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**UNITED STATES TARIFF COMMISSION**

**TELEVISION RECEIVERS, RADIO RECEIVERS, PHONOGRAPHS,  
AND RADIO-PHONOGRAPH COMBINATIONS:  
WORKERS OF ZENITH RADIO CORP.**

**Report to the President  
on Investigation No. TEA-W-177  
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 562  
Washington, D. C.  
March 1973**

**UNITED STATES TARIFF COMMISSION**

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**Joseph O. Parker, *Vice Chairman***

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**Address all communications to  
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Note,--The whole of the Commission's report to the President, including the statistical appendix, may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.



REPORT TO THE PRESIDENT

U.S. Tariff Commission  
March 29, 1973.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of the act in response to a petition filed by a group of workers.

On January 29, 1973, the Independent Radionic Workers of America filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of the workers of Zenith Radio Corp., plants Nos. 1, 2, and 6, in Chicago, Ill. 1/ The Commission instituted an investigation (TEA-W-177) on February 2, 1973, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the television and radio receivers and radio-phonograph combination sets and phonographs (of the types provided for in items 685.20, 685.23, 685.25, 685.30, and 685.32 of the Tariff Schedules of the United States) produced by said firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of the firm or an appropriate subdivision thereof.

Public notice of this investigation was given in the Federal Register (38 F.R. 3644) on February 8, 1973. No public hearing was

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1/ The petition was filed on behalf of plants Nos. 1, 2, 5, and 6 in Chicago, but the inclusion of plant No. 5 was in error.

requested by any party showing a proper interest in the subject matter of the investigation, and none was held.

The information contained herein was obtained principally from the Independent Radionic Workers of America, from Zenith Radio Corp., from domestic producers and consumers of home-entertainment type electronic products, and from the Commission's files.

#### Findings of the Commission

On the basis of its investigation, the Commission finds (Commissioners Leonard and Young dissenting) that articles like or directly competitive with the radio receivers and radio-phonograph combination sets produced by the Zenith Radio Corporation are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such company or an appropriate subdivision thereof.

The Commission further finds (Commissioner Moore dissenting with respect to monochrome television receivers and Commissioner Ablondi with respect to both products) that articles like or directly competitive with television receivers and phonographs produced by said firm are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such company or an appropriate subdivision thereof.



CONSIDERATIONS SUPPORTING THE COMMISSION'S FINDING 1/

## Views of Chairman Bedell and Vice Chairman Parker

Upon the receipt of a petition filed pursuant to provisions of the Trade Expansion Act, the United States Tariff Commission instituted this proceeding for the purpose of determining the eligibility of workers of the Zenith Radio Corp., or an appropriate subdivision thereof, who have been engaged in the production of television receivers, radio receivers, radio-phonograph combinations, and phonographs to apply for adjustment assistance.

During the 1968-72 period, television receivers accounted for \* \* \* percent of the value of the aggregate shipments of articles produced in the Chicago plants involved in this investigation. The remainder was divided between radio-phonograph combinations (\* \* \*), government products (\* \* \*), radios (\* \* \*), and phonographs (\* \* \*).

Under section 301(c)(2) of the Trade Expansion Act of 1962, each of the following requirements must be met before an affirmative finding may be made by the Commission:

- (1) An article like or directly competitive with an article produced by the workers concerned must be imported in increased quantities;
- (2) The increased imports must be a result in major part of concessions granted under trade agreements;

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1/ Commissioner Ablondi concurs in the result with respect to radio receivers and radio-phonograph combinations, but dissents from the result with respect to television receivers and phonographs.

- (3) A significant number or proportion of the workers concerned must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor in causing or threatening to cause the unemployment or underemployment.

Our determination in this investigation with respect to phonographs is negative because the first requirement set forth above has not been met. Phonographs are not being imported into the United States in increased quantities; on the contrary, such imports actually declined from 518,000 units in 1968 to 239,000 units in 1972, a drop of 54 percent.

Our determination with respect to television receivers is also in the negative because the second requirement that the increased imports must have resulted in major part from trade-agreement concessions has not been met. Factors that have contributed to increased imports of television receivers, other than tariff concessions, include (1) The provisions of tariff item 807.00, which permit duty-free entry on U.S. components contained in imported articles under certain conditions (43 percent of all U.S. imports of television receivers were entered under 807.00 in 1972, as compared to only 16 percent in 1968); (2) the dumping of Japanese television receivers in the U.S. market; (3) a variety of export incentives on the part of certain foreign governments to encourage production well in excess of home market requirements; (4) the substantially lower wage rates that prevail in the foreign countries that supply U.S. imports of

television receivers; and (5) the unrealistically low value of the yen in comparison with the dollar, which prior to the U.S. devaluations of December 1971 and February 1973, resulted in exchange rates extremely favorable to the television receiver industry in Japan.

While it would be difficult to evaluate the relative effect that each of these "other factors" has had on the level of U.S. imports of television receivers, it is our opinion that their aggregate effect far outweighs the effect of tariff concessions. Thus, we find that the increased imports of television receivers are not as a result "in major part" of U.S. tariff concessions, which requires a negative determination. <sup>1/</sup>

In our judgment, however, each of the four conditions outlined above has been met with respect to radios and radio-phonograph combinations. Therefore, we have made an affirmative determination regarding these articles. A discussion of each of the four points as they apply to these articles follows:

#### Increased imports

Total imports of home-type radios increased from 28.3 million units, valued at \$225 million, in 1968 to 42.4 million units, valued at \$405 million, in 1972. As a share of apparent U.S. consumption of radios, imports increased each year during 1968-72, rising from

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<sup>1/</sup> See our views in connection with Investigation No. TEA-I-21, Television Receivers and Certain Parts Thereof, TC Publication 436, pp. 5-6.

80 percent to about 96 percent by quantity and from 65 percent to about 91 percent by value.

