

UNITED STATES TARIFF COMMISSION

TELEVISION RECEIVERS:
PRODUCTION AND MAINTENANCE WORKERS AT
RCA CORP. PLANT, MEMPHIS, TENN.

Report to the President
on Worker Investigation No. TEA-W-70
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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UNITED STATES TARIFF COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that could result in the disclosure of the operations of an individual concern. 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. Also, for the purpose of continuity or clarity, certain words or phrases have been added--such additions are enclosed by brackets.

REPORT TO THE PRESIDENT

U.S. Tariff Commission
March 23, 1971

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 22, 1971, the International Union of Electrical, Radio and Machine Workers, AFL-CIO, filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of the former production and maintenance workers of the Memphis, Tenn., plant of the RCA Corporation. The Commission instituted the investigation (TEA-W-70) on February 2, 1971, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the television receivers produced by RCA Corporation at the Memphis plant are 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 at such plant.

Public notice of this investigation was given in the Federal Register (36 F.R. 2582) on February 6, 1971. No public hearing was requested by the petitioner nor 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 through field interviews with officials of the RCA Corporation, from discussions with officials of Local Union 730, International Union of Electrical, Radio and Machine Workers, from a questionnaire submitted to the Commission by RCA, and from the Commission's files.

Findings of the Commission

On the basis of its investigation, the Commission, being equally divided, 1/ makes no finding under section 301(c)(2) of the Trade Expansion Act of 1962 with respect to whether articles like or directly competitive with television receivers produced at the RCA plant in Memphis, Tenn., 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, the unemployment or underemployment of a significant number or proportion of the workers of said plant.

1/ Presiding Commissioner Sutton and Commissioner Leonard voted in the negative and Commissioners Clubb and Moore voted in the affirmative. Commissioner Young did not participate in the decision.

Views of Commissioners Clubb and Moore

This investigation relates to a petition for adjustment assistance filed on behalf of former employees at the Memphis, Tenn., plant of the RCA Corporation. The Memphis plant, which was established in 1966, assembled television receivers until early January 1971 when production was terminated. The plant produced * * * monochrome * * * [and] color sets * * *. Since early 1970, RCA has imported monochrome television receivers made at its plant in Taiwan.

We have frequently ruled that in order for a group of workers to be ruled eligible to apply for adjustment assistance, the following four conditions must be met:

- (1) Imports of an article like or directly competitive with an article produced by the petitioners' firm must be increasing;
- (2) The increased imports must be a result in major part of trade-agreement concessions;
- (3) The workers must be unemployed or underemployed, or threatened with unemployment or underemployment;
- (4) The concession-generated increased imports must be the major factor in causing or threatening to cause the unemployment or underemployment.

In our judgment, each of the conditions is met in this case, and we have made an affirmative determination.

Increased imports

Imports of television receivers into the United States clearly are increasing. Annual U.S. imports of television receivers nearly tripled in the last 5 years, rising in value from \$126 million in 1967 to \$316 million in 1970. Both monochrome and color television receivers have shared in the recent increase in imports. The value of entries of monochrome television receivers rose from \$71 million in 1967 to \$174 million in 1970; the value of imports of color receivers increased from \$53 million in 1967 to \$142 million in 1970. The increase in the imports, moreover, took place at a time when consumption of television receivers in the United States was declining moderately; imports supplied 18 percent of the U.S. market (in terms of value) in 1970, compared with 5 percent in 1966.

In major part

The second requirement of the statute is that the increased imports have resulted in major part from trade-agreement concessions. In an earlier investigation, 1/ we held that had it not been for such concessions, imports of television receivers could not have

1/ Electronic Transformers, Investigation No. TEA-W-31 (January 1971).

reached substantially their present level and consequently, for purposes of the statute, increased imports of TV receivers have resulted in major part from such concessions. This holding applies in this case as well.

As we indicated in the earlier investigation, the applicable rate of duty has been reduced progressively from 35 percent ad valorem in 1930 to 7 percent ad valorem in 1970. If the 1930 rate had not been reduced, the duty applicable to an imported television receiver having a foreign value of \$200 would be \$70, or \$56 more than the actual duty of only \$14 in 1970. Considering the sharp price competition among the various brands of television receivers available to the U.S. consumer, the advantage given to foreign producers by the trade-agreement concessions often has been decisive in the market place.

