

UNITED STATES TARIFF COMMISSION

TUNERS FROM JAPAN

**Determination of Injury
in Investigation No. AA1921-64
Under the Antidumping Act, 1921,
As Amended**



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UNITED STATES TARIFF COMMISSION

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UNITED STATES TARIFF COMMISSION
Washington

[AA1921-64]

JAPANESE TUNERS OF A TYPE USED IN
CONSUMER ELECTRIC PRODUCTS

Determination of Injury

The Assistant Secretary of the Treasury advised the Tariff Commission on July 15, 1970, with a subsequent amendment of such advice on August 3, 1970, that tuners (of the type used in consumer electronic products) from Japan are being, and are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. In accordance with the requirements of section 201(a) of the Antidumping Act (19 U.S.C. 160(a)), the Tariff Commission instituted investigation No. AA1921-64 to determine whether an industry in the United States is being, or is likely to be, injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on September 16, 1970. Notices of the investigation, its amended scope, and the hearing were published in the Federal Registers of July 22, 1970, and August 7, 1970 (35 F.R. 11729, 12622).

In arriving at a determination in this case, the Commission gave due consideration to all written submissions from interested parties, evidence adduced at the hearing, and all

factual information obtained by the Commission's staff from questionnaires, personal interviews, and other sources.

On the basis of the investigation, the Commission has un-
animously determined that an industry in the United States is being
injured by reason of the importation of tuners (of the type used
in consumer electronic products) from Japan sold at less than
fair value within the meaning of the Antidumping Act, 1921, as
amended.

Statement of Reasons

In our opinion, an industry in the United States is being
injured by reason of the importation of tuners (of a type used
in consumer electronic products) from Japan, which are being
sold at less than fair value (LTFV) within the meaning of the
Antidumping Act, 1921, as amended.

In making this determination under section 201(a) of the
Antidumping Act, we have considered the injured industry to
consist of the operations of all U.S. facilities producing
tuners of the type covered by Treasury's determination of sales
at LTFV.

Commissioners Clubb and Leonard determine that a second
industry, consisting of the United States producers of parts
for tuners, is also being injured by reason of the imports of
tuners at LTFV. Support for the determination of injury to the

second industry is omitted from the statement of reasons as the unanimous determination of injury with respect to the tuner industry satisfies the requirements of the Antidumping Act.

Imported product

Tuners of the type used in consumer electronic products consist primarily of television receiver tuners and tuners used in radio receivers such as household radios, stereo and high fidelity radio systems, and automobile radios. They are virtually all in modular form, aligned, and ready for simple assembly into the consumer electronic product for which they were designed. The word "tuner" hereinafter refers to tuners of the type determined by Treasury to have been sold at LTFV. The term "consumer electronic products" relates to television sets, radios, and other electronic products of a type commonly bought at retail by household consumers, whether or not used in or around the household.

The industry

Tuners are produced by domestic manufacturers of consumer electronic products for captive use and by independent producers who sell them to manufacturers of consumer electronic products. Virtually all producers of tuners either produce solely for captive use or solely for sale. The trend in recent years has been for producers of consumer electronic products to lessen or cease their production of tuners and to rely more heavily

on outside sources for their tuners because the production of tuners has become highly specialized and because larger production runs of tuners by a lesser number of producers has tended to reduce costs and promote efficiencies and quality of production.

Conditions of competition

The U.S. tuner industry in recent years has encountered increasing competition from imports of both tuners and completed consumer electronic products containing such tuners. There is only nominal production and trade in tuners other than those used in television sets and radios. In the last five calendar years imports of television tuners from all countries increased by 660 percent; during the same period the percentage of the domestic market supplied by foreign-made television tuners increased from 9.5 percent to 59 percent (83.3 percent in first 6 months of 1970). Similarly, imports of radio tuners from all countries increased by almost 100 percent; the percentage of the domestic market supplied by foreign-made radio tuners increased from 8.4 percent to 30.4 percent (32.9 percent in first 6 months of 1970).

