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UNITED STATES TARIFF COMMISSION

BRASS WIND MUSICAL INSTRUMENTS:
PRODUCTION AND MAINTENANCE WORKERS
OF C. G. CONN, LTD.

Report to the President
on Investigation No. TEA-W-133
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 480
Washington, D. C.
April 1972

UNITED STATES TARIFF COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of 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,
April 28, 1972.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act (TEA) of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of the act in response to a petition filed on behalf of a group of workers.

On February 29, 1972, the United Auto Workers (Agricultural Implement Workers of America) filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of production and maintenance workers, members of Local Union 534, formerly employed by C. G. Conn, Ltd., Elkhart, Ind. The Commission instituted the investigation (TEA-W-133) on March 9, 1972, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the brass wind instruments produced by the company 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 company, or appropriate subdivision thereof.

Public notice of this investigation was given in the Federal Register (37 F.R. 5416) on March 15, 1972. No hearing was requested, and none was held.

The information in this report was obtained principally from the petitioner, from the officials of C. G. Conn, Ltd., and other producers, from importers, from the U.S. Department of Labor, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ unanimously finds that articles like or directly competitive with brass wind musical instruments (of the types provided for in items 725.20 and 725.22 of the Tariff Schedules of the United States) produced by C. G. Conn, Ltd. are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of that company.

1/ Commissioner Sutton did not participate in the decision.

Considerations Supporting the Commission's Finding

The petitioning workers in the instant investigation were employed at the Elkhart, Ind., plant #2 of C. G. Conn, Ltd.; the plant was engaged principally in the production of brass wind musical instruments, manufacturing the company's student line of such articles. In April 1971, Conn began importing student type brass wind instruments from Japan, and in June 1971 the company announced that production would be phased out at the Elkhart plant.

Based on the evidence obtained in this investigation, our determination is in the affirmative because in our judgment the four criteria established under section 301(c)(2) of the Trade Expansion Act of 1962 have been met. These criteria are:

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

Increased imports

In the 25 years since the end of World War II, U.S. imports of brass wind musical instruments have increased greatly. Imports of such articles rose sharply in the early 1950's; total imports of brass wind instruments in 1952 amounted to 32,400--five times the number that had been

imported in 1949. For the next decade and a half, the volume of imports fluctuated from year to year, but generally remained at a much higher level than in the years before 1950; imports averaged about 26,500 units annually--ranging from 17,000 (1960) to 38,000 (1964). Beginning in 1968, imports of brass wind instruments again rose sharply; they amounted to 56,600 units in 1971, compared with 26,500 units in 1967. Whether viewed from the short term or the long term, brass wind musical instruments are being imported in increased quantities.

In major part

Since World War II, U.S. import duties applicable to brass wind musical instruments have been reduced on two occasions to carry out trade-agreement concessions, and both duty reductions were followed by substantially increased imports of such instruments. On the first occasion, in 1948, the rate of duty applicable to imported brass wind instruments valued over \$10 each (which account for more than 90 percent of volume of imports of brass wind instruments) was reduced by 50 percent from a rate of 40 percent to 20 percent ad valorem. Shortly after that concession, annual imports of such instruments quintupled and, although erratic, remained at a higher level than earlier through 1967.

On the second occasion, pursuant to a concession granted in the Kennedy Round, the rate of duty on instruments valued over \$10 each was reduced from 20 percent to 10 percent ad valorem in five annual stages that began in 1968. During the years that the reductions were being made, imports of such instruments increased annually. Imports in 1971 were more than double in volume those in 1967. Sometime prior to early 197

the Conn management contracted to purchase its student line of brass wind instruments--which had accounted for about *** of the output of the Elkhart establishment--from Nippon Gakki Co., Ltd. of Japan. Obviously, such a decision was influenced by the fact that the duty on brass winds had already been reduced markedly by trade-agreement concessions (from 40 percent to 12 percent ad valorem) and was scheduled for a further reduction to 10 percent ad valorem on January 1, 1972, as the final stage of the Kennedy Round concessions became effective. For a typical imported instrument, the trade-agreement reductions make a substantial difference in the amount of duty collected ***. Under the present rate of duty, Conn can import student brass wind instruments at a cost substantially below that at which it could produce them in Elkhart establishment. Clearly, the second criterion is satisfied--increased imports are due in major part to the trade-agreement concessions.

