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UNITED STATES TARIFF COMMISSION

**RADIO REMOTE CONTROL GARAGE DOOR OPENERS:
WORKERS OF THE CHICAGO, ILL., PLANT
OF CHAMBERLAIN MANUFACTURING CORP.**

**Report to the President
on Investigation No. TEA-W-238
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 689
Washington, D. C.
September 1974**

UNITED STATES TARIFF COMMISSION

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United States Tariff Commission
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REPORT TO THE PRESIDENT

U.S. Tariff Commission,
September 23, 1974.

To the President:

In accordance with sections 301(f)(1) and (f)(3) of the Trade Expansion Act of 1962 (19 U.S.C. 1901), the U.S. Tariff Commission herein reports the results of investigation No. TEA-W-238 made under section 301(c)(2) of the act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with radio remote control garage door openers (of the types provided for in item 685.60 of the Tariff Schedules of the United States (TSUS)) produced by the Chicago, Ill., plant of the Chamberlain Manufacturing Corp., Elmhurst, Ill., 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 such firm or an appropriate subdivision thereof. Although articles like or directly competitive with radio remote control garage door openers (of the types provided for in item 678.50 of the TSUS) were not covered in the notice of investigation, such articles were, in fact, investigated, because in the course of the investigation it was discovered that Chamberlain Manufacturing Corp. did produce such articles. The Commission's decision, however, was based only on articles of the types provided for in the notice.

The petition was received on July 23, 1974. The investigation was instituted on July 30, 1974, on the basis of a petition for

adjustment assistance filed under section 301(a)(2) of the act on behalf of the workers and former workers of the Chicago plant.

Public notice of the investigation was published in the Federal Register (39 F. R. 28194) on August 5, 1974. No public hearing was requested, and none was held.

The information herein was obtained from the petitioning workers, Chamberlain Manufacturing Corp., domestic producers and importers of the aforementioned articles, trade associations, and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds unani-
mously that articles like or directly competitive with radio remote
control garage door openers (of the types provided for in item 685.60
of the Tariff Schedules of the United States) produced by the Chamberlain
Manufacturing Corp., Elmhurst, Ill., 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, unemployment or underemployment of a significant
number or proportion of the workers of such firm or an appropriate
subdivision thereof.

Views of Vice Chairman Parker and Commissioners
Moore and Ablondi 1/

Based upon information developed by the Commission during this investigation we believe that articles (transmitters and receivers for radio remote control garage door openers) like or directly competitive with articles produced by the workers of the Chamberlain Manufacturing Corp. (Perma Power Division) Chicago, Ill., have not been imported in such increased quantities so as to be the major factor causing or threatening to cause the unemployment or under-employment of such workers.

Therefore, we have made a negative determination in this case. It should be pointed out that the public notice in this investigation cited only imported articles under TSUS item 685.60. However, after the proceeding was instituted the Commission included in its investigation articles being imported under TSUS item 678.50. It is our view that had we considered such articles, nevertheless, we would have reached a negative determination.

1/ Chairman Bedell concurs in the result.

Views of Commissioner Leonard 1/

My determination in this investigation is in the negative because the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 (TEA) have not been met. Before an affirmative determination can be made, the Commission must find that each of the following conditions has been satisfied:

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

1/ The Tariff Commission in its Notice of Investigation duly published in the Federal Register stated it would determine whether articles like, or directly competitive with radio remote control garage door openers (of the type provided for in TSUS item 685.60) are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of the workers of Chamberlain Manufacturing Corp. During the course of the investigation, it was determined that articles imported under TSUS item 678.50 were also like or directly competitive with those produced by Chamberlain; however, the Notice of Investigation was not modified accordingly.

My determination in this case was based on imports entered under TSUS item 685.60. This determination does not prejudice any future determination as to imports of articles like or directly competitive with radio remote control garage door openers entered under TSUS item 678.50. However, the information available at this time indicates that my consideration of those imports entered under TSUS item 678.50 would not significantly alter the conclusions I have reached.

are dutiable only on the value added abroad, was a major consideration in the decision of Chamberlain to assemble certain articles in Mexico. The provisions of item 807.00 have not been the subject of trade-agreement concessions; thus, in this case, imports entered under that provision are only concession-generated to the extent that the duty has been reduced on the dutiable portion (the value added broad). Those imports from Mexico entered by Chamberlain contained U.S. components amounting to * * * percent of their total value, leaving * * * percent dutiable. Under certain circumstances imports entered under item 807.00 can be considered to result in major part from trade-agreement concessions, i. e., if such imports are begun in order to compete with other imports which are fully dutiable and which are determined to be in major part the result of trade-agreement concessions. ^{1/} In this instance, the transfer of operations to Mexico was made so that Chamberlain * * *; it did not occur as a result of Chamberlain responding to an increase in imports (whether concession-generated or not) by other U.S. firms. I, therefore, find that those imports entered by Chamberlain are not the result in major part of concessions granted under trade-agreements and consequently fail to satisfy the second condition set forth above.

