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UNITED STATES TARIFF COMMISSION

BRASS WIND MUSICAL INSTRUMENTS AND PARTS THEREOF

Report to the President
on Investigation No. TEA-I-25
Under Section 301(b)(1) of the Trade Expansion Act of 1962



TC Publication 539
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January 1973

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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 an individual concern. 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,
January 26, 1973.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(b) of that act, relating to brass wind musical instruments and parts thereof.

The investigation to which this report relates was undertaken to determine whether--

brass wind musical instruments and parts thereof
of the types provided for in items 725.22 and
726.65 of the Tariff Schedules of the United States

are, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry or industries producing like or directly competitive products.

The investigation was instituted on August 7, 1972, upon petition filed under section 301(a)(1) of the Trade Expansion Act of 1962 by the Selmer Division of the Magnavox Company, Chicago Musical Instrument Company, E. K. Blessing Company, Inc., the Benge Trumpet Corporation, 1/ and United Auto Workers Union Locals 364 and 534. The petitioners alleged that brass wind musical instruments and

1/ The Benge Trumpet Corp. withdrew its complaint as copetitioner on Oct. 17, 1972.

parts are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the U.S. industry that produces like or directly competitive articles and that an increase in the rate of duty to 30 percent ad valorem is necessary to remedy or prevent such injury.

Public notice of the institution of the investigation and of a public hearing to be held in connection therewith was given in the Federal Register (37 F.R. 16139) on August 10, 1972. The hearing was held November 14-15, 1972, and all interested parties were afforded opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached.

The information for this report was obtained from fieldwork, from questionnaires sent to domestic producers and importers, from the Commission's files, from other Government agencies, and from evidence presented at the hearing and in briefs filed by interested parties.

On April 28, 1972, the Tariff Commission advised the President that articles like or directly competitive with the brass wind instruments produced by C. G. Conn, Ltd., were, 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 the unemployment of a significant number or proportion of the workers at the company. 1/ The Commissioners voting were unanimous in the decision.

1/ Brass Wind Musical Instruments: . . . Report to the President on Investigation No. TEA-W-133 . . . , TC Publication 480, 1972.

Findings of the Commission

The Commission, being equally divided, 1/ makes no finding under section 301(b)(1) of the Trade Expansion Act with respect to whether brass wind musical instruments and parts thereof of the types provided for in items 725.22 and 726.65 of the Tariff Schedules of the United States (TSUS) are, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry or industries producing like or directly competitive products.

Chairman Bedell, Vice Chairman Parker, and Commissioner Moore find--

(1) that the aforementioned brass wind musical instruments and parts thereof are, as a result in major part of concessions granted thereon under trade agreements, being imported into the United States in such increased quantities as to threaten to cause serious injury to the domestic industry producing like or directly competitive products; and

(2) that, in order to prevent serious injury, the rates of duty applicable to imports of such articles in rate column numbered 1 of items 725.22 and 726.65 of the TSUS must be increased to 20 percent ad valorem.

1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Moore voted in the affirmative, and Commissioners Leonard, Young, and Ablondi voted in the negative. In a situation of this kind, section 330(d) of the Tariff Act of 1930, as amended, requires that the findings of each group of Commissioners be transmitted to the President, and provides that those of either group may be considered by the President as the findings of the Commission.

Views of Chairman Bedell, Vice Chairman Parker, and Commissioner
Moore in Support of an Affirmative Determination

On August 7, 1972, a petition was filed with the Commission on behalf of several domestic producers of brass wind musical instruments and union locals representing their workers, requesting relief under section 301(b)(1) of the Trade Expansion Act of 1962 (TEA). The petition alleged that brass wind musical instruments and parts are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the U.S. industry that produces like or directly competitive articles.

The statute imposes four criteria each of which must be met before an affirmative determination can be made:

- 1) Imports must be increasing;
- 2) The increased imports must be in major part the result of concessions granted under trade agreements;
- 3) The industry producing the like or directly competitive product must be suffering serious injury or be threatened with serious injury; and
- 4) The increased imports must be the major factor in causing or threatening to cause serious injury.

For the reasons set out below, we have concluded that each of those criteria has been met in the case at hand, and that the domestic industry producing brass wind musical instruments and parts is threatened with serious injury from increased imports resulting in major part from trade-agreement concessions. We, therefore, have made an affirmative determination.

Increased imports are in major part the result of
trade-agreement concessions

In an earlier investigation this year under the TEA 1/ the Commission concluded that, within the meaning of the statute, like or directly competitive articles were being imported in increased quantities and the increased imports were in major part the result of trade-agreement concessions--thus satisfying the requirements of the first and second criteria with respect to brass wind musical instruments. Our considerations in support of that determination, which are equally applicable in the instant case, are set forth in the statement of the Commission's views in that investigation.

The above-mentioned investigation did not include parts of brass wind musical instruments; however, data on imports show that imports of such parts more than tripled during the period 1968-72 as the Kennedy Round concession was being implemented. Hence, we conclude also that the first and second criteria are satisfied with respect to parts of brass wind instruments.

The domestic industry is being threatened with serious injury

The domestic industry is faced with rapidly increasing imports in a declining market; in recent years it has experienced a decline in sales and profits, a shutdown of several establishments, and a decline in employment. If the trend of imports continues, we believe the domestic industry will suffer serious injury.

1/ Brass Wind Musical Instruments: Production and Maintenance
Workers of C. G. Conn, Ltd., . . . Investigation No. TEA-W-133 . . . ,
TC Publication 480, April 1972, pp. 3-6.

The market for brass wind musical instruments in the United States rose annually in the early 1960's, reaching a peak in 1966; this trend was reversed, however, beginning in 1967 and, except for 1968, consumption declined in each year through 1971 when it was down by 16 percent from the 1966 level. Moreover, based on population projections for the 10-14 year age group, which constitutes about 85 percent of the U.S. market for brass wind musical instruments, consumption is expected to continue to decline until the early 1980's.

Imports of brass wind musical instruments into the United States showed no tendency to increase or decrease during the 1950's and through the mid-1960's, averaging about 23,000 units annually. In 1968, however, as the staging of the Kennedy Round duty reductions was implemented, imports began to increase dramatically and they increased each year through 1971 when they reached a record level of 51,500 units. Based on data for eleven months, imports in 1972 are expected to be at an even higher level--probably exceeding 57,000 units for the year. The share of the U.S. market supplied by imports has increased from about 10 percent in 1967 to 24 percent in 1971. A leading domestic producer of brass winds, C. G. Conn, Ltd., ceased production of student-type instruments (which account for 85 percent of the total market) in early 1971 and began importing such instruments; student-type instruments had formerly accounted for about three-fourths of Conn's total production. Moreover, another domestic producer, G. Leblanc Corp., signed a long-term contract in mid-1972--with the same foreign supplier--to obtain its student-type instruments, which had formerly accounted for

about 90 percent of Leblanc's total production. At least two-thirds of total U.S. imports of brass wind musical instruments entered in the 1967-72 period have consisted of student-type instruments.

During the past decade, the number of firms producing brass winds in the United States has declined--from 12 to 8--and as stated above, two of these firms presently import more than three-fourths of their requirements. The volume of sales of brass winds by domestic producers has declined each year during the 1967-71 period, and profits for the industry in 1971 were at their lowest level in 5 years. Faced with increased imports and a declining market, U.S. producers, despite increased costs, have been forced to sacrifice the opportunity to adjust prices in relation to costs during the past several years. In the period 1968-72, wholesale prices of domestically produced student-type brass wind instruments, the principal type of instrument that has been imported, increased by 7 percent, compared with 20 percent for all durable manufactured goods. Employment in the United States by firms producing brass wind instruments and parts declined by 28 percent during the 1967-71 period, from 1,379 production workers in 1967 to 992 in 1971. Man-hours worked declined by 30 percent during that period.