Unemployment or underemployment

This statutory requirement has also been met. The Memphis plant of the RCA Corporation, where the petitioning workers were employed, is a modern facility. The plant opened in March 1966, and employed * * * [more than 3000] production and related workers in 1967. Thereafter employment declined. By January 1971, * * * [less than 100] workers remained--all engaged in closing the plant. Accordingly, it is clear that a significant number of workers have become 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. Here, too, the "but for" test is applicable. Thus, if the unemployment or underemployment would not have occurred had it not been for the increased imports, then for purposes of the statute, the increased imports have been the major factor causing the unemployment or underemployment.

In this case, a direct relationship between the increased imports of television receivers and the unemployment of the workers involved is evident. The decline in employment coincided with the marked increase in imports. * * *

It thus seems clear that, had it not been for concession-generated increased imports, a portion of which were brought in by RCA itself, the workers would not have become unemployed. Accordingly, for purposes of this statute, the increased imports have been the major factor in causing the unemployment.

Conclusion

We find that the petitioning workers have met the requirements of the statute, and we have therefore made an affirmative determination.

Views of Commissioner Sutton

In the instant investigation my determination is negative because the four conditions imposed by section 301(c)(2) of the Trade Expansion Act of 1962 for an affirmative finding have not been met. Specifically, I find that the TV receivers like or directly competitive with those produced by the petitioning workers are not being imported in increased quantities as a result in major part of concessions granted under trade agreements.

The evidence in this investigation shows that many factors have contributed to the increase in imports of TV receivers. In my judgment the sale of Japanese TV receivers at less than fair value within the meaning of the Antidumping Act, 1921, as amended, and the duty-saving provisions of item 807.00 1/ have contributed more to the rising trend of imports than the trade-agreement concessions.

The number of TV receivers imported nearly tripled from 1967 to 1970. During that period, when most of the imports came from Japan and nearly all the remainder were entered with benefit of the provisions of item 807.00, the rate of duty was reduced by 1 percentage point a year (i.e., from 10 percent to 7 percent ad valorem, or by a total of only 3 percentage points) as the result of a Kennedy Round concession. Information available in connection with the Commission's recent investigation on TV receivers under the Antidumping Act showed that the average dumping margin on the Japanese TV receivers sold at

1/ Under this item U.S. duty is not assessed on the value of U.S. components contained in the imported article.

less than fair value during the same period was a much larger percentage of their value than the reductions in regular duty resulting from the trade-agreement concession.

With respect to the effect of the 807.00 provisions on the rise of imports of TV receivers in recent years, I note that from 1967 to 1970 the imports under item 807.00 grew from 4 percent of the total quantity imported to 26 percent.

In view of the foregoing circumstances, I have made a negative determination.

Views of Commissioner Leonard

My determination in this investigation is in the negative because all of the conditions imposed by section 301(c)(1) of the Trade Expansion Act of 1962 have not been satisfied.

My view, as in earlier investigations, 1/ is that television receivers are not being imported into the United States in increased quantities as a result "in major part" of concessions granted under trade agreements. The U.S. rate of duty applicable to television receivers has been reduced substantially--from the statutory rate of 35 percent ad valorem to 7 percent ad valorem in 1970. However, the major concessions, accounting for more than two-thirds of the total duty reduction, occurred more than two decades ago--in the period from 1939 to 1948--before television receivers became a significant item of trade. Recent trade-agreement concessions have been comparatively minor, from 10 percent ad valorem in 1967 to 7 percent ad valorem in 1970. In my view, therefore, the recent large increase in U.S. imports of television receivers could not have been caused in major part by the trade-agreement concessions.

For the foregoing reasons, I have had to make a negative determination in this case.

1/ Electrical Components and Apparatus and Allied Products: Production and Maintenance Workers of the F. W. Sickles Division, General Instrument Corporation . . . , Investigation No. TEA-W-21, TC Publication 329, July 1970, p. 5; Electronic Transformers: Former Workers of CP Electronics, Inc. . . . , Investigation No. TEA-W-31, TC Publication 351, January 1971, pp. 13-14; and Paper Cones for Loudspeakers: Fibre Form Corporation . . . , Investigation Nos. TEA-F-16 and TEA-W-55, TC Publication 362, February 1971, pp.4-6.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of articles under investigation

The RCA plant in Memphis, Tennessee, when in operation, was engaged primarily in the assembly of monochrome (i.e., black-and-white) and color television receivers. That plant also assembled television antennas for outdoor installation, but only as a minor product line. Thus, only television receivers are the subject of this investigation.

