

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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ARTICLE XIX - ACTION BY THE UNITED STATES

Heavyweight Motorcycles

The following communication, dated 6 May 1983, has been received from the delegation of the United States.

On 1 February 1983 the United States International Trade Commission (USITC) determined that heavyweight motorcycles with an engine displacement over 700 cubic centimetres, included among the motorcycles classified under tariff schedules of the United States (TSUS) Item 692.50 are being imported into the United States in such increased quantities as to threaten the United States motorcycle industry with serious injury. The USITC recommended that the United States tariff on these motorcycles be increased for a period of five years in order to offset this threat. The increases recommended by the USITC were 45 per cent ad valorem above the rate in Schedule XX (Geneva, 1979) for the first year, 35 per cent for the second, 20 per cent for the third, 15 per cent for the fourth and 10 per cent for the fifth.

Copies of President Reagan's determination to apply these rate increases to imports in excess of specified tariff quotas at the rates currently provided for, and the proclamation to implement such import relief accompany this notice.

The United States is prepared to consult with the CONTRACTING PARTIES and with contracting parties having a substantial interest as exporters to the United States of motorcycles with an engine displacement over 700 cubic centimetres.

THE WHITE HOUSE

WASHINGTON

April 1, 1983

MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

SUBJECT: Motorcycle Import Relief Determination

Pursuant to Section 202 (b) (1) 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 (USITC), transmitted to me on February 1, 1983, concerning the results of its investigation of a petition for import relief filed by the Harley-Davidson Motor Co., Inc., and Harley-Davidson York, Inc., producers of heavyweight motorcycles, provided for in item 692.50 of the Tariff Schedules of the United States (TSUS).

After considering all relevant aspects of the case, including those set forth in Section 202(c) of the Trade Act of 1974, I have determined that granting import relief is consistent with our national economic interest. Therefore, I will proclaim the USITC five-year import relief remedy with one modification. I will impose tariff increases of 45 percent ad valorem in the first year, declining to 35, 20, 15 and 10 percent above scheduled rates in subsequent years. Imposition of these tariff increases should allow the heavyweight motorcycle industry to adjust to the threat of injury caused by increased imports, which have raised inventories to twice their normal level.

To assure small volume producers who have not contributed to that threat of injury continued access to U.S. markets for heavyweight motorcycles, I will modify the USITC remedy by proclaiming tariff-rate quotas of 5,000 units (increasing yearly to 6,000, 7,000, 8,500 and 10,000) for imports of motorcycles manufactured in the Federal Republic of Germany, and 4,000 units (increasing yearly by 1,000) for imports from all other countries except Japan. The additional duties will apply to all imports above the tariff-rate quotas. In order to treat Japan fairly I will also proclaim a tariff-rate quota of 6,000 units (increasing 1,000 yearly) for motorcycles imported from Japan.

I also direct you to keep the issue under close review so that, should the U.S. motorcycle industry no longer need this level of relief, you may, in consultation with the Trade Policy Committee, obtain other necessary advice and propose changes in the terms of relief. If no earlier review is initiated by such conditions, you are to undertake such a review in two years. The objectives of this review would be to assess the effectiveness of import relief and Harley-Davidson's trade adjustment efforts.

Ronald Reagan

Temporary Duty Increase and Tariff-Rate Quotas
on the Importation into the United States of
Certain Heavyweight Motorcycles

By the President of the United States

A PROCLAMATION

1. Pursuant to section 201(d)(1) of the Trade Act of 1974 (the Trade Act) (19 U.S.C. 2251(d)(1)), as amended, the United States International Trade Commission (USITC) on February 1, 1983, reported to the President the results of its Investigation No. TA-201-47 under section 201(b) of the Trade Act (19 U.S.C. 2251(b)). The USITC determined that motorcycles having engines with total piston displacement over 700 cubic centimeters, provided for in item 692.50 of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202), are being imported into the United States in such increased quantities as to be a substantial cause of the threat of serious injury to the domestic industry producing articles like or directly competitive with the imported articles. The USITC recommended the imposition of additional ad valorem duties on imports of such motorcycles of: 45 percent in the first year, 35 percent in the second year, 20 percent in the third year, 15 percent in the fourth year, and 10 percent in the fifth year.

2. On April 1, 1983, pursuant to section 202(b)(1) of the Trade Act (19 U.S.C. 2252(b)(1)), and after taking into account the considerations specified in section 202(c) of the Trade Act (19 U.S.C. 2252(c)), I determined to impose the additional duties recommended by the USITC, but with tariff-rate quotas to assure small volume producers which have not contributed to the

threat of injury continued access to the United States market. In order to treat Japan fairly, I determined to provide a tariff-rate quota also for articles from Japan. On April 1, 1983, in accordance with section 203(b)(1) of the Trade Act (19 U.S.C. 2253(b)(1)), I transmitted a report to the Congress setting forth the action I determined to take and the reason it differed from the action recommended by the USITC.

3. Section 503(c)(2) of the Trade Act (19 U.S.C. 2463(c)(2)) provides that no article shall be an eligible article for purposes of the Generalized System of Preferences (GSP) for any period during which such article is the subject of any action proclaimed pursuant to section 203 of the Trade Act (19 U.S.C. 2253).

4. Section 203(e)(1) of the Trade Act (19 U.S.C. 2253(e)(1)) requires that import relief be proclaimed and take effect within 15 days after the import relief determination date.