It is likely that profitability will be further reduced and that other domestic producers faced with increased imports in a declining market but unable to raise prices despite rising costs, will be forced to turn to imports in order to continue operations. Clearly, the domestic industry is threatened with serious injury.

Increased imports have been the major factor in threatening to cause the serious injury.

The fourth requirement of the statute is that the increased imports resulting from trade-agreement concessions must be the major

factor in threatening to cause serious injury to the domestic industry. Here, too, the statute is satisfied. The serious injury would not be threatened if it were not for the increased imports. We find that increasing imports are the major factor threatening serious injury to the domestic industry. Without the increased imports, the domestic industry producing brass wind musical instruments and parts would undoubtedly be able to make an adjustment to its declining market, and its other competitive liabilities.

Imports are an unusually significant factor in this case. Most of the increasing imports occurred in 1971 and 1972 and were entered by the two domestic producers mentioned above--Conn and Leblanc--who continue to produce brass wind musical instruments in the United States, have well-established nation-wide dealer networks, and whose brand names are well known. With two U.S. producers turning to Japan for their instruments, the imports from Japan are likely to increase further. The production of brass wind musical instruments in Japan, by far the leading source of imports, more than doubled in the period 1967-71, and 40 percent of Japanese production was exported in 1972. The industry in Japan is dominated by one producer that accounted for 90 percent of total production in Japan in the first six months of 1972. Under these circumstances, if imports are allowed to continue to increase unabated, the future of the domestic industry is precarious, indeed.

Clearly, increased imports of brass wind musical instruments and parts are the major factor in threatening to cause serious injury to the domestic industry.

Remedy

In view of the foregoing affirmative determination, it is necessary to find a rate of duty or other import restriction on brass wind musical instruments and parts which will prevent the threatened serious injury. It is our view that, in this case, an increase in the rates of duty to 20 percent ad valorem on brass wind musical instruments and parts is necessary to prevent serious injury. Such a rate, which would be the same as the rate that was in effect in 1967 prior to the reductions made pursuant to Kennedy Round negotiations, would not unduly restrict imports, but rather would provide the domestic industry with the additional protection it needs to adjust to changing market conditions.

Views of Commissioners Leonard and Young in Support
of a Negative Determination ^{1/}

Our determination is in the negative because in our opinion the brass wind musical instruments and parts industry is neither being seriously injured nor threatened with serious injury.

Workers vs. industry

While there may be firms or groups of workers within this industry eligible for adjustment assistance under the Trade Expansion Act of 1962 (indeed, an affirmative determination was made by the Commission in behalf of the workers of C. G. Conn, Ltd. ^{2/}) this is not an industry which meets the criteria of the statute.

Commissioners Thunberg and Clubb, in an additional statement to the unanimous majority opinion in the Eyeglass Frames industry investigation, succinctly set out the state of the law for injury determinations for industries, firms, and workers:

In the Trade Expansion Act of 1962, Congress enacted a sweeping reorganization of the post-agreement safeguard procedure, which increased the types of relief provided, and made a new form of relief available to large groups of prospective claimants not covered by earlier Acts. Pre-1962 legislation provided only for tariff or quota relief, i.e., in order to remedy the injury to an industry the President had to withdraw or modify a trade agreement concession. The 1962 Act, on the other hand, provides that in cases of injury to an industry the President may either withdraw or modify the concession as in the past, or he may grant trade adjustment assistance, (i.e., loans, tax relief, and technical assistance) to the injured

^{1/} Commissioner Ablondi concurs with the negative finding in this case.

^{2/} Brass Wind Musical Instruments: Production and Maintenance Workers of C. G. Conn, Ltd., * * * Investigation No. TEA-W-133 * * *, TC Publication No. 480, 1972.

industry. More importantly, the 1962 Act provides for trade adjustment relief for individual firms and groups of workers injured by concession generated imports, whether or not their industries have been injured.

* * *.

Under the 1962 Act, the workers who are thus unemployed may be eligible for trade adjustment assistance, in spite of the fact that the industry of which they are a part, and the firm for which they work, have suffered no injury at all. Under the pre-1962 escape-clause legislation, of course, no relief of any kind would have been available to the unemployed workers unless they could show that the entire industry had been injured. 1/

We stated in the Conn workers' case 2/ that an affirmative determination for workers is not conditioned upon a finding of serious injury or threat of injury to their firm. We take a similar position with regard to an industry. An affirmative determination for workers rests in part on unemployment or underemployment of workers, but a finding of serious injury or threat of serious injury to an industry rests on more than just unemployment or underemployment of certain workers of that industry. Thus, a finding of serious injury or threat of such injury to the industry is not a condition precedent to granting relief to the workers.

1/ Eyeglass Frames, * * * Investigation No. TEA-I-10 * * *,
TC Publication 219, 1967, p. 7-10.

2/ Further views of Commissioners Leonard and Young, Brass Wind Musical Instruments: supra pp. 7-13.

Elements of serious injury

The language of the statute itself directs the Commission to "take into account all economic factors which it considers relevant, including idling of productive facilities, inability to operate at a level of reasonable profit, and unemployment or underemployment" in determining whether the domestic industry is seriously injured or threatened with such injury. ^{1/}

Economic performance

The brass wind musical instruments and parts industry included ^{2/} two marginal establishments (C. G. Conn, Ltd., and the Wurlitzer Co.) that performed well below the rest of the industry during all or part of 1967-September 1972. Even considering these two atypical establishments within the industry, the industry is not seriously injured nor threatened with serious injury. It is true that the total industry experienced a decline during 1967-71, but it came nowhere near being seriously injured nor threatened with serious injury by 1971. In 1972 there were general signs of recovery. Prices increased 2 percent over 1971, and sales were up about 7 percent, by value, through September, and employment remained stable. Considering that this

^{1/} Section 301(b)(2) of the Trade Expansion Act of 1962.

^{2/} A "marginal" establishment is considered in the economic sense as one whose revenues are at or near its cost of production. Such a definition, therefore, relates to the profitability of an establishment and not to its size.

industry is both mature and one that was faced with a declining market between 1967-71, a spectacular performance should not be expected.

Significantly, there has been no permanent closing of any production facilities; instead, capacity has been added. * * *

* * * * * Conn acquired a new plant at Abilene, Texas, and is producing instruments there. Holton's plant at Elkhorn, Wisconsin, is still active and producing and finishing instruments in both the student and professional grades. The record is clear that new production facilities have been undertaken since 1967, such as a new factory building in Illinois owned by Getzen and 84,000 square feet of manufacturing and warehousing facilities owned by Selmer.

This is not an industry that is characterized by a single dominant firm whose success or failure determines the economic well being of the whole industry. Rather this is an industry consisting of eight firms, the largest of which * * * accounted for * * * percent, by quantity, of domestically produced brass winds in 1971. This firm, together with two other firms of about equal size, accounted for about two-thirds of domestically produced sales in 1971.

Two firms with marginal establishments, one large and the other very small in terms of brass wind production, performed well below the rest of the industry during all or part of 1967-September 1972. Wurlitzer had attempted

unsuccessfully to compete in the brass wind industry during 1964-69; an unfamiliar line of musical instruments together with an antiquated plant contributed to the plant's demise in 1969. During 1967-September 1972, Conn experienced declining sales and employment and * * *

* * * * * Management problems appear to be a principal cause for this performance. In the instant case, we would consider the brass wind operations of the Wurlitzer Co. and C. G. Conn, Ltd. as marginal establishments, but we view the bulk of the industry or the remaining establishments as being in relatively good health.

If this industry is considered without Wurlitzer and Conn, an improved view emerges. This view is important when we consider the possible threat of injury. Wurlitzer is no longer a part of the industry, and Conn has made a number of major management decisions that should cause their future contribution to the industry to be positive, such as the purchase of certain instruments from Japan (these instruments had been produced domestically at a significant loss) and the production of other instruments in a newer domestic plant in a lower cost area.