^{1/} See Piano Actions: Production and Maintenance Workers of the Rockford Plant of Wood & Brooks Co., Report to the President on Investigation No. TEA-W-22 . . . TC Publication 331, 1970, pp. 6, 7.

In the instant case, I find that condition (1) has not been satisfied with respect to imports, other than those entered by Chamberlain Manufacturing Corp. and that condition (2) has not been satisfied with respect to the imports entered by Chamberlain. The reasoning in support of these conclusions is outlined below.

Chamberlain Manufacturing Corp., the employer of the petitioning workers, produced all of its radio remote control garage door openers and major subassemblies for these openers in a plant in Chicago, Ill., until the fall of 1973 when it transferred certain assembly operations to a plant in Nogales, Mexico. The transfer of these operations to Mexico was followed by a decline in employment at the Chicago plant.

U.S. imports of garage door openers including major subassemblies thereof were relatively insignificant (accounting for less than 1 percent of the value of apparent U.S. consumption of such articles) prior to October 1973 when Chamberlain began importing such articles from its plant in Mexico. Thus, it is evident that, except for the imports entered by Chamberlain, there have not been imports in such increased quantities within the meaning of the statute and this case fails to meet the first condition enumerated above.

Chamberlain moved certain assembly operations to its plant in Mexico and began importing garage door opener subassemblies into the United States in order to reduce its production costs. Hourly labor costs in the Mexican plant were * * * of those in the Chicago plant. Furthermore, it is clear that the existence of tariff item 807.00 under which articles assembled abroad from U.S. components

In view of the foregoing, I conclude that articles like or directly competitive with those produced by the petitioning workers are not, as a result in major part of trade-agreement concessions, being imported into the United States in such increased quantities as to cause or threaten to cause the unemployment or underemployment of the workers involved.

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INFORMATION OBTAINED IN THE INVESTIGATION

Description and Uses

A residential garage door opening system, of the type manufactured by the petitioning workers, consists of three major assemblies--a door operator, a transmitter, and a receiver.

The door operator is comprised of two major subassemblies, the chassis head and the T-rail. The chassis head incorporates a drive motor, switching controls, and the mechanical apparatus (either chain, belt, screw, etc.) which transfers the motor's power to the T-rail. The T-rail is an 8 to 10 foot long housing which contains a continuous loop of bicycle chain. A hook is attached to the chain for connection to the garage door.

The transmitter is a portable, battery-powered apparatus which sends one or more coded UHF-FM radio signals. These signals activate the garage door opening systems, when sent within close proximity to the garage.

The receiver is an electronic device designed to send an activating current to the door operator upon receiving a radio signal from the matching transmitter.

The door operator is suspended between the tracks of the garage door from brackets secured into the garage ceiling. The hook attached to the bicycle drive chain is anchored to the top panel of the garage door. The receiver unit is mounted to a garage wall and an electrical relay wire is run between receiver and door operator. The transmitter

is typically operated from inside an automobile; its portable operation is restricted only by the distance its generated signal will travel.

In operation, the activating current from the receiver throws a two position switch which starts the motor and also reverses the direction of the motor's rotation as determined by the previous switch position. In this manner, the rotation of the continuous loop of bicycle chain is changed to either raise or lower the garage door.

Although the typical radio remote control garage door opener consists of one door operator, one transmitter, and one receiver, purchasers may desire additional assemblies. For instance, a customer with a two car garage might wish two door operators and two receivers and one or more transmitters (depending on the number of cars he drives).

Various models of garage door opening systems may differ with respect to the size of the drive motor, type of drive system employed, and the degree of sophistication engineered into the transmitter and receiver. The more sophisticated models generally incorporate more reliable components and encode more complex signals than the less sophisticated models. Increasing the complexity of the encoded signals reduces the possibility of "phantom operation", i. e., the accidental activation of a system by nonsystem transmitter units or outside radio sources.

U. S. Tariff Treatment

Radio remote control garage door openers when imported as complete units and door operators when imported separately are

classifiable under the provision for machines, not specifically provided for, in TSUS item 678.50. Under the Tariff Act of 1930, these articles were classifiable under paragraph 353 at the rate of 35 percent ad valorem. The effective dates of the various rates of duty applicable to the aforementioned articles under the Tariff Act of 1930, as modified by trade-agreement concessions and the Tariff Classification Act of 1962, are given in the following table.

Radio remote control garage door openers and door operators,
TSUS item 678.50: U.S. rates of duty, 1930-72

Effective date	Authority	Rate of duty
		Percent ad valorem
June 18, 1930-----	Tariff Act of 1930----	35
Jan. 1, 1939-----	Trade agreement with the United Kingdom.	25
Jan. 1, 1948-----	GATT concession <u>1/</u> ----	15
June 6, 1951-----	--do-----	13.75
July 1, 1962-----	--do-----	12.5
July 1, 1963-----	--do-----	11.5
Aug. 31, 1963-----	<u>2/</u>	<u>3/</u> 10
Jan. 1, 1968-----	GATT concession----	9
Jan. 1, 1969-----	--do-----	8
Jan. 1, 1970-----	--do-----	7
Jan. 1, 1971 <u>4/</u> -----	--do-----	6
Jan. 1, 1972-----	--do-----	5

1/ General Agreement on Tariffs and Trade.