A television receiver--hereafter referred to as a TV receiver--converts a transmitted television signal into video, synchronizing, and audio elements which reproduce the picture and sound originally transmitted. The video element controls the intensity of the electron beam(s) in the television picture tube. The synchronizing element positions the electron beam(s) in the picture tube. The audio element controls the sound emission.

The TV receivers produced by the RCA Memphis plant were of the types used for home entertainment, as are most TV receivers. Other TV receivers are produced for use in industrial, commercial, and educational establishments.

U.S. tariff treatment

In the Tariff Schedules of the United States established August 31, 1963, TV receivers are dutiable under item 685.20, which provides for television apparatus (except cameras) and parts thereof. When TV apparatus (including receivers) was first separately provided for in the official import statistics in 1950, it was classified for duty purposes under paragraph 353 of the original schedules of the Tariff Act of 1930

as "articles having as an essential feature an electrical element or device . . . wholly or in chief value of metal, and not specially provided for". Such articles were dutiable at 35 percent ad valorem from June 18, 1930, through December 31, 1938.

Pursuant to successive trade-agreement concessions beginning in 1939, that rate has been reduced substantially. The current rate--6 percent ad valorem--reflects the fourth stage of the five-stage concession granted in the Kennedy Round negotiations under the General Agreement on Tariffs and Trade (GATT). The final stage of that concession--5 percent ad valorem--is scheduled to become effective on January 1, 1972.

The various rates of duty applicable to TV receivers under the Tariff Act of 1930, as modified by trade-agreement concessions, are given in the table below.

Television receivers: Effective dates of U.S. rates of duty,
June 18, 1930-Jan. 1, 1972

Effective date	Rate of duty	Effective date	Rate of duty
June 18, 1930	: 35% ad val.	::July 1, 1962	: 10% ad val.
Jan. 1, 1939	: 25% ad val.	::Jan. 1, 1968	: 9% ad val.
Jan. 1, 1948	: 15% ad val.	::Jan. 1, 1969	: 8% ad val.
June 6, 1951	: 12.5% ad val.	::Jan. 1, 1970	: 7% ad val.
June 30, 1956	: 11.5% ad val.	::Jan. 1, 1971	: 6% ad val.
June 30, 1957	: 11% ad val.	::Jan. 1, 1972	: 5% ad val.
June 30, 1958	: 10.5% ad val.	::	:
	:	::	:

Some TV receivers have been entered under item 807.00, which provides that for imported articles assembled in whole or in part of U.S.

fabricated components the duty may be assessed only on the value added abroad, thus permitting the U.S. components to be entered duty free.

On December 4, 1970, the Assistant Secretary of the Treasury advised the Tariff Commission that television receiving sets, monochrome and color, from Japan are being, or 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. On the basis of the investigation, the Commission determined unanimously 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/} On March 8, 1971, the Secretary of the Treasury issued a "finding of dumping" on imports of television receiving sets, both monochrome and color, from Japan (36 F.R. 4597, March 10, 1971).

U.S. consumption, shipments, and exports

Consumption.--Following a general upward trend during 1959-65, total annual U.S. consumption of TV receivers (both monochrome and

^{1/} U.S. Tariff Commission, Television Receiving Sets From Japan: Determination of Injury, TC Publication 367, 1971 (processed).

color) fluctuated in quantity but decreased significantly in value from 1966 to 1970. Total annual consumption during 1966-70 fluctuated from 13.0 million sets (in 1966, the peak year) to 11.2 million sets (in 1967), and the value of consumption decreased from \$2.4 billion in 1966 to about \$1.8 billion in 1970 (table 1). The quantity of total consumption was 6 percent smaller in 1970 than in 1966, and the value was 26 percent smaller.

Shipments.--Total U.S. shipments of TV receivers declined from a peak of 11.7 million sets in 1966 to 7.8 million sets in 1970, and the value of shipments decreased from \$2.4 billion to \$1.5 billion--representing a reduction of about a third in quantity and three-eighths in value (table 1).

As shown in the following table, from 1966 to 1970 shipments of color TV receivers comprised a growing proportion of the total quantity of domestic shipments.

Monochrome and color TV receivers: U.S. shipments, 1966-70

(In millions of units)

Year	Monochrome	Color	Total
1966-----	6.9	4.8	11.7
1967-----	4.7	5.0	9.7
1968-----	5.2	5.1	10.3
1969-----	4.5	4.4	8.9
1970 ^{1/} -----	3.3	4.5	7.8

^{1/} Estimated by the staff of the U.S. Tariff Commission.