Sales and employment of the brass wind musical instruments and parts industry, without Wurlitzer and Conn, declined during 1967-69. Thereafter, sales increased annually and were an estimated * * * units in 1972, the highest year for these firms during 1967-72. Market share for these firms declined through 1970, but rose steadily through

January-September 1972 to their highest level during 1967-September 1972. Although employment for these firms dropped from 845 in 1967 to 669 in 1970, employment was up in January-September 1972 to 93 percent of the 1967-68 level. Operating profits on the brass wind segment of these firms ranged from 10.0 to 11.9 percent on sales during 1967-71; this performance was well above the average profit for all manufacturing corporations which ranged from 6.8 percent to 8.8 percent during 1967-71.

Threat of serious injury

Important to the consideration of threat of serious injury is our concept of how far into the future we should project our analysis concerning competitive factors influencing the health of the domestic industry. The Trade Expansion Act of 1962 provides us with some guideline in this regard, because it allows an industry to petition again after one year has elapsed since the Tariff Commission made its report to the President of the results of a previous investigation of that industry. Furthermore, the world economy is presently in such a state of flux wherein developments such as currency realignments add to the more usual factors that affect international competition. Therefore, to consider whether the domestic brass wind industry is threatened with serious injury, we can only look at what may occur a few years into the future; and when we do that, we do not see the industry being seriously injured.

We do not expect serious injury to the brass wind musical instruments and parts industry in the next few years because of the satisfactory performance of the total industry during 1967-September 1972 and the improved health of the industry, excluding the two marginal firms (Conn and Wurlitzer), beginning in 1972. As indicated above, Conn has taken decisive action to improve its market position, and Wurlitzer has withdrawn from the industry.

In summary, therefore, we conclude that the industry is neither being seriously injured nor threatened with serious injury.

INFORMATION OBTAINED IN THE INVESTIGATION

Description and Uses

Brass wind musical instruments all have a large bore (tube) with a mouthpiece at one end and a flaring bell (opening) or bells at the other. The brass wind family includes trumpets, cornets, trombones, tubas, bass horns, sousaphones, euphoniums, bugles, French horns, and flugelhorns.

The techniques for producing brass winds have not changed much in recent years. Although assembly-line methods are used, from the forming of metals into instrument components to the final application of the various finishes, modern automation and quality-control techniques only complement the precision hand craftsmanship still used in the manufacture of brass winds. Production processes include metal forming, plating, bending of tubing, boring valves, honing, key-post drilling, engraving, assembling, and testing. Because of the precision required, the valves and slides are generally considered the heart of the instruments. After final assembly, an electronic stroboscope, four times as sensitive as a trained musical ear, is often employed to measure and calibrate the pitch of the instrument.

Brass wind musical instruments are widely used in a variety of musical groups. Practically all symphony orchestras have one or more of each of the principal brass winds. Trumpets, cornets, and trombones have long been used by dance orchestras and jazz groups. About 85 percent of the brass wind instruments sold in the United States

are purchased by persons of school age; instruments made for this market are generally called student instruments. High-priced instruments for professional use account for about 15 percent of sales of brass wind instruments in the United States. Student and professional instruments differ principally in quality of materials and workmanship. Brass winds for professional use are generally made of better quality brass and have more durable valves and a larger amount of nickel silver trim.

Although brass wind instruments are sold as outfits, i.e., including mouthpiece, lyre, and case, musicians show a decided preference for certain brands of cup mouthpieces and will often discard the mouthpiece originally purchased with the instrument. Other brass wind parts are sold as replacement parts to repair departments in retail music stores. Imported parts (other than mouthpieces) consist principally of valve assemblies to be incorporated in domestically produced instruments.

U.S. Tariff Treatment

Brass wind musical instruments covered by this investigation are provided for in item 725.22 (valued over \$10 each) of the Tariff Schedules of the United States. Parts of brass wind instruments are provided for in item 726.65. The rates of duty applicable to brass wind instruments and parts is 10 percent ad valorem; these rates, which became effective on January 1, 1972, reflect the final stage of the five-stage reductions resulting from concessions granted by the United States in the Kennedy Round under the General Agreement on Tariffs and Trade (GATT).

Under the Tariff Act of 1930, brass wind instruments (regardless of value) and parts thereof were provided for in paragraph 1541(a) and were originally dutiable at 40 percent ad valorem. Duty reductions and the effective dates of such reductions are shown in the following table.

Brass wind instruments and parts thereof: U.S. rates of duty in 1930 and changes through 1972 ^{1/}

Description	Rate of duty	Effective date	Authority
Brass wind instruments---	40% ad val.	June 18, 1930	Tariff Act of 1930
Brass winds with cup mouthpieces, valued each--			
Over \$10-----	20% ad val.	Apr. 21, 1948	GATT
Brass wind instruments:			
Valued over \$10 each---	20% ad val.	Aug. 31, 1963	<u>2/</u>
	18% ad val.	Jan. 1, 1968	GATT
	16% ad val.	Jan. 1, 1969	GATT
	14% ad val.	Jan. 1, 1970	GATT
	12% ad val.	Jan. 1, 1971	GATT
	10% ad val.	Jan. 1, 1972	GATT
Parts of brass wind instruments-----	40% ad val.	June 18, 1930	Tariff Act of 1930
	30% ad val.	June 6, 1951	GATT
	25-1/2% ad val.	June 30, 1958	GATT
	20% ad val.	July 1, 1963	GATT
	18% ad val.	Jan. 1, 1968	GATT
	16% ad val.	Jan. 1, 1969	GATT
	14% ad val.	Jan. 1, 1970	GATT
	12% ad val.	Jan. 1, 1971	GATT
	10% ad val.	Jan. 1, 1972	GATT

^{1/} For brass wind instruments valued not over \$10 each, see table 1, in the appendix.

^{2/} When the TSUS became effective on Aug. 31, 1963, the rate of duty of 20 percent ad valorem was continued for brass winds valued over \$10 each.

Note.--A surcharge of 10 percent ad valorem was applicable to certain import articles, including brass winds and parts, from Aug. 16, 1971, to Dec. 20, 1971. During that period, the aggregate duty applicable to brass winds valued over \$10 each and parts was 22 percent ad valorem. The surcharge was imposed by Presidential Proclamation No. 4074 and removed by Presidential Proclamation No. 4075.

U.S. Consumption

The number of school bands and orchestras in the United States has almost doubled since World War II. The newest development has been the creation of small groups and jazz or stage bands. It is estimated that in 1972 about 665,000 students played in small groups or jazz or stage bands, about 1.4 million students played in marching and concert bands, and about 133,000 students played in school orchestras. 1/ A typical school band consists of about 60 pieces, about one-third of which are brass winds. The most popular instrument in school music programs is the trumpet/cornet, with clarinet second, and piano third.

Beginners in school band programs constitute most of the market for brass wind instruments; these students are generally in the 10- to 14-year age group. Per capita consumption among that age group is affected by numerous factors, among which are school budgets, disposable family income, and tastes and preferences of students for alternative forms of musical and other activities.

According to trade sources, apparent consumption of new brass wind instruments 2/ rose annually from 153,000 units in 1960 to a peak of 255,000 units in 1966. 3/ Based on data supplied to the Commission by domestic producers, consumption rose slightly from 233,053 units in 1967 to 235,364 units

1/ American Music Conference estimates.

2/ Although trade sources estimate that two used brass wind instruments are sold for every new instrument sold, many used instruments are sold by one individual to another, rather than through commercial channels. For that reason, this report does not discuss the sale of used instruments.

