

1972
p. 2

UNITED STATES TARIFF COMMISSION

RUBBER CATHETERS AND SYRINGES
B. F. GOODRICH CO.
RIVERSIDE, N. J.

Report to the President
on Worker Investigation No. TEA-W-135
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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May 1972

UNITED STATES TARIFF COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
May 1, 1972.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act (TEA) of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made, under section 301(c)(2) of that act, in response to a workers' petition for a determination of eligibility to apply for adjustment assistance.

The petition for this investigation was filed on March 2, 1972, by the attorneys for the International United Rubber, Cork, Linoleum and Plastic Workers of America, AFL-CIO, CLC, on behalf of the workers and members of Local Union No. 434, URW, formerly employed by the B. F. Goodrich Co., General Products Division, Riverside, N.J. The Commission instituted the investigation (TEA-W-135) on March 9, 1972, and gave public notice thereof in the Federal Register on March 15, 1972 (37 F.R. 5415). No public hearing was requested, and none was held.

The purpose of the Commission's investigation was to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with rubber catheters and syringes produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of that firm at Riverside, N.J.

The information in this report was obtained principally from the petitioner, from officials of the B. F. Goodrich Co., from other domestic producers and importers, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ unanimously finds that articles like or directly competitive with rubber catheters (of the types provided for in item 709.09 of the Tariff Schedules of the United States (TSUS) and syringes (of the types provided for in item 772.42 of the TSUS) produced at the Riverside, N.J., plant of the B. F. Goodrich Co. are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers at that plant.

1/ Chairman Bedell and Commissioner Young did not participate in the decision.

Considerations Supporting the Commission's Finding

Our determination with respect to the petition before the Commission in this investigation is in the negative because the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 have not been met. Before an affirmative determination could be made, it would have to be established that each of the following conditions had been satisfied:

- (1) Articles like or directly competitive with those produced by the workers concerned are being imported in increased quantities;
- (2) The increased imports are in major part the result of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers are unemployed or underemployed or are threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions have been the major factor causing or threatening to cause the unemployment or underemployment.

If any one of the above criteria is not satisfied, we must make a negative determination. In the instant case, condition (4) has not been satisfied, namely, that the increased imports of articles like or directly competitive with those produced at the Riverside plant of the B. F. Goodrich Company where the petitioning workers were employed are not the major factor causing the unemployment or underemployment of the workers of that plant.

The Riverside plant was the only establishment of B. F. Goodrich Company in which rubber catheters and folding syringes were produced. The plant produced Foley catheters, a type which has an inflatable bulb at one end to assist retention of the catheter in the body.

Such catheters are not like or directly competitive with other kinds of catheters. The catheters were made to order for leading pharmaceutical supply firms who packaged and sterilized them and sold them under their own brand names. Folding syringes, which were the only type of syringe made in the Riverside plant are used only for feminine hygiene, and thus are not like or directly competitive with most other types. Folding syringes were shipped to Columbus, Ohio, where they were packaged and then marketed under the B. F. Goodrich name.

Imports of articles of the types produced in the Riverside plant have been small. Such articles are not separately classified in the official U.S. import statistics, but the Commission estimated the volume of imports from data supplied by importers. Although imports of Foley catheters increased each year in the period 1967-70, they declined in 1971. At no time during 1967-71 did imports supply more than 4 percent of the total U.S. market for such catheters. Similarly, U.S. imports of folding syringes, although increasing each year during the 1967-71 period, did not supply an increasing share of the U.S. market in recent years; rather, they supplied a stable share, about 7 percent in both 1967 and 1971. We do not believe that such imports were the major factor causing or threatening to cause any unemployment or underemployment of the petitioning workers, particularly in the absence of evidence that such imports had replaced the products made at the plant where the petitioning workers were employed.

Sales of Foley catheters produced at the Riverside plant, although declining dramatically in 1971, were larger in both 1970 and 1969, than in 1967. Of four of the plant's more important customers for catheters, only one had ceased buying prior to the plant shutdown-- and that plant ceased buying to begin its own production. The other three continued as customers until the plant closed and then began to buy from other domestic producers. Sales of folding syringes made at the plant were larger in 1971 than in 1970, and in both 1970 and 1971 they were substantially above those in 1968 and 1969. The record does not show any substantial loss of sales of folding syringes to imports.

