

the lightweight bicycles which by then were accounting for over 60 percent of all imports. The lightweight duty was raised from 7½ percent to 11¼ percent. At that point, Mr. Chairman, we began to recover. A principal element in our recovery was this tariff increase. A second important factor was an extensive reorganization of our entire industry. All of us cut our costs and prices in every conceivable way in order to remain as competitive as possible. We invested intensively in new facilities and equipment. The average price of a U.S.-produced bicycle today is lower than the 1956 average price. That is, a bicycle with comparable specifications costs less today than it did in 1956. All of us were forced to turn to imported parts, such as tires, brakes, and chains.

By these drastic measures, our industry survived. Imports dropped to 750,000 bikes, or 28 percent of the market in 1957. From then until 1963 they increased very slowly to 1.3 million bicycles, or 30 percent of the U.S. market, and in 1963 we brought out the first high-rise bicycle.

The high-rise bicycle, shown in appendix II, photograph No. 3, was our ultimate answer to the imported bicycle. It was designed and developed and built and marketed in the United States by U.S. manufacturers specifically and especially for the U.S. market. I think the figures will show how successful the design and marketing of this model was. In 1964 the high-rise bicycle cut imports by 250,000 bicycles, and reduced the import market share by one-third, from 29 to 19 percent. Since then our sales have continued to increase, principally because of our energetic marketing of this machine.

Well, Mr. Chairman, it took the foreign manufacturers just 2 years to catch. Table 2 in appendix I shows the rapid shift in import emphasis from lightweights to high-rise, copied bolt for bolt from U.S. models. The oversea producers are now in full high-rise production, with startup problems and costs behind them. Their shipments to the United States of this U.S. designed and developed bicycle has enabled them to reserve their declining market share trend from 16.1 percent in 1966 to 17.7 percent in 1967, and over 20 percent for the first 4 months of 1968. With the Kennedy round duty reductions of 50 percent now scheduled by 1972, we anticipate a further sharp increase in imports.

This situation worries us in the bicycle industry. The two principal factors which combined to permit the sharp rise in imports in the 1948-55 period were the GATT tariff cuts and domestic interest in the lightweight bicycle which the foreigners could produce cheaper than we could. We see those same factors at work today, in the Kennedy round cuts and the massive import concentration in the high-rise bicycle, which the importers are landing in this country and selling at prices considerably below our costs. Foreign manufacturers also receive the benefit of various subsidies and rebates which help them in the exportation of products. We have once before fought and recovered from massive import injury, but this time we see the circumstances as more restricting and the injury as more serious.

The parallels to the import challenge of the early 1950's are easy to find, Mr. Chairman, but as an industry we are less able to respond to this challenge than we were in 1955. We expended all our ammunition in that fight. We are already using foreign-made parts to maximum