

**Written Statement Supporting Duty Suspension for
Certain Toy Telescopes (H.R. 4262)**

Before the House Ways and Means Committee

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This statement is written on behalf of Meade Instruments Corp. (“Meade”), Tasco Worldwide, Inc. (“Tasco”) and Bushnell Corporation (“Bushnell”). All are respected optics and technology companies based in the United States, and, we believe, together constitute the majority of the domestic United States toy telescope industry. These companies respectfully request a duty waiver on certain toy telescopes, as covered in H.R. 4262.¹

Currently, all telescopes are subject to an 8% tariff,² regardless of whether they are complex instruments costing tens of thousands of dollars, or toys retailing for less than one hundred dollars. Although “toys” are exempt from tariffs, toy telescopes are not.³ This is not merely illogical but also unfair: unfair to domestic telescope retailers whose products compete against duty-free toys, and unfair to the young consumers of these telescopes. Moreover, these tariffs do not protect any domestic United States industry. The Toy Industry Association has told us that it supports our request for duty-free treatment of these toy telescopes.

A duty waiver would put children’s telescopes on a level playing field with other “toys.” The tariff exemption should cover the small refracting and reflecting telescopes that are marketed and sold cheaply to children.⁴ Our experience in the industry causes us to believe that refracting telescopes with 50mm (or smaller) lenses and reflecting telescopes with 76mm (or smaller) lenses fall in the toy telescope category. These telescopes typically retail for \$30 to \$80 each.

The remainder of this statement explains how (1) these telescopes are marketed and used as toys and thus should be treated as such by tariff law; (2) a waiver does not threaten any domestic interests; and (3) a waiver will be effectively revenue neutral.

¹ Attached to this statement is a brief description/explanation of refracting and reflecting telescopes.

² Telescopes are classified under Customs regulations as HTS 9005.80.4040.

³ The type of telescope Customs classifies as a toy is a 4-inch plastic “Peter Pan spyglass/telescope” with a figure of Captain Hook molded into the handle, which was given away in children’s meals by a fast-food hamburger chain. Although this is a toy, it is barely a telescope, and certainly not the only type of telescope used by children for their amusement.

⁴ Telescopes work by collecting light to create a sharp image, and then magnifying that image through an eyepiece. In a refracting telescope, an objective lens at the front of the telescope collects and focuses the light. In a reflecting telescope, a concave mirror at the back of the telescope collects and focuses the light. Note that catadioptric telescopes (or mirror-lens telescopes) employ a combination of both mirrors and lenses, but catadioptric telescopes would not be classified as “toys.”

The identified telescopes are effectively toys, and thus should be exempted from tariff

Refracting telescopes with lenses of 50mm or less, and reflecting telescopes with lenses of 76mm or less, are not designed for scientific or professional use. Because these toy telescopes are manufactured for use by children, they are much less powerful, and significantly less expensive (often employing plastic lenses and other parts) than adult telescopes. Rather than allowing a professional study of the sky, these toy telescopes permit children to gaze at the sky and imitate serious astronomers. They are also marketed and retailed as toys. The packaging material for the “Meade Jupiter” telescope, for example, reads: “*Recommended for ages 8 and up. Adult supervision recommended.*” Telescopes of this size and power (whether imported and sold by Meade or by one of its competitors) are sold almost exclusively in toy stores such as Toys R Us, or as toys in general retail stores such as Wal-Mart.

These toy telescopes do not compete directly with larger telescopes, but instead compete only with other toys. For example, although 76mm reflecting telescopes are toys, the next standard size reflecting telescope (114mm) is clearly distinct. The 114mm is much larger, more expensive, and has an aperture large enough that computer systems are typically added. The same is true for the next standard size refracting telescope (60mm). They are also more expensive and often computer-enhanced, and are generally marketed to a significantly different (older) market than 50mm telescopes and below.

Since the smaller refracting and reflecting telescopes covered by our request are uniquely toys, the tariff exemption would remove distortions in the toy market by allowing toy telescopes to compete fairly with other toy products.

This tariff exemption would not threaten any domestic industries

Meade, Tasco and Bushnell are the major domestic toy telescope retailers.⁵ Although these companies conduct high-end design, marketing, and distribution activities, the toys themselves involve low-end manufacturing. As a result, they cannot be cost-effectively manufactured in the United States, and accordingly, these companies import all of their toy telescopes. We are unaware of any domestic manufacturer that would find it profitable to manufacture such telescopes in the United States.