Total imports of radio-phonograph combinations increased from 1.6 million units, valued at \$30 million, in 1968 to 2.2 million units, valued at \$87 million, in 1972. In the latter year, imports accounted for about 60 percent of apparent U.S. consumption by quantity and 29 percent by value.

In major part

The second requirement of the Act is that the increased imports must have resulted in major part from trade-agreement concessions. The rate of duty applicable to radio receivers has been reduced from 35 percent ad valorem in 1930 to 10.4 percent for transistor-type radios and to 6 percent for tube-type radios in 1972. During the same period, the duty applicable to radio-phonograph combinations was reduced from 35 percent ad valorem to 6.5 percent. All of these duty reductions resulted from trade-agreement concessions.

The duty reductions represented by the trade-agreement concessions (24.6 percentage points for transistor-type radios and 28.5 percentage points for radio-phonographs) were sufficiently large that it provided an important incentive to imported radios and radio-phonographs in the U.S. market. \* \* \*. Therefore, in our judgment, Zenith would not have discontinued producing these models in its U.S. plants and begun purchasing them from foreign suppliers, nor would

imports of these articles have approached the present volume, had it not been for the concessions.

#### Unemployment or underemployment

This statutory requirement has been met also. Employment of production and related workers engaged in radio manufacturing in Zenith's U.S. plants declined from an annual average of \* \* \* in 1968 to \* \* \* in 1972. During the same period, the number of workers engaged in the production of radio-phonograph combinations declined from \* \* \* to \* \* \*. In view of the foregoing, it is clear that a significant number of workers have been unemployed or underemployed within the meaning of the statute.

#### Major factor

The final requirement of the statute is that concession-generated increased imports must have been the major factor in causing the unemployment or underemployment of the workers involved. In this case, a direct relationship between the increased imports of radios and the unemployment of the workers involved is clearly evident. As Zenith terminated its production of radios in one U.S. plant in 1971 and reduced its output in another, the company simultaneously increased its imports of radios purchased from foreign producers to offset the loss of domestic production.

The relationship with respect to the increased imports of radio-phonographs and the unemployment of the Zenith workers producing these articles is \* \* \*. \* \* \*. Accordingly, we have concluded that, for purposes of the statute, the increased imports have been the major factor in causing the unemployment of the workers concerned.

### Conclusion

Since we find that all the statutory requirements are met with respect to radios and radio-phonographs, we conclude that the radio and radio-phonograph workers who are unemployed or underemployed have met the requirements of the statute to be eligible to apply for adjustment assistance. With respect to phonographs and television receivers, however, we find that all of the statutory requirements are not met and therefore a negative determination has been made.

## Views of Commissioner Moore

In this case, I have made an affirmative determination with respect to radio receivers and radio-phonograph combinations, and a negative determination with respect to phonographs. In these determinations, I concur with the views of Chairman Bedell and Vice Chairman Parker.

However, my determination with respect to television receivers, the product group which accounted for \* \* \* percent of the aggregate value of all articles shipped from the plants where the petitioning workers were employed, is affirmative with respect to monochrome receivers and negative with respect to color receivers for the following reasons.

Increased imports of color television receivers were not the major factor causing the unemployment or underemployment of the workers in Zenith's Chicago plants. The major factor affecting employment at these plants was a management decision to shift an increasing share of Zenith's production of color receivers from Chicago to a new plant in Springfield, Mo. In 1968, Zenith produced \* \* \* percent of its total output of color receivers in Chicago, whereas in 1972, only \* \* \* percent was produced at that location. This rationalization of production between domestic manufacturing facilities was undertaken in order to achieve production economies and would have occurred in the absence of any import competition.

Another factor that contributed significantly to employment levels in Zenith's color television assembly plants has been a marked increase in the productivity of the workers. In 1972 Zenith assembled \*\*\* color receivers per final assembly worker as compared to \*\*\* in 1968, an increase of \*\*\* percent in the output per worker. Accordingly, I have concluded that increased imports of color television receivers were not the major factor causing the unemployment or underemployment of Zenith workers producing such articles.

My determination with respect to monochrome television receivers is affirmative, however, because the four criteria imposed by the Trade Expansion Act are clearly met:

- (1) U.S. imports of monochrome television receivers, which are like or directly competitive with Zenith's production, increased annually during 1968-72 rising from 2.0 million units to 5.1 million units, an increase of 155 percent;
- (2) Such increased imports, which amounted to about 65 percent of U.S. consumption of monochrome receivers in 1972, resulted in major part from a reduction in the duty of 30 percentage points that occurred as a result of trade-agreement negotiations;
- (3) The average number of production and related workers employed by Zenith in the assembly of monochrome television receivers in the United States (\* \* \*) declined annually from \* \* \* in 1968 to \* \* \* in 1972.



- (4) The resultant unemployment was directly attributable to Zenith's moving production of smaller screen size monochrome sets from Chicago to a plant in Taiwan and importing the output of that plant into the United States in order to meet the competition in the United States from lower priced monochrome television receivers which are being imported in increased quantities.

In my opinion, the four requirements of the statute have been met in the case of monochrome receivers, and I have made an affirmative determination.

## Views of Commissioner Leonard

My determination in the instant investigation is negative because any increase in imports of articles like or directly competitive with the television receivers, radio receivers, radio-phonograph combinations, and phonographs produced by the workers of the Zenith Radio Corporation is not the result in major part of concessions granted under trade agreements. My reasoning in support of this determination on the above-named electronic products 1/ is set forth in statements of my views in previous Commission reports.