Several sources of information indicate that the closing of the Riverside plant had little to do with import competition. In the press release by management announcing the closing of the Riverside plant, the reason given was lack of business. One company official stated that the plant was closed because it was not sufficiently profitable-- at the prices that could be obtained for its catheters. The former plant manager has attributed the plant shutdown to domestic competition. The Annual Report of the B. F. Goodrich Company for 1971 states that the company began, in 1971, to implement decisions based on a comprehensive, continuing study of the current and long-range sales and profit potential of the products made and sold by the General Products, Textile, Aerospace, Defense and Footwear Divisions. The report further states that a number of products and manufacturing facilities were discontinued during the year because the outlook for a good return on the investment in them was not promising. The discontinued operations,

in addition to the Riverside plant, included a plant at Du Bois, Pa. (golf ball centers), Marietta, Ohio (leatherlike material used in shoe uppers), Niagara Falls, N.Y. (vinyl resin), and the production of reclaimed rubber and most molded rubber goods and the production and marketing of drug sundry rubber goods at Akron, Ohio. Clearly, the decision to cease production at Riverside was made by management of B. F. Goodrich Co. as part of a concerted plan to close plants which management had determined were not sufficiently profitable. There is no evidence that the decision was related to import competition.

In view of the foregoing, our determination in the instant case is in the negative because increased imports of articles like or directly competitive with the catheters and syringes made by the workers at the Riverside plant are not the major factor causing or threatening to cause the unemployment or underemployment of the workers of this establishment of the B. F. Goodrich Company.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The B. F. Goodrich Co. plant in Riverside, N.J. (hereinafter referred to as the Riverside plant), which ceased operation on December 17, 1971, produced rubber catheters (Foley type), folding syringes, and industrial rubber gloves. Catheters accounted for about * * * of production; folding syringes, for most of the remainder; and rubber gloves, for a negligible share of the output. These products were produced by the latex dipped process.

Catheters are hollow, tubular medical devices used for drainage of fluid media. They may be constructed of various materials, including rubber, latex, plastic, woven silk (stiffened with shellac), glass, or metal. They vary from a single straight tube for a single insertion to tubes of various shapes, curves, and diameters for specific situations. They may be constructed so as to remain within a body cavity for more-or-less permanent drainage. Since most types of catheters are designed to do a specific job, they are not interchangeable.

The most frequently used self-retaining catheter is the Foley balloon type (fig. 1), which consists of two tubes in one. The larger tube is for drainage, and the smaller is a connection to a rubber balloon which is inflated from the outside after the catheter has been positioned. The inflated balloon thus prevents the catheter from slipping out of position.

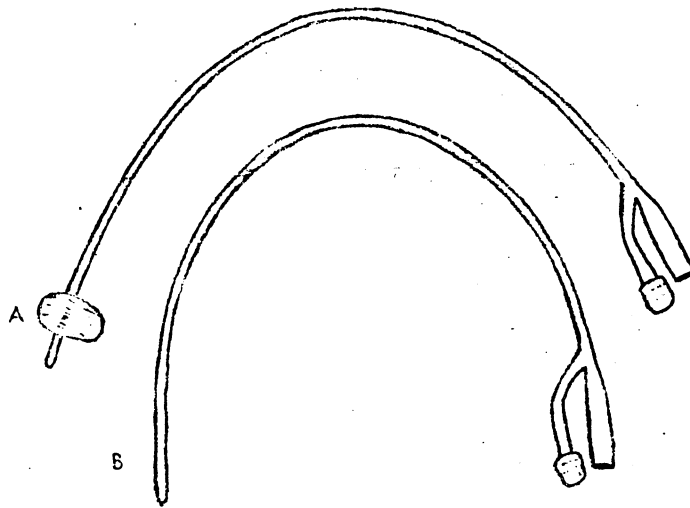


Figure 1. Foley catheters. A, balloon inflated; B, balloon deflated.

Syringes are devices consisting of a glass, metal, rubber, latex, or plastic tube narrowed at its outlet and fitted with a piston, bulb, or bag for drawing out or injecting fluids into the body. A folding syringe (fig. 2) was the only type produced in the Riverside plant.

