

UNITED STATES TARIFF COMMISSION

SOLID-STATE RADIO RECEIVERS, RADIO-PHONOGRAPH
COMBINATIONS, LOUDSPEAKERS, AND AMPLIFIERS:
WORKERS OF H. H. SCOTT, INC.

Report to the President
on Investigation No. TEA-W-189
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 575
Washington, D. C.
May 1973

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.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
May 11, 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 findings of an investigation made under section 301(c)(2) of the act in response to a petition filed by a group of workers.

On March 12, 1973, the Tariff Commission received a petition from former workers of H. H. Scott, Inc., Maynard, Massachusetts, for a determination of eligibility to apply for adjustment assistance on behalf of the workers and former workers of said firm or an appropriate subdivision thereof. The Commission instituted the investigation (TEA-W-189) on March 16, 1973, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with loudspeakers, amplifiers, solid-state radio receivers, and radio-phonograph combinations (of the types provided for in items 684.70, 685.23, and 685.30 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 such firm or an appropriate subdivision thereof.

Public notice of the investigation was given by posting copies of the notice at the office of the Commission in Washington, D.C., at the New York City office, and by publication in the Federal Register of

March 22, 1973 (38 F.R. 7500). No public hearing was requested and none was held.

On November 6, 1970, H. H. Scott, Inc., filed a petition pursuant to section 301(c)(1) of the Trade Expansion Act for a determination of eligibility to apply for adjustment assistance, and on November 13, 1970, in response to H. H. Scott's petition, the Commission instituted its investigation (TEA-F-13). The results of that investigation and subsequent developments are given at page A-17 of this report.

The information herein was obtained from H. H. Scott, Inc., other domestic producers, importers, and merchandisers of the aforementioned articles, trade associations, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds (Commissioners Leonard and Young dissenting) that articles like or directly competitive with loudspeakers, amplifiers, solid-state radio receivers, and radio-phonograph combinations produced by H. H. Scott, Inc., 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.

Views of Chairman Bedell, and Commissioners Moore
and Ablondi 1/

This investigation relates to a petition for adjustment assistance under section 301(c)(2) of the Trade Expansion Act of 1962 on behalf of the workers and former workers of H. H. Scott, Inc., Maynard, Mass. Those workers were employed in the production of hi-fi equipment, including stereo and quadraphonic radio receivers, principally, compact and console radio-phonograph combinations, and amplifiers, as well as speaker systems. Scott was an early pioneer in the hi-fi equipment field. * * * In October 1972, Scott's Maynard plant was closed, and employment of all production and related workers was terminated. In February 1973, production was resumed under new ownership. * * *

Under the Trade Expansion Act of 1962, four criteria must be satisfied in order for an affirmative determination to be made.

Those criteria are as follows:

- (1) Articles like or directly competitive with those 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;

1/ Vice Chairman Parker concurs in the result.

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

With respect to the products covered by this investigation, our judgment is that each of the four criteria outlined above has been met. Accordingly, we have made an affirmative determination, based on the following considerations.

Increased imports

The total quantity of all radio receivers imported into the United States in 1972, 42 million units, was about 50 percent larger than that imported in 1968. The value of such imports in 1972, about \$405 million, was 80 percent above that in 1968. From 1968 to 1972, the ratio of imports to consumption of radio receivers grew from 80 percent to 96 percent in quantity, and from 65 percent to 91 percent in value.

Total U.S. imports of AC-operated AM/FM and FM solid-state radio receivers, which include the types like those produced by H. H. Scott, fluctuated from year to year, but the value of such imports in 1972, \$106 million, was 23 percent above that in 1970. From 1970 to 1972, the ratio of imports to consumption grew from 84 percent to 91 percent in quantity, and from 80 percent to 90 percent in value. * * *

U.S. imports of amplifiers rose from \$5.5 million in 1968 to \$23.4 million in 1972, an increase of 326 percent. The ratio of imports to consumption grew from 26 percent in 1968 to 95 percent in 1972.

Total U.S. imports of loudspeakers in 1972, 53 million units, valued at \$65 million, were larger by about 132 percent in quantity and 200 percent in value, compared with imports in 1968. From 15 percent in 1968, the ratio of imports to consumption of loudspeakers rose to about 43 percent in 1972.

Clearly, articles like or directly competitive with those produced by H. H. Scott have been imported in increased quantities.

