

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - PROPOSED ACTION BY THE UNITED STATES

Bicycle Tyres and Tubes

Addendum

The following communication dated 17 November 1978 has been received from the Permanent Mission of the United States.

In a communication dated 25 September 1978 (circulated as document L/4703) the CONTRACTING PARTIES were advised that the United States International Trade Commission had determined that pneumatic bicycle tyres, provided in item 772.48 of the Tariff Schedules of the United States (other than tubular tyres with tubes permanently enclosed therein), and tubes for bicycle tyres, 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 threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles and that to remedy the serious injury found to exist, the Commission recommended the imposition of increased tariffs on imports.

On 30 October 1978, the President determined that the provision of import relief for the United States bicycle tyre and tube industry would not be in the national economic interest. The determination is based on a number of considerations:

- A. The imposition of import relief in the form of a tariff increase would not be an effective means to promote the adjustment of the United States industry to market competition as the sole remaining domestic producer operates an efficient modern facility.
- B. United States production remains profitable despite current low levels of capacity utilization. Given current levels of capital investment and profits, it is unlikely that the domestic producer will cease production. If the corporation should decide to terminate bicycle tyre and tube production, much of its equipment and employment could be adapted to other productive uses.
- C. Any loss in employment resulting from a denial of import relief is expected to be marginal and any separated workers would be eligible to receive adjustment assistance.
- D. Preliminary affirmative determinations have been made in proceedings being conducted under the United States anti-dumping and countervailing duty statutes involving shipments of the major foreign suppliers of bicycle tyres and tubes, and it is not clear that additional relief is warranted.

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