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OCT 29 1975

California Asparagus Growers' Association

INC.

1850 WEST CHARTER WAY
MAILING ADDRESS: P. O. BOX 1762TELEPHONE (209) 465-3482
STOCKTON, CALIFORNIA 95201

October 27, 1975

The Honorable Clair W. Burgener
House of Representatives
Washington, D. C. 20515

Dear Mr. Burgener:

The California Asparagus Growers' Association has viewed the imports of foreign asparagus as a serious threat to our industry in California. We have appeared before the United States International Trade Commission on several occasions, the last being in Washington, D. C. October 21, 1975. Many other allied industries including canners and labor groups have testified about the plight of our industry.

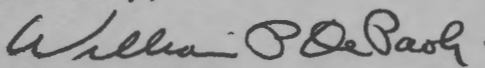
A countervailing duty petition was filed and our findings were substantiated by the Treasury Department that subsidies were being given by the Mexican government to Mexican processors and exporters. It is anticipated a determination in our favor will be made by the Treasury Department either in January or February of 1976. A second petition was filed seeking higher tariffs or perhaps a quota type program restricting the amounts of imports.

We are submitting the following testimony information to you: The Honorable Congressman John J. McFall, The Honorable Congressman B. F. Sisk, William DePaoli, Teamsters California State Council of Cannery and Food Processing Unions and Andrew Imutan. We would appreciate you reading this information and submitting a written statement to the United States International Trade Commission prior to November 13, 1975, the final date testimonies can be submitted.

We are extremely fearful imports will increase to the point the domestic industry will be lost. We will then be at the mercy of the importers, at whatever price they would demand. We hope you might be able to submit testimony that could help to preserve our industry.

Thank you.

Sincerely,



William P. DePaoli
Executive Manager

jm

Enclosed



CALIFORNIA ASPARAGUS GROWERS' ASSOCIATION

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PRESIDENT

WALTER HECHTMAN
VICE PRESIDENT

RICHARD LOGEMANN
SECRETARY-TREASURER

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JOE TIAGO

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TESTIMONY OF THE HONORABLE JOHN J. MC FALL
BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION
ON OCTOBER 14, 1975, IN SAN FRANCISCO, CALIFORNIA
PETITION BY DOMESTIC ASPARAGUS INDUSTRY FOR IMPORT RELIEF

Mr. Chairman (Mr. Will E. Lenard) and Members of the Commission:

It is a privilege to again appear before your Commission on the matter of asparagus.

In October of 1972 and on March 13, 1975, I presented testimony before you in relation to the problems of the asparagus industry in California, particularly in my District.

Thousands of people depend upon the domestic asparagus industry for their livelihood and the industry contributes very significantly to the economy of my District and of the State.

Asparagus is a high labor crop both on the farm and in the processing plants. Most of the employment by the asparagus industry comes at a time of the year when, for the workers involved, no other employment opportunity exists. This employment is not only significant because of the numbers employed but is especially significant because it constitutes a major part of a cycle of agricultural employment. Workers in our area both on the farm and in the processing plants depend upon getting a substantial part of their yearly income from each of a number of crops, one of which is asparagus. If asparagus were lost, the cycle would be broken and the work force could be lost.

The importance of this employment opportunity cannot be over-emphasized. The District which I represent is an area of chronic unemployment now aggravated by the current recession. Most of the unemployed look to agriculture or agriculturally-related industry as their only employment opportunity. The problem is a very serious one, the proper solution of which depends upon your review and advice.

In 1972 the domestic asparagus industry began its quest for import relief. Since that time imports of asparagus from primarily Mexico and Taiwan have increased tremendously while domestic asparagus production has dwindled.

This year was by far one of the worst years the asparagus industry in my District has had. The fresh market was weak and canners were reluctant to pack asparagus. A large number of on the farm and processing plant workers who for many years worked in asparagus



were unable to find employment. Many growers who could not find a home for their products have been forced to plow out their crop. This was the first year that white asparagus had not been packed in my District since before 1935.

