

UNITED STATES TARIFF COMMISSION
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AFTA-W-10

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TARIFF COMMISSION SUBMITS REPORT TO THE
AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD
IN ADJUSTMENT ASSISTANCE CASE PERTAINING TO
CERTAIN WORKERS OF AMERICAN MOTORS CORPORATION'S
KENOSHA, WISCONSIN, PLANT

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. AFTA-W-10, conducted under section 302(e) of the Automotive Products Trade Act of 1965. The Commission's report contains factual information for use by the Board, which determines the eligibility of the workers concerned to apply for adjustment assistance. The workers in this case were employed in the Kenosha, Wisconsin plant of the American Motors Corporation.

Only certain sections of the Commission's report can be made public since much of the information it contains was received in confidence. Publication of such information would result in the disclosure of certain operations of individual firms. The sections of the report that can be made public are reproduced on the following pages.

Introduction

In accordance with section 302(e) of the Automotive Products Trade Act of 1965 (79 Stat. 1016), the U.S. Tariff Commission herein reports the results of investigation (APTA-W-10) concerning the possible dislocation of certain workers engaged in the production of automobiles at the Kenosha, Wisconsin plant of the American Motors Corp. The Commission instituted the investigation on March 8, 1967, upon receipt on March 6, 1967, of a request for investigation from the Automotive Assistance Committee of the Automotive Agreement Adjustment Assistance Board. Public notice of the investigation was given in the Federal Register (32 F.R. 4004) on March 11, 1967.

The Automotive Assistance Committee's request for the investigation resulted from a petition for determination of eligibility to apply for adjustment assistance that was filed with the Assistance Board on February 28, 1967, by the International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (U.A.W.) and its Local No. 72, on behalf of a group of workers at the Kenosha plant^{1/} of American Motors Corp. Neither the petitioners nor any other party requested a hearing before the Commission, and none was held.

^{1/} American Motors Corp. operates two plants in Kenosha--the Main plant and the Lake Front plant--which are about a mile apart. Inasmuch as the hourly employees of these plants are a single bargaining unit in labor negotiations and have interplant seniority rights, the two plants are considered an entity by the Commission in the petition and in this report.

The petitioners alleged that the transfer of production of automobiles from the Kenosha plant to the American Motors Corp. plant in Brampton, Ontario resulted in extensive layoffs at Kenosha during the January 1965-January 1967 period, including a permanent layoff of 2,314 workers on January 6, 1967. The petitioners further alleged that the pre-October 1966 layoffs are attributable to the reduced number of automobiles supplied to the Canadian market from the Kenosha plant, and the layoffs beginning in October 1966 to increased imports into the United States of automobiles produced in Canada. Both of these developments were attributed to the Automotive Products Trade Act of 1965 (APTA).

The Commission conducted investigation APTA-W-10 concurrently with investigation APTA-W-9, relating to the possible dislocation of certain workers engaged in the production of automobile bodies at American Motors Corp's. Milwaukee, Wisconsin plant. Much of the information developed in connection with APTA-W-10 is also pertinent to APTA-W-9; because of significant differences in the two investigations, however, separate reports have been prepared.

The information reported herein was obtained from American Motors Corp., the major U.S. automobile manufacturers, the International Union and Local 72, U.A.W., the Commission's files, and through fieldwork by members of the Commission's staff.

Hereafter in this report the American Motors Corp. is referred to as AMC.

The Automotive product involved--automobiles

Conventional passenger automobiles are the articles under consideration in this investigation. Special purpose motor-vehicles such as the "Jeep" and "Scout", and automobile components that are shipped in K-D (knocked-down) kits for subsequent assembly are not included within the scope of this investigation.

Imported automobiles are dutiable under item 692.10 of the Tariff Schedules of the United States at the rate of 6.5 percent ad valorem; if imported from Canada, however, they are duty free under item 692.11.

AMC and its Automotive Division

AMC, with headquarters in Detroit, Michigan, is a large corporation which had net sales valued at about one billion dollars in each of the years 1960-66. AMC's predecessor was incorporated in Maryland in 1916 as Nash Motors Co., which, in turn, was the successor to Jeffrey Motor Co. In 1937 the corporate name was changed to Nash-Kelvinator Corp., after merger with Kelvinator Corp. (a large manufacturer of home appliances). In 1954 the present name was adopted, after merger with Hudson Motor Co.