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

As indicated by data on domestic production during 1966-70, U.S. shipments of monochrome receivers decreased in all categories of screen sizes, but the bulk of the reduction was in sets with screen sizes over 16" but not over 19", and those with screen sizes over 19". Shipments of color receivers with screen sizes not over 19" increased considerably from 1966 to 1970, but this rise was more than offset by a substantial decrease in shipments of sets with screen sizes over 19" (the predominant category) during the same period.

Exports.--U.S. exports of TV receivers during 1966-70 ranged from 126,000 to 168,000 units, with the value varying from \$24 million to \$33 million (table 1). The ratio (percent) of exports to shipments each year was negligible, varying from about 1 percent to 2 percent.

U.S. imports

Total imports.--Total annual U.S. imports of TV receivers (both monochrome and color) grew from about 1.5 million units, valued at \$116 million, in 1966, to 4.5 million units, valued at \$316 million, in 1970--the gain was nearly 200 percent in units and 172 percent in value (table 1). However, year-to-year increases varied greatly; e.g., the rise in 1970 was 12 percent in quantity and 7 percent in value, compared with one of 68 percent in quantity and 62 percent in value in 1968. Except in 1967, the increases in imports were consistently greater in quantity than in value, reflecting the growing importance of sets of smaller screen size. Monochrome TV receivers regularly made up about 75 percent to 80 percent of the total annual

imports during 1967-70 in terms of quantity, and constituted 48 percent to 57 percent in terms of value (table 2).

During 1966-70, the ratio of total imports of TV receivers to total consumption of TV receivers rose from 12 percent to 37 percent in terms of quantity, and from 5 percent to 18 percent in terms of value (table 1). These increases in the ratio reflect not only the sharp growth in imports but also a substantial decline in domestic producers' shipments--e.g., in 1970, the imports of TV receivers were larger by 3.0 million units, whereas shipments were smaller by 3.9 million units, than in 1966.

807.00 imports--The importers of TV receivers under the 807.00 provision include several domestic producers, * * *.

The total imports of TV receivers under the provisions of item 807.00--dutiable only on the foreign value added--have grown markedly. Compared with 1967, the units so imported in 1970 (1.2 million) were 17 times as large, and the total value of the imports (\$56 million) was 9 times as large, as shown in the following table.

Television receivers: 807.00 imports and total imports, 1967-70

Year	807.00 imports				Total imports	
	Quantity	Value			Quantity	Value
		U.S. value	Foreign value added	Total		
	<u>1,000</u> <u>units</u>	<u>Million</u> <u>dollars</u>	<u>Million</u> <u>dollars</u>	<u>Million</u> <u>dollars</u>	<u>1,000</u> <u>units</u>	<u>Million</u> <u>dollars</u>
1967----	70	3	3	6	1,614	126
1968----	445	6	16	22	2,711	204
1969----	939	18	29	47	4,034	296
1970----	1,195	<u>1/</u> 21	<u>1/</u> 35	56	4,513	316

1/ Estimated, based on data for February-December.

As indicated above, from 1967 to 1970 the ratio of the imports of receivers under 807.00 to total imports of receivers grew from 4 percent to 26 percent in terms of quantity and from 5 percent to 18 percent in terms of value. On the other hand, the ratio of the U.S. value to the total value of 807.00 imports decreased from 50 percent in 1967 to 38 percent in 1970.

The vast majority of the TV receivers imported under item 807.00 have consisted of monochrome receivers; e.g., in 1970 monochrome receivers made up more than nine-tenths of the imports in terms of both quantity and value.

Imports under item 807.00 result in substantial savings in duty-- e.g., the duty-saving on imports of TV receivers in 1969 was \$1.4 million, or 38 percent of the total duty payable in the absence of

item 807.00. However, as reported by the Commission (TC Publication 339, September 1970), U.S. producers state that, without the benefits under the 807.00 provision, it would be virtually impossible for them to maintain a significant share of the U.S. market.

U.S. producers

Currently, about 20 domestic firms are producing TV receivers (i.e., the manufacture or assembly of completed sets). This number has decreased from about 50 in 1955, through attrition, mergers, and acquisitions. Of the principal U.S. producers in 1970, most were situated in the North Central States of Illinois, Indiana, and Minnesota, and in the Mid-Atlantic States of New York and Pennsylvania. In recent years, most of the U.S. production * * * has been accounted for by four large firms * * *.

