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THE WHITE HOUSE  
WASHINGTON

August 30, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN  
FROM: JAMES E. CONNOR *JEC*  
SUBJECT: Honey Escape Clause Case

Confirming telephone call from Vail on Saturday, August 28 the President reviewed your memorandum of August 26 on the above subject and approved the following recommendation made by the Trade Policy Committee.

"The Trade Policy Committee unanimously recommends that you determine that tariff relief is not in the national economic interest and that you direct the Secretary of Agriculture to undertake studies of the importance of pollination to U.S. agriculture and consumers, identifying possible problem areas and recommending appropriate solutions, as needed."

The necessary documents to implement the above decision have been signed. With a copy of this memorandum they are being given to Bob Linder for appropriate handling.

Please follow-up with any other action that is necessary.

cc: Dick Cheney  
Robert Linder

THE WHITE HOUSE  
WASHINGTON

Per Roger Porter - the President  
approved recommendation 8/28/76  
Nell Yates notified him on Saturday,  
8/28/76.

GBF

Decision will be telephoned from Vail  
on Friday or Saturday --- should be  
called to Roger Porter & Bob Linder's  
office advised. Letters will be signed on  
Monday.

GBF

THE WHITE HOUSE  
WASHINGTON

August 27, 1976

MEMORANDUM FOR: DICK CHENEY  
FROM: JIM CONNOR  
SUBJECT: Honey Escape Clause Case

\* The President's decision is required on the attached Honey Escape Clause Case by Saturday, August 28, 1976.

Please notify this office when the decision has been made. The letters to implement the decision will be ready for the President's signature on his return to Washington.

Jim Cavanaugh -  
Please call and  
advise of decision.  
Jim

THE WHITE HOUSE  
WASHINGTON

August 27, 1976

MEMORANDUM FOR: DICK CHENEY  
FROM: JIM CONNOR  
SUBJECT: Honey Escape Clause Case

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Please notify this office when the decision has been  
made. The letters to implement the decision will  
be ready for the President's signature on his return  
to Washington.

THE WHITE HOUSE

WASHINGTON

August 26, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Timing and Implementation of Decisions on  
the Honey Escape Clause Case

Our practice in all escape clause cases under the Trade Act of 1974 is to have a press release announcing your decision issued by the Special Representative for Trade Negotiations at the Offices of the STR with copies of his release available in the White House Press Office.

Under the Trade Act of 1974 your decision as to a remedy must be made by Saturday, August 28, 1976. The memorandum to Ambassador Dent formally making your decision will be published in the Federal Register on the first day the Register is published next week.

STR will issue their press release on Saturday, August 28 or Monday, August 30 and will coordinate the release with the White House Press Office.

THE WHITE HOUSE

WASHINGTON

August 26, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Honey Escape Clause Case

On June 29, 1976, the U.S. International Trade Commission (USITC) reported to you its finding that commercial producers of honey are being threatened with serious injury due to increased imports. The Commission recommended by a 3-2 vote that the duty on imports of honey from most-favored-nation countries in excess of 30 million pounds be raised to one cent per pound plus 30 percent ad valorem. After 1978, the over-quota rate would be phased down and would terminate at the end of 1980.

Under the Trade Act of 1974 your decision as to a remedy must be made by August 28, 1976. If you do not proclaim the remedy recommended by the USITC, your decision is subject to a Congressional override.

A memorandum from Ambassador Dent on this case, including the recommendations of the Trade Policy Committee, is attached at Tab A.

There is general agreement that the substantive case for a finding that the honey industry is threatened with injury is weak. Profits of commercial honey producers have more than doubled over the past five years. Prices received by producers in 1975 for bulk unprocessed honey were 154% above the 1971 level. Much of the effort on behalf of a higher tariff comes from hobbyists who outnumber the 10,000 employees of U.S. commercial honey producers by 20 to 1. Despite the interest generated for support from the Congress, Ambassador Dent believes that a congressional override is not likely.

The Trade Policy Committee unanimously recommends that you determine that tariff relief is not in the national economic interest and that you direct the Secretary of Agriculture to undertake studies of the importance of pollination to U.S. agriculture and consumers, identifying possible problem areas and recommending appropriate solutions, as needed.



Ambassador Dent reports that this approach has the support of the American Farm Bureau Federation.