Unemployment

In recent years employment has declined steadily at the Conn Elkhart plants. In 1970 one of the two Conn plants there was sold. Employment on brass wind instruments in the remaining plant, where the petitioning workers were employed, declined almost steadily during 1971, dropping from *** production workers in January to *** workers in December. All employment of production workers is scheduled to cease by June 1972. The third criterion of the statute therefore is satisfied--a significant number or proportion of the firm's workers are unemployed or threatened with unemployment.

Major factor

The share of the apparent U.S. consumption of brass wind instruments supplied by imports increased steadily in recent years--from 12 percent in 1967 to 28 percent in 1971. With the growing import competition, Conn's production and employment at Elkhart steadily declined. Finally, the Conn company, responding to the increasing import pressure in the U.S. market, decided to import its student line of instruments. The imported instruments were similar to those produced at Elkhart and displaced the Elkhart production. Hence, with its decision to import, Conn began to terminate its production of such instruments in the United States--causing and threatening to cause the unemployment of the petitioning workers. There is no doubt that increased imports resulting in major part from trade-agreement concessions are the major factor causing or threatening to cause the unemployment of the workers.

Conclusion

Based on the evidence obtained in this investigation, we conclude that each of the statutory requirements is satisfied. Our determination, therefore, is in the affirmative--that articles like or directly competitive with the brass wind musical instruments produced by workers of C. G. Conn, Ltd., are, as a result in major part of trade-agreement concessions, being imported in such increased quantities as to be the major factor causing or threatening to cause the unemployment of a significant number or proportion of the workers concerned.

Further Views of Commissioners Leonard and Young

While we concur with the majority of the Commission, we feel further comment is necessary on one aspect of this case. We have before us again a situation where a corporation has closed down its U.S. production facilities and begun to import the article which it formerly produced domestically. It has been asserted that such "self-injury"--i.e., a management decision to avail itself of the benefits of a trade agreement by moving abroad--necessarily precludes adjustment assistance to the firm's domestic workers who have become unemployed by such action. 1/ The basis for this conclusion appears to be that, in order to be eligible for adjustment assistance, the workers must have been employed by a firm or subdivision of a firm which has been seriously injured by increased imports the result in major part of trade-agreement concessions, whereas the firm which decides to move its production facilities abroad or to import the article creates a self-inflicted injury, if any, and, therefore, its domestic workers cannot receive any assistance. 2/ In essence, such an interpretation would require a finding of serious injury to the firm or an appropriate subdivision as a condition precedent to granting relief to the workers.

We do not believe the statutory language of the Trade Expansion Act of 1962 (TEA) or its legislative history demand such a conclusion. On the contrary, with respect to worker investigations under that law,

1/ Views of Commissioner Sutton, Automotive Radio Tuners, Report to the President on TEA-W-132, T.C. Publication 475, April 1972, p. 8.

2/ Ibid., p. 10.

we are of the opinion that imports by domestic firms, or from foreign branches of domestic firms, are to be treated just as any other imports. Where, as in this case, a corporation elects to import the product, adjustment assistance may still be accorded to the workers of the U.S. portion of the firm, provided that the criteria of the statute are met. The workers are just as unemployed when the increased imports originate under the aegis of their employer as when they originate from any other source. The "self-injury" argument must be rejected because it is based on an erroneous construction of the statutory language of the TEA.

It is axiomatic that where the language of the statute is plain and unambiguous, there is no occasion to resort to rules of statutory interpretation. 1/ The requirements for adjustment assistance to firms and those for workers are contained in independently stated paragraphs which in no way refer to each other. Indeed, the Commission's determinations with respect to firms are referred ultimately to the Secretary of Commerce, whereas determinations with respect to workers ultimately go to the Secretary of Labor. 2/

In the case of a firm investigation, the statutory requirements are that--

* * * as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the firm is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm. 3/

1/ E.g., Ex parte Collett, 337 U.S. 55 (1949); Packard Motor Car Co. v. NLRB, 330 U.S. 485 (1947); Osaka Shosen Kaisha Line v. U.S., 300 U.S. 98 (1936).

2/ Sections 311 and 321 of the TEA of 1962.

