢ per gal.	24¢ per gal.	23¢ per gal.	22¢ per gal.	21¢ per gal.
167.42	40¢ per gal.	38¢ per gal.	36.5¢ per gal.	35¢ per gal.	33.5¢ per gal.	32¢ per gal.
167.50	50¢ per gal.	45¢ per gal.	40¢ per gal.	35¢ per gal.	30¢ per gal.	25¢ per gal.
167.90	\$5 per proof gal.	\$4.75 per proof gal.	\$4.50 per proof gal.	\$4.25 per proof gal.	\$4 per proof gal.	\$3.75 per proof gal.
168.05	85¢ per gal.	76¢ per gal.	68¢ per gal.	59¢ per gal.	51¢ per gal.	42¢ per gal.
168.10	\$2 per gal.	\$1.80 per gal.	\$1.60 per gal.	\$1.40 per gal.	\$1.20 per gal.	\$1 per gal.
168.15	\$1.88 per gal.	\$1.69 per gal.	\$1.50 per gal.	\$1.31 per gal.	\$1.12 per gal.	94¢ per gal.
168.17	\$1 per gal.	90¢ per gal.	80¢ per gal.	70¢ per gal.	60¢ per gal.	50¢ per gal.
168.19	\$1.25 per gal.	\$1.12 per gal.	\$1 per gal.	87¢ per gal.	75¢ per gal.	62¢ per gal.
168.21	\$1 per gal.	90¢ per gal.	80¢ per gal.	70¢ per gal.	60¢ per gal.	50¢ per gal.
168.25	\$1 per gal.	90¢ per gal.	80¢ per gal.	70¢ per gal.	60¢ per gal.	50¢ per gal.
168.30	\$2.25 per gal.	\$2.02 per gal.	\$1.80 per gal.	\$1.57 per gal.	\$1.35 per gal.	\$1.12 per gal.
168.35	\$1 per gal.	90¢ per gal.	80¢ per gal.	70¢ per gal.	60¢ per gal.	50¢ per gal.
168.45	\$1.02 per gal.	91¢ per gal.	81¢ per gal.	71¢ per gal.	61¢ per gal.	51¢ per gal.
168.46	\$1.25 per gal.	\$1.12 per gal.	\$1 per gal.	87¢ per gal.	75¢ per gal.	62¢ per gal.
168.55	\$2.50 per gal.	\$2.25 per gal.	\$2 per gal.	\$1.75 per gal.	\$1.50 per gal.	\$1.25 per gal.
168.90	\$5 per gal.	\$4.50 per gal.	\$4 per gal.	\$3.50 per gal.	\$3 per gal.	\$2.50 per gal.

Other Amendments and Modifications

PROVISION

165.40--Column 1 and 2 rates of duty increased from 9¢ per gal. and 70¢ per gal., respectively, to 50¢ per gal. and \$1 per gal., respectively. Pub. L. 89-241, Secs. 2(a), 5, Oct. 7, 1965, 79 Stat. 933, 934, effective date Dec. 7, 1965.

167.35--Column 1 rate of duty of \$1.12 per gal. reduced to \$1 per gal. on Jan. 1, 1964. General headnote 3(g).

168.15--Column 1 rate of duty of \$2.08 per gal. reduced to \$1.88 per gal. on July 1, 1964. General headnote 3(g).

PROVISION

168.19--Items 168.20 (column 1 rate--\$1.25 per gal.; 168.20 column 2 rate--\$5 per gal.) and 168.22 (column 1 rate--\$1 per gal.; column 2 rate--\$5 per gal.) deleted and new items 168.19, 168.20, 168.21, and 168.22 and headings immediately preceding items 168.19 and 168.21 added in lieu thereof. Pres. Proc. 3822 (Kennedy Round), Dec. 16, 1967, 32 F.R. 19002, effective date Jan. 1, 1968.