In major part

The second criterion, that increased imports must be a result in major part of concessions granted in trade agreements, has also been met. In 1930, the rate of duty applicable to each of the products considered here was 35 percent ad valorem. By 1972 the rate of duty had been reduced to 10.4 percent on solid-state radios and 6 percent on tube-type radios; to 6.5 percent on radio-phonograph combinations; to 7.5 percent on amplifiers and loudspeakers; and to 5 percent on radio-tape player combinations. Thus, the rate reductions ranged from 24.6 percentage points on solid-state radios to 30 percentage points on radio-phonograph combinations.

The duty savings stemming from those large rate reductions accorded an important benefit to the imports, by reducing substantially

the total cost of importation, and thereby making the imported articles much more competitive in the U.S. market. If trade-agreement concessions had not been made on the imported articles which are like or directly competitive with articles produced by workers of the Maynard plant, then there would have been little or no difference between the prices of the domestically produced articles and the imported articles in the domestic market place. Had this been the situation in recent years, imports of these articles would not have increased in such quantities.

Unemployment or underemployment

This criterion has been met also. Scott's average annual employment of production and related workers declined from *** in 1968 to *** in 1972, and the entire work force was laid off in October 1972 when Scott's plant closed. In February 1973 production was resumed under new ownership, and in April 1973 employment of production and related workers was about ***.

Major factor

The fourth criterion is that the increased imports resulting from trade-agreement concessions must be the major factor causing or threatening to cause the unemployment or underemployment. Although other factors doubtless contributed in some measure, the concession-generated increased imports clearly were the major factor causing the unemployment or underemployment of Scott's workers. In the period 1968-72, the combined total U.S. imports of the products considered nearly

doubled, increasing from \$276 million to \$580 million; in approximately the same period Scott's total shipments, however, dropped

* * * as sales were increasingly lost to imports. * * *

In the light of all factors considered, we have concluded that the concession-generated imports were the major factor that caused the unemployment or underemployment of the Scott workers.

Conclusion

As all of the statutory criteria have been met with respect to the products considered in this case, our determination is that those Scott workers who are unemployed or underemployed are eligible to apply for adjustment assistance.

Dissenting Views of Commissioners Leonard and Young

Our determination in the instant investigation is negative because one of the statutory criteria has not been met, i.e., that any increase in imports of articles like or directly competitive with loudspeakers and amplifiers, solid-state radio receivers, and radio-phonograph combinations produced by the workers of H. H. Scott, Inc., is the result in major part of concessions granted under trade agreements. Our reasoning in support of this determination on the above-named electronic products is set forth in statements of our views in previous Commission reports. 1/

1/ Commissioner Leonard's views are given in 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; 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; Coils and Antennas: Bel-Tronics Corporation, Addison, Illinois, Investigation No. TEA-F-19 . . . , TC Publication 385, pp. 3-5; Phonographs and Radio-Phonograph and Other Combinations: Warwick Electronics, Inc., Zion, Ill., . . . Investigation No. TEA-W-96 . . . , TC Publication 409, pp. 5-6; and Loudspeakers: Jensen Manufacturing Division, Pemcor, Inc., Chicago, Ill., . . . Investigation No. TEA-W-158 . . . , TC Publication 522, pp. 6-10.

Commissioner Young's views are given in Loudspeakers: Jensen Manufacturing Division, Pemcor, Inc., Chicago, Ill., . . . Investigation No. TEA-W-158 . . . , TC Publication 522, pp. 6-10; Radios, Radio-Phonographs, and Loudspeaker Systems: Workers of the Milroy, Pa., Plant of Fisher Electronics, Inc., Subsidiary of Emerson Electric Co., . . . Investigation No. TEA-W-176 . . . , TC Publication 561, pp. 12-15; Television Receivers, Radio Receivers, Phonographs and Radio-Phonograph Combinations: Workers of Zenith Radio Corp., . . . Investigation No. TEA-W-177 . . . , TC Publication 562, pp. 13-15; and Radio-Phonograph and Radio-Phonograph-Tape Player Combinations: Workers of the Lowell, Mass., Plant of Symphonic Electronic Corp., . . . Investigation No. TEA-W-178 . . . , TC Publication 564, pp. 7-8. Although none of these cases dealt specifically with amplifiers as does the instant case, since amplifiers are treated for tariff purposes the same as loudspeakers and since both have approximately the same concession history, Commissioner Young believes the same reasoning on why increased imports of loudspeakers are not in major part a result of tariff concessions also applies to amplifiers.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The equipment manufactured by H. H. Scott, Inc., 1/ is high-fidelity (hi-fi) stereophonic and quadraphonic equipment, i.e., devices capable of receiving and/or amplifying two or more channels of sound signals (with each channel directed to a separate speaker system), and capable of reproducing sound signals nearly identical to the original signals, and rejecting extraneous signals (noise and hum). The separate sound signals may be generated from two or more tracks on a record or tape, or by a radio station broadcasting in stereo. Scott's products do not include non-hi-fi equipment.