The revenue impact of this tariff exemption will be de minimis

According to CBO guidelines, a tariff exemption is considered revenue neutral if the total budget impact will be less than \$500,000. By this standard, the tariff exemption contained in HR 4262 would be revenue neutral.

⁵ These companies also produce high-end telescopes, microscopes, binoculars, and telescope software and accessories in the United States. In some of these lines of business, competitors include “camera” companies such as Canon, Minolta, Nikon and Olympus. In toy telescopes, however, the three major United States companies are Meade, Tasco and Bushnell.

To our knowledge, all domestic companies together currently import roughly 450,000 refracting telescopes of 50mm or less, and roughly 25,000 reflecting telescopes of 76mm or less. The average import value of the refracting toys is \$12, and of the reflecting toys is \$20. Added together, the total revenue impact of our proposed duty waiver would be roughly \$470,000.

Conclusion

We respectfully request that customs duties be suspended on toy telescopes for the following reasons:

- The 8% duty adversely affects the U.S. companies that import toy telescopes, without benefiting any domestic manufacturers
- The low-end telescope importing companies are also high-end telescope producers, whose global approach to business create jobs and growth in the United States
- The duty makes it more difficult for children to choose toy telescopes vs. other toys
- These telescopes are substantially different in construction, use and ability from other telescopes
- The revenue loss to the U.S. government would be *de minimis*

Thank you for the opportunity to present our views on H.R. 4262.

Meade Instruments Corp.

Tasco Worldwide, Inc.

John C. Diebel, Chairman and CEO

John R. Nash, Acting President and CFO

Bushnell Corporation

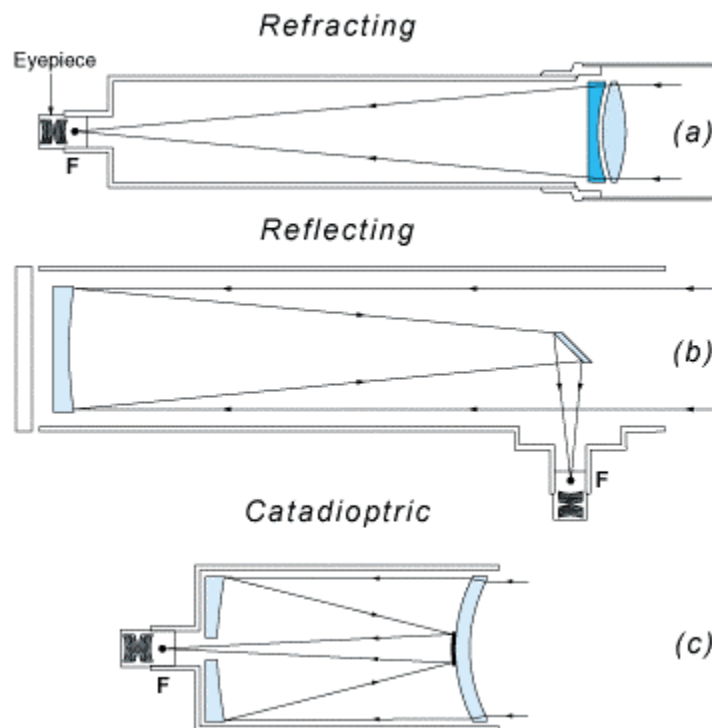
B. Joseph Messner, President and CEO

Meade Instruments Corporation

Telescopes · Binoculars · Microscopes

Types of Telescopes

All telescopes fall into one of three optical classes. The relative advantages of each of these telescope designs will be made clear below.



In the refracting telescope (a) light is collected by a 2-element objective lens and brought to a focus at *F*. By contrast the *reflecting telescope* (b) uses a concave mirror for this purpose. The mirror-lens, or catadioptric, telescope (c) employs a combination of both mirrors and lenses, resulting in a shorter, more portable optical tube assembly. All telescopes use an *eyepiece* (located behind the focal point, *F*) to magnify the image formed by the primary optical system.

Refracting Telescopes use a large objective lens as their primary light-collecting element. Refractors include achromatic objective lenses in order to reduce the false color (chromatic aberration) that results in the telescopic image when light passes through a lens.

Reflecting Telescopes use a concave primary mirror to collect light and form an image. In the Newtonian type of reflector, light is reflected by a small, flat secondary mirror to the side of the main tube for observation of the image.

Mirror-Lens (Catadioptric) Telescopes employ both mirrors and lenses, resulting in optical configurations that achieve remarkable image quality and resolution, while housing the optics in extremely short, highly portable optical tubes.