Ambassador Dent's memorandum has been staffed to the appropriate White House offices not included on the Trade Policy Committee. Their comments and recommendations are as follows:

James M. Cannon

Concur with the Trade Policy Committee

Philip Buchen

The Counsel's Office has no objection to the recommendation against increased duties but suggests language for incorporation into your memorandum and report to the Congress that the Executive considers legislative vetoes in the form of a concurrent resolution as violative of fundamental constitutional precepts and thus without effect. (See Tab B) The suggested language has been incorporated.

John O. Marsh

I recommend that the President reaffirm the USITC finding.

Max Friedersdorf

Concur with Dent

National Security Council

We strongly support the unanimous recommendation of the Trade Policy Committee that import relief be denied. A memorandum outlining the views of NSC including a discussion of the likely foreign reaction is attached at Tab C.

Recommendation: I recommend that you approve the recommendation of the Trade Policy Committee as outlined above.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

If you approve this recommendation, the following documents for your signature are attached at Tab D:

1. A letter to the Secretary of Agriculture concerning initiation of pollination studies.
2. A decision memorandum for the Special Representative for Trade Negotiations which would be published in the Federal Register.

3. Letters to the President of the Senate and the Speaker of the House of Representatives reporting your decision to the Congress.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS

WASHINGTON

16 AUG 1976

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Escape Clause Case on Honey

The U.S. International Trade Commission reported to you on June 29, 1976 its finding by a vote of 3 to 2 that commercial producers of honey are being threatened with serious injury due to increased imports. To prevent such injury, the Commission recommended that the duty on imports of honey from most-favored-nation countries in excess of 30 million pounds be raised to one cent per pound plus 30 percent ad valorem. After 1978, the over-quota rate would be phased down and would terminate at the end of 1980. The present duty of one cent per pound on imports from such sources is equivalent to about three percent ad valorem.

Under the Trade Act of 1974 your decision as to remedy must be made by August 28, 1976. If you do not proclaim the remedy recommended by the Commission, your decision will be subject to Congressional override.

The farm value of the annual domestic honey crop is about \$100 million. While there are only 1,600 commercial producers with an estimated 10,000 employees, as many as 200,000 hobbyists and 10,000 sideliners also maintain hives accounting for about half of the total bee colonies and 40 percent of production. These groups are well organized and have mounted an active campaign for support from the Hill.

As a result, 28 members of Congress have written in support of tariff relief. In addition, 18 members expressed no views but asked that consideration be given to representations from their constituents, almost all favoring import restrictions. Only two members opposed tariff relief.

The Trade Policy Committee (TPC) was unanimous in the view that the case for a finding that the industry is threatened with injury is exceptionally weak. Prices are near record levels and employment has been increasing. Imports have risen but the short domestic crop predicted for 1976 will be well below the recent level of U.S. consumption. On an issue not before the Commission, but on which we received extensive comment, namely, the impact of

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imports on pollination services needed by U.S. farmers, agencies agreed that denial of tariff relief would have no adverse impact on the availability of such services.

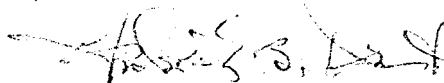
For these reasons, as well as other considerations which you are directed to take into account under section 202(c) of the Trade Act, the TPC recommends unanimously that you (1) determine that tariff relief is not in the national economic interest and (2) direct the Secretary of Agriculture to undertake studies of the importance of pollination to U.S. agriculture and consumers, identifying possible problem areas and recommending appropriate solutions, as needed. This approach has the support of the American Farm Bureau Federation.

I concur in the above recommendations.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

For your information, I am attaching a copy of the paper on this case prepared by the Trade Policy Staff Committee and a list of the members of Congress who have made representations on this matter. Also attached for use if you accept the above recommendations are: (1) a draft letter to the Secretary of Agriculture concerning initiation of pollination studies; (2) a draft press release announcing your decision; (3) a draft decision memorandum which would be published in the Federal Register; and (4) draft letters to the President of the Senate and the Speaker of the House of Representatives reporting your decision to the Congress.