3/ Consumption data for 1960-66 are industry estimates published by the American Music Conference in Music U.S.A., 1972 Review. Such data are not strictly comparable with data collected by the Tariff Commission for 1967 and later years but indicate the level of and trend in brass wind consumption during 1960-66.

in 1968 but subsequently declined each year to 213,606 units in 1971 (table 2, in the appendix). Apparent consumption in January-September 1972 was 5 percent above that in January-September 1971. 1/

Imports' share of apparent consumption of brass wind instruments rose annually in 1967-71 and accounted for 24.1 percent, by quantity, in 1971 (table 2). Imports' share of consumption in January-September 1972 was at about the same level as in January-September 1971. Before 1971, imports of brass winds came chiefly from European countries and were comprised of instruments of both the professional and the student type; Japan became the principal supplier of imported brass winds in 1971.

1/ Yearly sales of brass wind instruments are somewhat cyclical; more purchases are made during the latter half of the year, principally by students beginning a new school year.

U.S. Producers

The number of independent domestic producers of brass wind musical instruments and parts has declined chiefly as a result of mergers within the industry. Currently, there are eight producers, each operating a single establishment, compared with about 12 producers slightly over a decade ago. The geographical distribution of the eight firms that were operating in late 1972 is as follows: Two each in Indiana, Wisconsin, and California, and one each in Ohio and Texas. Three of these firms produce only brass winds; five also produce other musical instruments and replacement parts used in the repair of brass winds. Most of the producers of brass winds import other musical instruments (e.g., guitars, woodwinds, percussion instruments) in order to offer a full line of musical merchandise to their retail dealers.

The petitioning firms--Selmer Division of Magnavox, Chicago Musical Instrument Co. (CMI), and Blessing--accounted for about 45 percent of the number of domestically produced brass winds sold in the United States in 1967. They accounted for 48 percent in 1971, and 52 percent in January-September 1972.

Selmer Division of Magnavox became a division of Magnavox in 1969. The predecessor company, H. & A. Selmer, Inc., began the manufacture of brass winds in Elkhart, Ind., in 1927. Selmer acquired two brass wind firms--Buescher Band Instrument Co. in 1963 and the Vincent Bach Corp. in 1961--and continues to market brass wind instruments under these brand names in addition to the Selmer (professional) and Bundy (student) product lines.

Chicago Musical Instrument Co. became a division of Norlin Industries in 1969. CMI purchased the F. E. Olds Co. in 1945 and Reynolds Band Instrument Co., in 1964, both brass wind manufacturers. Brass wind instruments are marketed under the brand names of Olds and Reynolds. The factory is in Fullerton, Calif.

King Musical Instruments became a division of the Seeburg Corp. in 1966. Formerly the H. N. White Co., King began the manufacture of brass winds in 1893. Its brass winds are marketed under the brand names King, Cleveland, Tempo, and Eroica; such instruments are manufactured in its Eastlake, Ohio, establishment.

G. Leblanc Corp. began the manufacture of brass winds in 1946 in its Kenosha, Wisc., plant. Leblanc acquired the Holton Co., Elkhorn, Wisc., in 1964, and the Martin Band Instrument Co. (Wurlitzer), in 1970, both brass wind manufacturers. Leblanc's output is marketed under the well-known brand names of Leblanc, Martin, and Holton (Collegiate), the latter for student use. All of Leblanc's brass winds are now manufactured in its Elkhorn facility, but, as the company increases its purchases of student instruments from Japan (see section on U.S. imports), only brass winds for professional use will be produced domestically in the near future.

C. G. Conn, Ltd. was acquired by Crowell, Collier, and MacMillan, Inc. in 1969. Conn began the manufacture of brass winds in Elkhart, Ind., in 1875, and several decades ago it was reputed to be the world's largest manufacturer of band instruments. Beginning in 1970, brass wind production in Elkhart was gradually phased out, and the last plant was closed

in mid-August 1972. Conn purchased its Abilene, Tex., facility from CMI in early 1971 and continues to manufacture certain professional types of brass winds in this plant. Cornets and trumpets (Director) for student use are being produced on a contract basis by Nippon Gakki Seizo, Ltd. (Japan); the initial importation for such articles occurred in April 1971 (see section on U.S. imports).

The Getzen Co., Inc. was founded in 1939 in Elkhorn, Wisc. The small, family-owned company was purchased and reorganized by the present president in 1960. A complete line of brass winds is produced in the Elkhorn plant, and brand names consist of Eterna, "Doc" Severinsen, Capri, Tone Choir, Getzen, and Elkhorn.

The Benge Trumpet Co., a small manufacturer of brass winds for professional use, is situated in Los Angeles, Calif. Ownership of the firm has changed several times in the last year. Distribution of Benge custom-built trumpets and cornets is now being handled by King Musical Instruments.

E. K. Blessing Co., Inc. is a small manufacturer of brass winds with manufacturing facilities in Elkhart, Ind. Its output is presently distributed by two wholesaler-jobbers.

Sales by U.S. Producers

Domestic sales

Production of brass wind musical instruments approximates sales. Sales of domestically produced brass winds in the United States averaged about 150,000 units annually during the 1950's and early 1960's. The trend of domestic sales was upward until about 1967, when total sales (excluding exports) of brass winds by U.S. producers amounted to about 210,000 units, with a value of \$25.7 million (table 3). The trend of such sales was downward through 1971, when they approximated 162,000 units, valued at \$23.3 million--representing a decline from 1967 of about 23 percent in quantity and 9 percent in value. Sales during the period January-September 1972 increased 6 percent in quantity and 7 percent in value over those in the corresponding period of 1971.

Sales in the U.S. market of domestically produced parts of brass wind instruments averaged \$1.2 million annually during the period 1967-71, with very little variation from year to year. Such sales consisted principally of mouthpieces and replacement parts for repair departments in retail music stores.

Exports

U.S. exports of brass winds account for about 4 percent of domestic producers' shipments (table 2). Exports in 1971 increased about 14 percent over the number exported in 1967. Currently, five of the eight domestic producers of brass wind instruments sell to foreign countries; one producer accounts for more than half of U.S. exports. Exports of parts of brass winds are negligible.

U.S. Imports

Imports of brass wind musical instruments valued over \$10 each averaged about 23,000 units annually during the 1950's and 1960's immediately prior to the Kennedy Round of trade negotiations; the imports were principally from Western European countries. The sharp increase in such imports from 1950 to 1951--from 9,153 units to 23,542 units (table 2)--followed the rehabilitation of the brass wind industry in Western Europe after World War II.

During the period 1967-71, such imports more than doubled, increasing from 22,556 units in 1967 to 51,521 units in 1971 (table 4). Such imports of brass winds were equivalent to about 10 percent of U.S. consumption in 1967, and 24 percent in 1971. They totaled 49,296 units in January-October 1972, compared with 43,201 units in the corresponding period of 1971--representing an increase of about 14 percent. Brass wind instruments valued not over \$10 each accounted for about 10 percent of total imports during the 1967-71 period (see quantity figures in table 1). ^{1/}

Japan, which in 1967 supplied about 1 percent--in terms of both quantity and value--of all brass wind imports valued over \$10 each, supplied about 70 percent of the quantity and 60 percent of the value of such imports during the period January-October 1972. France and West Germany are the other important suppliers (table 4).

^{1/} Imports of brass wind musical instruments valued not over \$10 each are known to have consisted in recent years of the bugle type of instruments having no valves (coach horns, hunting horns, bugles, and so forth).

One importer--Yamaha International Corp. of Buena Park, Calif.--probably accounted for all the U.S. imports of Japanese-made brass winds during the period 1967-70. Imports from European sources were entered during that period by three domestic producers, more than 15 jobber-wholesalers, and numerous retail dealers. In 1971, imports entered by these three domestic producers accounted for only about 5 percent of total brass wind imports (table 5).