Scott's production included modular audio components (tuners, amplifiers, receivers, and speaker systems) and compact and console radio-phonographs. Scott also made * * * radio-tape player combinations. * * *

An amplifier is a device designed to take a weak signal from a tuner, record, or tape, and increase the sound signal to a power sufficient to drive one or more loudspeakers. A tuner is a device which accepts, by means of an antenna, a specific radio signal transmitted by an AM and/or FM station, and converts that signal into an audio signal strong enough to be amplified. A receiver is a unit, combining the functions of an amplifier and a tuner, built on one chassis.

1/ * * *

A radio-phonograph consists basically of a receiver, a record changer, and two or more loudspeaker systems. In a console model, all units are installed in a floor-standing cabinet, and in a compact system, a record changer is mounted atop a receiver and speaker systems are in separate cabinets. Some consoles, including some models made by Scott, include either a tape player or a tape recorder.

A radio-tape player combination usually is made up of a receiver and a tape player set up in a small cabinet, with two or more speaker systems, each one contained in a separate cabinet.

A speaker system consists of two or more loudspeakers, together with mixing circuitry, mounted in a separate speaker cabinet. A typical hi-fi stereo system has two or more speaker systems. Some of Scott's speaker systems were sold as separate units; in most instances, however, Scott's speaker systems were sold as parts of a complete audio system.

In the period from 1968 onward, Scott used solid-state devices (instead of vacuum tubes) in manufacturing hi-fi electronic components, a practice common among both other domestic firms as well as foreign producers.

U.S. Tariff Treatment

Under the Tariff Act of 1930, radio receivers, radio-phonographs, and loudspeakers were classifiable under paragraph 353 as "articles suitable for producing, rectifying, modifying, controlling, or distributing electrical energy," and were dutiable at 35 percent ad valorem.

Under the Tariff Schedules of the United States (TSUS), the articles considered in this investigation are entered under the following item numbers: 685.23 (solid-state radio receivers and tuners); 685.25 (tube-type radio receivers and tuners); 685.30 (radio-phonograph combinations, radio-phonograph-tape player combinations, and radio-phonograph-tape recorder combinations); 678.50 (radio-tape player combinations); and 684.70 (amplifiers and loudspeaker systems).

The statutory rates of duty on the articles considered in this investigation were reduced some 70 to 85 percent pursuant to successive trade agreements, as shown in the table on the following page. The rates of duty applicable in 1972 ranged from 5 percent (item 678.50, radio-tape player combinations) to 10.4 percent (item 685.23, solid-state radio receivers), reflecting the last stage of the five-stage concessions granted in the Kennedy Round negotiations under the General Agreement on Tariffs and Trade (GATT). The rates of duty have not been changed since 1972.

Some radio receivers, radio-phonograph combinations, and loudspeakers and amplifiers here considered have entered the United States under TSUS item 807.00; this item provides that for imported articles

assembled in whole or part of U.S.-made components, the duty may be assessed only on the value added abroad, thus permitting duty-free entry of the U.S. components included in the articles provided they are not further advanced than by assembly and otherwise conform to the regulations pertaining to these articles. Item 807.00 has never been the subject of trade-agreement concessions.

Certain consumer electronic products: Effective date of U.S. rates of duty, June 18, 1930-Jan. 1, 1972

(In percent ad valorem)

