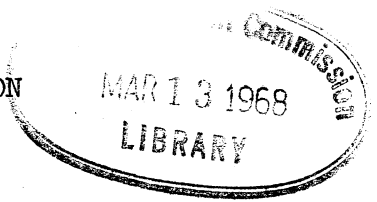


UNITED STATES TARIFF COMMISSION
Washington, D.C.



[APTA-W-22]

TC Publication 236

March 13, 1968

TARIFF COMMISSION SUBMITS REPORT TO THE
AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD
IN ADJUSTMENT ASSISTANCE CASE PERTAINING TO
CERTAIN WORKERS OF THE C. M. HALL LAMP
COMPANY'S PLANT IN DETROIT, MICHIGAN

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. APTA-W-22, 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 Detroit, Michigan, plant of the C. M. Hall Lamp Company.

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)(3) of the Automotive Products Trade Act of 1965 (79 Stat. 1016), the U.S. Tariff Commission herein reports the results of investigation No. APTA-W-22, which was ordered in response to a request from the Automotive Agreement Adjustment Assistance Board. The Board's request resulted from a petition for adjustment assistance filed with the Board on January 18, 1968, by the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, and its Local No. 304, on behalf of a group of workers employed by the C. M. Hall Lamp Company in Detroit, Michigan.

The petition alleges that beginning April 24, 1967, approximately 150 workers were permanently laid off as a result of the discontinuance of the manufacture of certain die-cast automotive parts in the Detroit plant of the C. M. Hall Lamp Company and the transfer of most of these operations to its plant in Bramalea, Ontario, Canada--Hudson Bay Die Casting Company. The petition alleges that a company officer stated at a company-union meeting that the transfer to Canada was necessary in order to keep the company competitive, and that the company would lose contracts if the transfer were not made.

The Commission instituted the investigation upon receipt of the Board's request on January 23, 1968. Public notice of the investigation was given by publication in the Federal Register (33 F.R. 2405) on January 31, 1968. Neither the petitioners nor any other party requested a public hearing, and none was held.

The information reported herein was obtained from the Commission's files, the union local concerned, the C. M. Hall Lamp Company, the Michigan Employment Security Commission, the Bureau of Customs, and by fieldwork by members of the Commission's staff.

* * * * *

The automotive products concerned

The automotive products with which this investigation is concerned consist of zinc alloy die castings (hereinafter referred to as die-cast parts or components) for the assembly of sideview mirrors and taillamps. Specifically, the die-cast components for taillamps consist of housings and bezels; those for sideview mirrors consist primarily of housings and arms. The taillamp housing provides the socket for the lamp bulb and also serves as a reflector for it. The taillamp bezel is the rim or frame which holds the lens of the taillamp in place. The lens bezel, which may be produced as an integral part of the lamp bezel, is a small die casting attached directly to the lens for decorative purposes. The sideview mirror housing is the frame and backing which encases the mirror glass; the sideview mirror arm supports the mirror housing and is used to attach the mirror to the vehicle. Other die-cast parts for sideview mirrors include the swivel for adjusting the mirror, and various parts of the remote control apparatus for mirrors which can be adjusted from within the vehicle. While the arm and housing of a sideview mirror may be die cast as one piece, such mirrors usually are assembled from two or more die-cast parts. Since the taillamp and lens bezels and the

sideview mirror are located on the exterior of the vehicle, they are usually chrome plated both to enhance their appearance and to increase their resistance to corrosion.

Die-cast parts are made by forcing molten metal into a mold or "die" under extreme pressure. After the metal has cooled and solidified, the die is separated and the casting ejected. From the die-cast machine the casting is transferred to a trim press for "blanking,"--i.e., the removal of excess metal. The die castings are then usually deburred, tapped or drilled and, if necessary, plated, buffed, or otherwise readied for final assembly.