5. Pursuant to sections 203(a)(1), 203(e)(1), and 503(c)(2) of the Trade Act (19 U.S.C. 2253(a)(1), 2253(e)(1), and 2463(c)(2)), I am providing import relief through the temporary increase of import duties imposed in the form of tariff-rate quotas, and the suspension of GSP treatment, on certain motorcycles, as hereinafter proclaimed.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States, including General Headnote 4 of the TSUS, sections 203, 503, and 604 of the Trade Act (19 U.S.C.

2253, 2463, and 2483), and in accordance with Article XIX of the General Agreement on Tariffs and Trade (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786), do proclaim that--

(1) Part I of Schedule XX to the GATT is modified to conform to the action taken in Annex I to this proclamation.

(2) Subpart B, part 6 of schedule 6 and subpart A, part 2 of the Appendix to the TSUS are modified as set forth in Annex I to this proclamation.

(3)(a) Annex II of Executive Order No. 11888 of November 24, 1975, as amended, listing articles that are eligible for benefits of the GSP when imported from any designated beneficiary developing country, is amended by deleting item 692.50 and substituting item 692.53, as added by Annex I to this proclamation, in lieu thereof.

(b) In order to restore GSP treatment for the motorcycles subject to import relief, Annex II of Executive Order No. 11888 of November 24, 1975, as amended, is further amended by inserting in numerical sequence item 692.52, as added by Annex I of this proclamation, effective upon the termination of the import relief proclaimed herein or of any period of extension of such relief.

(4) In order to provide staged reductions in the rates of duty for those new TSUS items created by Annex I(b) to this proclamation, Annex III to Presidential Proclamation 4707 of December 11, 1979, as amended, is further amended by Annex II to this proclamation, attached hereto and made a part thereof.

ANNEX I

(a) Subpart A, part 2 of the Appendix to the TSUS is modified--

(1) by adding in numerical sequence the following new headnote 9:

"9. Tariff-rate quota as to certain motorcycles: United States International Trade Commission (USITC) surveys on such motorcycles.--The provisions of this headnote apply to item 924.20 of this subpart and shall remain in effect through April 15, 1988.

(a) The additional duties on motorcycles shall be assessed on each motorcycle imported in excess of the number of motorcycles provided for each of the following countries in any year from April 16 to April 15, inclusive, as set forth in this table:

Restraint period	Quota quantity		
	Federal Republic of Germany	Japan	All other foreign countries
April 16, 1983 through April 15, 1984.....	5,000	6,000	4,000
April 16, 1984 through April 15, 1985.....	6,000	7,000	5,000
April 16, 1985 through April 15, 1986.....	7,000	8,000	6,000
April 16, 1986 through April 15, 1987.....	8,500	9,000	7,000
April 16, 1987 through April 15, 1988.....	10,000	10,000	8,000

(b) The USITC shall conduct surveys with respect to the motorcycles subject to temporary duty increases as follows:

(1) Quarterly.--Surveys by calendar quarter to obtain monthly data on U.S. production, U.S. producers' sales, shipments and inventories, U.S. importers' sales and inventories, imports for consumption, dealers' inventories, U.S. exports, employment, employee-hours, wages, prices, and apparent U.S. consumption. The initial survey shall cover the last quarter of 1982 and the first and second quarters of 1983; the last such survey shall cover the quarter which ends not less than 60 days prior to the termination of the import relief. The results of these surveys shall be published within 60 days of the end of the quarter.

(2) Annually.--Annual surveys to obtain from domestic producers data by calendar quarter on profits, unfilled orders, and inventories; annual data on capital expenditures and capacity, and a summary on an annual basis of action taken to adjust to imports and of progress in the adjustment program; and to obtain from importers data by calendar quarter on prices, unfilled orders, and inventories. The initial survey shall cover calendar year 1983, and subsequent surveys shall cover calendar years beginning with 1984. The results of each such survey shall be published by the end of the first quarter of each year thereafter so long as the import relief is in effect.

(2) by inserting in numerical sequence the following new item and rates of duty:

Item	Articles	Rates of duty					2
		1					
		Effective on or after April 16.					
		1983	1984	1985	1986	1987	
4.20	Motorcycles provided for in item 692.52 having engines with total piston displacement over 700 cubic centimeters, imported in excess of the quota quantities specified in headnote 9 to this subpart...	The rate provided for in item 692.52 + 45% ad val.	The rate provided for in item 692.52 + 35% ad val.	The rate provided for in item 692.52 + 20% ad val.	The rate provided for in item 692.52 + 15% ad val.	The rate provided for in item 692.52 + 10% ad val.	The rate provided for in item 692.52, but not less than the rate which would have applied had the imported article been subject to the applicable column 1 rate of duty provided herein for this item"

(b) Subpart E, part 6, schedule 6 of the TSUS is modified by deleting item 692.50 and by inserting in lieu thereof the following:

	[Motorcycles...:]				
	"Motorcycles:				
692.52	Having engines with total piston displacement over 700 cubic centimeters..	4.4% ad val.	3.7% ad val.	10% ad val.	
692.53	Other.....	4.4% ad val.	3.7% ad val.	10% ad val."	

ANNEX II

Item 692.50 is amended by deleting from Section A of that Annex TSUS item number 692.50 with its corresponding rates of duty and by inserting the following TSUS item numbers, rates of duty, and footnotes:

Item No.	Rate from which staged	Rates of duty <u>1</u> /, effective with respect to articles entered on and after January 1--											
		1980	1981	1982	1983	1984	1985	1986	1987				
.50 <u>4</u> /	5% and val.	4.8%	4.7%	4.5%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
.52 <u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /
.53 <u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /	<u>4</u> /

Item 692.50 is discontinued and superseded by items 692.52 and 692.53 effective April 16, 1983.