1/ Television Receivers and Certain Parts Thereof, . . . Investigation No. TEA-I-21 . . . , TC Publication 436, pp. 9-16; High Fidelity Stereo and Related Equipment: H. H. Scott, Inc., Maynard, Massachusetts, . . . Investigation No. TEA-F-13 . . . , TC Publication 355, pp. 3-5; Paper Cones for Loudspeakers: Fibre Form Corporation, Columbia City, Indiana, . . . Firm Investigation No. TEA-F-16 and Worker Investigation No. TEA-W-55 . . . , TC Publication 362, pp. 3-6; Coils and Antennas: Bel-Tronics Corporation, Addison, Illinois, . . . Investigation No. TEA-F-19 . . . , TC Publication 385, pp. 3-5; Electrical Components and Apparatus and Allied Products: Production and Maintenance Workers of the F. W. Sickles Division, General Instrument Corporation, Chicopee and Ludlow, Massachusetts, . . . Investigation No. TEA-W-21 . . . , TC Publication 329, pp. 3-5; Electronic Transformers: Former Workers of C P Electronics, Inc., Columbus, Indiana, . . . Investigation No. TEA-W-31 . . . , TC Publication 351, pp. 13-14; Television Receivers: Production and Maintenance Workers at RCA Corp. Plant, Memphis, Tenn., . . . Investigation No. TEA-W-70 . . . , TC Publication 376, p. 9; Television Receivers, Radios, and Phonographs: Former Workers at the Emerson Television and Radio Company, Jersey City, New Jersey . . . Investigation No. TEA-W-77 . . . , TC Publication 380, pp. 8-9; Phonographs and Radio-Phonograph and Other Combinations: Warwick Electronics, Inc., Zion, Ill. . . . Investigation No. TEA-W-96 . . . , TC Publication 409, pp. 5-6; Radio Receivers, Phonographs, and Tape Recorders: Workers of General Electric Co.'s Audio Electronics Products Department, . . . Investigation No. TEA-W-142 . . . , TC Publication 495, p. 8.

### Views of Commissioner Young

This investigation relates to a petition filed on behalf of certain workers of the Zenith Radio Corp. who were engaged in the production of television receivers, radio receivers, phonographs, and radio-phonograph combinations. The workers petitioned for a determination of their eligibility to apply for adjustment assistance under the provisions of the Trade Expansion Act of 1962.

In my judgment, a negative determination must be made in this case since all of the conditions imposed by section 301(c)(2) of that act have not been met. Specifically, I have concluded that any increased imports of articles like or directly competitive with those produced by the petitioning workers are not a result in major part of trade-agreement concessions. My reasons with respect to the various products involved in this investigation are discussed in the following paragraphs.

#### Television receivers

In 1971 the Tariff Commission conducted several investigations under the provisions of the Trade Expansion Act that involved television receivers. In the most recent of those cases (TEA-I-21), five Commissioners, including myself, made a negative determination on the grounds that the increased imports of television receivers were not a result in major part of concessions granted under trade agreements.

In a joint statement, 1/ Chairman Bedell and Vice Chairman Parker and I discussed a number of the more important factors that had

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1/ Television Receivers and Certain Parts Thereof, . . . Investigation No. TEA-I-21 . . . , TC Publication 436, pp. 4-6.

stimulated increased imports of television receivers--e.g., item 807.00 of the Tariff Schedules of the United States (which authorizes partial exemption from duty under specified conditions), the dumping of television receivers in the U.S. market by Japanese producers, export incentives granted by the Japanese Government, and the lower wage rates and more rapidly increasing labor productivity in Japan than in the United States. Taking into account the effect of these and other factors, we concluded that the increased imports of television receivers were not a result "in major part" of trade-agreement concessions. The same conclusion is valid today.

Radio receivers, radio-phonograph combinations,  
and phonographs

The factors that have stimulated U.S. imports of television receivers have also generally influenced U.S. imports of radio receivers, radio-phonograph combinations, and phonographs. Like that applicable to television receivers, the U.S. rates of duty applicable to those articles have been reduced on several occasions to carry out trade-agreement concessions; the bulk of the reductions generally occurred, however, before and immediately after World War II. Moreover, some of the recent changes in U.S. imports of these articles appear to have borne little relationship to changes in rates of duty.

The duty on solid state radio receivers was reduced little in the Kennedy Round negotiations under the General Agreement on Tariffs and Trade (GATT)--from 12.5 percent to 10.4 percent ad valorem, but imports of such radios have expanded greatly--from about \$160 million in 1967 (the year before the first of five stages of the Kennedy Round

concessions was placed in effect) to \$430 million in 1972. Thus, U.S. imports of radios appear to be responding mostly to factors other than changes in the rates of duty.

The U.S. duty on radio-phonograph combinations was reduced as a result of Kennedy Round concessions--from 13.75 percent to 6.5 percent, and imports of such articles have increased materially--from \$26 million in 1967 to \$87 million in 1972. During 1961-67, however, while the rate of duty remained unchanged, imports increased irregularly from \$9 million in 1960 to \$26 million in 1967. Similarly, the U.S. rates of duty on phonographs were reduced as a result of Kennedy Round concessions--from 11.5 percent to 5 percent ad valorem, but there is some question whether imports have increased under the terms of the statute--amounting to \$7-8 million in each of the years 1967-71 and then to \$6 million in 1972.

As in the case of television receivers, the imports of radio receivers, radio-phonograph combinations, and phonographs have been influenced by a number of factors other than trade-agreement concessions. Viewing all of the factors, I must conclude that the increased imports have not been a result "in major part" of trade-agreement concessions.

### Conclusion

In my view, a negative determination is required in this case since any increased imports of the articles concerned have not been as a result in major part of concessions granted under trade agreements.



## Description of Articles Under Investigation

The articles produced in three Zenith plants in Chicago at which the petitioning workers were employed (Plant Nos. 1, 2, and 6) consist of television receivers, radio receivers, phonographs, radio-phonograph combinations, and components and subassemblies for television receivers. All of the end products produced in these plants were of the type used for home entertainment.

A fourth Zenith plant in Chicago that was named in the petition (Plant No. 5) was included by error. This facility was not used to produce any of the aforementioned articles during 1968-72, the period covered by the investigation. Plant No. 5 has been used primarily to produce hearing aids and medical apparatus and for government contract work.

### Television receivers

A television receiver converts a transmitted television signal into its original elements--i.e., video, synchronizing, and audio-- and by means of these elements reproduces the picture and sound originally transmitted.