Beginning in 1971, Nippon Gakki Seizo Co., Ltd., of which Yamaha is a sales affiliate, began to manufacture the student Director line of trumpets and cornets for C. G. Conn, Ltd. The initial importation of such articles by Conn occurred in April 1971. Brass winds imported by Conn are shipped to dealers in the United States from its Abilene, Tex., plant. Beginning in July 1972, Nippon Gakki Seizo began to supply the G. Leblanc Corp. with certain student brass wind instruments and their component parts; the long-term contract signed by officials of the two firms requires that these instruments be manufactured according to the specifications of Leblanc. According to testimony presented by officials of Conn and Leblanc at the Commission's public hearing, the instruments imported by Conn (although entered without cases and mouthpieces) are completely finished in Japan, whereas Leblanc's imported instruments require an application of lacquer, a process performed in Leblanc's Arizona woodwind facility.

1/ Music Trades, July 1972.

Trade sources indicate that imports of brass wind instruments during the 1950's and early 1960's, principally from European sources, consisted of a larger number of horns of the professional type than such imports do today. At least two-thirds of the imports entered during the 1967-72 period consisted of student instruments.

Imports of parts of brass wind musical instruments rose irregularly during the period 1967-71--increasing from about \$78,000 in 1967 to \$224,000 in 1971 (table 6). Japan, which in 1967 supplied about 3 percent of all imports of brass wind parts, supplied 54 percent in 1971 and 67 percent in January-October 1972. Imported parts consist principally of valve assemblies, mouthpieces, rotary valves, and valve casings to be incorporated in domestically produced instruments, and various replacement parts for use in repair departments of retail music stores. Parts of brass wind instruments imported by domestic producers amounted to \$15,918 in 1971.

Marketing Practices

Student and professional instruments have different physical characteristics, relating to both the quality of materials and workmanship. Both domestic producers and importers sell student and professional brass wind instruments. Student instruments account for an estimated 85 percent of both domestic and importers' sales. There is no sharp line of demarcation between the class of customer that buys a student instrument and the class that buys a professional instrument; usually, however, only advanced students or professional musicians purchase the more expensive instruments.

Brass winds are usually sold by the manufacturer or importer to musical instrument dealers, who sell them at retail to the user. Dealers often handle competing lines of brass winds, both imported and domestic, and more than one dealer may sell the same line in a geographic area. Although suggested list prices are published by the manufacturer, they are seldom adhered to. Prices to dealers usually carry standard discounts.

During 1967-72, domestic producers distributed brass winds direct to their dealers by their own sales organizations, except for one smaller manufacturer that sold through manufacturers' representatives. Domestic producers that also imported brass winds distributed both lines through many of the same dealers. Yamaha, which began importing brass winds in 1967, sold such instruments through jobbers exclusively until 1969, when it began to set up a dealer network; by 1970, all sales were made direct to dealers.

Advertising and sales promotion efforts by domestic producers and importers are directed at four principal markets: (1) Music educators and band directors, (2) retail music dealers, (3) professional musicians, and (4) other consumers. Music educators and band directors are reached through trade and educators' magazines, direct mail advertising and sales promotion literature, and exhibits at educators' meetings. Since schools and students are the major market for brass wind instruments, a great deal of expense is incurred in influencing music educators and band directors who, in turn, select the instruments their schools buy and influence what instruments their students purchase.

Advertising and sales promotion efforts aimed at retail music dealers consist of trade magazine advertisements, and educational and promotional material for distribution to schools. Professional musicians are reached by direct mailings and by advertisements in professional and specialty journals. For consumers, both domestic producers and Yamaha hold educational seminars, meetings, and "clinics."

Most domestic producers and large importers either finance their dealers' purchases of instruments or arrange for such financing through firms specializing in that type of financing. The financing plans vary among the brass wind producers and importers, with some plans offering dealers more attractive terms than others.

Retail dealers sell and rent (with the option to buy) instruments to individual customers, to institutions such as schools, and to bands or orchestras. Rentals are an important part of a dealer's business, both with respect to number of instruments rented and to profitability (rental "sales" are usually discounted less than purchased instruments).

Prices

Both U.S. producers and importers of brass wind musical instruments publish suggested retail price lists. The wholesale prices to dealers usually reflect discounts from the suggested list price of from 40 to 50 percent plus an additional 10 percent 1/; in certain instances additional discounts may be given to permit the retailer to compete on a volume sale to a school board--particularly on the higher priced background instruments. There is no requirement that the dealer adhere to the suggested retail prices; dealers will usually sell only rental instruments (with the option to buy) at these prices. Virtually all other instruments are sold at some discount from list price, permitting sales ranging from about 20 percent off for student brass to a little above cost on a school bid. Market and competitive conditions at any particular time will influence dealer discounts. Most producers and importers offer 1- to 3-percent discounts for cash payment. A variety of financial plans are offered the dealers for extended payment. All prices appearing in this section are for single instruments, including case, sold at the maximum quantity discount.

As has been noted, the import competition for domestically produced brass wind instruments is chiefly from Japan and Europe. Prior to 1967, imports were supplied exclusively from Europe. Since 1967, European imports

1/ Such a discount is common in many industries; in this case it amounts to less than 60 percent because the 10-percent discount is computed from a lower value, after the price has already been discounted 50 percent.

have been entered by domestic brass wind producers, by about 15 wholesaler-jobbers, and by numerous retail dealers; detailed price information on such imports are not available. However, imports from Germany that accounted for about one-third of European imports during 1967-71 were reported by trade sources to be priced in a wide range--both below and above domestic competition. Prices of European imports entered by domestic producers (chiefly from France and Italy) appear in the accompanying table.

Japan (Nippon Gakki) entered the U.S. market in 1967; in 1971 one domestic producer (Conn) began to import its student line of trumpets and cornets from Japan (Nippon Gakki). By 1971 Japan had become the principal supplying country. Another domestic producer (Leblanc) began to import a full line of student brass winds from Japan (Nippon Gakki) in July 1972. Prices for Japanese brass winds, imported by Yamaha (Nippon Gakki's U.S. sales affiliate) and Conn are shown in the following table.

Weighted average wholesale prices of certain domestic producers 1/ and importers for their best selling trumpets (including case) and price indexes thereof, as of Dec. 31, 1967-71, and Aug. 31, 1972

Type of instrument, whether instrument is domestic or imported, and source of import	Dec. 31--					Aug. 31, 1972
	1967	1968	1969	1970	1971	
	Weighted average wholesale prices <u>2/</u>					
Student:						
Domestically produced-----						
Imported--						
By domestic producers:						
From Europe <u>3/</u> -----						
From Japan <u>4/</u> -----						
By Yamaha-----						
	*	*	*	*	*	*
Professional:						
Domestically produced-----						
Imported--						
By domestic producers,						
from Europe <u>5/</u> -----						
By Yamaha-----						
	Index (1968=100)					
Student:						
Domestically produced-----	95	100	102	105	105	107
Imported--						
By domestic producers:						
From Europe <u>3/</u> -----	-	100	101	106	119	125
From Japan <u>4/</u> -----	-	-	-	-	-	-
By Yamaha-----	100	100	140	140	154	152
Professional:						
Domestically produced-----	93	100	103	107	108	111
Imported--						
By domestic producers,						
from Europe <u>5/</u> -----	95	100	102	107	106	110
By Yamaha-----	100	100	162	162	165	<u>6/</u> 190

1/ Prices are included for instruments of all domestic producers except Wurlitzer (only in business until 1969) and Benge (a small producer).

2/ Weighting was based on the quantity of total instruments each firm sold during each year 1967-71 and during January-June 1972.

3/ Prices are for * * * only.

4/ Prices are for Conn only. Beginning in July 1972, Leblanc imported a line of student trumpets from Nippon Gakki; the prices of this line are not available to the Commission.

5/ Prices for Leblanc and Selmer are included.

6/ Price as of September.

Source: Compiled from data furnished the U.S. Tariff Commission by certain domestic producers and importers.