Frederick B. Dent

Attachments

As of: August 16, 1976

Members of Congress Who Have  
Expressed an Interest in Honey

A. In favor of Tariff Relief

Sen. Mike Mansfield (D-Mont)	Cong. John Krebs (D-Cal)
Sen. John Tunney (D-Cal)	Cong. Larry Pressler (R-S.Dak)
Sen. James Abourezk (D-S.Dak)	Cong. John Melcher (D-Mont)
Sen. Paul Laxalt (R-Nev)	Cong. Keith Sebelius (R-Kan)
Sen. Carl Curtis (R-Neb)	Cong. James Abdnor (R-S.Dak)
Sen. Howard Cannon (D-Nev)	Cong. Matthew McHugh (D-NY)
Sen. James A. McClure (R-Idaho)	Cong. Mark Andrews (R-N.Dak)
Sen. Hubert Humphrey (D-Minn)	Cong. Les AuCoin (D-Oreg)
Sen. George McGovern (D-S.Dak)	Cong. Charles Wilson (D-Tex)
Sen. Frank Church (D-Idaho)	Cong. Robert Kastenmeier (D-Wisc)
Sen. Roman Hruska (R-Neb)	Cong. Charles Thone (R-Neb)
Sen. Sam Nunn (D-Ga)	Cong. Robert Leggett (D-Cal)
	Cong. Max Baucus (D-Mont)
	Cong. Virginia Smith (R-Neb)
	Cong. Mike McCormack (D-Wash)
	Cong. George Danielson (D-Cal)

B. Against Tariff Relief

Sen. John A. Durkin (D-NH)	Cong. Edwin Eshleman (R-Pa)
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C. Expressed Interest But Took No Position

Sen. Adlai Stevenson (D-Ill)	Cong. James Cleveland (R-NH)
Sen. James Buckley (R-NY)	Cong. James Haley (D-Fla)
Sen. Floyd Haskell (D-Colo)	Cong. Barber Conable (R-NY)
Sen. Phillip Hart (D-Mich)	Cong. Shirley Pettis (R-Cal)
Sen. Walter Mondale (D-Minn)	Cong. Manuel Lujan (R-N.Mex)
Sen. Alan Cranston (D-Cal)	Cong. George O'Brien (R-Ill)
Sen. Richard Stone (D-Fla)	Cong. William Armstrong (R-Colo)
Sen. Milton Young (R-N.Dak)	Cong. Teno Roncalio (D-Wyo)
Sen. John Culver (D-Iowa)	Cong. Garry Brown (D-Mich)

THE WHITE HOUSE

WASHINGTON

August 17, 1976

MEMORANDUM FOR: ROGER PORTER  
THROUGH: PHIL BUCHEN *T.*  
FROM: KEN LAZARUS *KL*  
SUBJECT: Honey Escape Clause Case

Counsel's Office has reviewed the memorandum to the President on the subject noted above. We have no objection to the recommendation against increased duties which is advanced by Ambassador Dent but suggest that both the memorandum and Presidential Report to the Congress incorporate additional language along the following lines:

"In taking action which differs from the action recommended by the Commission, the President is required by Sec. 203(b) of the Trade Act of 1974 to report to Congress on the reasons underlying his action. This reportorial requirement is by itself of course appropriate. However, by Sec. 203(c) of the Trade Act, Congress has also attempted to empower itself with the authority to disapprove of such Presidential action by force of a concurrent resolution. Such legislative "vetoes" are considered by the Executive to be violative of fundamental constitutional precepts and thus without effect. The question is currently at issue in litigation which is being actively pursued by the Department of Justice."

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August 23, 1976

MEMORANDUM FOR: ROGER PORTER  
FROM: JEANNE W. DAVIS *WJD*  
SUBJECT: *J* Escape Clause Case: Honey

This is in response to your request for our comments and recommendations on Ambassador Dent's memorandum concerning the honey escape clause case.

We strongly support the unanimous recommendation of the Trade Policy Committee that import relief be denied. In our view, the facts do not justify granting of relief:

- Profits of commercial honey producers have more than doubled over the past five years.
- There is no evidence that production facilities are idle.
- Employment in the industry has increased in recent years.
- In 1975, prices received by producers (for bulk unprocessed honey) were nearly 28¢, or 154% above the 1971 level.

The interagency task force report on this case indicates that fluctuations in domestic output are primarily the result of changes in the average yield, which is affected by weather conditions, pest and disease losses, availability of nectar sources, etc. Imports apparently have little direct effect on domestic honey production. Rather, imports serve to offset shortfalls in output and generally increase whenever US production is insufficient to meet domestic requirements. In 1976, imports will again be necessary to keep supply and demand in balance. Under these circumstances, the tariff rate quota system recommended by the ITC would have an inflationary impact on the economy.