### Radio receivers

A radio receiver is an instrument consisting of a tuner, amplifier, and speaker or speaker system, usually combined in one cabinet, that reproduces sound transmitted in the form of waves by a radio station. The tuner accepts the waves and converts them into electrical impulses which are then amplified and fed into a speaker or speaker system. This investigation considers only home-type radio receivers, which include table, clock, and portable models. The latter include so-called personal portables as well as the smaller, pocket portables.

### Phonographs

A phonograph is an instrument for reproducing and amplifying sound that has been recorded in the form of impressions on the track of a record. In stereophonic phonographs, two or more channels of sound are reproduced simultaneously. The basic components of a phonograph are a turntable with motor, a pickup sensitive to impressions on the revolving record, a tone arm, an amplifier, and a speaker or speaker system.

### Radio-phonographs

Radio-phonographs are combination machines that perform the functions separately noted for radios and phonographs. By combining these articles a single amplifier and speaker or speaker system can be used to support either the radio or phonograph functions of the unit. The radio-phonographs considered here consist of both console units



where all of the components are housed in a single cabinet as well as compact (table-model) units where the radio tuner, record changer, and amplifier are combined in a single package and the speaker(s) are separate.

#### U.S. Tariff Treatment

Television receivers were not an article of commerce at the time of the enactment of the Tariff Act of 1930 and consequently were not specially provided for in that legislation. However, as import trade developed for these articles, they were classified for duty purposes under the provisions of paragraph 353 of the 1930 act. Radios and radio-phonograph combinations were also dutiable under this same provision at an initial rate of 35 percent ad valorem. Phonographs were dutiable under paragraph 1542 of the 1930 act at an initial rate of 30 percent ad valorem.

The Tariff Schedules of the United States (TSUS) which became effective on August 31, 1963 established the following provisions for the articles considered in this investigation: item 685.20, television receivers and parts; item 685.22, radio receivers; item 685.30, radio-phonograph combinations; and item 685.32, phonographs. Item 685.22 was deleted from the TSUS effective January 1, 1968, at which time two new provisions, items 685.23 and 685.25, were created for solid-state and tube-type radios, respectively. This change was necessitated in order to implement a trade-agreement concession that provided different rates of duty for these two types of radios.

Pursuant to successive trade-agreement concessions, the rates of duty applicable to the articles considered here have been reduced from 35 to 30 percent ad valorem in 1930 to the current rates which range from 6.5 to 5 percent ad valorem. The effective dates of the various rates that have applied to these articles under the Tariff Act of 1930, as amended, are given in the table below.

Television receivers, radio receivers, radio-phonograph combinations, and phonographs: U.S. rates of duty, June 18, 1930 to Jan. 1, 1972

| (In percent ad valorem) |   |  |   |   |  |
|-------------------------|---|--|---|---|--|
| Effective date          | : Tele-<br>: vision<br>: receiv-<br>: ers<br>: (item<br>: 685.20) | : Radio receivers<br>: Solid-<br>: state<br>: (item<br>: 685.23) | : Tube-<br>: type<br>: (item<br>: 685.25) | : Radio<br>: phonograph:<br>: combi-<br>: nations<br>: (item<br>: 685.30) | : Phono-<br>: graphs<br>: (item<br>: 685.32) |
| June 18, 1930-----      | 35  | 35   | 35  | 35  | 30   |
| Jan. 1, 1939-----       | 25  | 25   | 25  | 25  | <u>1/</u>                                    |
| Jan. 1, 1948-----       | 15  | 15   | 15  | 15  | 15   |
| June 6, 1951-----       | 12.5  | 12.5   | 12.5                                      | 13.75   | <u>1/</u>                                    |
| June 30, 1956-----      | 11.5  | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | <u>1/</u>                                    |
| June 30, 1957-----      | 11  | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | <u>1/</u>                                    |
| June 30, 1958-----      | 10.5  | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | <u>1/</u>                                    |
| July 1, 1962-----       | 10  | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | 13.5   |
| July 1, 1963-----       | <u>1/</u>   | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | 12   |
| Aug. 31, 1963-----      | <u>1/</u>   | <u>1/</u>  | <u>1/</u>                                 | <u>1/</u>   | 11.5   |
| Jan. 1, 1968-----       | 9   | 12   | 11  | 12  | 10   |
| Jan. 1, 1969-----       | 8   | 11.5   | 10  | 11  | 9  |
| Jan. 1, 1970-----       | 7   | 11   | 8.5                                       | 9.5   | 8  |
| Jan. 1, 1971-----       | <u>2/</u> 6   | <u>2/</u> 10.4   | <u>2/</u> 7                               | <u>2/</u> 8   | <u>2/</u> 6.5                                |
| Jan. 1, 1972-----       | 5   | <u>1/</u>  | 6   | 6.5   | 5.5  |

1/ No change.

2/ An additional 10-percent duty (surcharge) was imposed for the period from Aug. 16, 1971 to Dec. 19, 1971 (Presidential Proclamations 4074 and 4098).

In addition to the fully dutiable imports which are entered under the TSUS items discussed above, the articles considered here are also entered under tariff item 807.00. Item 807.00 provides that imported articles assembled in whole or in part of U.S.-fabricated components are dutiable only to the extent of value added abroad; the U.S. components if not further advanced than by assembly, are free of duty. This item has never been the subject of a trade-agreement concession, although the duties applicable to articles entered under this item have been reduced by trade-agreement concessions.

The tariff treatment of television receivers imported from Japan has also been effected by the Tariff Commission's unanimous decision of March 4, 1971 that an industry in the United States was being injured by reason of the importation of television receiving sets from Japan at less than fair value within the meaning of the Anti-dumping Act of 1921. As a result of this finding, the Treasury Department is assessing dumping duties on those imports from Japan which have been determined to have been sold at less than fair value.

## U.S. Producers

About 20 U.S. firms account for the great bulk of total domestic production of the home-entertainment type consumer electronic products considered in this investigation. The number has declined from about 28 in 1968, as a result of attrition, mergers, and acquisitions.