Effective date	Authority	Radio receivers and tuners		Loud-speakers (TSUS item)	Electric sound amplifiers (TSUS item)	Radio-phonograph combinations (TSUS item)	Radio-tape player combinations (TSUS item)
		(TSUS item)	(TSUS item)	(TSUS item)	(TSUS item)	(TSUS item)	(TSUS item)
6-18-30----	Tariff Act of 1930.	35	35	35	35	35	35
1- 1-39----	Bilateral with United Kingdom.	25	25	25	25	25	25
1- 1-48----	GATT.	15	15	15	15	15	15
6- 6-51----	Do.	12.5	13.75	13.75	13.75	13.75	13.75
7- 1-62----	Do.	12.5	13.75	12.5	13.75	12.5	13.75
7- 1-63----	Do.	12.5	12.5	13.75	11.5	13.75	12.5
8-31-63----	<u>1/</u>	12.5	12.5	<u>2/15</u>	<u>2/15</u>	13.75	<u>2/10</u>
1- 1-68----	GATT.	12	11	13	13	12	9
1- 1-69----	Do.	11.5	10	12	12	11	8
1- 1-70----	Do.	11	8.5	10	10	9.5	7
1- 1-71 ^{3/} ----	Do.	10.4	7	9	9	8	6
1- 1-72----	Do.	10.4	6	7.5	7.5	6.5	5

1/ Tariff Classification Act of 1962, implementing the TSUS.

2/ This rate was a result of combining several different rates.

3/ Ad additional 10-percent import duty was imposed from Aug. 16, 1971 to Dec. 19, 1971 (Presidential Proclamations 4074 and 4098).

U.S. Producers

Currently, a few U.S. producers of radios or radio-phonographs use U.S.-made components or subassemblies. Most domestic producers import various components and subassemblies, such as printed circuit boards, unfinished radio chassis, record changers, and tape players, and carry out the additional work required to make the finished product. Most such producers also import finished radios or radio-phonographs to expand the line of products offered in the market; the imported products are supplied by U.S.-owned subsidiaries in some cases, and by foreign-owned firms in others.

From 1968 to 1971 (the most recent year for which data are available), the number of domestic firms engaged in producing consumer electronic products, including the types produced by H. H. Scott, changed significantly, as shown in the following table.

Home-type radio receivers (and tuners), radio-phonographs, and audio amplifiers: Number of U.S. producers, 1968 and 1971

Article	Number of producers	
	1968	1971
AM/FM radio receivers and tuners-----	13	10
AM/FM radio phonographs:		
Table model-----	11	15
Console model-----	31	23
Amplifiers and preamplifiers-----	15	10

As shown above, the number of producers of table model radio-phonographs increased from 1968 to 1971, but the number of domestic producers in each of the other categories declined.

In the past few years, about 70 percent to 80 percent of the total annual domestic production of loudspeakers was made for sale to others; approximately six producers accounted for the vast bulk of this production, and 20 producers accounted for the remainder. The remaining 20 percent to 30 percent of domestic annual production of loudspeakers, consisting of captive production, was accounted for by 3 or 4 producers, most of whom used their speaker output to make an extensive range of speaker systems. * * *

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

Summary

The following table shows for the years 1968-72 the aggregate value of apparent consumption of all types of home radio receivers, radio-phonograph combinations, loudspeakers, and amplifiers, along with comparable data on imports and producers' shipments. In the aggregate, the total value of consumption increased by about 4 percent during those years (from \$884 million to \$921 million). Over the same period, the value of producers' shipments declined by about 38 percent while the total value of imports doubled both in absolute amounts and in relation to total apparent consumption. Total sales by Scott, which ranged between * * * annually during 1968-72, accounted for about *** percent of the total value of apparent consumption during each of the years shown; if, however, the large volume of low-valued monaural radios, including battery types, of a kind not produced by Scott, were eliminated, Scott's share of the market would be substantially higher.

Home radio receivers, radio-phonographs, loudspeakers, and amplifiers:
U.S. consumption, producers' shipments, and imports, 1968-72

(In millions of dollars)

Year	Apparent consumption	Producers' shipments	Imports	Ratio (percent) of imports to consumption
1968-----	884	629	276	31
1969-----	913	559	379	42
1970-----	859	487	396	46
1971-----	838	452	418	50
1972-----	921	389	580	63

Source: Compiled from the Appendix tables 1, 3, 4, and 5.

Home-type radio receivers

Apparent U.S. consumption of all home-type radio receivers, including types not produced by Scott, increased irregularly from 35.4 million units, valued at \$347 million, in 1968 to 43.9 million units, valued at \$446 million, in 1972 (table 1).

U.S. producers' shipments of such equipment declined each year during the 1968-72 period--from 7.5 million units, valued at \$127 million to 1.8 million units, valued at \$45 million. U.S. exports of radio receivers declined from 385,000 units, valued at \$5 million, in 1968 to 224,000 units, valued at \$3 million, in 1971 and then increased to 248,000 units, valued at \$4 million, in 1972 (table 1). Except for 1972, when they were equivalent to about 9 percent of the total value of sales, exports accounted for about 4 to 5 percent of the total value of shipments by domestic producers.