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Increasing protection for domestic honey producers would also be inconsistent with our efforts to achieve a more open international trading system. Foreign governments could demand compensation or retaliate against US exports. Moreover, such action would raise questions about our commitment to improve market access for goods from developing countries since Mexico, Brazil, and Argentina are among the principal foreign suppliers of honey. The Mexican and Brazilian governments have already expressed their concern about the ITC recommendations.

For all of the above reasons, we believe the President should deny relief in this case. We do, however, support Ambassador Dent's request for a study by the Agriculture Department of the impact of imports on pollination services.



## The U.S. Duty on Honey Imports

As required by Section 203(b)(2) of the Trade Act of 1974, I am transmitting this report to the Congress setting forth my determination that import relief for commercial producers of honey is not in the national economic interest. Since I have determined that the tariff remedy recommended by the United States International Trade Commission (USITC) should not be implemented, I am setting forth the reasons for my decision and other action I am taking in response to the widespread interest expressed by U.S. agriculture in honeybee pollination of U.S. crops.

In taking action which differs from the action recommended by the Commission, I am required by Sec. 203(b) of the Trade Act of 1974 to report to Congress on the reasons underlying this action. This reportorial requirement is by itself of course appropriate. However, by Sec. 203(c) of the Trade Act, Congress has also attempted to empower itself with the authority to disapprove of such Presidential action by force of a concurrent resolution. Such legislative "vetoes" are considered by the Executive to be violative of fundamental constitutional precepts and thus without effect. The question is currently at issue in litigation which is being actively pursued by the Department of Justice.

U.S. honey production, valued at about \$100 million in 1975, has varied from year to year but has historically fallen

below domestic consumption requirements. Imports have also varied widely, with the volume tending to even out consumption needs. The Department of Agriculture recently released its initial forecast for 1976 honey production, which indicates that for the third year in a row, the crop will be short, due in large measure to adverse weather conditions. The anticipation of low domestic production (nearly 50 million pounds below 1973) and the desire to avoid higher duties in the event of escape clause relief probably explains a significant part of the increase in imports of 1976.

The finding of threat of injury by three of the five Commissioners voting in this case covers only the commercial production and extraction of honey. It does not cover hobbyists and sideliners, i.e., producers with less than 300 colonies, and the Commission found unanimously that processors and packers were not injured or threatened with injury. With regard to the commercial producers, data reported by the Commission for 1971-75 show rising sales, no idling of productive facilities and an increase in employment. Commercial producers' employment totals an estimated 10,000 persons, whereas part-time beekeepers and hobbyists total 218,000.

Producers' stocks since 1970 have been low as compared with the previous decade. Total stocks reported for 1975 were only slightly higher than in 1973 and were ten percent

below the 1970 level. Prices received by producers for unprocessed bulk honey in 1975 were two and one half times the 1971 level and were not far below the all-time high reached in 1974. Profits in 1975 were 162 percent above 1971 and were higher than for any year except 1973, when yields, which have an important impact on profits, were 31 percent higher.

Under the circumstances noted above, it is not anticipated that any substantial number of commercial producers or their employees are likely to seek adjustment assistance. However, any firms or workers who consider they can meet the statutory criteria can petition for such assistance under Title II, Chapters 2 and 3, respectively, of the Trade Act of 1974.

Import restraints would expose U.S. industrial and agricultural trade to compensatory import concessions or retaliation against U.S. exports. An increase in protection would also weaken the bargaining position of the United States in bilateral consultations, and multilateral negotiations in which we are seeking improved access to foreign markets for our producers.

The national economic interest requires continued emphasis on reducing the rate of inflation. A remedy threatening price increases would work at cross purposes with our stabilization goals.

In considering the effect of import restraints on the international economic interests of the United States, as required by the Trade Act of 1974, I have concluded that such restraints, while affecting only a small share of our total imports, would be contrary to the U.S. policy of promoting the development of an open and fair world economic system. The goal of this policy is to expand domestic employment and living standards through increased economic efficiency.

In the course of this investigation extensive material was received concerning the role played by honeybees in pollinating certain crops. While total honeybee colonies in the United States have declined over the past 25 years, the major causes are pesticides, decreased bee pasturage and changes in cropping patterns. Imports of honey were not a significant factor. While a considerable amount of research has been done on pollination, more information on certain aspects of the subject would be useful. I have, therefore, instructed the Secretary of Agriculture to initiate studies of the importance of pollination to U.S. agriculture and consumers, to identify possible problem areas and to recommend appropriate solutions, as needed.

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FROM: JAMES E. CONNOR

TO: DICK CHENEY

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