In 1972, 15 firms assembled television receivers in the United States, about eight assembled radios, and about 15 assembled phonographs and radio-phonograph combinations. Most producers of television receivers also produced or imported the other consumer electronic products considered here. Some of the producers did not manufacture any component parts but merely assembled purchased components or, in some instances, major subassemblies into finished articles. In recent years an increasing share of these purchased components and subassemblies has consisted of imported articles.

U.S. facilities used in the production of consumer electronic products are concentrated in the North Central and the Middle Atlantic States. In an effort to reduce costs, many U.S. producers of these articles have also established assembly plants and component manufacturing plants in foreign countries where low wage rates and other incentives exist (e.g., as of December 1972, five U.S. firms had established television receiver assembly plants in Taiwan and three in Mexico).

## U.S. Consumption, Shipments, and Exports

Television receivers

Apparent U.S. consumption of television receivers (monochrome and color) increased from 12.9 million units, valued at \$2.4 billion, in 1968 to an estimated 16.3 million units, valued at \$2.7 billion, in 1972 (table 1). The growth in the value of consumption during this period (an increase of 14 percent) was not commensurate with the growth in the quantity of consumption (an increase of 26 percent) even though color receivers, which are more expensive than monochrome units, accounted for a larger share of consumption in 1972 than in 1968. This is attributable to a marked decline in the prices of both monochrome and color receivers and to a trend towards increased consumption of small- and medium-screen size portable and table model sets in lieu of the more expensive console units.

U.S. producers' shipments of domestically produced television receivers (monochrome and color) declined sharply from 10.3 million units, valued at \$2.2 billion, in 1968 to a level of about 8.6 million units, valued at \$1.8 billion, in 1969-71 and then increased to an estimated 10.1 million units, valued at \$2.3 billion, in 1972. On a quantity basis the share of total shipments of domestically produced units represented by monochrome receivers declined from about 50 percent in 1968 to about 27 percent in 1972.

U.S. exports of television receivers have been small, accounting for less than 3 percent of both the quantity and value of U.S. producers' shipments in each of the years 1968-72.

### Radio receivers

U.S. consumption of home-type radios increased irregularly from 35.4 million units, valued at \$347 million, in 1968 to an estimated 43.9 million units, valued at \$446 million, in 1972 (table 2).

Shipments of domestically produced radios declined annually from 7.5 million units, valued at \$127 million, in 1968 to an estimated 1.8 million units, valued at \$45 million, in 1972, a decline of 63 percent. No U.S. manufacturer produced a complete line of home-type radios in the United States in 1972; output consisted primarily of specialty items and many of these were produced from imported sub-assemblies.

U.S. exports of home-type radios declined from 385,000 units, valued at \$5.0 million, in 1968 to 248,000 units, valued at \$3.6 million, in 1972. Although exports have declined and been small in absolute terms they constituted a significant share (14 percent) of the quantity of U.S. producers' shipments in 1972.

### Phonographs

Apparent U.S. consumption of phonographs declined from 4.1 million units, valued at \$163 million, in 1968 to 3.4 million units, valued at \$96 million, in 1971 and then increased to an estimated 3.7 million units, valued at \$107 million, in 1972 (table 3).

During 1968-72 U.S. shipments of domestically produced phonographs ranged between a high of 3.8 million units, valued at \$134 million, in 1969 and a low of 3.0 million units, valued at \$100 million, in 1970. The decline in the average unit value of phonograph shipments from

\$43 in 1968 to \$30 in 1971 indicates that simple low-priced models for children and youth have constituted an increasing share of U.S. producers' shipments.

U.S. exports of phonographs increased from 41,000 units or 1 percent of U.S. producers' shipments in 1968 to 72,000 units or 2 percent of such shipments in 1972.

#### Radio-phonograph combinations

Apparent U.S. consumption of radio-phonograph combinations declined from an annual rate of about 3.5 million units in 1968-69 to about 3.2 million units in 1970-71 and then increased to 3.7 million units in 1972 (table 4). The value of consumption declined each year during this period from \$404 million in 1968 to an estimated \$301 million in 1972.

U.S. producers' shipments of domestically produced radio-phonograph combinations declined from 2.0 million units, valued at \$377 million, in 1968 to an estimated 1.5 million units, valued at \$220 million, in 1972. The bulk of domestic producers' shipments consisted of console units throughout the 1968-72 period; however, table model or compact units have accounted for an increasing share of shipments, and this is reflected in the fact that the average unit value of shipments declined from \$190 in 1968 to \$147 in 1971.

U.S. exports of radio-phonograph combinations accounted for less than 3 percent of both the quantity and value of U.S. producers' shipments in each of the years 1968-72.

U.S. Imports 1/Television receivers

U.S. imports of television receivers (monochrome and color) increased each year during the 1968-72 period rising from 2.7 million units, valued at \$204 million, in 1968 to 6.4 million units, valued at \$497 million, in 1972 (table 1). Imports as a share of apparent U.S. consumption increased on a quantity basis from 21 percent in 1968 to 39 percent in 1971-72; they increased by value from 9 to 18 percent of consumption.

U.S. imports of monochrome receivers increased from 2.0 million units in 1968 to 5.1 million units in 1972, an increase of 147 percent (based on unrounded figures) whereas during the same period imports of color receivers increased from 0.7 million units to 1.3 million units, an increase of 98 percent (table 6). In 1972 monochrome receivers accounted for 79 percent of the quantity and for 53 percent of the value of total U.S. imports of television receivers.

Imports of television receivers from Japan increased each year during 1968-71 and then declined in 1972; Japan's share of total imports based on quantity declined from 85 percent in 1968 to 45 percent in 1972. In the same period, however, its share by value

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1/ The value of imports as discussed in this section is in terms of the value in the exporting country and does not include transportation costs to the United States, import duty, and the importer's mark-up. Consequently, the value of imports are understated in relation to the wholesale value of U.S. producers' shipments and ratios of the value of imports to apparent consumption are also understated.



declined from 91 percent to 61 percent reflecting the fact that Japanese imports included larger quantities of the higher priced color receivers than the imports from other countries. The increase in imports from countries other than Japan, principally Taiwan and Mexico, is largely attributable to imports from U.S. firms with assembly plants in those countries. Most of the receivers produced in these plants have been monochrome units.