Average wholesale prices of domestically produced student trumpets rose annually during 1967-72, except in 1971. 1/ These prices were above the prices of comparable * * * trumpets from Japan throughout the entire period and about the same as the prices of European student trumpets imported by domestic producers during 1967-70. Beginning in 1971, prices of European student trumpets were markedly higher than the prices of comparable domestically produced instruments. Prices of student trumpets imported by * * * (from Japan) during ~~1971-72~~ were above those of comparable domestically produced instruments.

Average wholesale prices of domestically produced professional trumpets rose annually during 1967-72. Professional European trumpets were priced above domestically produced models during the period, whereas * * * trumpets from Japan were priced below their domestic counterparts, as shown in the preceding table and in the table on page A-20. The price range for professional trumpets is extensive, covering trumpets priced just above the best selling student model on up to the most expensive professional instruments.

During December 1967-August 1972, the index (1967=100) of seasonally adjusted wholesale prices for all musical instruments, as reported by the Bureau of Labor Statistics of the U.S. Department of Labor, rose from 102.1 in December 1967 to 111.7 in August 1972. The index (1967 =100) of wholesale

1/ Trumpet prices only were used throughout this section because of their importance to total brass wind sales (75 percent by quantity) and because certain firms sold cornets and trombones at the same price as trumpets.

prices (not seasonally adjusted) for all durable manufactured goods rose from 101.4 in December 1967 to 121.7 in August 1972.

The average prices of best selling models appearing in this section are not actual transaction prices. The following table illustrates the range of prices for individual producers' and importers' best selling student and professional trumpets on December 31, 1968, and August 31, 1972.

The bulk of student trumpets sold for * * * * on August 31, 1972; among these instruments, the lowest and the highest priced were manufactured by * * * * * in Japan. Nippon Gakki sold its own line of student instruments through Yamaha (Nippon Gakki's wholly owned U.S. sales affiliate) at * * * * whereas Nippon Gakki's line manufactured to Conn's specifications sold for * * *. The Blessing student trumpet and the Leblanc imported student trumpet (with wholesale prices of * * * *, respectively) are sold in relatively low volume. The lower price of the * * * trumpet is explained in part by the fact that * * * distribution costs are absorbed by independent wholesalers. The * * * imported student trumpet is somewhat more deluxe than the domestic student trumpet.

The price range for professional trumpets in the following table is extensive; such instruments vary from those (sold by Blessing, CMI, and Leblanc) just a little more deluxe than a student model to higher quality instruments (sold by the rest of the producers and importers).

Wholesale prices of certain domestic producers and importers for trumpets
(including case), Dec. 31, 1968, and Aug. 31, 1972

* * * * *

The table below compares the cost of production of student brass wind instruments in late 1972 by two leading domestic producers with the cost of importing comparable instruments from Japan at that time by the two leading importers.

* * * * *

Data furnished by * * * * * show that in the period July 1971-October 1972, the net price, f.o.b. the Japanese port, of their imported student trumpets and cornets increased by about 20 percent. The total landed costs increased by 16.5 percent; the company absorbed a large part of this increase--decreasing its markup by about 9 percent and increasing the wholesale and retail prices by only 5.7 percent.

During the same period, despite a revaluation of the yen of about 17 percent, * * * net price for similar instruments, f.o.b. the Japanese port, increased by only 11 percent. There was a consequent increase of 7 percent in the total landed costs. * * * reduced its markup by 10 percent in order to absorb the entire increase in landed costs and thereby to maintain the same wholesale and retail prices. No change is contemplated in the price of * * * * *

* * * * *

Thus, the upward valuation of the yen had no effect at all on the U.S. wholesale and retail prices of Japanese instruments. The table on the following page shows detailed information submitted by these leading importers on their costs in July 1971 and October 1972.

Average costs of importing student trumpets and cornets (including case)
from Japan by Nippon Gakki Seizo Co., Ltd., for Yamaha International
Corp., and C.G. Conn, Ltd., July 1971 and October 1972

* * * * *

Employment

The average number of production and related workers employed in the brass wind musical instrument industry 1/ declined annually from 1,379 workers in 1967 to 985 in 1970, representing a total decline of 28.6 percent. Such employment increased to 992 in 1971, or by 0.7 percent from 1970, and to 1,020 in January-September 1971 but declined to 983 in January-September 1972--representing a decrease of 3.6 percent. This decrease in employment in January-September 1972 reflects the closing of an establishment by one of the leading producers (Conn), resulting in a drop in employment of * * * percent for that firm. This same firm had earlier experienced a large * * * decrease in employment between 1969 and 1970, when it sold another plant.

In January-September 1972, six of the other seven firms had increases in employment ranging from 7 percent to 22 percent higher than in the corresponding period of 1971. In 1971, the three largest employers accounted for 66 percent of the total number of production and related workers employed by the industry. The average number of such workers employed by the industry in 1967-71, January-September 1971, and January-September 1972 is shown in the following table.

1/ Employment data were obtained from eight of the nine firms producing brass winds.

U.S. brass wind musical instrument industry: ^{1/} Average number of production and related workers, 1967-71, January-September 1971, and January-September 1972

Item	1967	1968	1969	1970	1971	Jan.-Sept.	Jan.-Sep
						1971	1972
Average number of production and related workers employed by--							
Blessing-----							
CMI-----	*	*	*	*	*	*	*
Conn-----							
Getzen-----							
King-----							
Leblanc-----							
Selmer-----							
Wurlitzer-----							
Total-----	1,379	1,372	1,232	985	992	1,020	9
Index (1967=100)-	100.0	99.5	89.3	71.4	71.9	-	

^{1/} Data for Benge, a small employer, was not available.

^{2/} Wurlitzer ceased production in October 1969. In 1969, Wurlitzer accounted for 5.0 percent of industry employment.

Source: Compiled from data supplied the U.S. Tariff Commission by domestic producers.

The average number of all persons employed in the brass wind musical instrument industry 1/ declined annually from 1,627 in 1967 to 1,266 in 1970, representing a total decline of 22.2 percent. Such employment increased to 1,373 in 1971, or by 8.5 percent from 1970, but then declined from 1,334 in January-September 1971 to 1,277 in the corresponding period of 1972--representing a drop of 4.3 percent.

During 1967-70, man-hours worked by production and related workers 1/ dropped each year, for a total decrease of 30 percent. Man-hours worked by production and related workers in the industry amounted to 2.0 million in 1971--approximately equal to the 1970 figure. Man-hours worked in January-September 1972 amounted to 1.4 million, down 1.4 percent from the corresponding period in 1971. Average man-hours worked per production and related worker per week for January-September 1972 amounted to 37.8, up 2.3 percent from the corresponding period in 1971. Man-hours worked by production and related workers during January 1967-September 1972 are shown in the following table.

1/ Data for Bengé not available.

U.S. brass wind musical instrument industry: 1/ Man-hours worked by production and related workers, 1967-71, January-September 1971, and January-September 1972

Item	1967	1968	1969	1970	1971	January- September 1971	January- September 1972
Man-hours worked by production and related workers at--							
Blessing-----	*	*	*	*	*	*	*
CMI-----							
Conn-----							
Getzen-----							
King-----							
Leblanc-----							
Selmer-----							
Wurlitzer 2/-----							
Total-----	2,924,643	2,770,005	2,545,873	2,046,729	2,044,838	1,467,893	1,447,402
Index (1967=100)---	100.0	94.7	87.0	70.0	69.9	-	-

1/ Data for Benge not available.

2/ Data for Wurlitzer estimated on the basis of number of production and related workers employed. Wurlitzer ceased production in October 1969.

Source: Compiled from data furnished the U.S. Tariff Commission by domestic producers.