The predictions of disaster made by the Domestic Asparagus Industry have unfortunately been proven true.

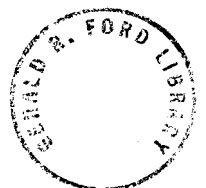
The tremendous competitive advantage that the foreign producers have as related to the domestic asparagus industry appears in great part to be due to the vast difference in labor costs and cannot be overcome by the domestic producers.

Without import relief, more processors will terminate asparagus processing operations, thus exporting badly needed jobs and revenue.

The present situation existing in the domestic asparagus industry requires immediate import relief and further delay of such action will result in the complete loss of our industry to Foreign countries.

I trust this Commission will carefully analyze the facts and recommend accordingly.

Thank you.



TESTIMONY OF CONGRESSMAN B. F. SISK BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION, OCTOBER 21, 1975, REGARDING INVESTIGATION NO. TA-201-4

Mr. Chairman - When the California Asparagus Growers Association, Inc./Washington Asparagus Growers Association petition was given to me for review I was quite startled by the data they had gathered. To be quite frank, I was mystified that exports had become so dominate as to make the current tariff negligible.

I had the pleasure, early thisyear, in appearing before you to discuss agriculture's role in your recommendations to the President as provided for in section 131 of the Trade Act of 1974.

Today, however, we are looking at another aspect of the Trade Act of 1974, section 201, which specifically calls for the International Trade Commission "to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the article."

In the House Ways and Means Committee report (House Report No. 93-571) your responsibilities are clearly spelled out, and I know you will review the data in the petition quite carefully.

In capsule form you are required to take into account the significant idling of productive facilities in the industry. The petition shows that in 1962 there were 15 California canning companies processing asparagus. There are five in operation today. Also, there are only four plants freezing asparagus today.

You are also to look at underemployment in the industry. The petition cites a loss of 2,066 field jobs, and 672 jobs in the processing end.

You are also required to look at declining sales. In this case it is called to your attention that production has gone from 376 million pounds in 1950 to 260 million pounds last year.

Under the substantial clause portion of the law, you are asked to consider an increase in imports and a decline in the proportion of the domestic market supplied by domestic producer. In the fresh market, from 1965 to 1969, U.S. producers supplied 89.1 million pounds. Imports accounted for 2.2 million pounds. However, in the period 1970 to 1974 U.S. production had dropped to 87.7 million pounds and imports accounted for 7.2 million pounds. The same ratios hold true for both the frozen and canned product as well.

It is my considered opinion that the preponderance of evidence before you supports the petition. Indeed, imports are causing a substantial impact on the nation's producers to provide for the demand on the country's consumers. We trust your final findings will reflect this and afford the industry its proper relief.

Thank you.



TESTIMONY OF WILLIAM P. DE PAOLI
EXECUTIVE MANAGER OF THE CALIFORNIA ASPARAGUS GROWERS' ASSOCIATION
BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION ON
OCTOBER 14, 1975, IN SAN FRANCISCO, CALIFORNIA

Madame Chairperson and Members of the Commission:

I am William P. DePaoli, Executive Manager of the California Asparagus Growers' Association located in Stockton, California. I reside at 8356 Terrace Drive, Stockton, California.

On March 13, 1975, I appeared before this Commission and submitted testimony relating to the asparagus industry in California. On page 4 of my testimony I stated, "Subsequent to 1963 to and including 1975, the San Joaquin and Sacramento Delta Section witnessed a chaotic condition which is still continuing, resulting in more plowouts, loss of international markets, loss of domestic markets by imports of foreign asparagus and thousands of layoffs of qualified field and cannery workers. This year processors are informing some of their respective asparagus producers they will not accept their asparagus for processing."

Now that the 1975 season is behind us, we can now determine exactly what took place. My statements to the Commission were correct. Cannerys in California were extremely reluctant to can asparagus due to a very high carryover of the 1974 pack. In many instances, cannerys informed growers they would not accept the growers' product. These asparagus growers who could not dispose of their asparagus either to the fresh market or to the freezers plowed out their acreages.

