

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Bicycle Tyres and Tubes

The following communication dated 25 September 1978 has been received from the Permanent Mission of the United States.

On 1 September 1978, the United States International Trade Commission (USITC) reported to the President that it had determined that pneumatic bicycle tires, provided in Item 772.48 of the Tariff Schedules of the United States (other than tubular tires with tubes permanently enclosed therein), and tubes for bicycle tires, provided in Item 772.57, are 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 articles like or directly competitive with the imported articles.

To remedy the serious injury found to exist, the Commission recommended that (1) in lieu of the existing rate of 5 percent ad valorem applicable to United States imports of pneumatic bicycle tires entered under Item 772.48, a rate of 15 percent be imposed for a period of three years and thereafter a rate of 10 percent for an additional period of two years, and (2) in lieu of the existing rate of 15 percent ad valorem applicable to imports of tubes for bicycle tires entered under Item 772.57, a rate of 25 percent be imposed for a period of three years and thereafter a rate of 20 percent for an additional two-year period.

The Commission's report reveals that the number of firms producing bicycle tires and tubes in the United States has declined. One firm ceased production in 1970 and a second in 1976. Since the United States industry now consists of only one firm, the Commission is precluded from releasing to the public certain information, such as data on United States consumption, production, prices, employment, profits and other relevant factors, which would disclose confidential business information. The considerations underlying the Commission's determination are therefore presented in relative terms in its public report.

The Commission reports the following:

A. Imports are increasing relative to domestic production with the result that the United States producers share of the market has declined from 48 percent in 1968 to 29 percent in 1973 and then to 15 percent in the first quarter of 1978.

B. The volume of shipments by United States producers in 1977 was the lowest of any year during the five-year period 1973/77 and amounted to less than half the volume of shipments in either 1973 or 1974.

C. Production for the year 1977 was less than half that in either 1973 or 1974.

D. Producers profits in 1977 were more than 10 percent below those for the previous year and less than half the level experienced in 1974.

E. In 1977 employment of production and related workers was only slightly more than half of the level of employment in 1976 and less than a third the levels prevailing in 1973 and 1974.

United States imports of bicycle tires and tubes by principal sources for the years 1975/77 are as follows (value in millions of dollars):

A. Aggregate imports of tires and tubes:

1975 - all countries 17.9; Taiwan, 5.7; Korea, 5.1; Japan, 3; Sweden, 1.3.

1976 - all countries, 29.9; Taiwan, 14.2; Korea, 9.5; Japan, 3.3; Sweden, 0.9.

1977 - all countries, 34.5; Taiwan, 14.3; Korea, 13.4; Japan, 3.9; Sweden, less than \$100,000.

1975/77 annual average - all countries, 27.4; Taiwan, 11.4; Korea, 9.3; Japan, 3.4; Sweden, 0.7.

B. Imports of bicycle tires:

1975 - all countries, 11.3; Taiwan, 3.6; Korea, 2.5; Japan, 2.1; Sweden, 0.8.

1976 - all countries, 18.0; Taiwan, 8.3; Korea, 5.0; Japan, 2.4; Sweden, 0.6.

1977 - all countries, 21.0; Taiwan, 8.2; Korea, 7.4; Japan, 2.9; Sweden, less than \$100,000.

1975/77 annual average - all countries, 16.8; Taiwan, 6.7; Korea, 5.0; Japan, 2.5; Sweden, 0.4.

C. Imports of tubes for bicycle tires:

1975 - all countries, 6.6; Taiwan, 2.2; Korea, 2.6; Japan, 0.9; Sweden, 0.4.

1976 - all countries, 11.9; Taiwan, 5.9; Korea, 4.5;
Japan, 0.9; Sweden, 0.3.

1977 - all countries, 13.6; Taiwan, 6.1; Korea, 6.0;
Japan, 1.1; Sweden, less than \$5,000.

1975/77 annual average - all countries, 10.7; Taiwan,
4.7; Korea, 4.3; Japan, 0.9; Sweden, 0.3.

Foregoing data include tubular tires which are not subject to the USITC determination. Imports of such tires are estimated to account for substantially less than one percent of total imports of bicycle tires from all countries.

The United States has granted tariff concessions in Schedule XX of the GATT on the two affected TSUS items. The initial negotiating rights by item are as follows:

772.48:	Kennedy Round	5 percent
	EEC (6)	10 percent

772.57:	Kennedy Round	15 percent
	United Kingdom	30 percent

Additional details are presented in the report of the Commission to the President, USITC Publication 910, dated September 1978.

Under Section 202 of the Trade Act of 1974 the President has 60 days following the receipt of a recommendation from the USITC for the provision of import relief to determine the method and amount of import relief he will provide or determine that the provision of such relief is not in the national interest of the United States.

The United States is ready to consult with the CONTRACTING PARTIES and with those contracting parties having a substantial interest as exporters of bicycle tires and tubes to the United States concerning the proposed action.