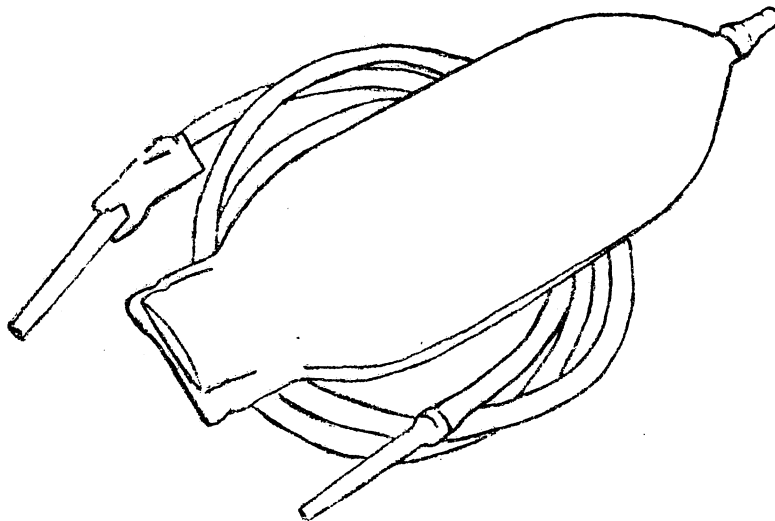


Figure 2. Folding syringe.

In the manufacture of catheters, stainless steel rods or forms are dipped in latex; these rods form the interior diameter of the catheter. Some rods require several dippings, depending on the thickness of the catheter. These dipped rods are then washed in hot water to remove impurities and placed in an oven for precuring; after the precuring process, the latex is removed from the rod and placed in a pressure vulcanizer for the final curing.

In the manufacture of folding syringes the process is basically the same as that for catheters, but the forms, which are aluminum generally require only one dipping.

U.S. Tariff Treatment

Rubber catheters

Rubber catheters are dutiable in the Tariff Schedules of the United States under item 709.09 which provides for bougies, catheters, drains and sondes and parts thereof. Catheters were originally dutiable under paragraph 1537(b) of the Tariff Act of 1930 at a rate of 25 percent ad valorem; this rate was reduced to 12.5 percent in 1948 under the General Agreement on Tariffs and Trade (GATT) and was further reduced to 11.5 percent in 1956 and to 10.5 percent in 1958. The rate under the TSUS on August 31, 1963 was 12.5 percent ad valorem which was an estimate of the weighted average of the then current rates applicable to the various articles included in the TSUS item. Pursuant to a GATT concession, this rate was reduced to 11 percent ad valorem, effective January 1, 1968 reflecting the first of the five-stage reductions granted in the Kennedy Round of trade negotiations.

The current (1972) rate is 6 percent ad valorem.

Syringes of rubber or plastics

Syringes of rubber or plastics are dutiable under item 772.42 which provides for--

"Ice bags; douche bags, enema bags, colostomy bags, hot water bottles, and fittings therefor; invalid and similar nursing cushions; crutch tips and grips; dress shields; finger cots; pessaries; prophylactics; sanitary belts; bulbs for syringes; syringes (other than hypodermic syringes) and fittings therefor, not in part of glass or metal; all the foregoing of rubber or plastics."

Under paragraph 1537(b) of the Tariff Act of 1930, "hard rubber" syringes were dutiable at a rate of 35 percent ad valorem, which was reduced under the GATT in 1948 to 17.5 percent ad valorem. Syringes of other than "hard rubber" were subject to the same rates of duty as applied to catheters under paragraph 1537(b) of the previous schedules (see above paragraph). The rate established in the TSUS (12.5 percent ad valorem) reflects the trade-agreements rate applicable to the bulk of the imports prior to the adoption of the TSUS. The present rate of duty applicable to this item is 6 percent ad valorem reflecting a concession granted under the Kennedy Round as shown in table 1.

U.S. Consumption

It is estimated that annual U.S. consumption of Foley catheters averaged *** million units during the period 1967-71. In those years consumption ranged from *** million units in 1967 to *** million units in 1970 (table 2). Imports increased their share of the market from *** percent in 1968 to *** percent in 1970, then declined to *** percent in 1971.

Apparent annual U.S. consumption of folding syringes averaged *** million units in the period 1967-71 and ranged from *** million units in 1967 to *** million in 1971. The ratio of imports to consumption remained about * * * during the period 1967-71 (Table 3).

U.S. Production

Statistics on the total domestic production of Foley catheters and folding syringes are not available from official sources. Estimates for the period 1967-71 are based on data obtained from industry sources. The data in the following table show the estimated production of such articles during that period.

Foley catheters and folding syringes:
Estimated U.S. production, 1967-71

(In thousands)

Year	Foley catheters	Folding syringes
1967-----	10,400	4,400
1968-----	12,900	4,630
1969-----	12,500	4,920
1970-----	13,700	5,280
1971-----	12,700	5,585

U.S. Imports

During the period 1967-71 the quantity of imports of rubber catheters of all types showed no discernible trend, although imports were larger in 1967 than in 1971. The share of such imports accounted for by Foley catheters ranged from * * * in 1967 to * * * in 1969, as indicated in the following table.