Numerous growers on heavy sedimentary soils, because of the lateness of the time their asparagus beds come into production, cannot ship to the fresh market. The normal decline in fresh market prices does not allow for economic delivery to the fresh market after about April 10th. Those growers whose beds produce early are also confronted with the decline of the fresh market prices. In our industry we have basically three outlets - fresh, frozen and canned.

Annually the fresh market outlet is looked upon as a key to the stabilization of our industry. Not only does our fresh market portion of our season create more jobs, it provides an opportunity to avoid an over-supplied condition in the processing segment. As an example, we can look at the 1975 season. The great influx of Mexican fresh market



asparagus into our markets simultaneously with ours, forced many of our growers to terminate their fresh market shipments two to three weeks earlier than normal. The chain reaction then began - these growers then were forced to find processors to accept their asparagus. Normally at the outset of our season, all growers ship to fresh market. Then when the freezers are prepared to open for processing, the freezer growers normally divert their entire production to the freezers, leaving the cannery growers to continue supplying the fresh market until the canners open, usually later on in the season. In order to market their entire production, growers must exhaust demand on all of the three marketing outlets each year to yield a fair return.

In a case of growers traditionally delivering to canners being told by the canners their crop will be refused, they could not deliver to freezers for the simple reason freezer processors historically have commitments to their respective growers.

In my judgement, the reluctance by canners to pack our commodity during the past season can be attributed primarily to imports. To substantiate our claim that foreign imports of canned asparagus are creating havoc in our domestic market, the last remaining packer of canned white terminated all processing of white asparagus in 1975. Not one case of white asparagus was packed in California or in the United States. This marks an end to a once thriving industry. It is our desire to regain our position in the market place but this will be difficult to accomplish without adequate tariffs or import quota relief. Hickmott Foods, Inc., a canner of asparagus for many years, shut down their asparagus canning operation and did not pack any asparagus in 1975. The cloud of imports of canned asparagus has created an atmosphere where canners are reluctant to process or carry substantial quantities on hand, thereby resulting in reductions of past and future packs.

In my testimony of March 13, 1975, I further stated the domestic canned green asparagus is also being threatened by foreign competition. In 1960, 1,945,091 cases of asparagus were canned in California as compared to 1,638,801 cases in 1974 - a reduction of only 300,000 cases - an approximate decrease of 16% during a fourteen year period. Imports prior to 1966 were relatively nil. But in 1975, the California canned green pack totaled 530,947 cases, a reduction of 1,107,854 cases - an approximate decrease of 52% in one years time.

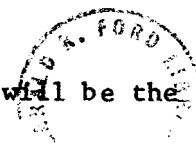


This was the smallest pack of canned green asparagus since 1941 when records show a total of 498,796 actual cases. Indeed, this 1975 pack is a disaster! Consumers in the United States now can purchase foreign canned green asparagus produced either in Mexico or Taiwan. The identical trend is developing to our canned green asparagus pack that developed in our canned white pack. In subsequent testimony, you will hear of continued incentives to plant asparagus in Mexico and Taiwan resulting in increased imports into the United States. Any why not, I ask. If a can of foreign green or white asparagus is only 1¢ per can cheaper to the wholesaler and is packed under a private label, a label which is also used and packed in the United States, I am confident the wholesaler would purchase the lesser priced product and the consumers would not know the difference. However, once our domestic markets have been circumvented and abolished, foreign producers and foreign canners will have a captive market in the United States as in the example of the canned white asparagus. Under these conditions, prices of canned asparagus will unequivocally escalate more rapidly with United States consumers not having an opportunity to purchase a United States produced product.

Annually, our workers in the industry request increases in wages irrespective of whether or not the asparagus grower receives a decrease, remains in a status quo position or even receives an increase in the price of the raw product. Our workers are in most cases justified in receiving higher wages, for they are not exempt from the same inflationary problems you and I face.