As indicated in the table below imports of television receivers entered under tariff item 807.00 (primarily units assembled by foreign subsidiaries of U.S. firms in Taiwan and Mexico) increased rapidly during 1968-72 both in absolute amounts and in relation to total receiver imports. In 1972 imports entered under item 807.00 accounted for 43 percent of total imports.

Television receivers: U.S. imports entered under item 807.00,  
1968-72

| Item   | 1968 | 1969 | 1970  | 1971  | 1972      |
|--|------|------|-------|-------|-----------|
| Quantity-----1,000 units--                                     | 445  | 940  | 1,197 | 1,423 | 2,765     |
| Total value-----million dollars--                              | 21.6 | 47.0 | 56.1  | 71.9  | 144.5     |
| Value of U.S. components, duty<br>exempt-----million dollars-- | 5.8  | 17.7 | 19.7  | 22.4  | <u>1/</u> |
| Foreign value added,<br>dutiable-----million dollars--         | 15.8 | 29.3 | 36.4  | 49.5  | <u>1/</u> |

1/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Radio receivers

U.S. imports of home-type radio receivers increased irregularly from 28.3 million units, valued at \$225 million, in 1968 to an estimated 42.4 million units, valued at \$405 million, in 1972 (table 2). Imports accounted for about 96 percent of the quantity and 91 percent of the value of total U.S. consumption of these articles in 1972. Most of the imports during 1968-72 were supplied by Far Eastern countries, principally Japan, and to a lesser extent Hong Kong, Taiwan, Singapore, and Korea.

Some U.S. firms which discontinued manufacturing radios in the United States are now producing these articles in the Far East and importing them into the United States under the provisions of item 807.00. U.S. imports during 1968-72 of home-type radios entered under that tariff provision are shown in the table below. Such entries accounted for about 10 percent of the total quantity of imports in 1968 compared with about 14 percent of the total in 1972.

Home-type radio receivers: U.S. imports entered under  
item 807.00, 1968-72

| Item   | 1968  | 1969  | 1970  | 1971  | 1972      |
|--|-------|-------|-------|-------|-----------|
| Quantity-----1,000 units--                                     | 2,765 | 4,118 | 4,243 | 4,171 | 6,083     |
| Total value---million dollars--                                | 20.7  | 43.2  | 40.6  | 42.8  | 66.6      |
| Value of U.S. components, duty<br>exempt-----million dollars-- | 3.2   | 6.3   | 5.6   | 8.9   | <u>1/</u> |
| Foreign value added,<br>dutiable----million dollars--          | 17.5  | 36.9  | 35.0  | 33.9  | <u>1/</u> |

1/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

### Phonographs

U.S. imports of phonographs declined from 518,000 units, valued at \$7.7 million in 1968 to 239,000 units, valued at \$5.5 million, in 1972 (table 3). As a share of U.S. consumption imports declined from 12 percent of the total quantity in 1968 to an estimated 7 percent in 1972.

Imports from Japan accounted for about 70 percent of both the quantity and value of total imports in 1972.

Phonograph components of U.S. origin which were entered duty free under item 807.00 accounted for less than 2 percent of the value of total phonograph imports during each of the years 1968-71.

### Radio-phonograph combinations

U.S. imports of radio-phonograph combinations were relatively stable during 1968-71 when they averaged about 1.6 million units per year, the equivalent of 47 percent of U.S. consumption; in 1972 these imports increased to 2.2 million units or an estimated 60 percent of consumption. The value of imports increased each year from \$30 million in 1968 to \$87 million in 1972.

Japan has supplied the bulk of U.S. imports of radio-phonograph combinations (86 percent of the quantity and 89 percent of the value of such imports in 1972).

Radio-phonograph components of U.S. origin which were entered duty free under item 807.00 were insignificant throughout the 1968-72 period.

Tables 6 through 9 in the appendix show the rates of duty and the value of imports for the products considered here in each year for which import data were separately reported in the official statistics.

Zenith Radio Corp.

Zenith Radio Corp. is one of the leading U.S. manufacturers of consumer electronic products. The company which was founded in 1919 has its corporate headquarters in Chicago, Ill. In 1972 Zenith had net sales of \$796 million and average employment in the United States of about 19,000 people.

Throughout its history Zenith has been primarily a manufacturer of home-entertainment type electronic products, although it has also produced other articles such as hearing aids and medical electronic equipment. The company further diversified its operations by acquiring a Swiss watch manufacturing firm in 1971. Zenith has also broadened its manufacturing base in recent years by establishing manufacturing facilities in foreign countries. However, at the end of 1972 the great bulk of Zenith's total sales was comprised of articles produced in the United States.

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A-15 through A-31

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STATISTICAL APPENDIX





Table 1.--Television receivers: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

| (Quantity in thousands of units; value in millions of dollars) |                  |         |         |                      |                                 |   |
|--|------------------|---------|---------|----------------------|---------------------------------|---|
| Year   | Shipments        | Imports | Exports | Apparent consumption | Ratio of imports to consumption | Ratio (percent) of imports to consumption |
| Quantity   |                  |         |         |                      |                                 |   |
| 1968-----  | 10,328           | 2,711   | 144     | 12,895               |                                 | 21  |
| 1969-----  | 8,721            | 4,034   | 157     | 12,598               |                                 | 32  |
| 1970-----  | 8,308            | 4,510   | 126     | 12,692               |                                 | 36  |
| 1971-----  | 8,664            | 5,447   | 162     | 13,949               |                                 | 39  |
| 1972-----  | <u>1/</u> 10,100 | 6,375   | 224     | <u>1/</u> 16,251     |                                 | <u>1/</u> 39                              |
| Value  |                  |         |         |                      |                                 |   |
| 1968-----  | 2,222            | 204     | 28      | 2,398                |                                 | 9   |
| 1969-----  | 1,852            | 296     | 33      | 2,115                |                                 | 14  |
| 1970-----  | 1,714            | 316     | 26      | 2,004                |                                 | 16  |
| 1971-----  | 1,960            | 413     | 37      | 2,336                |                                 | 18  |
| 1972-----  | <u>1/</u> 2,300  | 497     | 59      | <u>1/</u> 2,738      |                                 | <u>1/</u> 18                              |