Based on data obtained from seven of nine domestic producers, average output of production and related workers in the brass wind musical instrument industry, in terms of unit output per man-hour worked, 1/ increased from 0.0781 in 1967 to 0.0860 in 1970--or by 10.1 percent, but then declined by 5.9 percent from 1970 to 0.0809 in 1971. The decline was due in large part to a * * * decline in output per man-hour at * * *. It should be noted that beginning in February 1971, Conn's production of only professional instruments (production of which requires considerably more labor than the production of student instruments) was begun in its Abilene plant. Industry output per man-hour was up slightly in January-September 1972, as shown in the following table.

1/ The two major drawbacks in the use of such data as a measure of productivity are that they are affected by changes in the input mix (buying parts versus producing them) and the output mix (student versus professional instruments). Value added per man-hour would eliminate these two drawbacks (while adding the problem of conversion to real terms); however, sufficient data are not available to compute the value added per man-hour.

U.S. brass wind musical instrument industry: 1/ Average number of units produced per man-hour worked by production and related workers, 1967-71, January-September 1971, and January-September 1972

Period	Average output per man-hour worked by production and related workers	
	Number of units produced	Index (1967=100)
1967-----	0.0781	100.0
1968-----	.0784	100.4
1969-----	.0791	101.3
1970-----	.0860	110.1
1971-----	.0809	103.6
January-September--		
1971-----	.0863	-
1972-----	.0883	-

1/ Excludes data for Benge and Wurlitzer.

Source: Compiled from data supplied the U.S. Tariff Commission by domestic producers.

Wages

Average hourly wages 1/ paid to production and related workers in the U.S. brass wind musical instrument industry amounted to \$4.12 in 1967 and increased steadily to \$4.76 in 1970--or by 15.5 percent for the 3 years. In 1971, average hourly wages were \$4.65--down 2.3 percent from 1970. Comparing January-September 1971 with the comparable period in 1972, average hourly wages decreased 5.6 percent, from \$4.96 to \$4.68. The recent decreases are principally the result of a large firm phasing out one of its plants where wage rates were high.

The range of average hourly wages paid per firm and the average hourly wage paid by all firms are shown in the following table.

1/ Includes payments for holidays, sick leave, and vacation and all compensation other than wages. Such payments are included in all wage data in this section.

U.S. brass wind musical instrument industry: Average hourly wages paid to production and related workers, 1967-71, January-September 1971, and January-September 1972

Item	Range of hourly wages among firms	Average hourly wage, all firms
1967-----	\$2.67-\$4.85	\$4.12
1968-----	2.80- 5.17	4.26
1969-----	2.90- 5.30	4.46
1970-----	2.86- 5.53	4.76
1971-----	3.07- 5.98	4.65
January-September--		
1971-----	3.07- 6.23	4.96
1972-----	3.25- 5.98	4.68

Source: Compiled from data supplied the U.S. Tariff Commission by the domestic producers.

Profit-and-Loss Experience of Domestic Producers

Financial information was received from domestic producers of brass wind musical instruments that accounted for virtually 100 percent of the domestic production of these instruments. One company, the Benge Trumpet Corp., did not supply profit-and-loss data since it is now under new ownership (the third during the period covered), and the previous owners could not be located. This company accounted for less than 1 percent of the industry sales. One company, The Wurlitzer Co., ceased producing brass wind instruments in October 1969. The company sold the machinery and equipment and gave the plant and land to the city of Elkhart, Ind. This company was also small in the industry and accounted for less than 2 percent of industry sales in its last year.

* * * * *

Of the seven companies which operated all 5 years, four produced only brass wind instruments in the establishments reported. For the other three concerns, brass winds were the major product, accounting for about 60 percent or more of plant sales. Overall, brass wind instruments accounted for approximately 75 percent of establishment sales for each year.

Total establishment operations

Sales of all products of the establishments producing brass wind instruments fluctuated slightly during 1967-71, showing a high for the period in 1969, when they reached \$34.0 million, and a low in 1970 of \$32.5 million. Net operating profits reached their peak in 1970 at \$1.9 million, or 5.7 percent of net sales. The low for the period was in 1969, when \$0.9 million was realized, which amounted to 2.7 percent of sales (tables 7 and 8). The years 1970 and 1971 were somewhat more profitable, both in value and percent of sales, than the preceding 3 years, the prime reason being

* * * * * * *

Of the seven companies operating the full 5 years, each operated profitably with the exception of * * * * * , which suffered losses in 1968-71, and * * * * * , which lost money in 1968.

Brass wind musical instruments

Sales of brass wind instruments increased from \$26.2 million in 1967 to \$26.9 million in 1968 and thereafter declined for the next 3 years, reaching the lowest level in 1971, when they amounted to \$25.3 million. Net operating profits did not follow the trend of sales, although profits and sales in 1971 were both at the lowest point for the 5-year period.

Profits were at their peak in 1967, when they amounted to \$2.1 million, or 8.0 percent of sales, and at their lowest in 1971 at \$1.1 million, or 4.2 percent of sales (tables 7 and 9). Profits were affected to some extent in 1970 and 1971, when

* * * * *

Statistical Appendix



Table 1.--Brass wind musical instruments: U.S. rates of duty and imports for consumption, 1947-72

	Brass winds valued over \$10 each			Brass winds valued each \$6.66-2/3 or more but not over \$10			Brass winds valued under \$6.66-2/3 each		
	Rate of duty	Quantity	Value	Rate of duty	Quantity	Value	Rate of duty	Quantity	Value
	Percent ad valorem	Number		Percent ad valorem	Number		Percent ad valorem	Number	
1947-----	1/ 40	2/ 11,666	2/ \$195,646	40% ad val.	1/ 3/	3/	1/ 40	3/	3/
1948:-----									
Jan. 1-Apr. 20-----	1/ 40	2/ 2,520	2/ 55,506	40% ad val.	1/ 3/	3/	1/ 40	3/	3/
Apr. 21-Dec. 31-----	4/ 20	6,367	134,145	\$2 each	4/ 35	\$301	4/ 30	266	\$532
1949-----	20	6,318	144,048	\$2 each	57	432	30	375	1,626
1950-----	20	9,153	181,356	\$2 each	55	462	30	1,226	1,367
1951-----	20	23,542	494,083	\$2 each	2	14	30	876	1,672
1952-----	20	30,006	704,652	\$2 each	508	4,477	30	1,895	3,112
1953-----	20	24,552	633,415	\$2 each	530	4,667	30	1,098	4,154
1954-----	20	27,867	731,127	\$2 each	-	-	30	2,657	3,351
1955-----	20	20,774	555,735	\$2 each	500	3,594	30	256	10,038
1956-----	20	25,721	646,192	\$2 each	100	657	30	150	986
1957-----	20	28,585	784,607	\$2 each	200	1,500	30	238	1,729
1958-----	20	21,243	696,548	\$2 each	604	5,755	30	482	2,983
1959-----	20	19,042	728,001	\$2 each	481	4,796	30	329	1,632
1960-----	20	16,384	641,715	\$2 each	100	1,000	30	593	1,365
1961-----	20	19,715	782,818	\$2 each	427	4,054	30	50	330
1962-----	20	21,845	803,266	\$2 each	64	574	30	234	1,293
Brass winds valued over \$10 each									
	Rate of duty	Quantity	Value	Rate of duty	Quantity	Value	Rate of duty	Quantity	Value
	Percent ad valorem	Number		Percent ad valorem	Number		Percent ad valorem	Number	
1963-----	20	30,060	\$964,849		30		6/ 2,726	6/	\$28,762
1964-----	20	30,486	1,082,542		30		7,663		41,962
1965-----	20	26,255	1,127,706		30		6,286		45,047
1966-----	20	20,887	1,067,117		30		10,756		40,586
1967-----	20	22,556	1,508,047		30		3,921		37,007
1968-----	7/ 18	29,932	1,648,940		30		1,759		12,677
1969-----	7/ 16	34,407	1,759,850		30		6,231		15,578
1970-----	7/ 14	41,274	2,088,445		30		3,801		8,003
1971-----	7/ 12	51,521	2,901,010		30		5,085		10,991
1972 (Jan.-Oct.)-----	7/ 10	49,296	2,773,494		30		3,846		12,699

1/ Effective June 18, 1930. 2/ Includes all brass winds.
 3/ Data not separately reported prior to Apr. 21, 1948; imports, which are known to be negligible, are included in data covering brass winds valued over \$10 each. 4/ Effective Apr. 21, 1948.
 5/ The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, combined the 2 lower value brackets at the rate of 30 percent ad valorem.
 6/ Includes 86 units, valued at \$766, imported between Jan. 1 and Aug. 31 at the specific rate of \$2 each. 7/ Effective Jan. 1.

