

UNITED STATES TARIFF COMMISSION  
Washington, D.C.

APTA-W-11

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TARIFF COMMISSION SUBMITS REPORT TO THE  
AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD  
IN ADJUSTMENT ASSISTANCE CASE PERTAINING TO  
CERTAIN WORKERS OF CHRYSLER CORPORATION'S  
JEFFERSON PLANT

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. APTA-W-11, conducted under section 302(e) of the Automotive Products Trade Act of 1965. The Commission's report contains factual information for use by the Board, which determines the eligibility of the workers concerned to apply for adjustment assistance. The workers in this case were employed in the Jefferson (Detroit, Michigan) plant of the Chrysler Corporation.

Only certain sections of the Commission's report can be made public since much of the information it contains was received in confidence. Publication of such information would result in the disclosure of certain operations of individual firms. The sections of the report that can be made public are reproduced on the following pages.



Introduction

In accordance with section 302(e) of the Automotive Products Trade Act of 1965 (79 Stat. 1016), the U.S. Tariff Commission has conducted an investigation (APTA-W-11) concerning the possible dislocation of certain workers engaged in the assembly of automobiles at the Jefferson plant (Detroit, Michigan) of the Chrysler Corporation. The Commission instituted the investigation on March 9, 1967, upon receipt of a request for investigation on the same day from the Automotive Assistance Committee of the Automotive Agreement Adjustment Assistance Board. Public notice of the investigation was given in the Federal Register (32 F.R. 4038) on March 14, 1967. The results of the investigation herein reported are intended to provide a factual record in order to assist the Automotive Agreement Adjustment Assistance Board in making the determinations required by Section 302 of the Act.

The Automotive Assistance Committee's request for the investigation resulted from a petition for determination of eligibility to apply for adjustment assistance filed with the Assistance Board on March 2, 1967, by the International Union, United Automobile Aerospace & Agricultural Implement Workers of America (U.A.W.), and its Local 7, of Detroit, Michigan, on behalf of a group of workers at Chrysler's Jefferson assembly plant.

The petition stated that the assemblies of Dodge Polara and Dodge Monaco automobiles were discontinued at the Jefferson plant beginning with model year 1967 which resulted in the Windsor, Ontario plant obtaining a much larger share of the total production of Polara and Monaco automobiles. The petition further alleged that the U.S.-Canadian Trade Agreement was the cause of the rescheduling of production from the Jefferson plant to the Windsor plant which subsequently led to 1,038 layoffs at the Jefferson plant on January 23, 1967.

The information reported herein was obtained from the Chrysler Corporation, the other major motor-vehicle manufacturers in the United States, the International Union, U.A.W. and Local Union 7, U.A.W., the Commission's files, and by fieldwork by members of the Commission's staff. Since no parties requested a hearing, none was held.

The automotive products involved--passenger cars

The Jefferson plant at which the petitioning workers were employed assembles passenger cars, but not trucks or buses. The petition specifically refers to Dodge Polara and Monaco passenger cars.

Polaras and Monacos are full-sized automobiles representing the top of the Dodge carlines. They are identical in length, width,

and height and have the same body shell and wheel base. They are essentially the same except for inside and outside trim and interior furnishings. Both Polaras and Monacos are available in 4-door sedans, 2- and 4-door hardtops, and 6 and 9 passenger station wagons. A convertible is offered in the Polara series only.

Polaras are powered by 8-cylinder, 318- or 383-cubic-inch engines whereas all Monacos are driven by 8-cylinder, 383-cubic-inch engines.

Imported passenger cars are dutiable at the rate of 6.5 percent ad valorem under the provisions of TSUS item 692.10 except when imported from Canada in which event they are entered duty-free under item 692.11. Since Polaras and Monacos are manufactured only in the United States and Canada, these automobiles when imported are free of duty under item 692.11.

#### Chrysler Corporation's automobiles and assembly plants

The Chrysler Corporation, which maintains its corporate headquarters at Detroit, Michigan, is the world's third largest producer of motor vehicles. In North America, the Corporation assembles passenger cars at eight plants, seven in the United States and one at Windsor, Canada. The Jefferson, Hamtramck, and Lynch Road plants are located in the vicinity of Detroit, Michigan. Plants are also located at St. Louis, Mo., Los Angeles, Calif., Newark, Del., and Belvidere, Ill. All of the plants have been in operation for many years except for the one at Belvidere, which was constructed about 3 years ago and was fully operational at the start of the 1966 model year.

Within each of its three "divisions" (Plymouth, Dodge and Chrysler) the Corporation produces a variety of carlines. Polara/Monaco, Coronet, Charger, and Dart are carlines within the Dodge division. The Plymouth division consists of Fury, Belvedere, Barracuda, and Valiant, and the Chrysler division includes the Chrysler Newport, Chrysler 300, New Yorker, and Imperial. All of the passenger cars manufactured by Chrysler are either "A", "B", or "C" body types. The "A" type bodies are used on the smaller-compact cars, namely the Barracuda, Dart, Charger, and Valiant. "B" bodies are used on the Coronet and Belvedere, intermediate-size automobiles. Full-sized automobiles, which include Fury, Polara/Monaco and all carlines within the Chrysler division, utilize the "C" body type. \*\*\*

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#### Production patterns

Certain production patterns exist in both the domestic and Canadian automobile industries. Each assembly plant is shut down from 2 to 4 weeks during the annual model changeover which usually occurs in late July and early August. For several weeks prior to the changeover, industrywide output declines. However, under the combined stimuli of a strong market demand for new models and the need to build up inventories, production increases sharply after the changeover. The fall season, therefore, is typically firm.

As certain carlines sell faster or slower during the model year than was forecast, the automobile companies must often make adjustments in production scheduling. If output needs to be increased or decreased, the normal practice is to vary the assembly line speed. Line speed is a measure of output per day and may or may not involve the addition or elimination of a shift. Line speed or output can be increased by scheduling extra days and/or by lengthening shifts. Reductions may be made by temporary shutdowns or indefinite layoffs.

#### U.S. and Canadian automobile production and trade

While the domestic automobile industry increased annual production in 4 of the last 5 model years, Canadian output rose in every year. In 1966 domestic output declined to 8.6 million units from 8.8 million units in 1965 while Canadian production rose from 585,000 units to 673,000 units. In 1966 U.S. production was about 20 percent more than that recorded in 1963 or about 10 percent more than that in 1964, whereas Canadian output in 1966 was almost 45 percent more than that in 1963 or about 20 percent more than that in 1964. For the first 7 months of model year 1967, production in both the United States and Canada was almost 10 percent less than for the corresponding months of model year 1966.

Prior to the 1965 model year there were no automobiles imported from Canada by the four major U.S. producers. Since then an increasing number have been imported--2,000 in 1965, 94,000 in 1966 and 138,000 in the first 7 months of the 1967 model year. U.S. exports of automobiles to Canada increased annually from 11,000 units in the 1964 model year to 59,000 units in 1966, and to 120,000 units in the first 7 months of the 1967 model year. As a result of these changes in this trade, in 1966 (the first complete model year after the United States-Canadian automotive agreement), Canada not only became an exporter of automobiles to the United States, but attained a net export balance of 35,000 units. During the first 7 months of the 1967 model year Canada was a net exporter to the United States of 18,000 automobiles.

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