Separate data on AC-operated AM/FM and FM solid-state radio receivers are available for 1970-72 (table 2). These receivers correspond more closely to those produced by Scott. Apparent U.S. consumption of such receivers decreased from 4.5 million units, valued at \$107 million, in 1970 to 3.7 million units, valued at \$96 million, in 1971 and then increased in 1972 to 4.0 million units, valued at \$119 million. U.S. producers' shipments decreased steadily, from 720,000 units, valued at \$21 million, in 1970 to 250,000 units, valued at \$12 million, in 1972. Statistics on exports of such receivers are

not available, but such exports are believed to have amounted to much less than 5 percent of annual U.S. producers' shipments in recent years.

U.S. imports of all home-type radio receivers (including those types not produced by Scott) increased from 28 million units, valued at \$225 million, in 1968 to 35 million units, valued at \$306 million, in 1969; decreased to 31 million units, valued at \$305 million, in 1970; remained at about the same level in 1971; but increased sharply to 42 million units, valued at \$405 million, in 1972 (table 1). The ratio of imports to consumption, based on quantity, of all home-type radio receivers increased from 80 to 96 percent during this period. Table 6 shows the rates of duty and the value of U.S. imports of all types of radio receivers (including automobile types) during the period 1960-72. U.S. Customs classifies unfinished radios and/or subassemblies that will operate when power is applied in the same TSUS category as finished radios. Hence, import data cover radio receivers as well as subassemblies of radios for further assembly in the United States.

Imports of AC-operated AM/FM and FM solid-state receivers decreased from 3.8 million units, valued at \$86 million, in 1970 to 3.3 million units, valued at \$79 million, in 1971, and then increased to 3.6 million units, valued at \$106 million, in 1972 (table 2). The ratio of imports to consumption of these receivers increased from 84 percent to 91 percent in quantity and from 80 percent to 90 percent in value during this period.

Imports of all home-type radio receivers under TSUS item 807.00 have increased in value from \$21 million, in 1968 to \$67 million, in 1972 (table 10). The value of U.S. components increased from \$3 million, in 1968 to \$16.6 million, in 1972. Imports of nonbattery-operated AM/FM and FM solid-state radio receivers brought in under TSUS item 807.00 have increased in value from \$6.2 million, in 1970 to \$8.5 million, in 1972.

Radio-phonograph combinations

During the period 1968-72, apparent U.S. consumption of all radio-phonographs ranged between 3.2 million units in 1970 and 3.7 million units in 1972 (table 3). By value, however, apparent consumption of such articles decreased sharply each year (from \$404 million to \$301 million). During the entire period, U.S. producers' shipments declined by about 25 percent in terms of numbers of units and by 42 percent in terms of value. In contrast, imports of radio-phonographs rose some 37 percent by quantity and 190 percent by value. U.S. exports of radio-phonograph combinations during the 1968-72 period were less than 3 percent of shipments in each year.

For the years 1968-71, imports of radio-phonograph combinations fluctuated between 1.6 million units, valued at \$30 million, in 1968, and 1.5 million units, valued at \$54 million, in 1971 (table 3). However, in 1972 imports sharply increased to 2.2 million units, valued at \$87 million (table 3).

Table 7 shows the rates of duty and value of U.S. imports during the period 1960-72. In contrast with unit values of shipments by U.S. producers of radio-phonograph combinations which decreased during the period 1968-72 (from \$190 to \$147), the unit value of imported radio-phonograph combinations rose from \$19 in 1968 to \$39 in 1972, a percentage increase of 105.

Imports of radio-phonograph combinations under TSUS item 807.00 in 1968 were valued at \$3.5 million (table 10). In 1969, the value dropped by nearly one-half to \$1.8 million, but increased steadily to \$3.0 million, in 1971, and sharply increased to \$6.0 million, in 1972. As in the case of radio receivers, it is believed that the large increase in 1972 was, to some extent, due to U.S. producers making complete radio-phonograph combinations and subassemblies in off-shore facilities. The value of U.S. components decreased irregularly from \$315,000 in 1968 to \$111,000 in 1971, and rose to \$519,000 in 1972.

Loudspeakers

Loudspeaker data reported in official statistics include both individual loudspeakers and loudspeaker systems. Only value data are available for domestic shipments of loudspeakers.

