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THE WHITE HOUSE  
WASHINGTON

September 17, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN  
FROM: JAMES E. CONNOR *JEB*  
SUBJECT: Implementation of Your Decision on  
Mushroom Imports

Confirming a phone call to your office, the President has reviewed your memorandum of September 16th on the above subject and has signed the memorandum to the Special Representative for Trade Negotiations.

The signed memo has been sent to Bob Linder for file and appropriate handling.

cc: Dick Cheney  
Bob Linder/with attachment

8 9/17/76

THE WHITE HOUSE  
WASHINGTON

September 16, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*  
SUBJECT: Implementation of Your Decision on  
Mushroom Imports

In accordance with your decision at this morning's EPB Executive Committee meeting approving the recommendation that you direct the Special Representative for Trade Negotiations to seek a reinvestigation of the mushroom import matter by the U.S. International Trade Commission and that you direct the STR to discuss the mushroom import problem with the major supplying countries with a view to obtaining their commitment to moderate the quantity of exports to the U.S., a memorandum to the Special Representative for Trade Negotiations is attached for your signature.

In accordance with our pattern on previous trade policy matters, your decision will be announced in a press release from STR which will be made available at the White House Press Office as well as at STR. A background fact sheet has also been prepared by STR and will be made available to the press. The release, which is scheduled for tomorrow, Friday, September 17, has been coordinated with STR and the White House Press Office.

Ambassador Dent will handle domestic industry prenotification and congressional prenotification in coordination with Max Friedersdorf's office.

Recommendation: That you sign the memorandum to the Special Representative for Trade Negotiations which is attached. This has been cleared by the Editorial Office. (Smith)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE SPECIAL REPRESENTATIVE  
FOR TRADE NEGOTIATIONS

SUBJECT: Possible Import Relief to the  
U.S. Mushroom Industry

I am informed that there has been a dramatic increase in imports of canned mushrooms since my implementation on May 17 of the U.S. International Trade Commission's findings (March 1976) that serious injury was being caused or threatened to the domestic industry by imports and that expedited trade adjustment assistance for U.S. mushroom growers and canners and employees should be granted. In view of what appears to be a significant increase of mushroom imports from trends that existed during the period covered by the six-month investigation of the U.S. International Trade Commission earlier this year, I am directing you to request the Commission to promptly undertake a further investigation with respect to this industry under the import relief provisions of the Trade Act. This will enable the Commission to make a new finding with respect to the appropriate remedy for injury, or threat of injury, found to exist. Please urge the Commission to review this case promptly and to issue its report on an expedited basis.

During the interim period before receipt of a Commission report, you are directed to conduct discussions with the major supplying countries of canned mushrooms to the United States market with a view to obtaining their commitment to moderate the quantity of exports to this country.

In order to obtain timely information on import volumes, the Commissioner of Customs should be requested to institute a special monitoring system to provide weekly tabulations on canned mushroom imports.

*Gerald R. Ford*

THE WHITE HOUSE  
WASHINGTON

September 16, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: L. WILLIAM SEIDMAN  
FROM: JAMES E. CONNOR *jet*  
SUBJECT: Mushroom Imports

The President has reviewed your memorandum of September 15th on the above subject and has approved your recommendation that he direct the Special Representative for Trade Negotiations to seek a reinvestigation of the matter by the USITC and that he direct the STR to discuss the problem with the major supplying countries with a view to obtaining their commitment to moderate the quantity of exports to the U. S.

Please follow-up with the appropriate action.

cc: Dick Cheney  
Bob Linder

THE WHITE HOUSE

WASHINGTON

September 15, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Mushroom Imports

On March 17, 1976, the U.S. International Trade Commission (USITC) announced its finding that the domestic mushroom canning industry was being injured or threatened with injury by imports and recommended expedited adjustment assistance as the remedy. On May 17, 1976, as required by law, you accepted the recommendation of the USITC and ordered expedited adjustment assistance for the industry and its workers.

Since May mushroom imports have rapidly escalated. Imports during the first seven months of 1976 were up 29 percent over the comparable period in 1975. Imports during June and July this year were 108 percent higher than the comparable period in 1975 and far exceeded the previous record for imports in any one month.

Mushroom Imports  
(thousands of pounds)

	<u>1975</u>	<u>1976</u>
January-May	23,330	21,744
June	4,708	10,391
July	<u>6,025</u>	<u>11,939</u>
January-July	34,063	44,074

Government figures for August will not be available until September 24. However, spot checks with selected ports indicate that the pattern of increased imports is continuing. If this pattern of significantly increased imports continues, imports would equal total current U.S. consumption.

The surge in mushroom imports comes primarily from the Republic of China and the Republic of Korea. They have captured a large share of the U.S. market because of their significantly lower production costs. Moreover, restraints on mushroom imports by the European Community have exacerbated the situation.

Domestic mushroom producers, which are concentrated in Pennsylvania and Michigan, question the effectiveness of adjustment assistance as a solution to their problem and are distressed by the dramatic increase in imports since the matter was reviewed by the USITC.

The industry has urged restrictive legislation in the Congress. Since hearings have not been held on these bills, it is virtually certain that no legislative action will be taken this session. On September 2, 1976, the Trade Subcommittee of the House Ways and Means Committee passed a concurrent resolution calling upon the President to negotiate with representatives of foreign governments in an effort to obtain agreements limiting exports of mushrooms to the United States. If these negotiations are unsuccessful during a 90-day period, the resolution calls for a referral of the case to the USITC. The future of this resolution in the Congress is uncertain.

The Economic Policy Board has reviewed this issue and there is general agreement that the situation for the domestic mushroom industry has significantly deteriorated in the period since the USITC announced its finding and that some action is merited. This conviction is strengthened by the restraints applied to mushroom imports by the European Community which have resulted in a diversion of exports to the U.S. market.

There is agreement that the best legal course available is to seek a reinvestigation of the matter by the USITC and to direct the Special Representative for Trade Negotiations to discuss the problem with the major supplying countries (Korea and Taiwan) with a view to obtaining their commitment to moderate the quantity of exports to the U.S.

#### Recommendation

The EPB Executive Committee unanimously recommends that you direct the Special Representative for Trade Negotiations to seek a reinvestigation of the matter by the USITC and that you direct the STR to discuss the problem with the major supplying countries with a view to obtaining their commitment to moderate the quantity of exports to the U.S.

John Marsh, James Cannon, Brent Scowcroft, and Max Friedersdorf concur with this recommendation.

Philip Buchen has no objection.

Approve



Disapprove

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