1/ Estimated by the U.S. Tariff Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 2.--Home-type radio receivers: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

(Quantity in thousands of units; value in millions of dollars)

| Year      | Shipments       | Imports | Exports | Apparent consumption | Ratio (percent) of imports to consumption |
|-----------|-----------------|---------|---------|----------------------|---|
| Quantity  |                 |         |         |                      |   |
| 1968----- | 7,455           | 28,346  | 385     | 35,416               | 80  |
| 1969----- | 5,940           | 34,677  | 329     | 40,288               | 86  |
| 1970----- | 4,359           | 31,150  | 245     | 35,264               | 88  |
| 1971----- | 2,570           | 30,988  | 224     | 33,334               | 93  |
| 1972----- | <u>1/</u> 1,800 | 42,372  | 248     | <u>1/</u> 43,924     | <u>1/</u> 96                              |
| Value     |                 |         |         |                      |   |
| 1968----- | 127             | 225     | 5       | 347                  | 65  |
| 1969----- | 102             | 306     | 5       | 403                  | 76  |
| 1970----- | 79              | 305     | 4       | 380                  | 80  |
| 1971----- | 58              | 307     | 3       | 362                  | 85  |
| 1972----- | <u>1/</u> 45    | 405     | 4       | <u>1/</u> 446        | <u>1/</u> 91                              |

1/ Estimated by the U.S. Tariff Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 3.--Phonographs: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

(Quantity in thousands of units; value in millions of dollars)

| Year      | Shipments       | Imports | Exports | Apparent consumption | Ratio (percent) of imports to consumption |
|-----------|-----------------|---------|---------|----------------------|---|
| Quantity  |                 |         |         |                      |   |
| 1968----- | 3,666           | 518     | 41      | 4,143                | 12  |
| 1969----- | 3,794           | 405     | 45      | 4,154                | 10  |
| 1970----- | 2,993           | 461     | 34      | 3,420                | 13  |
| 1971----- | 3,031           | 395     | 49      | 3,377                | 12  |
| 1972----- | <u>1/</u> 3,500 | 239     | 72      | <u>1/</u> 3,667      | <u>1/</u> 7                               |
| Value     |                 |         |         |                      |   |
| 1968----- | 158             | 8       | 3       | 163                  | 5   |
| 1969----- | 134             | 8       | 3       | 139                  | 6   |
| 1970----- | 100             | 8       | 2       | 106                  | 8   |
| 1971----- | 91              | 8       | 3       | 96                   | 8   |
| 1972----- | <u>1/</u> 105   | 6       | 4       | <u>1/</u> 107        | <u>1/</u> 6                               |

1/ Estimated by the U.S. Tariff Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Note.--Data on U.S. producers' shipments and exports do not include coin-operated phonographs; imports may include negligible quantities of such phonographs.

Table 4.--Radio-phonographs: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

| (Quantity in thousands of units; value in millions of dollars) |                 |         |         |                      |   |  |
|--|-----------------|---------|---------|----------------------|---|--|
| Year   | Shipments       | Imports | Exports | Apparent consumption | Ratio (percent) of imports to consumption |  |
| Quantity   |                 |         |         |                      |   |  |
| 1968-----  | 1,982           | 1,611   | 19      | 3,574                | 45  |  |
| 1969-----  | 1,848           | 1,658   | 28      | 3,478                | 48  |  |
| 1970-----  | 1,660           | 1,579   | 20      | 3,219                | 49  |  |
| 1971-----  | 1,761           | 1,531   | 27      | 3,265                | 47  |  |
| 1972-----  | <u>1/</u> 1,500 | 2,213   | 40      | <u>1/</u> 3,673      | <u>1/</u> 60                              |  |
| Value  |                 |         |         |                      |   |  |
| 1968-----  | 377             | 30      | 3       | 404                  | 7   |  |
| 1969-----  | 326             | 36      | 4       | 358                  | 10  |  |
| 1970-----  | 274             | 45      | 3       | 316                  | 14  |  |
| 1971-----  | 258             | 54      | 4       | 308                  | 18  |  |
| 1972-----  | <u>1/</u> 220   | 87      | 6       | <u>1/</u> 301        | <u>1/</u> 29                              |  |

1/ Estimated by the U.S. Tariff Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 5.--Television receivers: U.S. imports of monochrome and color sets, from Japan, and from all other countries, 1968-72

(Quantity in thousands of units; value in thousands of dollars)