The 1976 projected acreage in California will again drastically decrease, principally in the San Joaquin-Sacramento Delta section. The California official acreage survey is conducted during the latter part of October and November of each year, however, we have conducted an acreage survey by mailing out questionnaires to the California growers. Preliminary findings of this survey indicate California acreage to harvest for the 1976 season will decrease about 4,815.9 acres, reducing the 1975 California asparagus acreage of 38,138.4 acres to approximately 33,322.5 acres.

The major processing production areas of San Joaquin - Sacramento Delta will be the



most affected in acreage plowouts. Our acreage survey conducted earlier this year indicated these areas to have 27,935.8 acres including new plantings. It is projected for the 1976 season to be only 23,701 acres, a decrease of 4,234.8 acres, however, additional plowouts could take place if canners are again reluctant to pack little asparagus.

According to a United States Department of Agriculture report published on September 1, 1975, United States asparagus acreage and production is substantially lower than in 1974.

California asparagus production for 1975 is set at 107,000,000 pounds, 16% less than last year. The decline in production was due mostly to a smaller acreage, although average yield was also lower.

United States production of asparagus for fresh market and processing in 1975 is estimated at 220,000,000, 16% below last year. Acreage harvested was down 7% from a year ago and yield was down 200 pounds per acre.

The vast majority of asparagus growers in California no longer foresee an opportunity for expansion and we are losing even the acreage we now have mainly because of the instability of the markets caused by imports, the vast disparity in economics, cultural costs and processing costs in the United States as compared to foreign countries. The present tariff rates on all forms of imported asparagus are totally inadequate to preserve our industry in California and the United States.

Prior to August 31, 1963, the effective date of the TSUS, the fresh asparagus now dutiable under the TSUS item 137.85 was provided for under paragraph 774 of the Tariff Act of 1930. The rate originally provided by that act, 50% ad valorem, was first modified in a trade agreement with Argentina, becoming effective November 15, 1941. As a result of that agreement, the rate was reduced to 25% ad valorem. For the last 34 years, all imports of fresh asparagus have been dutiable at 25% ad valorem. The original rate of tariff on frozen and canned asparagus was 35% ad valorem. Then it was reduced to 17.5% ad valorem, effective May 22, 1948 as a result of another trade agreement. For 27 years then, canned and frozen asparagus has been dutiable at 17.5% ad valorem.



Imports prior to 1966 were negligible or relatively nil. We admit the existing United States tariffs at that time were apparently effective and a deterrent to foreign asparagus producing countries from exporting asparagus into the United States. Subsequent to 1966 and to date, the United States asparagus producer and processor costs have pyramided to levels whereby the present tariffs based on unrealistic "constructed values" have become insufficient. United States labor and material, processing costs, which include health, safety, environmental, sanitation and other general welfare type costs, in general increased more rapidly than our foreign counter-parts and the existing tariffs do not compensate for our escalation of costs. With this condition existing, it is quite evident with increased imports, foreign asparagus producing nations are capitalizing on this opportunity.

The San Francisco Chronicle edition dated Wednesday, September 24, 1975, page 61, contained an article titled, "The Protesters and Del Monte." In this article, a Mr. Jack Ahern, Executive Director of the Commission on Social Justice of the San Francisco Archdiocese, stated, "...expressed the 'Catholic concern' with the low wages paid farm workers in Del Monte's white asparagus operations in Mexico since the company moved most of its white asparagus canning from the San Joaquin valley." I wish at this point to correct Mr. Ahern's statement and state that Del Monte ceased all white asparagus operations in the San Joaquin valley in 1969.

Mr. Alfred W. Eames, Jr., Chairman of the Board of Directors of Del Monte, responded by Mr. Ahern's statement by stating, "California farmers were not able to get the stoop labor to harvest white asparagus." Madame Chairperson and Members of the Commission, this statement is circumventing the actual fact. We in California had the labor force to harvest white asparagus and we still do. My response to Mr. Eames is give the California Asparagus Growers' Association white asparagus orders and we will fill these orders with American produced white asparagus and harvested with American labor who are anxious to retain their jobs in the white asparagus industry in the United States.