Source: Imports compiled from official statistics of the U.S. Department of Commerce.

Note.--Annual imports entered at the statutory rate from countries designated as Communist-dominated are not shown for the period 1952-63. Such imports ranged from 97 units, valued at \$4,055, to 3,951 units, valued at \$37,551, with an average unit value for



Table 2.--Brass wind musical instruments, valued over \$10 each: U.S. producers' sales, imports for consumption, exports of domestic merchandise, and apparent consumption, 1967-71, January-September 1971, and January-September 1972

Period	(Quantity in number; value in thousands of dollars)							Ratio (percent) of imports to consumption
	Producers' domestic sales	Imports	Exports	Apparent consumption ^{1/}	Quantity	Value	Quantity	
1967-----	210,497	22,556	4,675	233,053	9.7			
1968-----	205,432	29,932	4,568	235,364	12.7			
1969-----	189,117	34,407	5,185	223,524	15.4			
1970-----	176,553	41,274	6,235	217,827	18.9			
1971-----	162,085	51,521	5,346	213,606	24.1			
January-September--								
1971-----	134,496	39,684	4,397	174,180	22.8			
1972-----	142,961	40,239	5,323	183,200	22.0			
1967-----	25,658	1,308	584	26,966	4.9			
1968-----	26,417	1,649	596	28,066	5.9			
1969-----	25,022	1,760	710	26,782	6.6			
1970-----	23,287	2,088	879	25,375	8.2			
1971-----	23,298	2,901	860	26,199	11.1			
January-September--								
1971-----	18,418	2,207	655	20,625	10.7			
1972-----	19,659	2,344	773	22,003	10.7			

^{1/} Producers' domestic sales plus imports.

Source: Producers' domestic sales and exports compiled from data supplied the U.S. Tariff Commission by domestic producers; imports compiled from official statistics of the U.S. Department of Commerce.

Table 3.--U.S. sales of domestically produced brass wind musical instruments, by domestic producers, 1967-71, January-September 1971, and January-September 1972

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Table 4.--Brass wind musical instruments, valued over \$10 each: U.S. imports for consumption, by principal sources, 1967-71, January-October 1971, and January-October 1972

Source	1967	1968	1969	1970	1971	Jan.-Oct. 1971	Jan.-Oct. 1972
	Quantity (number)						
Japan-----	178	2,923	5,806	9,897	32,769	26,179	34,876
France-----	5,494	4,680	4,469	3,775	6,125	5,936	3,271
West Germany-----	9,151	11,260	9,405	10,784	5,148	4,558	2,700
Italy-----	2,641	2,835	2,312	2,100	1,876	1,677	1,343
Czechoslovakia-----	553	898	2,998	5,098	1,322	989	1,879
Austria-----	-	-	-	2,755	1,301	1,293	1,073
Netherlands-----	472	2,161	2,137	2,799	991	911	352
United Kingdom-----	3,639	4,585	6,585	2,459	849	737	931
All other-----	428	590	695	1,607	1,140	921	2,871
Total-----	22,556	29,932	34,407	41,274	51,521	43,201	49,296
	Value						
Japan-----	\$7,382	\$95,547	\$199,906	\$429,614	\$1,496,390	\$1,188,023	\$1,653,151
France-----	262,538	271,126	268,505	238,300	298,184	280,055	216,212
West Germany-----	488,627	606,555	621,567	684,024	653,100	548,612	452,550
Italy-----	126,829	125,726	109,253	122,882	123,727	110,141	91,648
Czechoslovakia-----	19,149	27,011	62,321	81,160	31,254	25,971	41,049
Austria-----	-	-	-	61,158	29,338	29,058	24,679
Netherlands-----	11,939	48,903	55,724	72,102	24,578	22,322	10,330
United Kingdom-----	352,308	414,560	387,586	345,795	195,452	171,170	209,603
All other-----	39,275	59,512	54,988	53,410	48,987	39,874	74,272
Total-----	1,308,047	1,648,940	1,759,850	2,088,445	2,901,010	2,415,226	2,773,494

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 5.--U.S. sales of imported brass wind musical instruments by domestic producers and Yamaha International Corp., 1967-71, January-September 1971, and January-September 1972

Firm	1967	1968	1969	1970	1971	January- September 1971	January- September 1972
	Quantity (number)						
C. G. Conn, Ltd-----							
The Getzen Co., Inc-----		*	*	*	*	*	*
G. Leblanc Corp-----							
Selmer Division of Magnavox--							
Total-----	3,397	2,991	3,332	2,344	15,816	11,599	14,419
Yamaha International Corp-----		*	*	*	*	*	*
Grand total-----							
	Value						
C. G. Conn, Ltd-----							
The Getzen Co., Inc-----		*	*	*	*	*	*
G. Leblanc Corp-----							
Selmer Division of Magnavox--							
Total-----	601,293	549,771	589,253	443,317	1,644,735	1,204,886	1,452,078
Yamaha International Corp-----		*	*	*	*	*	*
Grand total-----							

Source: Compiled from data supplied the U.S. Tariff Commission by domestic producers and Yamaha International Corp.

Table 6.--Parts of brass wind instruments: U.S. imports for consumption, by principal sources, 1967-71, January-October 1971, and January-October 1972

Source	1967	1968	1969	1970	1971	January- October 1971	January- October 1972
Japan-----	\$2,600	\$54,207	\$193,294	\$152,542	\$122,050	\$111,249	\$320,057
West Germany----	28,900	72,127	50,114	76,274	80,284	66,201	81,270
France-----	33,140	29,664	26,944	20,316	14,769	9,816	46,759
Italy-----	10,629	9,191	15,011	19,156	5,594	5,594	13,605
Netherlands-----	1,848	2,881	679	667	-	-	-
All other-----	678	1,290	2,292	4,505	1,565	1,565	13,003
Total-----	77,795	169,360	288,334	273,460	224,262	194,425	474,694

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Profit-and-loss experience of 8 1/ U.S. producers of brass wind musical instruments on their total plant operations and brass wind musical instruments only, years 1967-71

Item and year	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
<u>All products</u>						
1967	33,955	26,046	7,909	6,388	1,521	4.5
1968	33,961	26,664	7,297	6,281	1,016	3.0
1969	34,003	26,177	7,826	6,900	926	2.7
1970	32,507	24,035	8,472	6,615	1,857	5.7
1971	33,973	25,353	8,620	6,981	1,639	4.8
<u>Brass wind musical instruments</u>						
1967	26,214	19,506	6,708	4,608	2,100	8.0
1968	26,928	20,439	6,489	4,958	1,531	5.7
1969	26,833	19,799	7,034	5,513	1,521	5.7
1970	25,360	18,555	6,805	5,147	1,658	6.5
1971	25,300	19,030	6,270	5,212	1,058	4.2

1/ Includes The Wurlitzer Co. for 1967-69 only, since the company ceased operations on brass wind instruments in October 1969.

Source: Compiled from data submitted to the U.S. Tariff Commission by the domestic producers.

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