Foley catheters and other rubber catheters:
U.S. imports, 1967-71

(In thousands of units)

Year	Foley catheters ^{1/}	Other rubber catheters	Total
1967-----	***	***	3,508
1968-----	***	***	3,434
1969-----	***	***	2,303
1970-----	***	***	4,031
1971-----	***	***	3,468

^{1/} Estimated by the U.S. Tariff Commission staff from data supplied by importers.

Separate data on U.S. imports of folding syringes are not available. U.S. imports of folding syringes in 1967-71, as estimated by U.S. Tariff Commission staff from data supplied by importers, were as

* * * * *

Data on U.S. imports of Foley catheters and folding syringes are not available for earlier years, and there is no basis on which to prepare reliable estimates of such imports. It is not possible, therefore, to assess the trend of imports relative to trade concessions over an extended period of time.

U.S. exports

Separate statistical data on U.S. exports of catheters and syringes are not available, but industry sources indicate that such exports are very small.

Data Relating to the B. F. Goodrich Riverside Plant

Corporate structure, plant, and equipment

The B.F. Goodrich Co., with plants throughout the United States and in numerous foreign countries, is one of the four largest manufacturers of rubber products in the United States. Tires and tubes account for a substantial portion of total revenues, with industrial rubber goods, footwear, chemicals, plastics, and products for the aviation and space industries making up most of the remainder.

Retail distribution is effected principally through about 500 company-operated stores and about 5,000 franchised independent dealers throughout the United States and Canada and through service stations of oil companies. B. F. Goodrich also sells directly to large users, such as Government agencies and fleet operators, and distributes many automobile and home supplies made by others. Employees as of December 31, 1971, numbered about 55,800.

In 1967-71 the General Products Division of the B. F. Goodrich Co. operated three plants producing rubber drug sundries--one in Akron, Ohio (closed in December 1971), one in Riverside, N.J. (closed in December 1971), and one in Honea Path, S.C. (producing surgeons' rubber gloves).

The plant in Riverside, where the petitioning workers were employed, began operating in 1951. It comprised two single-story, brick-and-wood buildings which were about 20 years old when acquired by Goodrich. Total floor space was about 40,000 square feet.

The machinery in the Riverside plant was as modern as that of other manufacturers of catheters and syringes; however, very little machinery is used in the production of catheters and folding syringes,

since approximately 80 percent of the work involved is manual.

Product

The Riverside plant produced principally rubber catheters of the Foley type. No catheters of any type were produced at any other B. F. Goodrich plant. A small quantity of folding syringes and a negligible number of industrial gloves were also produced at Riverside. Except for the folding syringes which were produced at the Riverside plant, all other types of syringes were produced at the B. F. Goodrich drug sundries operation in Akron, Ohio.

Production

* * * * *

A-9 through A-12

* * * * *

Factors in closing

According to a company official, the Riverside plant was closed because the operation was not sufficiently profitable. At the prices that could be obtained for its catheters, the plant could not operate profitably. He added that the company had felt no adverse effect on their market from imports of catheters.

Mr. Carl Lemaster, the plant manager, is cited in a letter from the U.S. Department of Labor to the United Rubber, Cork, Linoleum and Plastic Workers of America (appendix B), as attributing the closing of the plant to domestic competition.

The B. F. Goodrich Co. Annual Report for 1971 states that in that year, the company began to implement decisions based on a comprehensive continuing study of the current and long-range sales and profit potential of the products made and sold by the General Products, Textile, Aerospace, Defense and Footwear Divisions. A number of products and manufacturing facilities were discontinued during the year because the outlook for a good return on the investment in them was not promising.

In December the company closed two plants--one in Du Bois, Pa., making golf ball centers and the other in Riverside, N.J., manufacturing latex catheters and syringes. The manufacture in Akron of drug sundry rubber goods, including hot water bottles, was also discontinued, as was the production in Marietta, Ohio, of Aztran leatherlike material used in shoe uppers. The Aztran plant will be used to increase production of plastic products, which are growing in volume faster than they can be accommodated. Earlier in 1971, the company discontinued

production of most molded rubber goods and the manufacture of reclaimed rubber in Akron. All these products and facilities had been part of the General Products Division responsibilities.