It is quite obvious, Del Monte and other large United States asparagus processors located in Mexico have viewed and capitalized on a cheap labor force. With this cheap



labor, these large corporate structures have totally destroyed our white asparagus industry in the United States and are now about to wipe out the green asparagus industry as well. Our growers, workers and communities want to preserve our domestic asparagus industry and the very important jobs relating thereto.

In summary, our 1975 season was drastically curtailed by canners refusing to can our product and the fresh market shipping season was restricted by the substantial imports of Mexican fresh market shipments. With these conditions existing, the growers either plowed out or were forced to terminate their harvesting season approximately one month earlier than normal. This resulted in the loss of thousands of jobs in the fields and processing plants. In addition, it is estimated monetary losses to workers and growers and allied industries amounted to millions of dollars.

Madame Chairperson and Members of the Commission, we have appeared before you on several occasions relating to you the plights of our industry. We have conscientiously projected to you on these occasions the future of our industry. Our projections are quite accurate. Without adequate and immediate relief in the forms of higher tariffs and quota systems limiting imports, our industry in California and the United States is doomed.

Thank you.



**STATEMENT OF TEAMSTERS CALIFORNIA STATE COUNCIL OF CANNERY AND FOOD PROCESSING UNIONS
BEFORE THE INTERNATIONAL TRADE COMMISSION - OCTOBER, 1975, SAN FRANCISCO, CALIFORNIA**

We have tried unsuccessfully for 3 years to deal with the problem of the growth in the importation of processed asparagus at the expense of California workers. The steady decline in employment of Northern California workers engaged in processing asparagus coupled with the current high unemployment in Northern California makes it imperative that the problem of imports of processed asparagus from Mexico and Taiwan be dealt with effectively. It is ironic that the United States permits American companies to process asparagus overseas and then send the product back to the U. S. without the imposition of any penalties. American industry has many privileges and has been permitted to grow globally in size. The question remains - "Should American companies abandon American operations and carry on foreign operations at the expense of our domestic economy?"

The following statistics give some indication of the changes that have been taking place. Table 1 shows the sharp decline in food processing plants which processed asparagus since 1964.

TABLE 1
NORTHERN CALIFORNIA PLANTS
PRODUCING PROCESSED ASPARAGUS
1964 - 1975

<u>YEAR</u>	<u>CANNERIES PROCESSING ASPARAGUS</u>	<u>FROZEN FOOD PLANTS PROCESSING ASPARAGUS</u>	<u>TOTAL</u>
1964	15	8	23
1974	6	2	8
1975	5	1	6

As a consequence of the sharp decline in the number of plants processing asparagus, the number of employees has likewise declined sharply. Moreover, those plants that are operating have cut out shifts and employees.

TABLE 2
EMPLOYMENT ASPARAGUS PROCESSING PLANTS
NORTHERN CALIFORNIA
1964 - 1975

<u>YEAR</u>	<u>TOTAL EMPLOYEES (Rounded Off)</u>
1964	7,500
1974	3,280
1975	2,000



Other employees have also been affected by the decline in asparagus processing. These include field workers, can plant employees, printers, truckers, etc.

The current unemployment figures for Northern California and the San Joaquin Valley are the highest since the depression. More than 10 and 3/10ths percent of workers in the San Joaquin Valley area have been unemployed during the year 1975.

One questions which remains is why we should be importing food of this type when the world demand for food is so great. We in the United States are not in need of imports from Taiwan and Mexico. We have the capability of producing more than enough for the needs of the American people. We have a modern and versatile agricultural industry. We have a technologically food processing industry and we produce quality products at reasonable prices. We are concerned about the trend of American companies to process food abroad

and send it back to the U. S. We feel that measures must be taken to protect American jobs and the American economy against American business ventures who move operations to foreign countries.

LOCAL #601 - STOCKTON

California Cannery & Growers Plant #7 in 1974 employed 253 persons for 12 weeks.

In 1975 California Cannery & Growers Plant #7 employed 155 persons for 13 days on 1st shift and 150 persons for 6 days 2nd shift.

