

SUSPENDING THE DUTIES ON CERTAIN BICYCLE PARTS  
AND ACCESSORIES UNTIL THE CLOSE OF JUNE 30, 1978

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 AUGUST 26, 1976.—Ordered to be printed
 

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Mr. LONG, from the Committee on Finance,  
submitted the following

## REPORT

[To accompany H.R. 12254]

The Committee on Finance, to which was referred the bill (H.R. 12254) to suspend the duties on certain bicycle parts and accessories until the close of June 30, 1978, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

## I. GENERAL STATEMENT

The existing suspension of duties on certain bicycle parts covers generator lighting sets (normally dutiable at 19 percent ad valorem) and derailleurs, caliper brakes, drum brakes, three-speed hubs not incorporating coaster brakes, drum brakes, grips, click stick levers, and multiple freewheel sprockets (normally dutiable at 15 percent ad valorem). H.R. 12254 would expand the coverage of the existing suspension to include parts of generator lighting sets from TSUS item 653.39 (present duty of 19 percent ad valorem) and alloy butted frame tubing, frame lugs, alloy cotterless crank sets, alloy rims, and parts of these from TSUS item 732.36 (present duty of 15 percent ad valorem).

The basic purpose of the duty suspensions has been to improve the ability of domestic producers to compete with foreign bicycle manufactures by reducing the landed cost of certain imported bicycle parts and accessories which are not available from domestic sources. The great bulk of imported bicycles are subject to rates of duty substantially lower (11 percent and 5.5 percent ad valorem) than the parts covered by the duty suspension.

Imports of bicycle parts covered by the duty suspension have increased dramatically from \$15 million in 1971, to \$49 million in 1972, \$76.6 million in 1973, and \$85.1 million in 1974. There has been some shifting of trade among the statistical categories of imports.

Imports of generator lighting sets decreased from about \$5.3 million in 1973 to less than \$3 million in 1974; imports of three-speed hubs also declined from about \$12.4 million to \$9.1 million in 1974. On the other hand, total imports of other parts, which are not reported separately, greatly increased from \$59 million in 1973 to \$73 million in 1974. Imports of parts in the first nine months of 1975 fell sharply, however. This is consistent with almost a 50 percent decline in domestic production of bicycles due primarily to the economic recession and the consumer product safety code regulations, which went into effect in May. Domestic bicycle production is expected to increase somewhat in 1976.

Imports of the additional parts that would be included in the duty suspension are reported under a large basket category. Imports of this category totalled about \$59 million in 1975, but figures are not available on the specific parts that would be included in the bill.

Most parts subject to the duty suspension are not produced in the United States. There is one domestic producer of derailleurs and one producer of caliper brakes. Of the parts on which the duty would be suspended for the first time, there is no domestic production except probably of bulbs for generator lighting sets and possible minimal production of alloy rims and parts.

The Department of Commerce submitted a report favoring enactment of this bill. The International Trade Commission submitted an information report.

The existing temporary suspension of duties on certain bicycle parts and accessories was originally enacted by Public Law 91-689 on June 12, 1971. It was last extended on October 26, 1974 by Public Law 93-490 for a three-year period from December 31, 1973 to December 31, 1976.

Only the column 1 rates of duty (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) are suspended; the column 2 rates are not changed. The column 1 rate of duty on generator lighting sets under TSUS item 653.39 is 19 percent ad valorem; imports from eligible developing countries are subject to duty-free treatment under the Generalized System of Preferences (GSP). The column 1 rate of duty on other bicycle parts under TSUS item 732.36 is 15 percent ad valorem; GSP does not apply to this item.

Public hearings were held by the Committee on Finance on August 24, 1976, on tax and tariff bills. During these hearings favorable and unfavorable testimony was received on H.R. 12254. The bicycle manufacturers strongly supported continuation of the duty suspension and expansion of the product coverage on the grounds that it removes the competitive price advantage for foreign bicycle producers inherent in the normal rates of duty on assembled bicycle and component parts.

The American Bicycle Importers Association of America, Inc., strongly objected to the enactment of H.R. 12254 on the grounds that the suspension of duties on bicycle parts normally dutiable at 15 percent ad valorem would place American importers of bicycles at a competitive disadvantage since such importers must pay duty ranging from 5½-11 percent ad valorem on imports of complete bicycles. A domestic manufacturer of brakes objected to H.R. 12254 because it would continue to allow foreign made brakes into the country duty free.

Having considered the objections of the bicycle importers and the domestic brake manufacturer, the Committee concluded that H.R. 12254 is meritorious and unanimously urges its approval.

## II. DESCRIPTION OF BILL

Section (a) of the bill amends item 912.05 of the Appendix to the Tariff Schedules of the United States (TSUSO) by adding parts of generator lighting sets for bicycles.

Section (b) amends item 912.10 of the TSUS Appendix by adding coaster brakes, alloy butted frame tubing, frame lugs, alloy cotterless crank sets, alloy rims, and parts of all items covered by amended item 912.10.

Section (c) as reported by the Subcommittee amends the termination date for items 912.05 and 912.10 by extending the duty suspension from December 31, 1976 to June 30, 1978.

Section (d) applies the above amendments to all articles entered, or withdrawn from warehouse, for consumption after the date of enactment.

## III. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill. The enactment of H.R. 12254 would result in an annual customs revenue loss of approximately \$3.6 million annually.

## IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote of the Committee on reporting this bill. This bill was ordered favorably reported by the Committee by voice vote.

## V. CHANGES IN EXISTING LAW MADE BY THE LAW

In compliance with paragraph 4 of rule XXIX of the Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in *roman*):

## TARIFF SCHEDULES OF THE UNITED STATES

## APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of duty		Effective period
		1	2	
PART 1.—TEMPORARY LEGISLATION				
Subpart B.—Temporary Provisions Amending the Tariff Schedules				
912.05	Generator lighting sets for bicycles and parts thereof (provided for in item 653.30, part 3F, schedule 6)....	Free.....	No change..	On or before [12/31/76] 6/30/78.
912.10	Derailleurs, calliper brakes, drum brakes, three-speed hubs incorporating coaster brakes, three-speed hubs not incorporating coaster brakes, click twist grips, click stick levers, multiple freewheel sprock- ets coaster brakes, alloy butted frame tubing, frame lugs, alloy cotterless crank sets, alloy rims and parts of all the foregoing (provided for in item 782.36, part 5C, schedule 7).....	Free.....	No change..	On or before [12/31/76] 6/30/78.

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