168.31--Item 168.31 (Cuba--\$1.75 per gal.) deleted. Pres. Proc. 3822 (Kennedy Round), Dec. 16, 1967, 32 F.R. 19002, effective date Jan. 1, 1970.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

STAGED RATES AND HISTORICAL NOTES

Notes p. 2
Schedule 1,
Part 12

Statistical Notes

<u>PROVISION</u>	<u>Effective date</u>	<u>PROVISION</u>	<u>Effective date</u>
165.35--		168.21--See Other Amendments and Modifications	
20--Disc. (transferred to 165.3570).....	Jan. 1, 1968	00--Etab. (transferred from 168.2200).....	Jan. 1, 1968
60--Disc. do	do		
70--Etab. (transferred from 165.3520 & 60)....	do	168.22--See Other Amendments and Modifications	
		00--Brandy valued over \$9 per gallon tempo-	
165.40--See Other Amendments and Modifications		rarily transferred to 945.1640.....	Jan. 7, 1964
		Brandy valued over \$9 per gallon trans-	
167.35--See Other Amendments and Modifications		ferred from 945.1640.....	Jan. 1, 1968
		Brandy valued not over \$9 per gallon	
168.15--See Other Amendments and Modifications		transferred to 168.2100.....	do
168.19--See Other Amendments and Modifications		168.35--	
00--Etab. (transferred from 168.2000).....	Jan. 1, 1968	00--Disc. (transferred to 168.3520 & 40).....	Jan. 1, 1968
		20--Etab. (transferred from 168.3500pt).....	do
168.20--See Other Amendments and Modifications		40--Etab. do	do
00--Brandy valued over \$9 per gallon tempo-			
rarily transferred to 945.1620.....	Jan. 7, 1964		
Brandy valued over \$9 per gallon trans-			
ferred from 945.1620.....	Jan. 1, 1968		
Brandy valued not over \$9 per gallon			
transferred to 168.1900.....	do		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

APPENDIX TO THE TARIFF SCHEDULES

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<p>Part 1 - Temporary Legislation A. Temporary Provisions for Additional Duties B. Temporary Provisions Amending the Tariff Schedules</p>	<p><u>Appendix Headnotes:</u></p>
<p>Part 2 - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation A. Escape Clause Actions B. Temporary Modifications Pursuant to Section 252 of the Trade Expansion Act of 1962</p>	<p>1. The provisions of this Appendix relate to legislation and to executive and administrative actions pursuant to duly constituted authority, under which -- (a) one or more of the provisions in schedules 1 through 8 are temporarily amended or modified, or (b) additional duties or other import restrictions are imposed by, or pursuant to, collateral legislation.</p> <p>2. Unless the context requires otherwise, the general headnotes and rules of interpretation and the respective schedule, part, and subpart headnotes in schedules 1 through 8 apply to the provisions of this Appendix.</p>
<p>Part 3 - Additional Import Restrictions Proclaimed Pursuant to Section 22 of the Agricultural Adjustment Act, as Amended</p>	<p><u>Appendix statistical headnotes:</u></p>
	<p>1. For statistical reporting of merchandise provided for herein -- (a) unless more specific instructions appear in the parts or subparts of this appendix, report the 5-digit item number (or 7-digit number, if any) found in the appendix in addition to the 7-digit number appearing in schedules 1-7 which would be applicable but for the provisions of this appendix; and (b) the quantities reported should be in the units provided in schedules 1-7.</p> <p>2. For those items herein for which no rate of duty appears (i.e., those items for which an absolute quota is prescribed), report the 5-digit item number herein followed by the appropriate 7-digit reporting number from schedules 1-7. The quantities reported should be in the units provided in schedules 1-7.</p>

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1970)

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APPENDIX TO THE TARIFF SCHEDULES

945.13 - 945.69

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suf-fix	Articles	Units of Quantity	Rates of Duty	
				1	2
Subpart B ₁ - Temporary Modifications Pursuant to Section 252 of the Trade Expansion Act of 1962					
945.14	1/	Potato starch (provided for in item 168.12)	lb	1.00 per lb.	No change
945.16	1/	Brandy provided for in items 168.20 and 168.22	gal	\$5 per gal.	No change
945.43	1/	Beatings and scraps of chamois, friction materials (provided for in item 43.99)	lb	34 per lb.	No change
945.69	1/	Automobile trucks valued at \$1,800 or more (provided for in item 682.02)	1/	75% ad val.	No change
1/ See Appendix statistical headnote 1.					