Tillie Lewis Plant #1 in 1974 employed 942 persons on a two shift operation for 12 weeks.

In 1975 only 689 persons worked 5 weeks.

Tri-Valley #4 in 1974 employed 307 persons for 12 weeks and in 1975 only worked 5 weeks.

LOCAL #678 - ANTIOCH

Hickmott Canning Company employed 245 persons in 1974 for 10 weeks and after the season, the Local Union was notified that Hickmott Canning would not process asparagus in 1975, and this was a true statement.

LOCAL #857 - SACRAMENTO

Del Monte #11 in 1974 - 550 persons worked 8 - 10 weeks and in 1975 - 370 persons worked 4 weeks.



TESTIMONY OF ANDREW IMUTAN
PRESIDENT OF THE PILIPINO BAYANIHAN, INC.
BEFORE THE UNITED STATES INTERNATIONAL TRADE COMMISSION ON
OCTOBER 14, 1975, IN SAN FRANCISCO, CALIFORNIA

Madame Chairperson and Members of the Commission:

My name is Andrew Imutan. I am presently the President of the Pilipino Bayanihan, Inc., a community union. Our organization has more than 700 members, 80% of whom are farm workers either retired or still working. We offer different services to the community such as: Manpower Program (which places applicants in jobs), Youth Program (which provides information/referral assistance, counselling, employment, recreational activities), Migrant Workers Program (which provides direct assistance to migrant farm workers in the areas of manpower, medical assistance, information/referral), Para-legal Program (which provides representation before local hearing boards, prepare income taxes and provide notary services), and a Senior Citizens Program. Before this, I was one of the Vice Presidents of the United Farm Workers from 1965 - 1972 which gives me the reason to say that I have a very long exposure to the asparagus industry. It is, therefore, with great concern that I observe less and less acreage of asparagus left from year to year.

The white asparagus acreages are no longer there resulting in the scarcity of jobs available, principally to our people, the Filipino farm workers, who, through the years, have been the backbone of the asparagus industry. Farm workers, especially the Filipinos through the years, have relied on asparagus as a routine part of their work pattern. During the months of February to early June, the only farm job available to the majority would be asparagus. If, because of foreign competition in our markets, this asparagus industry will no longer be there, then thousands of farm workers will be without work in those months, which would mean more welfare recipients, etc.

It is because of the terrific competition from foreign asparagus that has given growers less incentive in getting involved with the asparagus crop.

As early as twenty years ago in California, there were 78,229 acres planted with asparagus producing both white and green with the asparagus industry employing approximately 13,000 cutters (in fact, they had to import braceros to meet their tremendous need for



workers then). Additional thousands of workers were also employed in packing sheds and other related aspects of harvesting asparagus as well. But today, only 38,138 acres are planted in California and there is no more white production, therefore, only approximately 9,000 cutters are needed to cut the fields.

We believe that the asparagus industry should be given full support by our government. We believe that tariff and control should be imposed on foreign asparagus imports in order to reduce the entry of competition so that the asparagus growers will have the incentive to increase acreage, and thereby, increase labor demand, which could put more farm workers to work at the time when they most badly need jobs.

It is therefore, with this plea that we ask the commission to strongly recommend that tariffs be increased on asparagus imports.

Thank you.



JULIEN
HERON

MEMORANDUM

TO: The Honorable Clair W. Burgener

FROM: Imperial Valley Asparagus Growers Association

DATE: January 30, 1976

SUBJECT: Asparagus - Escape Clause

On January 12, the International Trade Commission transmitted to the President its Report and Recommendations with regard to imports of fresh, canned and frozen asparagus. Page references in this memorandum refer to that Report.

The Commission split 3-3. This means the President may adopt either Recommendation which then becomes the finding of the full Commission. Three Commissioners recommended imposition of a quota on fresh asparagus for the months of February, March and April in the amount of 700,000 pounds per month. No further restrictions were recommended. One Commissioner who did not recommend a finding of injury nevertheless recommended a quota be imposed if the President adopted the Recommendation which found injury and recommended a quota.

