

UNITED STATES TARIFF COMMISSION

TELEVISION RECEIVING SETS
FROM JAPAN

Determination of Injury
in Investigation No. AA1921-66
Under the Antidumping Act, 1921,
As Amended



TC Publication 367
Washington, D. C.
March 1971

UNITED STATES TARIFF COMMISSION

Chester L. Mize, *Chairman*

Glenn W. Sutton

Bruce E. Clubb

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Kenneth R. Mason, *Secretary*

Address all communications to
United States Tariff Commission
Washington, D.C. 20436

UNITED STATES TARIFF COMMISSION
Washington

[AA1921-66]

TELEVISION SETS FROM JAPAN

Determination of Injury

The Assistant Secretary of the Treasury advised the Tariff Commission on December 4, 1970, that television receiving sets, monochrome and color, 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. AA1921-66 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 January 26-28, 1971. Notice of the investigation and hearing was published in the Federal Register of December 10, 1970 (35 F.R. 18768).

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 determined unanimously 1/ that an industry in the United States is being injured by reason of the importation of television receiving sets, monochrome and color, from Japan sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended.

1/ Chairman Mize did not participate in the determination.

Statement of Reasons

In the Commission's judgment, an industry in the United States is being injured by reason of the importation of television receivers from Japan, which are being sold at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended.

In reaching this determination, three reasons have been persuasive: (1) Imports of television receivers from Japan, determined by the Treasury to have been sold at less than fair value, have increased and now supply a substantial share of the U.S. market; (2) the sellers of the LTFV Japanese receivers have for the most part undersold U.S. manufacturers of television sets in the domestic market; and (3) sales of the LTFV television sets have contributed substantially to declining prices of domestically produced television receivers.

The industry

The Commission has considered the injured industry to consist of the facilities in the United States for the production of television receivers. Television sets are currently manufactured in the United States by approximately 20 firms, most of which produce both monochrome and color sets in a wide range of screen sizes.

The imported product

Except for console-type television receivers, few of which are imported into the United States, imported television sets from Japan cover the broad range of types and sizes sold in the U.S. market. Both monochrome and color receivers in nearly all screen sizes are imported into the United States from Japan in large volume.

The U.S. market

Annual sales of television receivers in the United States ranged between 5.1 million and 7.6 million sets during the 1950's and early 1960's; they rose appreciably in the mid-1960's with the advent of color television and averaged about 12.5 million sets in recent years. Sales in 1970 (12.2 million sets) were somewhat lower than those in the 2 preceding years (12.8-12.9 million sets).

In the past 3 years (1968-70), the U.S. market has been divided about equally between monochrome and color sets; annual sales of the monochrome sets have generally accounted for about 55 percent of total sales, and color sets, for 45 percent. Monochrome sets have been sold in substantial volume in a wide range of screen sizes, while color sets have been sold primarily in the larger screen sizes. In recent years, however, U.S. market demand for both monochrome and color receivers has shifted appreciably toward receivers having smaller screens. In 1970, for example, sales in the United States of monochrome receivers having screen sizes of 13 inches or less accounted for about 45 percent of total sales of monochrome sets, compared with 20 percent in 1965. Sales of large color receivers (screens of 20 inches or more) accounted for nearly 95 percent of total sales of color sets in 1965, but only 50 percent in 1970.

The competition in the U.S. market between domestic and Japanese television receivers has been sharpest in the middle screen sizes. Nearly all of the very large television sets sold in the United States

have been produced domestically, while the great bulk of the very small sets have been imported. The market for receivers in sizes between those extremes, however, has been supplied by both Japanese and U.S. producers. Television sets in the middle sizes--i.e., sets having screens larger than 9 inches but less than 20 inches--accounted for more than half of the output of domestic receivers and nearly three-fourths of the imports of Japanese receivers in 1970. Thus, the competition in the U.S. market between the Japanese and the domestically produced middle-sized receivers affects a great part of U.S. production.

Data on the number of television sets produced in the United States and imported from Japan in 1965-70 are given in the following table.