Apparent U.S. consumption of loudspeakers increased in value from \$112 million in 1968 to \$130 million in 1969, decreased slightly to \$128 million in 1970, and thereafter increased each year to \$149 million in 1972 (table 4).

U.S. producers' shipments of loudspeakers increased in value from \$102 million in 1968 to \$113 million, in 1969, declined to \$106 million, in 1970, increased again to \$115 million, in 1971, and then decreased to \$108 million, in 1972. The \$7 million reduction in shipments from 1971 to 1972 was accompanied by an increase in imports of more than 50 percent in both value and quantity (table 4).

U.S. imports of loudspeakers have steadily increased from 23 million units, valued at \$16 million, in 1968 to 53 million units, valued at \$65 million, in 1972 (table 4). In 1960, the first year in which statistical data were collected on loudspeakers, imports were only 601,000 units, valued at \$1.7 million. Rates of duty and the value of U.S. imports for the period 1960-72 are shown in table 8.

Japan is, by far, the major source of imports of loudspeakers by the United States, having supplied on the average about 90 percent of all U.S. imports of loudspeakers since 1967. However, Japan's exports to the United States are concentrated in the smaller-sized speakers (2 to 6 inches in diameter) which can be shipped at the lower "per hundred-weight" freight rate (rather than by volume).

From 1968 to 1972, imports of loudspeakers under TSUS item 807.00 have been less than 4 percent of total loudspeaker imports in terms of value (table 10). Nevertheless, the value of these 807.00 imports has increased from \$164,000, in 1967 to \$1.9 million, in 1972. The great bulk of these imports during this period came from Canada and Mexico and are small-sized loudspeakers. The value of U.S. components has increased from \$43,000, in 1968 to \$737,000, in 1972.

Home-type electric sound amplifiers

During the 1968-72 period, apparent U.S. consumption of electric sound amplifiers, including types produced by Scott, ranged from \$21 million in 1968 to \$35 million in 1970 with no clear trend (table 5).

U.S. producers' shipments of such equipment declined from a peak of \$28 million in 1970 to an estimated \$16 million in 1972. U.S. exports of amplifiers declined from \$7.5 million, in 1968 to \$6.7 million in 1970, and then increased to \$14.7 million in 1972. Except for 1972, when they were equivalent to about 92 percent of the total value of sales, exports accounted for about 25 to 50 percent of the total value of shipments by domestic producers. Imports of electric sound amplifiers, which have exceeded exports every year during the period 1969-72, have increased each year since 1968 and reached a value of \$23.4 million in 1972.

The value of U.S. imports of all home-type sound amplifiers grew consistently from 1968 to 1972, with especially sharp gains of 108 percent in 1969 and 40 percent in 1972 (table 5). In 1972, the value of total imports, about \$23 million, was more than 4 times that of 1968, indicating an average annual rate of growth of about 44 percent.

(Official data on the quantity of imports are not available.) The rates of duty and the value of U.S. imports of electric sound amplifiers during 1960-72 are given in table 9.

Annual U.S. imports of such amplifiers under TSUS item 807.00 fluctuated from 1968 to 1970, then grew steadily in the following 2 years (table 10). From only \$199,000 in 1968, imports rose to about \$3.2 million in 1969, a 15-fold rise. Imports declined by 60 percent in 1970, to \$1.3 million, but grew 121 percent in 1971 and 14 percent in 1972, when they reached \$3.3 million, just slightly higher than the 1969 level. The ratio of the value of U.S. goods returned to the total value of 807.00 imports of amplifiers grew from 13 percent in 1968, to 36 percent in 1969, the peak level reached during 1968-72; by 1972, the ratio was down to the 1968 level of 13 percent.

H. H. Scott, Inc.

Company history

H. H. Scott, Inc., was founded by Hermon H. Scott, an acknowledged pioneer in the development of hi-fi equipment. The company, incorporated in 1947, was set up originally to manufacture professional laboratory instruments and radio broadcast equipment. One of its early products, an expensive device designed for use by broadcast stations to suppress phonograph noise, led to the introduction of a noise-suppressing amplifier for home use, which is considered to be the forerunner of the modern-day hi-fi amplifier. By the end of the 1950's, spurred by a substantial growth in the market, Scott was producing a complete line of hi-fi products, i.e., tuners, amplifiers, receivers, and speaker systems, along with phonographs and radio-phonographs, for home entertainment.