AMC has two major divisions: Automotive and Appliance. The Appliance Division produces and sells, under the "Kelvinator" and other trade names, major household appliances such as refrigerators, freezers, dehumidifiers, laundry equipment, ranges and room air-conditioners. The

principal manufacturing facility of this division is located in Grand Rapids, Michigan.

The Automotive Division operates one plant in Milwaukee and two in Kenosha, Wisconsin (the Main plant and the Lake Front plant), and one in Brampton, Ontario. Although the workers herein concerned were employed in the Kenosha plants; an understanding of the interrelationship of the four plants is important.

AMC produces three series of automobiles: the American (the smallest in size), the Rebel (formerly the Classic), and the Ambassador. A separate single-model car--the Marlin, is included with the Ambassador series for the purpose of this report. The three series are produced in a total of 26 models.

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United States and Canadian production and trade

Unlike the experience of AMC which attained a record level of production in the 1963 model year, aggregate U.S. and Canadian production of automobiles increased annually in the 1963-65 model years.^{1/} Thereafter, U.S. annual production decreased slightly from a record level of 8.8 million units in 1965 to 8.6 million units in 1966. Canadian production attained a record high of 673,000 units in 1966. Both U.S.

^{1/} These data are based on conventional passenger automobile production by American Motors Corp., the Chrysler Corp., the Ford Motor Co., and General Motors Corp.; they do not include such special purpose motor-vehicles as the "Jeep" and "Scout". If these other motor-vehicles had been included, the aggregate data would not be significantly different from those for the four concerns. The data also do not include kits (K-D kits) prepared for export which contain parts for assembly into automobiles in other countries.

and Canadian production was substantially lower in the first seven months of the 1967 model year than in the like period of 1966 (table 4, page 6).

The total U.S. output of automobiles in the period November-February of the 1964 model year (2.9 million) was slightly greater than in the comparable period of 1967 (2.8 million). Canadian output was about equal in that period of 1964 to that in 1967 (230,000 and 231,000 automobiles, respectively).

Before the 1965 model year there were no automobiles imported from Canada by the four major U.S. automobile producers. Since then, increasing numbers have been imported--2,000 in 1965, 94,000 in 1966 and 136,000 in the first seven months of the 1967 model year. U.S. exports of automobiles to Canada increased annually from 7,000 units in the 1963 model year to 59,000 units in 1966, and to 120,000 in the first seven months in the 1967 model year. As a result of these changes Canada became a net exporter of automobiles to the United States; during the first complete model year after the United States-Canadian automotive agreement became effective, Canada attained a net export balance of 35,000 units. During the first seven months of the 1967 model year, Canada was a net exporter to the United States of 16,000 automobiles.

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Table 4.--United States and Canadian production and exports of automobiles, model years 1963-66, beginning of year to Feb. 28 of model years 1966 and 1967, and November-February of model years 1964 and 1967 ^{1/}

Period	(In thousands of automobiles)										U.S. net exports (+) or imports (-) with Canada	
	U.S. production					Canadian production						
	Total ^{2/}	Exported to--	Canada	Other countries:	Total ^{2/}	Exported to--	The United States	Other countries:	Canada			
Model year--												
1963	7,176	7	83		467		5				+7	
1964	7,803	11	97		563		9				+11	
1965	8,793	28	108		585		12				+26	
1966	8,579	59	109		673		10				-35	
Beginning of model year to Feb. 28--												
1966	4,766	35	73		368		7				-14	
1967	4,338	120	61		335		7				-16	
Model year 1964:												
November	735	1	10		60		1				+1	
December	734	1	9		57		1				+1	
January	740	1	8		60		1				+1	
February	671	1	7		53		1				+1	
Model year 1967:												
November	831	23	11		64		1				-1	
December	761	24	7		59		1				-	
January	668	15	7		56		1				-10	
February	517	15	7		52		1				-9	

^{1/} The data are based on the number of conventional automobiles produced and exported during the periods indicated by American Motors Corp., the Chrysler Corp., the Ford Motor Co., and General Motors Corp. The data do not include bodies for special purpose vehicles such as the "Jeep" or "Scout." The data do not include kits (K-D kits) prepared for export which contain body parts for assembly into automobile in other countries.

^{2/} Because of rounding, figures do not add to totals shown.

Source: U.S. producers of automobiles.