During the last five calendar years imports of television sets and radio receivers have increased 400 percent and 100 percent, respectively. Virtually all domestic producers of tuners, television sets, and radio receivers found it expedient

either to establish plants and produce these products in such areas as Mexico, Taiwan, Hong Kong, and Ireland in order to reduce their costs of production, particularly with respect to labor costs, or to purchase Japanese tuners. Most domestic companies now produce the greater part or all of their output of tuners and radios abroad, and many produce a large percentage of their TV sets abroad. Imports provide the major source for their U.S. sales of such products.

From the foregoing information it is readily apparent that the domestic tuner industry is experiencing a diminishing market for its domestic product, a condition which has intensified conditions of competition.

Comparison of delivered prices

Japanese tuners for television sets during the last 5 years have been sold to U.S. manufacturers of television sets at prices significantly lower than the prices of other foreign and domestic tuners. The differentials were found to exist when comparing weighted average prices of all Japanese television tuners with the weighted average prices of all other television tuners, and when comparing delivered prices of particular models of Japanese television tuners with prices of television tuners from all other sources of comparable type and actually offered or sold in competition with the particular Japanese tuner sold at LITV. Where specific price comparisons could be made, the specific

amount by which the Japanese tuners were sold below the price of the comparable tuner was equal to or greater than the margins of dumping (the specific amounts by which the Japanese exporters lowered their prices below their home market prices when selling for export to the United States).

Imports of Japanese tuners for radio receiving devices, mainly household and automobile radios, in the last 3 calendar years were generally sold at prices substantially below the prices of such tuners from other sources. Such underselling is evident from comparisons of weighted average prices as well as comparisons of prices of comparable models.

The prices of domestic television tuners over the last 5 calendar years have dropped almost 50 percent with respect to UHF tuners and 14 percent with respect to VHF tuners; the prices of domestic radio tuners have fluctuated substantially.

Price suppression or depression

By far the greatest bulk of the LTFV imports of tuners consists of tuners for television sets. The prices of these tuners have clearly played a substantial role in a consistent depression of prices of comparable tuners in our domestic market. Of the LTFV imports of radio tuners, the substantial price fluctuations make it difficult to ascertain the overall effect on prices at this time. Available data on actual competitive sales indicated

that the domestic producers were economically unable to meet the prices of the imported Japanese tuners and had to lose the sales.

Market penetration

In 1965, Japan supplied 3.5 percent of the apparent consumption of TV tuners in the United States. By the end of June 1970, Japanese imports supplied 12.5 percent of apparent consumption. As to tuners of the type used in radio receiving devices, Japanese producers supplied 8.4 percent of apparent consumption in 1965 and 32.9 percent as of June 1970.

Conclusion

The imports of tuners (of a type used in consumer electronic products) from Japan, sold at LITFV, have suppressed and depressed prices for comparable tuners sold in the United States, have caused substantial price disruptions in a highly price sensitive market, and have been a factor in causing virtually all U.S. producers of such tuners to either go into offshore production of such tuners in an effort to remain price competitive with the subject imports or to buy tuners from foreign sources. Accordingly, we determine that an industry in the United States is being injured by reason of such LITFV imports.

Supplementary Statement of Commissioner Clubb

At the hearing on this matter I raised the question of whether there was a domestic industry which could be injured by LTFV sales of imported tuners.

The Antidumping Act can be invoked only when "an industry in the United States is being or is likely to be injured, or is prevented from being established."

Since a domestic producer ceases to be a part of "an industry in the United States" when he moves his production facilities abroad, Potassium Chloride from Canada AA1921-58-60 (November 1969), it can be argued that the Antidumping Act does not protect a domestic industry which has moved all, or almost all, of its production facilities to another country, leaving only a sales organization in the United States. My question at the hearing was prompted by testimony and other evidence which suggested that this might be the case in the tuner industry.

Subsequent investigation reveals that this troublesome question need not be decided in this case, however, since sufficient production of tuners remains in the United States to invoke the Antidumping Act. Although many domestic plants have closed, at least six remain in operation producing more than one-fourth of all the tuners used in

the United States. Moreover, several companies continue to produce tuner parts in the United States which are sent abroad for assembly. These interests, too, are injured by the imports of tuners at LTFV. Accordingly, it is clear that there is "an industry in the United States" which has been injured by LTFV imports of tuners.

Finally, it should be recorded that the Commission was greatly assisted in its consideration of this case by the excellent briefs of counsel for the importers and domestic producers.