The following communication dated 14 March 1977 has been received from the United States mission.

President Carter has decided, in the overall national economic interest of both consumers and producers, not to grant import relief to domestic producers of mushrooms. However, the President ordered the continued monitoring of mushroom imports and domestic market conditions. This is the President's first decision on an "escape clause" case under the Trade Act of 1974.

These actions were based on an inter-agency executive branch review of a report from the United States International Trade Commission, which recommended a five-year tariff-rate quota on imports of canned mushrooms. The United States International Trade Commission recommended this remedy after finding injury to the domestic industry substantially caused by imports. The inter-agency review, chaired by the Office of the Special Representative for Trade Negotiations (STR), considered the United States International Trade Commission Report from overall national economic interest criteria under the Trade Act.

The President determined that a remedy involving import restraints would further aggravate recent sharp increases in the price of canned mushrooms to United States consumers.

In its report to the President, the United States International Trade Commission reported that the United States mushroom industry is currently experiencing higher sales and production, increased prices for mushrooms, and improved profits.

The President noted that the European Community (EC) recently relaxed import restrictions on mushrooms. This should reduce import pressures in the United States market.
Employment in domestic mushroom canning plants has declined in recent years and currently is about 1,200 workers. The President found that import restraints would have little beneficial effect on employment in domestic mushroom canning plants and would not justify the costs of relief.

In September 1976, as a result of dramatic increases in mushroom imports in June through August 1976, President Ford directed the Special Representative for Trade Negotiations to request the United States International Trade Commission to re-open an earlier investigation of mushroom imports under Section 201 of the Trade Act of 1974. The Commission reported to the President the results of this investigation on 10 January 1977.

Expeditied adjustment assistance for mushroom firms and workers already is available and will continue to be available as a result of a presidential order last May. In March 1976, the United States International Trade Commission found that the mushroom industry had been injured by increased imports and recommended provision of expedited adjustment assistance to remedy that injury. President Ford subsequently accepted this recommendation.

The domestic mushroom industry will benefit from assurances received last year from the Republic of China (Taiwan) and the Republic of Korea to moderate their mushroom exports to the United States during the 1976/1977 marketing year. These assurances were obtained in September 1976 by the Deputy Special Trade Representative at the request of President Ford.

The Republics of China and Korea are the principal sources of mushroom exports to the United States. Imports of mushrooms in the 1975/1976 marketing year (1 July 1975-20 June 1976) totalled 5.7 million pounds and were valued at $46.2 million. They made up 44 per cent of domestic consumption of canned mushrooms.

Recent United States International Trade Commission data indicate that about twenty-nine domestic firms can mushrooms, with about half of the firms located in Pennsylvania. Mushrooms are grown by about 500 growers.

President Carter has asked the United States International Trade Commission to publish quarterly reports on mushroom imports; domestic producers' production, sales, and stocks; and United States consumption. The Special Trade Representative will continue to monitor imports of canned mushrooms on a weekly basis.

The President has directed the Special Trade Representative to seek consultations with the Governments of the Republics of China and/or Korea in the event that disruption should occur due to foreign exports. He has indicated his concern to these Governments through the Special Trade Representative that their mushroom exports not disrupt the United States canned mushroom market. Both Governments have given their assurances that such disruption will not occur and have indicated their willingness to consult and co-operate should problems arise.