| Year       | Japan    |         | All other countries |         | Total    |         |
|------------|----------|---------|---------------------|---------|----------|---------|
|            | Quantity | Value   | Quantity            | Value   | Quantity | Value   |
| Monochrome |          |         |                     |         |          |         |
| 1968-----  | 1,637    | 80,784  | 408                 | 16,834  | 2,045    | 97,618  |
| 1969-----  | 2,209    | 111,928 | 912                 | 40,488  | 3,121    | 152,416 |
| 1970-----  | 2,441    | 119,868 | 1,155               | 53,799  | 3,596    | 173,667 |
| 1971-----  | 2,549    | 129,167 | 1,617               | 78,879  | 4,166    | 208,046 |
| 1972-----  | 1,777    | 101,428 | 3,280               | 160,639 | 5,057    | 262,067 |
| Color      |          |         |                     |         |          |         |
| 1968-----  | 662      | 104,915 | 4                   | 1,118   | 666      | 106,033 |
| 1969-----  | 879      | 138,689 | 34                  | 4,676   | 913      | 143,365 |
| 1970-----  | 851      | 134,699 | 63                  | 7,159   | 914      | 141,858 |
| 1971-----  | 1,191    | 191,715 | 90                  | 13,556  | 1,281    | 205,271 |
| 1972-----  | 1,094    | 201,528 | 224                 | 33,235  | 1,318    | 234,763 |
| Total      |          |         |                     |         |          |         |
| 1968-----  | 2,299    | 185,699 | 412                 | 17,952  | 2,711    | 203,651 |
| 1969-----  | 3,088    | 250,617 | 946                 | 45,164  | 4,034    | 295,781 |
| 1970-----  | 3,292    | 254,567 | 1,218               | 60,958  | 4,510    | 315,525 |
| 1971-----  | 3,740    | 320,882 | 1,707               | 92,435  | 5,447    | 413,317 |
| 1972-----  | 2,871    | 302,956 | 3,504               | 193,874 | 6,375    | 496,830 |

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 6.--Television receivers: U.S. rates of duty and imports for consumption, 1963-72 <sup>1/</sup>

| Year      | Rate of duty       | Imports         |
|-----------|--------------------|-----------------|
|           | Percent ad valorem | Million dollars |
| 1963----- | 10                 | 23              |
| 1964----- | 10                 | 39              |
| 1965----- | 10                 | 60              |
| 1966----- | 10                 | 115             |
| 1967----- | 10                 | 124             |
| 1968----- | 9                  | 204             |
| 1969----- | 8                  | 296             |
| 1970----- | 7                  | 316             |
| 1971----- | 6                  | 413             |
| 1972----- | 5                  | 497             |

<sup>1/</sup> U.S. imports of television receivers were not separately reported in official statistics prior to July 1962; it is believed, however, that such imports were negligible during 1930-60, a period in which the duty on these articles was reduced from 35 to 10.5 percent ad valorem.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Radio receivers: U.S. rates of duty and imports  
for consumption, 1960-72 1/

| Year      | Rate of duty       |               | Imports           |                 |
|-----------|--------------------|---------------|-------------------|-----------------|
|           | Percent ad valorem |               | 1,000 dollars     |                 |
| 1960----- | 12.5               |               | 67,663            |                 |
| 1961----- | 12.5               |               | 81,564            |                 |
| 1962----- | 12.5               |               | 88,462            |                 |
| 1963----- | 12.5               |               | 86,438            |                 |
| 1964----- | 12.5               |               | 92,964            |                 |
| 1965----- | 12.5               |               | 125,016           |                 |
| 1966----- | 12.5               |               | 144,107           |                 |
| 1967----- | 12.5               |               | 172,135           |                 |
| 1968----- | <u>2/</u> 12       | <u>3/</u> 11  | <u>2/</u> 229,454 | <u>3/</u> 7,563 |
| 1969----- | <u>2/</u> 11.5     | <u>3/</u> 10  | <u>2/</u> 316,208 | <u>3/</u> 2,559 |
| 1970----- | <u>2/</u> 11       | <u>3/</u> 8.5 | <u>2/</u> 324,233 | <u>3/</u> 1,951 |
| 1971----- | <u>2/</u> 10.4     | <u>3/</u> 7   | <u>2/</u> 332,861 | <u>3/</u> 1,462 |
| 1972----- | <u>2/</u> 10.4     | <u>3/</u> 6   | <u>2/</u> 432,658 | <u>3/</u> 1,151 |

1/ U.S. imports of radio receivers were not separately reported in official statistics prior to 1960; however, it is known that such imports increased at a rapid rate during the late 1950's when the duty was 12.5 percent ad valorem.

2/ Solid-state (tubeless) units.

3/ Other than solid-state units.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 8.--Phonographs: U.S. rates of duty and imports  
for consumption, 1964-72 <sup>1/</sup>

| Year      | Rate of duty              | Imports              |
|-----------|---------------------------|----------------------|
|           | <u>Percent ad valorem</u> | <u>1,000 dollars</u> |
| 1964----- | 11.5                      | 2,064                |
| 1965----- | 11.5                      | 4,436                |
| 1966----- | 11.5                      | 8,243                |
| 1967----- | 11.5                      | 8,257                |
| 1968----- | 10                        | 7,744                |
| 1969----- | 9                         | 8,088                |
| 1970----- | 8                         | 7,770                |
| 1971----- | 6.5                       | 8,336                |
| 1972----- | 5                         | 5,530                |

<sup>1/</sup> Data on imports of phonographs prior to the adoption of the Tariff Schedules of the United States in 1963 are not presented in this table because such data are not believed to be fully comparable with that reported in subsequent years.

Source: Compiled from official statistics of the U.S. Department of Commerce.



Table 9.--Radio-phonograph combinations: U.S. rates of duty and imports for consumption, 1960-72 <sup>1/</sup>

| Year      | Rate of duty              | Imports              |
|-----------|---------------------------|----------------------|
|           | <u>Percent ad valorem</u> | <u>1,000 dollars</u> |
| 1960----- | 13.75                     | 8,643                |
| 1961----- | 13.75                     | 12,940               |
| 1962----- | 13.75                     | 14,284               |
| 1963----- | 13.75                     | 11,282               |
| 1964----- | 13.75                     | 10,571               |
| 1965----- | 13.75                     | 11,890               |
| 1966----- | 13.75                     | 16,771               |
| 1967----- | 13.75                     | 25,731               |
| 1968----- | 12                        | 29,712               |
| 1969----- | 11                        | 36,313               |
| 1970----- | 9.5                       | 44,686               |
| 1971----- | 8.0                       | 53,616               |
| 1972----- | 6.5                       | 87,467               |

<sup>1/</sup> U.S. imports of radio-phonograph combinations were not separately reported in official statistics prior to 1960.

Source: Compiled from official statistics of the U.S. Department of Commerce.