* * * * *

As mentioned earlier, on November 6, 1970, H. H. Scott, Inc., filed a petition with the Tariff Commission for a determination of eligibility to apply for adjustment assistance pursuant to section 301(c)(1) of the Trade Expansion Act of 1962, and on November 13, 1970, the Commission instituted its investigation (TEA-F-13). In its report on investigation TEA-F-13, made on January 5, 1971 (TC Publication 355), the Commission, being equally divided, 1/ made no finding.

Subsequent to the Commission's report on TEA-F-13, on March 1971, the President announced that he was accepting the affirmative determination of Commissioners Clubb and Moore as the determination of the Commission, and authorized Scott to apply for adjustment assistance to the Department of Commerce. In December 1971, Scott obtained approval of some tax assistance through the adjustment assistance program and also secured \$500,000 of credit through the help of Eastern Air Devices, Great Neck, New York City. Also, Eastern Air Devices provided management counseling and took an option to acquire the Scott company. 2/

1/ Presiding Commissioner Sutton and Commissioner Leonard found in the negative; Commissioners Clubb and Moore found in the affirmative.

2/ According to the press, in September 1972 Eastern Air Devices had acquired KLH Research and Development Corp., Cambridge, Mass., from Singer Co., New York City. KLH manufactures hi-fi speaker systems

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* * * The company had also submitted a proposal to the Department of Commerce for a government-guaranteed loan of about \$3 million under the adjustment assistance program, but the loan was not approved. 1/ Lacking the capital needed to continue operations, Scott terminated its production in October 1972. In November 1972, several of Scott's creditors filed a petition for involuntary bankruptcy under Chapter X of the Bankruptcy Act, and Scott filed a petition for reorganization under Chapter XI of the Bankruptcy Act. In the same month, Eastern Air Devices released its option to acquire the company.

In January 1973, however, the Scott company was acquired by SYMA International, Brussels, Belgium, Scott's European licensee. SYMA International, a multinational corporation, is known to include an affiliate in Belgium engaged in producing hi-fi products, and affiliates in France and Italy engaged in producing other kinds of products.

Production at Maynard was resumed in February 1973. * * *

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APPENDIX A
STATISTICAL TABLES

Table 1.--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 2.--Home-type radio receivers, AC-operated, solid-state AM/FM and FM types: U.S. factory shipments, imports for consumption, and apparent consumption, 1970-72 ^{1/}

Year	U.S. factory shipments	Imports	Apparent consumption	Ratio (percent) of imports to consumption
Quantity (thousands of units)				
1970-----	720	3,819	4,539	84
1971-----	429	3,250	3,679	88
1972-----	^{2/} 250	3,586	^{2/} 3,951	^{2/} 91
Value (millions of dollars)				
1970-----	20,989	86,274	107,263	80
1971-----	16,682	78,920	95,602	83
1972-----	^{2/} 12,000	106,736	^{2/} 118,736	^{2/} 90

^{1/} 1970 is the first year for which separate data are available for the products considered in this table.

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

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

Table 3.--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 4.--Loudspeakers: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

Item	1968	1969	1970	1971	1972
Shipments ^{1/}					
1,000 dollars--	101,749	113,028	105,684	114,735	^{2/} 108,000
Imports:					
Quantity---1,000 units--	23,061	30,787	30,802	34,697	53,459
Value----1,000 dollars--	16,298	26,086	32,908	40,348	65,055
Exports ^{1/}					
1,000 dollars--	6,337	9,138	10,496	15,211	23,708
Consumption ^{1/}					
1,000 dollars--	111,710	129,976	128,096	139,872	^{2/} 149,307
Ratio of imports to con-					
sumption-----percent--	15	20	26	29	^{2/} 43

^{1/} Data in shipments and exports are available only in terms of value and may be overstated somewhat owing to the inclusion of certain parts.

