

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/5027

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Limited Distribution

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UNITED STATES INTERNATIONAL TRADE COMMISSION
INVESTIGATIONS

Preserved Mushrooms

The following communication dated 12 September 1980 has been received from the Permanent Mission of the United States.

1. On 18 August the USITC reported to the President that it had determined that mushrooms, prepared or preserved, provided for in item 144.20 of the tariff schedules of the United States (TSUS) are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing an article like or directly competitive with the imported article.
 2. To remedy the serious injury found to exist, the Commission recommended that quantitative restrictions be imposed on United States imports of mushrooms, prepared or preserved, provided for in item 144.20 of the TSUS for a three-year period commencing 1 July 1980 to be administered on an annual basis as follows:
 - (quantities in millions of pounds drained weight basis)
- | | |
|--------------------------|-----|
| 1 July 1980/30 June 1981 | 86 |
| 1 July 1981/30 June 1982 | 94 |
| 1 July 1982/30 June 1983 | 103 |

The Commission further recommended that the President allocate such quantitative restrictions by country as he deems appropriate.

3. The Commission report shows the following:
 - (A) Imports have increased relative to domestic production and, as a consequence, the United States producers share of the domestic market for the market year ending 30 June 1980 is expected to reflect a decline of nearly 30 per cent from that of the 1974/1975 marketing year.

(B) The number of firms producing canned mushrooms has declined nearly a third since 1972, from thirty-five to twenty-three.

(C) Capacity utilization in United States producers facilities has dropped nearly 20 per cent from 43 per cent in 1977 to 35 per cent in 1979 and inventories in the first quarter of 1980 were 14 per cent greater than corresponding period of the previous year.

(D) Producers profits in 1979 were 58 per cent below those in 1977. The number of firms reporting a net operating loss increased from four in 1977 to nine in 1979.

4. United States imports of canned mushrooms by specified sources for the six marketing years 1974/1975 to 1979/1980 are as follows:

A. (Quantity in thousand pounds drained weight)

	<u>1974/1975</u>	<u>1975/1976</u>	<u>1976/1977</u>
All countries	50,179	57,351	69,432
Taiwan	34,227	36,050	42,984
Korea	11,090	18,009	22,212
Hong Kong	183	190	963
Costa Rica	399	186	NONE
Dominican Republic	685	661	184
Japan	1,709	1,227	1,400
France	531	419	703
China	106	30	107
Other	... 1,250	579	879

	<u>1977/1978</u>	<u>1978/1979</u>	<u>1979/1980</u>
All countries	91,896	86,207	113,588
Taiwan	57,218	42,128	61,267
Korea	23,656	27,002	25,925
Hong Kong	7,372	12,613	17,552
Costa Rica	877	1,233	185
Dominican Republic	96	828	298
Japan	1,277	497	632
France	455	209	195
China	44	50	4,275
Other	901	1,647	3,259

B. (Value in thousands of dollars)

	<u>1974/1975</u>	<u>1975/1976</u>	<u>1976/1977</u>
All countries	37,561	46,221	70,431
Taiwan	26,444	30,211	43,526
Korea	7,286	13,167	22,120
Hong Kong	104	124	955
Costa Rica	347	144	NONE
Dominican Republic	396	415	149
Japan	1,184	919	1,427
France	667	590	1,120
China	53	15	79
Other	1,080	635	1,045

	<u>1977/1978</u>	<u>1978/1979</u>	<u>1979/1980</u>
All countries	97,838	88,142	113,553
Taiwan	62,566	46,231	63,693
Korea	23,718	26,033	26,409
Hong Kong	6,743	10,613	15,191
Costa Rica	1,137	1,78	240
Dominican Republic	89	667	250
Japan	1,338	490	672
France	891	417	458
China	43	48	3,674
Other	1,313	1,861	2,966

5. The tariff rate applicable to canned mushrooms, currently 3.2 cents per pound on the drained weight plus 10 per cent ad valorem, reflects tariff concessions incorporated in the GATT schedules of tariff concessions.

6. Additional details are presented in the USITC report to the President, Commission publication 1089, dated August 1980.

7. Under Section 202 of the Trade Act of 1974 the President has sixty days following the receipt of a recommendation from the USITC to determine the method and amount of import relief he will provide or to determine that such relief is not in the national economic interest of the United States. The President has until 18 October to make a decision on this matter.

8. The United States is prepared to consult with the CONTRACTING PARTIES and with contracting parties having a substantial interest as exporters of prepared or preserved mushrooms to the United States under Article XIX:2 of the General Agreement.