A P P E N D I X B

Value of U.S. imports for consumption, by TSUS
items included in the individual summaries
of this volume, total and from the 3 princi-
pal suppliers, 1968

Value of U.S. imports for consumption, by TSUS items included in the individual summaries of this volume, total and from the 3 principal suppliers, 1968

(In thousands of dollars. The dollar value of imports shown is defined generally as the market value in the foreign country and therefore excludes U.S. import duties, freight, and transportation insurance)

Summary title and page; TSUS item	All countries		First supplier		Second supplier		Third supplier	
	Amount in 1968	Per-cent change from 1967	Country	Value	Country	Value	Country	Value
Apple or pear juice (p. 3)								
165.15	2,615	1/	Switzerland	870	France	740	Greece	495
Citrus fruit juices, not mixed (p. 7)								
165.25	1,442	7	Canada	947	U.K.	355	Mexico	135
165.30	155	1/	Mexico	94	Italy	36	Canada	22
165.35	5,531	1/	Brazil	5,140	Mexico	278	Netherlands	38
Grape juice (p. 29)								
165.40	63	24	W. Germany	37	Netherlands	18	Switzerland	5
Pineapple juice (p. 35)								
165.44	1,018	-8	P. Republic	1,018	-	-	-	-
165.46	969	-50	P. Republic	968	Mexico	1	-	-
Prune juice (p. 45)								
165.50	17	1/	Canada	14	W. Germany	2	Taiwan	1
Fruit juices, nonenumerated, not mixed and not containing over 1.0 percent of ethyl alcohol by volume (p. 49)								
165.55	2,471	73	Netherlands	1,249	Austria	398	Yugoslavia	236
Fruit juices, mixed (p. 53)								
165.65	10	2/	Venezuela	10	W. Germany	4/	-	-
Fruit juices containing over 1.0 percent ethyl alcohol (p. 55)								
165.70	3/	3/	-	-	-	-	-	-
Mineral waters (p. 59)								
166.10	255	15	France	158	Italy	59	W. Germany	21
Soft drinks, vegetable juices, and various nonalcoholic beverages (p. 63)								
166.20	98	141	U.K.	85	Denmark	5	Canada	4
166.30	15	-5	Switzerland	9	Canada	3	Mexico	3
166.40	379	144	Canada	178	Italy	61	Denmark	61
Ale, porter, stout, and beer (p. 81)								
167.05	25,988	14	Germany	10,710	Netherlands	5,523	Canada	3,568
Sparkling wines (p. 91)								
167.10	17,390	11	France	11,566	Portugal	3,515	Italy	1,718
Other fermented alcoholic beverages (p. 99)								
167.15	260	15	Spain	222	U.K.	22	France	14
167.20	3/	3/	-	-	-	-	-	-
167.50	2,877	30	Denmark	2,114	Japan	268	Poland	115
Rice wine or sake (p. 105)								
167.25	745	53	Japan	718	U.K.	13	France	8

See footnotes at end of table.

Value of U.S. imports for consumption, by TSUS items included in the individual summaries of this volume, total and from the 3 principal suppliers, 1968

(In thousands of dollars. The dollar value of imports shown is defined generally as the market value in the foreign country and therefore excludes U.S. import duties, freight, and transportation insurance)

