

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

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## UNITED STATES - IMPORTS OF PRESERVED MUSHROOMS

The following communication dated 2 December 1980 has been received from the Permanent Mission of the United States.

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On 18 August 1980, the United States International Trade Commission reported to the President that it had determined that prepared or preserved mushrooms 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. The Commission recommended that quantitative restrictions be imposed on United States imports of mushrooms for a three-year period.

On 17 October 1980, the President, after careful consideration of the unanimous USITC finding and other relevant factors, decided to provide the three years of import relief recommended by the Commission but in the form of increased duties rather than in that of quantitative restrictions. On 29 October 1980, the President issued a proclamation putting this remedy into effect.

The attached notification provides more detailed information with respect to this matter. I would appreciate your circulating the notification to contracting parties.

ANNEX

In a communication dated 12 September 1980 (circulated as document L/5027) the contracting parties were advised that the United States International Trade Commission (USITC) had reported to the President its determination that mushrooms, prepared or preserved, provided for in Item 144.20 of the tariff schedules of the United States are being imported into the United States in such quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing an article like or directly competitive with the imported articles. To remedy the serious injury, the USITC recommended that quantitative restrictions be imposed on such mushrooms for a three-year period to be administered on an annual basis and allocated by country. In addition, the communication advised that the United States Government was prepared to consult with the contracting parties and those contracting parties having a substantial interest as exporters of such mushrooms to the United States concerning the USITC recommendation for import relief.

On 17 October 1980, the President, after careful consideration of the unanimous USITC finding and other relevant factors - including the views of exporting countries - decided to provide the three years of import relief recommended by the Commission but in the form of increased duties rather than in that of quantitative restrictions. Accordingly, on 29 October 1980, the President issued proclamation 4801, effective 1 November 1980, increasing the existing duty of 3.2 cents per pound plus 10 per cent ad valorem applicable to imported prepared or preserved mushrooms classified for customs purposes under Item 144.20 to:

3.2 cents per pound plus 30 per cent ad valorem for the first year of relief;

3.2 cents per pound plus 25 per cent ad valorem for the second year of relief; and

3.2 cents per pound plus 20 per cent ad valorem for the third year of relief.

The President's decision to provide temporary relief in a form different from that recommended by the Commission reflects, in part, an effort by the United States Government to minimize, to the extent possible, the impact of its action on trade with countries exporting canned mushrooms to the United States market.

In addition to providing tariff relief, the President created a special Inter-agency task force to provide appropriate technical and financial assistance to producers to help facilitate the industry's adjustment to increased imports. He has also directed the United States Trade Representative to request under Section 203(i)(1) of the Trade Act of 1974 that the USITC report, within eighteen months of his decision, on the industry's effort to adjust. At that time, the effectiveness of all aspects of the President's program for the industry will be reviewed.

The United States Government reaffirms its readiness to consult regarding its action 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.