According to Moody's Industrial Manual (Jan. 14, 1972), the B. F. Goodrich Company reported that at various times during 1971 it discontinued several products and manufacturing operations that were not sufficiently profitable or were losing money. Discontinued operations include the plant producing Geon vinyl resin at Niagara Falls, N.Y.; the facility manufacturing golf ball centers at Du Bois, Pa.; the plant in Riverside, N.J., that manufactured latex catheters and syringes, and the production and marketing of drug sundry rubber goods in Akron. In Moody's Industrial Manual of December 21, 1971, it was reported that the B. F. Goodrich General Products Division will discontinue manufacturing and marketing drug sundry rubber goods in Akron, Ohio, because business has operated at a loss.

In November 1971 the B. F. Goodrich Co. issued a statement announcing the closing of the Riverside plant (appendix B). The announcement stated that the closing of the plant was caused by a lack of business.

APPENDIX A
Statistical Tables

Table 1.--U.S. rates of duty applicable to rubber catheters and folding syringes of rubber or plastics of types provided for in specified TSUS items, June 17, 1930-Jan. 1, 1972

TSUS item	Abbreviated description	1930 rates	Concession rates	Effective date
709.09	Rubber catheters--	25% ad val.	12.5% ad val.	Jan. 1948
			11.5% ad val.	June 1956
			11% ad val.	June 1957
			10.5% ad val.	June 1958
			12.5% ad val.	Aug. 1963 ^{1/}
			11% ad val.	Jan. 1968
			10% ad val.	Jan. 1969
			8.5% ad val.	Jan. 1970
			7% ad val.	Jan. 1971
			6% ad val.	Jan. 1972
772.42	Druggists' and medical sundries of rubber or plastics.	35% ad val.	17.5% ad val.	Jan. 1948
		(hard rubber)	12.5% ad val.	Aug. 1963 ^{1/}
			11% ad val.	Jan. 1968
			10% ad val.	Jan. 1969
			8.5% ad val.	Jan. 1970
			7% ad val.	Jan. 1971
			6% ad val.	Jan. 1972
		25% ad val.	12.5% ad val.	Jan. 1948
		(soft rubber)	11.5% ad val.	June 1956
			11% ad val.	June 1957
			10.5% ad val.	June 1958
			12.5% ad val.	Aug. 1963 ^{2/}
			11% ad val.	Jan. 1968
			10% ad val.	Jan. 1969
			8.5% ad val.	Jan. 1970
			7% ad val.	Jan. 1971
			6% ad val.	Jan. 1972

^{1/} The rate established in the TSUS reflects an estimate of the weighted average of the current rates then applicable.

^{2/} The rate established in the TSUS reflects the trade agreements rate applicable to the bulk of the imports prior to the adoption of the TSUS.

A-17 through A-18

* * * * *

APPENDIX B

B.F. GOODRICH TO CLOSE RIVERSIDE, N.J., PLANT

AKRON, Nov. 10 -- B.F. Goodrich General Products Company announced today it will close its Riverside, N.J., production plant by December 17.

The plant, which manufactures latex catheters and syringes, employs about 80. Employment, on these products, once as high as 230 has gradually dropped to the current level with the loosening customer demand for the plant's product.

Charles W. Coffin, vice president - manufacturing of the BFG division, said that because of lack of business, the company has no alternative but to close down the plant. Termination of employees will be handled in accordance with applicable severance benefits as provided in the collective bargaining agreement and by company policy.

11-1071

Exhibit 2

U.S. DEPARTMENT OF LABOR
BUREAU OF INTERNATIONAL LABOR AFFAIRS
WASHINGTON, D.C. 20210



January 5, 1972

RECEIVED
JAN 6 1972

Mr. John Campbell
United Rubber, Cork, Linoleum and
Plastic Workers of America
AFL-CIO, CLC
87 South High Street
Akron, Ohio 44308

Dear Mr. Campbell:

I am writing with regard to your telephone conversation of January 3 with Mr. Ray of our staff in which the shutdown of the B.F. Goodrich plant in Riverside, New Jersey was discussed. Enclosed you will find import and tariff information covering the major products of this plant. According to Mr. Carl Lemaster, the plant manager, the plant also produced some work gloves.

Mr. Lemaster said that he believed the shutdown to be caused primarily by domestic competition. You might wish to further investigate this matter in considering the filing of a petition. We could not find any data regarding the import/consumption ratio of rubber catheters, the major product of the plant, but we did find that imports of druggists sundries, a secondary product line, constituted only about one percent of total domestic consumption for 1964-67.

If you have any questions, please call me at 202-961-5182 or Mr. Ray at 202-961-5187.

Sincerely,

A handwritten signature in cursive script, reading "Marvin M. Fooks", is written over the typed name.

MARVIN M. FOOKS
Assistant Director, Division of
Trade Adjustment Assistance

Enclosure