Television receivers: U.S. production and imports from
Japan, 1965-70

(Thousand units)

Description	1965	1966	1967	1968	1969	1970
Monochrome:						
Not over 13"						
U.S. production-----	1,166	1,376	949	1,016	831	640
Imports from Japan---	575	632	791	1,164	1,594	1,724
Over 13", not over 16"						
U.S. production-----	511	610	405	408	478	329
Imports from Japan---	141	158	110	158	212	206
Over 16"						
U.S. production-----	5,401	4,626	2,688	3,133	2,301	2,132
Imports from Japan---	17	58	116	114	251	344
Color:						
Not over 16"						
U.S. production-----	33	233	332	444	550	558
Imports from Japan---	24	13	121	404	467	492
Over 16"						
U.S. production-----	2,576	4,548	4,886	4,802	4,624	3,744
Imports from Japan---	10	160	130	209	375	310

Market penetration

U.S. imports of Japanese television receivers have increasingly penetrated the U.S. market. In 1970, Japan supplied about 28 percent of the apparent U.S. consumption of television receivers, compared with 10 percent in 1965. In the more recent year, 36 percent of apparent consumption of monochrome receivers, and 16 percent of apparent consumption of color sets, consisted of Japanese receivers.

Substantial market penetration by Japanese television receivers has occurred in all of the middle screen sizes. Imports from Japan of monochrome sets having 10- to 13-inch screens, for example, increased rapidly in recent years; the imports supplied about 50 percent of the U.S. market in 1970, compared with 25 percent in 1965. Imports from Japan of monochrome sets having 17- to 19-inch screens accounted for 1 percent of the domestic market for such sets in 1965, but more than 15 percent in 1970. Aggregate U.S. production of monochrome receivers in the middle screen-size groups in 1970 was less than half of that in 1965, evidencing both lost production and lost jobs. While this decline reflects in part the substitution of color for monochrome sets, it resulted in substantial part from the increasing imports of LTFV sets from Japan. In its investigation the Treasury found that the bulk of the Japanese monochrome sets having 10- to 16-inch screens, accounting for about a fourth of total supply of middle-sized monochrome receivers in the U.S. market, were sold at less than fair value.

Although the pattern of import penetration has been more erratic for color sets than for monochrome sets, imports from Japan of color sets have generally increased since 1965 and have taken a marked share

of the U.S. market in the middle screen sizes. The Japanese share of the U.S. market for middle-sized color receivers was about 30 percent in 1970. In its investigation the Treasury found that virtually all of the Japanese color receivers having 14- to 19-inch screens, accounting for about a fifth of total supply of middle-size color receivers in the U.S. market, were sold at less than fair value.

Price effects

Information obtained by the Commission in the investigation indicates that the bulk of the television receivers imported from Japan have been sold in recent years in the United States at prices significantly lower than the prices of comparable domestic television receivers. Such underselling has been concentrated in certain of the middle screen sizes--the market area where competition between the Japanese and domestic sets has been most substantial and direct. The price differences were found to exist when comparing weighted average prices of Japanese-produced and domestically produced television receivers within narrow screen-size categories, as well as in instances where virtually identical sets (i.e., sets having comparable screens, cabinets, circuitry, and automatic tuning devices) could be compared. The LTFV margins were often equivalent to a substantial part of the margin of underselling in the United States; in other instances, the LTFV margin was found to be greater than the margin of underselling. In any event, the ability of the Japanese suppliers to undersell domestic producers in the U.S. market appears to have been significantly enhanced as a result of the selling of Japanese sets at less than fair

value. While margins of underselling in the U.S. market have generally diminished since 1967, perhaps in part as a response to the Treasury's investigation of allegations of LTFV sales, they have continued to be an important competitive factor in the market place.

Since 1967 the prices of major categories of domestically produced television receivers, both monochrome and color, have dropped substantially, particularly in the middle range of screen sizes. Weighted average prices of domestically produced sets in the middle screen sizes ranged as much as 25 percent lower in 1970 than in 1968. As indicated earlier, imports of television receivers from Japan at LTFV were a major factor in the U.S. market during that period, supplying a substantial and increasing share of apparent consumption. Under these circumstances, the LTFV imports clearly contributed in substantial measure to the price deterioration that has occurred in the domestic market for television receivers.

Conclusion

In the Commission's judgment, the imports of television receivers from Japan, sold at LTFV, have adversely affected the prices of comparable domestically produced receivers in the United States, and have caused substantial loss of sales by U.S. producers. Accordingly, we have unanimously determined that an industry in the United States is being injured by reason of such LTFV imports.