The Imperial Valley Asparagus Growers Association represents asparagus producers in the Imperial Valley of California. Growers in this area produce fresh asparagus for the fresh market. Fresh asparagus must be distributed and sold within a few weeks after harvest. It cannot be stored for any measurable length of time even though refrigeration is used (A-4, A-9).

Imports of fresh asparagus come exclusively from Mexico (A-16, A-25, A-118). These imports of fresh asparagus can be broken down into two time periods. Imports during January through April of fresh asparagus from Mexico enter the United States at Calexico, California.* During August and September fresh asparagus from Mexico enters the United States through Hidalgo, Texas (A-16, A-118). The asparagus entering through Calexico, California is grown on 4,000 acres in the Mexicali Valley (A-57). This production is imported by one U.S. importer (A-118). The fresh asparagus imported through Hidalgo, Texas comes from a different area of Mexico.

* Small amounts enter at Nogales, Arizona.



The fresh asparagus entering during the period January through April of each year is of particular importance. The 4,000 acres producing this asparagus in Mexico are operated by one entity. That entity is interrelated with the U.S. importer. There is currently a Customs investigation being conducted against the sole U.S. importer of fresh Mexicali asparagus resulting from alleged undervaluing of the product when entered for consumption (A-25, footnote 1). Thus the imposition of the recommended quota would operate solely against a single commercial operation in both Mexico and the United States which is currently under investigation for violating U.S. Customs laws. The imposition of the recommended quota would not affect in any way the competitive commercial production in Mexico which enters during the period August through September at Hidalgo, Texas.

The International Trade Commission stated at page A-25 of its report:

"Over four-fifths of the fresh asparagus entering the United States from Mexico during the period 1969-73 entered during the period February, March and April. In 1974, 72% of U.S. imports enter during those three months. More than three-fourths of the fresh asparagus imported annually during the 1969-72 period entered at Calexico, California. In 1973 and 1974, 74% and 69%, respectively, entered at that point. This asparagus is produced in the Mexicali Valley of Mexico and is shipped through Calexico at approximately the same time of the year as that shipped from the Imperial Valley of California. Shipments of Mexicali asparagus also coincide to a great extent with fresh asparagus production in other areas of California...."

This case provides an excellent vehicle for illustrating to Mexico that the United States is serious on trade issues. The United States has been urging Mexico for years to join GATT, remove its restrictive import licensing system, remove its import quotas, and change its state trading system. These restrictive practices by Mexico have, as a practical matter, prevented U.S. exports of fruits and vegetables to Mexico. Taking positive action with regard to asparagus would cause very little actual injury to Mexico as a whole or to its asparagus production other than the one operation in the Mexicali Valley. However, it would do two things. First, it would be of real and meaningful benefit to asparagus producers in the United States and those in



California in particular. Secondly, it would be a useful tool for demonstrating to Mexico that the United States expects a change in our trade relations. If such change occurred, it would be possible to negotiate further on the quota established pursuant to this case.

Very truly yours,



Julian B. Heron, Jr.

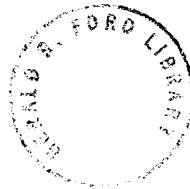


THE WHITE HOUSE
WASHINGTON

March 9, 1976

FOR: JACK MARSH
FROM: BILL GOROG

As requested.



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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM FOR THE HONORABLE L. WILLIAM SEIDMAN
Assistant to the President
for Economic Affairs

FROM: Ambassador Frederick B. Dent

Subject: Escape-Clause Case - Asparagus

Attached hereto are the recommendations of the the interagency trade organization to the President on the asparagus escape-clause report submitted to him by the U.S. International Trade Commission. These recommendations are submitted to the President pursuant to the requirements of Section 242(b)(1) of the Trade Expansion Act of 1962, as amended.

