

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY THE UNITED STATES

Citizens Band Radio Transceivers

Addendum

TARIFF INCREASE

The following communication dated 10 April 1978 has been received from the Permanent Mission of the United States.

The United States advised the CONTRACTING PARTIES on 21 February 1978 (GATT document L/4634 of 1 March 1978) of a proposed action under Article XIX to increase duties on citizens band radio transceivers.

On 27 March 1978, the President made the following announcement:

"Pursuant to Section 202(b) of the Trade Act of 1974 (P.L. 93-618, 88 Stat. 1978), I have determined the action I will take with respect to the report of the United States International Trade Commission, transmitted to me on 3 February 1978, concerning the results of its investigation of a petition for import relief filed by E.G. Johnson Company on behalf of the domestic industry producing citizens band radio transceivers, provided for in Item 685.25 of the tariff schedules of the United States.

"After considering all relevant aspects of the case, including those considerations set forth in Section 202(c) of the Trade Act of 1974, I have determined that neither of the recommendations of the Commission are appropriate in this case. I have, however, determined that import relief is in the national economic interest and therefore will proclaim a tariff increase with respect to citizens band radio transceivers (except hand-held), provided for in Item 685.25 of the tariff schedules of the United States, of fifteen additional percentage points in the first year, to be phased down in three percentage point decrements for the following two years. The duty would then revert to its current rate of six per cent ad valorem.

"Expedited adjustment assistance would be ineffective in helping the industry cope with current problems of severe inventory overhang, low prices, and financial losses.

"The import relief recommended by the Commission of a thirty percentage point tariff increase is not in the national economic interest because it would substantially increase costs to consumers. In a time when we are striving to control inflation, this cost would be too high.

"The moderate tariff increase over a three-year period that I will proclaim will have a much smaller effect than the thirty percentage point added duty over five years recommended by the Commission. Furthermore, citizens band radio transceivers are a final consumer good precluding ripple price effects on other goods.

"The moderate tariff increase would enable domestically produced citizens band radio transceivers to be competitively priced relative to imports. Domestic manufacturers may be able to expand their share of the market. This could be achieved by utilizing their already developed, but not excess, capacity.

"Firms and workers and communities would still remain eligible for adjustment assistance."

Further details will be communicated in the near future following issuance of the Presidential Proclamation implementing the increases in tariff rates. The United States is ready to consult with the CONTRACTING PARTIES and parties having a substantial interest as exporters of citizens band radio transceivers (except hand-held) regarding this action.