Summary title and page; TSUS item	All countries		First supplier		Second supplier		Third supplier	
	Amount in 1968	Per-cent change from 1967	Country	Value	Country	Value	Country	Value
Still grape wine containing not over 14 percent alcohol (p. 109)								
167.30	51,626	17	France	25,409	Italy	9,639	W. Germany	7,131
167.32	5	-39	Italy	3	Greece	1	Portugal	1
Still grape wine containing over 14 percent alcohol (except vermouth) (p. 117)								
167.34	877	17	Italy	869	France	8	-	-
167.35	7,512	20	Spain	7,511	Australia	1	-	-
167.37	1,486	7	Portugal	696	France	244	Maderia	181
Vermouth (p. 127)								
167.40	17,416	14	Italy	13,538	France	3,829	U.K.	27
167.42	20	22	Italy	13	France	6	Denmark	1
Imitations of wines and imitations of brandy and other spirituous beverages (p. 133)								
167.90	3/	3/	-	-	-	-	-	-
168.90	11	1/	France	11	-	-	-	-
Miscellaneous spirituous beverage products (p. 135)								
168.05	30	60	Denmark	29	Norway	1	Sweden	4/
168.10	10	2/	Lebanon	8	France	7	W. Germany	4/
168.30	4	3/	Poland	4	-	-	-	-
168.50	2,129	43	Mexico	1,765	U.K.	161	Poland	68
168.55	99	113	U.K.	59	Poland	14	Mexico	20
Bitters (p. 143)								
168.15	480	11	Trinidad	439	W. Germany	38	U.K.	3
168.17	126	-6	Italy	118	Switzerland	6	France	2
Brandy (p. 149)								
168.19	10,835	6	France	9,902	Spain	421	W. Germany	231
168.20	2,259	53	France	2,074	Spain	71	Switzerland	38
168.21	1,859	-10	France	1,260	Spain	217	Portugal	186
168.22	136	31	France	133	Peru	2	W. Germany	1
Cordials and liqueurs (p. 161)								
168.25	24,251	16	U.K.	7,480	France	5,412	Italy	5,100
Gin (p. 167)								
168.35	14,841	11	U.K.	14,659	Spain	68	Netherlands	58
Rum (p. 173)								
168.40	873	5	Jamaica	583	Guyana	132	Brazil	50
Whiskey (p. 181)								
168.45	247,701	8	U.K.	247,028	Ireland	670	Belgium	4
168.46	148,161	14	Canada	147,925	Belgium	198	Japan	36

- 1/ More than 200 percent.
 2/ No imports in 1967.
 3/ No imports in 1968.
 4/ Less than \$500.

OTHER AVAILABLE VOLUMES OF THE SUMMARIES SERIES

<i>Schedule</i>	<i>Volume</i>	<i>Title</i>
1	1	Animals and Meats
1	2	Fish: Fresh, Chilled, Frozen, or Cured
1	3	Fish Products, Shellfish, and Shellfish Products
1	4	Dairy Products and Birds' Eggs
1	5	Live Plants and Seeds
1	6	Cereal Grains, Malts, Starches, and Animal Feeds
1	7	Vegetables and Edible Nuts
1	8	Edible Fruit
1	9	Sugar, Cocoa, Confectionery, Coffee, Tea and Spices
1	11	Tobacco and Tobacco Products
1	12	Animal and Vegetable Fats and Oils
1	13	Hides, Skins, Leather, Feathers, and Miscellaneous Articles of Animal Origin
1	14	Edible Preparations, Natural Resins, and Miscellaneous Articles of Vegetable Origin
2	1	Wood and Related Products I
2	2	Wood and Related Products II
2	3	Paper and Related Products I
2	4	Paper and Related Products II
2	5	Books and Other Printed Matter
3	2	Fibers, Yarns, Waste, and Intermediate Products of Silk, Manmade Fiber, Metalized, Paper, Certain Hair, and Yarns, N. S. P. F.
3	4	Felts, Batting, Nonwoven Fabrics, Fish Nets, Machinery Belts and Clothing, Hose, Coated Fabrics, and Other Fabrics for Special Purposes
3	5	Textile Furnishings and Apparel
3	6	Cordage, Braids, Elastic Yarns and Fabrics, Trimmings, Packing, Polishing Cloths, Sacks, Labels, Lacings, Rags, and Other Miscellaneous Textile Products
4	2	Inorganic Chemicals I
4	3	Inorganic Chemicals II
4	4	Inorganic Chemicals III
4	6	Organic Chemicals II
4	9	Glue, Gelatin, Aromatic Substances, Toilet Preparations, Surface-Active Agents, Soaps, Dyes, and Tannins
4	10	Pigments, Inks, Paints, and Related Products
4	12	Fatty Substances, Waxes, and Miscellaneous Chemical Products