

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4634

1 March 1978

Limited Distribution

Original: English

## ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

### Citizens Band Radio Transceivers

The following communication dated 21 February 1978 has been received from the Permanent Mission of the United States.

The United States International Trade Commission reported to the President on 2 February that it had determined that citizens band (CB) radio transceivers, provided for in Item 685.25 of the tariff schedules of the United States, are being imported into the United States in such increased quantities as to be a substantial cause of serious injury or the threat of serious injury to the domestic industry producing an article like or directly competitive with the imported article.

Three Commissioners determined that trade adjustment assistance under Title II of the Trade Act of 1974 would be the appropriate remedy. Three other Commissioners recommended the imposition with respect to CB radio transceivers (except hand-held) of ad valorem import duties, in addition to the present rates of duty, as follows: first year - 30 per cent, second year - 25 per cent, third year - 15 per cent, fourth year - 15 per cent, fifth year - 10 per cent. In the case of such a tie vote with respect to remedy the President may by law accept, reject, or modify either of the recommendations, but is subject to Congressional override. The Trade Act of 1974 provides that the President has sixty days following the receipt of a report from the Commission to determine what method and amount of import relief he will provide, or determine that the provision of such relief is not in the national economic interest of the United States.

The Commission report notes that imports of CB radios were valued at \$839 million in 1976, up from \$251 million in 1975; imports have declined in the past year but have increased their market share to 91 per cent. United States

manufacturers had about 29 per cent of the domestic market in the early 1970s, but their share has dropped to about 9 per cent today. The ratio of imports to United States shipments (i.e. production) increased in every year but one, rising from 338 per cent of domestic production in 1972 to 870 per cent in January-June 1977.

With regard to serious injury or the threat thereof the Commission report notes that: production, profit and employment levels in the industry are declining precipitously. Domestic production in the period January-June 1977, fell to 379,000 units from 678,000 units during the same period in the preceding year, a decline of 44 per cent.

Profit levels in the industry have declined sharply in the last year from a profit margin of 8.4 per cent of sales in the second half of 1976 to a loss of 27.5 per cent of sales in the first half of 1977. Two of the remaining domestic producers filed for bankruptcy under Chapter 11 of the Federal Bankruptcy Act of 1977.

Employment data show that there were 38 per cent fewer persons employed in the domestic industry during the first half of 1977 than during the corresponding period of 1976. Employment in the domestic industry averaged 4,519 in the first half of 1977, down from 6,289 in the first half of 1976.

The current column one import duty of 6 per cent ad valorem on item 685.25 of the tariff schedules of the United States was bound in the Kennedy Round. The item is also bound to Denmark at 12.5 per cent; to the European Economic Community (6) at 12.5 per cent; to the United Kingdom at 15 per cent; with respect to article (except radio receiving sets) and parts, to Japan at 12.5 per cent; and to other countries with limitations excluding CB transceivers from the binding.

Recent United States imports of CB radio transceivers valued over \$30 but less than \$115, by country, were:

(Quantity: '000 units)

Country	1975	1976	1977	1975-77 average
Japan	4,141	13,732	6,527	8,133
Taiwan	101	1,239	787	709
South Korea	13	231	362	202
Hong Kong	5	16	56	26
All other	6	19	9	11
Total	4,266	15,237	7,741	9,081

(Value: \$'000)

Country	1975	1976	1977	1975-77 average
Japan	227,011	744,666	370,882	447,520
Taiwan	4,385	54,734	39,439	32,853
South Korea	562	9,861	14,324	8,249
Hong Kong	215	760	2,137	1,037
All other	476	816	956	749
Total	232,649	810,837	427,738	490,408

The category of over \$30 but less than \$115 is estimated to include only those CB transceivers subject to the import relief recommendation submitted by three USITC Commissioners.

Further details are available in the Commission's Report to the President, USITC Publication 852.

The United States is ready to consult with the CONTRACTING PARTIES and with those contracting parties having a substantial interest as exporters of CB transceivers (except hand-held) in respect of the proposed action.