The development of the domestic automotive industry provided a large market for die castings--particularly because a great number of parts (ranging from very small to large items) readily lend themselves to die-casting techniques. High injection pressures make possible the production of smooth, uniform parts which have high dimensional accuracy, and which require little additional processing. Frequently, the removal of excess metal by trim presses is the only additional finishing performed. While stamping permits greater output per hour and lower costs per unit than die casting, the latter is generally preferred where intricate parts are involved. Moreover, the output of die-cast parts has been speeded by the use of multiple impression dies, automatic charging and ejection processes, and elaborate electronic timing and cooling devices to increase the production cycle.

Zinc alloy die castings have generally been used for the production of sideview mirrors and taillamp assemblies for use on automobiles.

Those for trucks and buses, where appearance is somewhat less critical, are generally made by stamping. In the very recent past, increasing use has been made of plastics in the production of some of the products. Successful processes have been developed for plating plastics materials which are lighter, have a lighter resistance to corrosion than zinc alloys, and are substantially less costly to produce. While the use of plastics for such products has been inhibited by difficulties with respect to deeply sculptured items, increasing quantities are being utilized for taillamp and lens bezels and it is anticipated by the industry that plastics materials will be utilized to an increasing extent in the future for exterior fixtures. Although aluminum die castings and stampings have been used for these components from time to time, this material, because of its relatively high cost, has never gained widespread acceptance.

U.S. tariff treatment

Imports of zinc die-cast parts for taillamp assemblies and for sideview mirror assemblies, if Canadian articles for use as original motor-vehicle equipment, are free of duty under items 683.66 and 647.02, respectively, of the Tariff Schedules of the United States. Imports of such parts not covered by the U.S.-Canadian automotive agreement are dutiable under items 683.65 and 647.01. Before January 1, 1968, when the first stage of the Kennedy Round concessions became effective, such articles were dutiable at 8.5 percent ad valorem.

The current rate of duty is 7.5 percent ad valorem; the final Kennedy Round rate, effective January 1, 1972, will be 4 percent ad valorem.

The C. M. Hall Lamp Company

The C. M. Hall Lamp Company (referred to elsewhere in this report as C. M. Hall), is incorporated in Michigan and has its headquarters in Detroit. It is one of a number of companies engaged in the production of lighting equipment, sideview mirrors, and other assembled accessories for the auto industry. The company was founded in 1909, ***

* * * * *

The market for the products manufactured by C. M. Hall depends largely upon the demand for domestically produced automobiles. In addition to being subject to the year-to-year fluctuation in the demand for motor vehicles, the volume of production is greatly affected by design changes, policy shifts by the major automotive producers with respect to the purchase or internal production of such components, and year-to-year shifts in the share of the market accounted for by the major producing companies. Competition for the annual contracts let by the major producers is keen among independent parts suppliers and their profit margins generally are low. The success or failure of such concerns depends materially on their flexibility in adjusting to design changes, and on their ability to meet efficiently the volatile demand for the products in which they tend to specialize.

During 1962-65 the annual net sales of C. M. Hall increased without interruption, and at an increasing rate, from about \$10.9 million to \$14.7 million. In 1966, the firm's net sales totaled \$15.2 million. The company had a deficit of \$56,000 in 1962, earned \$172,000 on net income in 1963, and lost \$334,000 in 1964. ^{1/} Its net income in 1965 totaled \$413,000 (2.8 percent of total net sales) and in 1966, \$421,000 (2.7 percent of sales).

* * * * *

Statistical data on U.S.-Canadian production and trade
pertinent to a determination under the Act

Pursuant to the provisions of Section 302(b) of the Automotive Products Trade Act, the Tariff Commission obtained, by questionnaire, data for the model years 1964-67 on both U.S. and Canadian production and trade in die castings used for the assembly of taillamps and side-view mirrors. Such data were supplied by each major producer of motor vehicles in the United States and Canada. Coupled with the data obtained from C. M. Hall, such information provides an indication of the recent trend in the U.S. and Canadian output of such components, of U.S. exports to Canada, and of U.S. imports from that country.

* * * The data indicate that U.S. and Canadian production, U.S. imports from Canada, and U.S. exports to Canada were all substantially larger in the last 5 months of 1967 than in the comparable period of the 1964 model year. * * *

* * * * *

^{1/} According to its annual report to stockholders, virtually all of the 1964 loss was attributable to changes in inventory practices.