2/ Tariff Classification Act of 1962.

3/ This rate was a result of combining several different rates.

4/ An additional 10-percent import duty was imposed from Aug. 16, 1971, to Dec. 19, 1971 (Presidential Proclamations 4074 and 4098). On July 8, 1974, the United States Customs Court held that Presidential Proclamation 4074 was invalid (Yoshida International, Inc. vs. United States, Customs Decisions 4550). This ruling has been appealed to the United States Court of Customs and Patent Appeals.

The portable transmitter and the wall-mounted receiver, when imported separately, are classifiable under the provision for radio remote control apparatus, TSUS item 685.60. Prior to the adoption of the TSUS, these articles were classified under paragraph 353 of the Tariff Act of 1930. The rates of duty applicable to radio remote control apparatus in the 1930-72 period, as modified by trade-agreement concessions are outlined in the following table.

Radio remote control apparatus (transmitters and receivers),
TSUS item 685.60: U.S. rates of duty, 1930-72

Effective date	Authority	Rate of duty
		<u>Percent</u> <u>ad valorem</u>
June 18, 1930-----	Tariff Act of 1930--	35
Jan. 1, 1939-----	Trade agreement with the United Kingdom.	25
Jan. 1, 1948-----	GATT concession----	15
Aug. 31, 1963-----	<u>1/</u>	15
Jan. 1, 1968-----	GATT concession----	13
Jan. 1, 1969-----	---do-----	12
Jan. 1, 1970-----	---do-----	10
Jan. 1, 1971 <u>2/</u> -----	---do-----	9
Jan. 1, 1972-----	---do-----	7.5

1/ Tariff Classification Act of 1962.

2/ See footnote 4 to table on page A-3.

Source: Compiled by the U.S. Tariff Commission

In addition, the TSUS under item 807.00 provides partial exemption from the above duties. Under tariff item 807.00, imported articles assembled in foreign countries with fabricated components that in whole or in part have been manufactured in the United States are subject to duty on the full value of the imported article less the value of U.S. fabricated components contained therein. No further processing in the United States is required for articles imported under item 807.00. These duty exemptions on the U.S. materials contained in the imported articles are not subject to trade agreement concessions.

U.S. Producers

Ten U.S. firms produce complete garage door opener packages, i. e., door operators, transmitters, and receivers. In addition, two firms manufacture door operators only and another two firms manufacture transmitters and receivers only.

* * * * *

* * * * *

U.S. Trade 1/

Radio remote control garage door opener assemblies

* * * * *

It is believed that there have been no imports of complete radio remote control garage door openers in recent years. There have

1/ The data in this section are based on information obtained by the Tariff Commission from the 14 largest domestic manufacturers of door operators, transmitters, and receivers. The firms are believed to account for nearly 100 percent of U.S. production of door operators, transmitters and receivers.

been, however, imports of garage door opener assemblies (door operators, transmitters and receivers). These imports were a fraction of one percent of apparent U.S. consumption during 1969-73.

* * *.

Door operators

* * * * *

No complete door operators were imported during the period 1969-73 or during January-June 1974. * * *.

Transmitters

* * * * *

Imports of transmitter units were believed to have been nil prior to 1970. From 1970-73, imports of transmitters amounted to less than 20 thousand units per year. These units were purchased from * * * by small producers of radio remote control garage door openers. They were less than 1 percent of the value of shipments of transmitters by domestic producers in those years. In January-June 1974, U.S. imports of transmitters * * * continued at about the same annual rate as in 1970-73.

Receivers

* * * * *

U.S. imports of receivers from 1970-73 have been approximately the same, in terms of quantity, as imports of transmitters and have also been imported from the same source--* * *.

In terms of value, the imports of receivers during 1970-73, have been approximately 1 percent of the value of shipments of transmitters by domestic producers. In January-June 1974, the quantity of receivers imported remained at previous annual levels, * * *.

Chamberlain Manufacturing Corp.

The Chamberlain Manufacturing Corp., with corporate offices in Elmhurst, Ill., was established in 1906. Today it manufactures a wide variety of consumer and industrial products.

Chamberlain's consumer products group, of which the Perma Power Division is one of six divisions, manufactures electronic garage door openers, aluminum extension ladders, public address systems, and radio controls.

In 1973, Chamberlain Manufacturing Corp. had net sales of \$112.6 million and net income of \$1.2 million. Sears, Roebuck and Co., which is the Perma Power Division's single largest customer for garage door opening systems, owns 10.5 percent of Chamberlain's common stock. 1/

1/ Standard and Poor's, Standard Corporation Descriptions, January-December 1973-1974, vol. 35, no. 23, p. 3643.

Perma Power Division

The Perma Power Division of Chamberlain Manufacturing Corp., directs the operations of plants in Nogales, Ariz.; Nogales, Mexico; and Chicago, Ill.

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STATISTICAL APPENDIX

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