Most of the domestic producers are large and diversified. Most produce both monochrome and color receivers, and many of them also produce such related products as radios and phonographs, as well as complex electronic products of advanced technology for use by industry and the military. In many cases, however, TV receivers are the most important product line for both large and small firms.

Most of the domestic firms operate one or more additional plants that produce parts for the receiver assembly plant. In the larger firms such plants generally produce various electronic components and parts (e.g., tuners, transformers, and loudspeakers) and cabinets. In

the smaller firms, the additional plants ordinarily produce cabinets, and the electronic components are purchased from independent sources. For many firms, the source of supply of picture tubes, especially color tubes, is an independent producer. Many firms also purchase from a large number of small companies a variety of parts not produced "in-house."

RCA

The corporation.--RCA, of New York City, formerly known as Radio Corporation of America, is a diversified multinational conglomerate with domestic operations in eight States and foreign operations in many countries; it is one of the larger domestic companies, having total sales in 1969 of \$3.2 billion. The company's operations are organized under several main divisions, one of which is the Consumer Electronics Division. It is this division that controls the TV producing plants, including the plant at Memphis when it was still operating.

* * * * *

Memphis plant.--The RCA plant in Memphis, Tennessee, is a very modern structure, constructed in 1966, and consists of about 1.2 million square feet of floor space. Assembly of TV receivers began in March 1966 and was terminated in January 1971. In February 1971, when members of the Commission's staff visited the plant, almost all plant equipment had been removed, and only a small force of workers was engaged in preparation of the building for sale. These prepara-

tions were expected to be completed by about the beginning of the second quarter of 1971.

When in operation, the Memphis Plant was a part of RCA's Consumer Electronics Division, which included plants producing TV receivers, radios, phonographs, stereophonic equipment, and components and parts. Domestic plants in that Division include a TV assembly plant at Bloomington, 2 component and parts plants at Indianapolis and a cabinet plant at Monticello, Indiana. The Division also includes an off-shore plant in Taiwan, which produces monochrome receivers, * * * and one in Juarez, Mexico, * * *.

The Memphis Plant was engaged primarily in the assembly of TV receivers. During part of 1970, it also assembled TV antennas for outdoor installation as a minor product line; the last production was in December 1970. The plant produced both monochrome and color TV receivers. In the monochrome type, it produced * * * portable, table, and console models; in some sets, the circuitry was solid-state, in others it was hybrid (i.e., tubes and solid-state). In the color type, * * * all were console models * * * and all had hybrid circuitry.

* * * * *

STATISTICAL APPENDIX

Table 1.--Television receivers (monochrome and color): U.S. shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1966-70

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

Year	Shipments	Imports	Exports	Apparent consumption ^{1/}	Ratio (percent) of imports to consumption
Quantity					
1966-----	11,673	1,524	168	13,029	12
1967-----	9,701	1,614	139	11,176	14
1968-----	10,328	2,711	144	12,895	21
1969-----	8,914	4,034	157	12,791	32
1970-----	^{2/} 7,800	4,513	126	12,200	37
Value					
1966-----	2,350	116	26	2,439	5
1967-----	2,192	126	24	2,294	6
1968-----	2,222	204	28	2,398	8
1969-----	1,859	296	33	2,122	14
1970-----	^{2/} 1,500	316	26	1,800	18

^{1/} Calculations derived from unrounded figures.

^{2/} Estimated by the staff of the U.S. Tariff Commission.

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

Table 2.--Television receivers, monochrome and color: U.S. imports
for consumption, 1966-70

Year	Monochrome		Color		Total	
	Quantity	Value	Quantity	Value	Quantity	Value
	<u>1,000</u> <u>units</u>	<u>Million</u> <u>dollars</u>	<u>1,000</u> <u>units</u>	<u>Million</u> <u>dollars</u>	<u>1,000</u> <u>units</u>	<u>Million</u> <u>dollars</u>
1966---	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	1,519	115
1967---	1,290	71	318	53	1,608	124
1968---	2,043	97	666	106	2,708	203
1969---	3,121	152	912	143	4,034	296
1970---	3,596	174	914	142	4,510	316

1/ Not available.

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

Note.--Due to rounding, figures may not add to the totals shown. The totals in this table do not include data on radio-TV-phonograph combinations, and are therefore slightly smaller than the totals in table 1.