

UNITED STATES TARIFF COMMISSION
Washington, D.C.

[APTA-W-4]

TC Publication 191

December 8, 1966

TARIFF COMMISSION SUBMITS REPORT TO THE
AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD
IN A CASE PERTAINING TO CERTAIN WORKERS OF
THE MAREMONT CORPORATION

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. APTA-W-4, conducted under section 302(e) of the Automotive Products Trade Act of 1965. The Commission's report contains information for use by the Board, which determines the eligibility of the workers concerned to apply for adjustment assistance. The workers in this case were employed in the Cleveland, Ohio plants of the Maremont Corp.

Only certain sections of the Commission's report can be made public since much of the data it contains were received in confidence. The sections of the report that can be made public are reproduced below. In addition to this material, the report also contained information concerning the factors causing the changes in employment at the plants.

Introduction

In accordance with section 302(e) of the Automotive Products Trade Act of 1965 (79 Stat. 1016), the U.S. Tariff Commission herein reports the results of investigation No. APTA-W-4, which was ordered in response to a request from the Automotive Assistance Committee of the Automotive Agreement Adjustment Assistance Board. The Committee's request resulted from a petition for adjustment assistance filed with the Board on October 14, 1966, by Lawrence Weber, on behalf of a group of workers formerly employed by the Gabriel Division, Maremont Corp., in Cleveland, Ohio.

The petition alleged that because of the phasing-out of production of automotive shock absorbers in Cleveland, Ohio, by the Maremont Corp., and the transfer of such production to Canada, a substantial number of workers were dislocated. The petition further alleged, in effect, that the operation of the United States-Canadian automotive agreement was the primary factor causing the dislocation.

The Commission instituted the investigation upon receipt of the Committee's request on October 19, 1966; public notice thereof was given in the Federal Register (31 F.R. 13775) on October 26, 1966. Although the petitioners had initially requested a public hearing, the request was later withdrawn by letter dated November 3, 1966, and none was held. Public notice of the cancellation of the hearing was given by publication in the Federal Register (31 F.R. 14525) on November 11, 1966.

The information reported herein was obtained from the workers concerned, the Maremont Corp., the Bureau of Unemployment Compensation of the State of Ohio, the major U.S. automotive vehicle manufacturers, and the Commission's files, and by fieldwork by members of the Commission's staff.

In the course of its investigation, the Commission solicited a statement from the Maremont Corp. setting forth the reasons it decided to discontinue its production of shock absorbers in Cleveland. * * *

The automotive product concerned--shock absorbers

Shock absorbers are an integral part of the suspension system of motor vehicles; they provide for the absorption of road shocks under a variety of speed and load conditions, and they also improve the steerability and control of the vehicle. Primarily, a shock absorber regulates the spring rebound so that the spring recoils slowly; thus it prevents sudden jolts and bounces from being transmitted to the vehicle body and its occupants and cargo. Double action shocks, the type used predominantly on automotive vehicles today, also dampen spring compression and permit the use of more flexible springs.

Many types of shock absorbers, with various specifications, are currently in use, depending on the year and model of the vehicle for which they are designed. Virtually all of the shock absorbers currently being manufactured in the United States are hydraulically operated units which depend upon the resistance of a fluid (oil) flowing through a restricted opening to dissipate energy.

Shock absorbers imported into the United States are generally dutiable as parts of motor vehicles under item 692.27 of the Tariff Schedules of the United States at the rate of 8.5 percent ad valorem, unless imported from Canada for use as original motor vehicle equipment, in which case they are duty free under item 692.28.

The Maremont Corp. and its shock-absorber operations

The Maremont Corp., with headquarters in Chicago, produces textile machinery, ordnance, electronic equipment, aerospace products, and automotive parts for both original-equipment manufacture (OEM) and the replacement markets. Net sales totaled \$133 million in 1965, approximately 50 percent of which was accounted for by automotive parts (exhaust systems, shock absorbers, oil filters, brake linings, and rebuilt carburetors, generators, fuel pumps, etc.).

In the United States, Maremont operates 24 plants; its Automotive Group of which the Gabriel Division is a part, operates 13 domestic and 8 foreign plants. Maremont's Gabriel Division currently produces shock absorbers domestically only at Pulaski, Tenn.; its Cleveland operations were shut down in April 1966.

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United States and Canadian production and trade

The Tariff Commission obtained data representative of United States production, United States exports to Canada, and Canadian production of shock absorbers for use as original equipment in the assembly of motor vehicles (table 3). These data indicate that United

States production of shock absorbers in the months of January-April 1966 exceeded that in each of the corresponding months of the 1964 model year. United States exports of shock absorbers to Canada in January-April 1966 also exceeded those in the corresponding months of the 1964 model year. Canadian production of shock absorbers was greater in three of the four months, January-April 1966, than in the like period of the 1964 model year; the decline occurring in April 1966 is attributable to a strike by a Canadian supplier which interrupted its shipments to one motor vehicle producer. The production of shock absorbers in both the United States and Canada has generally increased during the last 5 model years, as have United States exports to Canada. There have been no U.S. imports of shock absorbers from Canada during the past 5 model years, except for a negligible quantity entered in 1966.

The data above and that presented in table 3 were compiled from information furnished by the major United States and Canadian motor-vehicle producers 1/ on their use of shock absorbers in the assembly of motor vehicles; they were asked to distinguish between the shock absorbers obtained in the United States and those obtained in Canada. The data were reported on a quantity basis. Several companies found it necessary to submit estimated data. No satisfactory indication

1/ United States and Canadian companies that produce only a relatively small number of motor vehicles were not requested to supply information; data on the use of shock absorbers by these companies could not affect the trends shown by the compiled data to a meaningful extent.

of the degree of error that might be embodied in these estimates is available.

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Table 3.--United States production, United States exports to Canada and Canadian production of shock absorbers for use as original equipment in the assembly of motor vehicles, model years 1962-66, 1/ and, by months, January-April 1964 and January-April 1966

(In thousands of units)

Period	United States production	United States exports to Canada	Canadian production
Model years: <u>1/</u>			
1962-----	29,584		1,800
1963-----	32,878		2,193
1964-----	35,940		2,630
1965-----	40,211		2,855
1966-----	39,869		3,214
January-April 1964:			
January-----	3,393	<u>2/</u>	279
February-----	3,092		247
March-----	3,303		262
April-----	3,608		279
January-April 1966:			
January-----	3,761		327
February-----	3,557		322
March-----	4,170		<u>3/</u> 309
April-----	3,725		<u>3/</u> 266

1/ The model year begins about Aug. 1 of the year preceding that shown, and ends about July 31 of the year shown.

2/ Publication of data might reveal the operations of individual concerns.

3/ One producer reported that his Canadian supplier was on strike during this period.

Source: Compiled by the U.S. Tariff Commission from data supplied by 8 motor vehicle producers.

Note.--The data reported by several companies were estimated. No indication of the degree of error that might be embodied in these estimates is available.

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