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

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

Table 5.--Home-type electric sound amplifiers: U.S. factory shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1968-72

(Value in thousands of dollars)					
Year	U.S. factory shipments	Imports	Exports	Apparent consumption	Ratio (percent) of imports to consumption
1968-----	23,319	5,495	7,494	21,320	26
1969-----	18,057	11,429	7,381	22,105	52
1970-----	28,492	13,467	6,671	35,288	38
1971-----	20,807	16,686	9,854	27,639	60
1972-----	<u>1/</u> 16,000	23,430	14,711	<u>1/</u> 24,719	<u>1/</u> 95

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

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

Table 6.--Radio receivers: 1/ U.S. rates of duty and imports
for consumption, 1960-72 2/

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>3/</u> 12	: <u>4/</u> 11	: <u>3/</u> 229,454	: <u>4/</u> 7,563
1969-----	<u>3/</u> 11.5	: <u>4/</u> 10	: <u>3/</u> 316,208	: <u>4/</u> 2,559
1970-----	<u>3/</u> 11	: <u>4/</u> 8.5	: <u>3/</u> 324,233	: <u>4/</u> 1,951
1971-----	<u>3/</u> 10.4	: <u>4/</u> 7	: <u>3/</u> 332,861	: <u>4/</u> 1,462
1972-----	<u>3/</u> 10.4	: <u>4/</u> 6	: <u>3/</u> 432,658	: <u>4/</u> 1,151

1/ Includes automobile radios.

2/ 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.

3/ Solid-state (tubeless) units.

4/ Other than solid-state units.

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

Table 7.--Radio-phonograph combinations: U.S. rates of duty and imports for consumption, 1960-72 ^{1/}

Year	Rate of duty	Imports
	Percent ad valorem	1,000 dollars
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

^{1/} 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.

Table 8.--Loudspeakers: U.S. rates of duty and imports
for consumption, 1960-72 ^{1/}

Year	Rate of duty	Imports
	Percent ad valorem	1,000 dollars
1960-----	13.75	1,747
1961-----	13.75	2,320
1962-----	13.75	2,994
1963 ^{2/} -----	15	3,495
1964-----	15	4,744
1965-----	15	6,757
1966-----	15	10,358
1967-----	15	10,557
1968 ^{3/} -----	13	16,298
1969 ^{3/} -----	12	26,086
1970 ^{3/} -----	10	32,908
1971 ^{3/} -----	9	40,348
1972 ^{3/} -----	7.5	65,055

^{1/} U.S. imports of loudspeakers were not separately reported in official statistics prior to 1960.

^{2/} Duty applicable to loudspeakers increased as a result of adoption of the TSUS, Aug. 31, 1963.

^{3/} Rate of duty was reduced.

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

Table 9.--Electric sound amplifiers: U.S. rates of duty and imports for consumption, 1964-72 ^{1/}

Year	Rate of duty	Imports
	Percent ad valorem	1,000 dollars
1964-----	15	2,763
1965-----	15	3,261
1966-----	15	3,413
1967-----	15	3,591
1968-----	13	5,495
1969-----	12	11,429
1970-----	10	13,467
1971-----	9	16,686
1972-----	7.5	23,430

^{1/} U.S. imports of electric sound amplifiers were not separately reported in official statistics prior to the adoption of the TSUS in 1963.

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

Table 10.--U.S. imports: Total value of imports under TSUS item 807.00, and value of U.S. components imported under TSUS item 807.00 for home-type radio receivers, radio-phonograph combinations, loudspeakers, amplifiers, and radio-tape player combinations

(In thousands of dollars)

Item	1968	1969	1970	1971	1972
Home-type radio receivers: ^{1/}					
Total 807.00-----	20,715	43,229	40,564	42,814	66,679
U.S. components-----	3,228	6,322	6,003	8,898	16,598
Radio-phonograph combina-					
tions:					
Total 807.00-----	3,572	1,828	2,901	2,998	5,982
U.S. components-----	315	114	291	111	519
Loudspeakers:					
Total 807.00-----	164	299	534	1,171	1,920
U.S. components-----	43	294	270	506	737
Amplifiers:					
Total 807.00-----	199	3,214	1,299	2,875	3,283
U.S. components-----	25	1,160	312	629	420
Radio-tape player combina-					
tions:					
Total 807.00-----	<u>2/</u>	<u>2/</u>	345	234	1,560
U.S. components-----	<u>2/</u>	<u>2/</u>	<u>3/</u>	21	93

^{1/} Imports under item 807.00 of nonbattery-operated AM/FM or FM receivers were as follows during 1970-72; 1970 is the first period for which such data are available (in thousands of dollars):

<u>Item</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
Total 807.00	6,218	7,041	8,541
U.S. components	486	962	1,705

^{2/} Not available.

^{3/} Less than \$500.

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

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APPENDIX B

H. H. SCOTT'S LETTER OF JANUARY 1973
ON ADJUSTMENT ASSISTANCE

A-41 through A-54

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