Attachment

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THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Escape Clause Case - Asparagus

On January 12, 1976 the United States International Trade Commission reported to you the results of its investigation made under section 201(b)(1) of the Trade Act of 1974, relating to asparagus. The Commission was equally divided in its vote as to whether the United States asparagus industry is suffering, or is threatened with, serious injury from increased imports.

Under the provisions of the Tariff Act of 1930, as amended, when the Commission's vote is evenly split, as in this ruling, you may consider either position as the official finding. If you accept the negative finding of the Commission, the industry would not be eligible for import relief. Your decision on this matter must be made and published in the Federal Register by March 12, 1976.

This case has been considered in the interagency Trade Policy Committee structure in accordance with section 242(b)(2) of the Trade Expansion Act of 1962. As a result, the following recommendations have been formulated.

These three alternatives are presented for your consideration:

I. All agencies, with the exception of the Department of Agriculture, recommend that you accept the decision of those Commissioners finding that the asparagus industry is not injured or threatened with serious injury. I concur with this recommendation.

Approve _____

Disapprove _____

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II. If the above recommendation is not acceptable to you, this Office, and the Departments of Commerce and Labor recommend that you proclaim a seven million pound global quota on fresh asparagus imported into the United States from February 1 through July 31, with no monthly allocations, effective for a three-year period (with a pro-rated share for partial periods covered by the quota). This option is opposed by the Departments of State and Treasury.

Approve _____

Disapprove _____

III. The Department of Agriculture proposes that a global quota of 4.5 million pounds on fresh asparagus imported January 1 through April 20 be established, with monthly allocations of 0.2 million pounds in January, 0.8 million in February, 3.0 million in March and 0.5 million in April. All other agencies oppose this option and do not consider that import relief is warranted in this case.

Approve _____

Disapprove _____

If you should decide to grant either of the proposed import relief measures (Option II or III), I will prepare the necessary implementing documents.

I might note that Senator Robert P. Griffin of Michigan, Representative Guy Vander Jagt of Michigan, and Senator John V. Tunney, and Representatives John J. McFall and Clair W. Burgener of California have written to ask that you accept the affirmative finding (that there is injury) as the official Commission position. Representative Bill Frenzel of Minnesota has written to ask that the negative finding be accepted.


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For your information, I am attaching a copy of the position paper on this issue prepared by the Trade Policy Staff Committee. I am also enclosing a draft press release and Federal Register notice announcing your decision if you should accept the first recommendation.


Frederick B. Dent

Attachments

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OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

PRESIDENTIAL DECISION UNDER
SEC. 330(d) OF THE TARIFF ACT OF 1930

ASPARAGUS IMPORTS NO CAUSE OF INJURY TO
U.S. ASPARAGUS PRODUCING INDUSTRY
IN ESCAPE-CLAUSE CASE

President Ford decided today to accept as the official finding of the United States International Trade Commission the view of those Commissioners who found that the U.S. asparagus industry is not being injured or threatened with serious injury by reason of increased imports. On January 12, 1976 the U.S. International Trade Commission reported to the President by an evenly divided vote both an affirmative and a negative finding in its investigation of this escape clause case. In such instances, the President is authorized to accept either finding as the finding of the Commission.

Having reviewed all of the pertinent data and numerous submissions made by affected parties, the President has decided to accept the finding of those Commissioners holding that increased imports are not a substantial cause of serious injury, or the threat thereof, to the domestic industry producing asparagus.

After conducting an extensive investigation, those Commissioners finding in the negative reported to the President that "in certain areas of the country there is positive indication that asparagus production is growing and there is no evidence of serious injury ... In areas where acreage of asparagus production is falling, there is evidence that growers have successfully shifted to the production of other crops or found other productive uses for their resources, and have suffered no serious injury in doing so." The Commissioners also found no injury to establishments involved in the processing of asparagus.

Consistent with this decision, therefore, no import relief measures will be applied.



DRAFT PRESS RELEASE

ASPARAGUS IMPORTS NO CAUSE OF INJURY TO
U.S. ASPARAGUS PRODUCING INDUSTRY
IN ESCAPE-CLAUSE CASE

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