

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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UNITED STATES INTERNATIONAL TRADE
COMMISSION INVESTIGATIONS

Honey

Addendum

Additional Research

The following communication, dated 31 August 1976, has been received from the United States mission.

President Ford has determined that an increase in the duty on honey imports is not in the national economic interest, Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations announced on 28 August. The President, however, is ordering the Secretary of Agriculture to initiate additional research on the importance of pollination to United States agriculture and consumers.

The President's decision follows a 29 June 1976 finding by the United States International Trade Commission, in a 3-2 vote, that increased imports are a substantial cause of a threat of serious injury to the domestic industry engaged in the commercial production and extraction of honey.

The case was examined in the interagency trade organization which recommended that a tariff rate quota over a five-year period would be inconsistent with the national economic interest.

Domestic production, valued at about \$100 million, has, like imports, shown large year-to-year variations. In 1971 there was a short crop of 197 million pounds, rising to 214 million pounds in 1972. In 1973 there was a bumper crop of 238 million pounds followed by two short crops in 1974 and 1975 of 185 million and 196 million pounds, respectively. Another short crop is forecast for 1976, almost 50 million pounds below 1973. About 40 per cent of the total is accounted for by hobbyists and sideliners.

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The problems faced by commercial honey producers include several important factors other than imports, notably limited yields due to a decline in good pasturage, pesticides, adverse weather, availability of nectar sources and changes in cropping practices. Industrial demand for honey has also fallen sharply due to substitutes.

The United States International Trade Commission report also showed that prices have risen substantially between 1970-1975. The wholesale price received by producers for a pound of extracted honey rose from 13.5 cents to 47.8 cents while the average retail price paid by consumers rose from 32.1 to 71 cents. Tariff relief would be inconsistent with the nation's efforts to reduce inflation.

There is no evidence of significant idling of productive facilities, and employment has risen. Commercial employment is estimated to involve 10,000 workers although 218,000 part-time workers and hobbyists are involved in honey production. Overall profits have more than doubled in the past five years.

Imports of honey into the United States have increased and declined erratically, with imports increasing whenever domestic production is not sufficient to meet consumption needs. In 1971, imports amounted to 11.4 million pounds and rose to an unprecedented 39 million pounds in 1972. With strong domestic production bolstering United States total supply, imports dropped to 11 million pounds in 1973, but rose again as United States production declined in 1974 and 1975, with imports reaching 46 million pounds valued at \$16.2 million in 1975. Imports continued to rise in the first half of 1976 due to the anticipation of a short United States crop and the possibility of a duty increase.

In seeking import relief, producers stressed the rôle played by honey bees in the pollination of certain United States crops. Although the commercial honey bee colonies have increased, the total number of bee colonies has decreased over the past three decades. This trend, however, is due to factors other than imports. In view of the interest expressed in pollination, the President is asking the Secretary of Agriculture to initiate additional research on the importance of pollination to United States agriculture and consumers.

Adjustment assistance is available to workers and firms who are injured by imports providing they meet the criteria established under the Trade Act of 1974.