3/ Section 301(c)(1) of the TEA of 1962.

In the case of a worker investigation, the statutory requirements are that--

* * * as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is 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 subdivision. 1/

In regard to the firm investigation, therefore, the sole determinative factor is the actual or threatened "serious injury" to the firm caused by the increased imports. The statute instructs the Commission to take into account "all economic factors it considers relevant." 2/ As for a worker investigation, the determinative factor is the actual or threatened unemployment or underemployment caused by the increased imports. There is no requirement as to the source of these imports other than they must be the result in major part of trade-agreement concessions.

Following the language of the statute, a situation may arise where the firm is not sufficiently affected by increased imports to qualify for adjustment assistance, yet a portion of its workers will be considered eligible. This is possible because of the separate statutory treatment and the application of different qualification standards to firms and workers. Not only are all economic factors to be considered in the firm determination, but the serious injury must be measured

1/ Section 301(c)(2) of the TEA of 1962.

2/ Section 301(c)(1) of the TEA of 1962.

against the overall operations of the firm. In the worker case, however, only unemployment or underemployment is to be considered, and the unemployment or underemployment may be measured against either the overall operations of the firm or an appropriate subdivision of the firm. Thus, the workers engaged in the production of one product may become unemployed by increased imports whereas the firm itself is not severely injured or adversely affected at all. In other words, a firm might shift product lines due to increased imports--or even become an importer--without injuring itself, whereas the effect on a significant number or proportion of workers could be unemployment.

In addition, when speaking of adjustment assistance for workers, the statute continually talks in terms of "adversely affected employment" or the "adversely affected worker," not in terms of injury to the firm. Section 338 of the Act defines "adversely affected employment" as--

* * * employment in a firm or appropriate subdivision of a firm, if workers of such firm or subdivision are eligible to apply for adjustment assistance under this chapter. 1/

The House Report further explains this definition--

Paragraph (2) defines "adversely affected employment" as employment in a firm or appropriate subdivision of a firm, if workers of such firm or subdivision are eligible to apply for adjustment assistance under chapter 3 of title III of the bill; that is, if under chapter 1 of title III a certification has been made that imports have caused or threatened to cause significant unemployment or underemployment in the firm or subdivision. 2/

1/ Section 338(1) of the TEA of 1962.

2/ House Report No. 1818, 87th Cong., 2nd Sess. p. 63 (1962).

An "adversely affected worker" is defined by the statute as--

* * * an individual who, because of the lack of work in an adversely affected employment--

(A) has been totally or partially separated from such employment, or

(B) has been totally separated from employment with the firm in a subdivision of which such adversely affected employment exists. 1/

The legislative history of the TEA also shows that a situation was contemplated by the formulators where there might be no serious injury or effect on a firm but unemployment for the workers of the firm. That hypothesis was brought forth in a colloquy between Secretary of Labor Goldberg and members of the Senate Finance Committee during the hearings on H.R. 11970 (which was to become the TEA):

Senator Williams. Would it be possible, Mr. Secretary, for the Secretary of Commerce to rule that a specific industry or company was not affected adversely, * * * and for you to rule that they were or must you and the Secretary agree on that?

Secretary Goldberg. We administer different concepts.

Senator Butler. I appreciate that.

But could one of you rule that X company was adversely affected and thereby the workers were eligible, and could the Secretary rule that X company was not affected and, therefore, the company would not be eligible?

Secretary Goldberg. Yes.

Senator Butler. Yes, the answer is "Yes."

Senator Williams. Or vice versa?

Secretary Goldberg. Yes, this could happen with a good basis. Let me point out the basis.

1/ Section 338(a) of the TEA of 1962.

Suppose that as the result of imports a production line were down, and the men in that line were thrown out of work, and we find, the Tariff Commission finds, that this was due to the increase in imports.

The employer, however, gets out and gets other business, and restores his production quickly, but he never puts back that line and it is a substantial production line.

I could make a finding then * * * for the worker, the Secretary of Commerce could make a finding the other way. 1/

To extend the Secretary's example further, if a production line of a firm is being affected by increased imports, and the firm shuts down the line and starts importing the product itself, the domestic workers may still be considered unemployed due to the increased imports, whereas the firm may not show any ill effects at all. Indeed, if the firm moved its operations abroad gradually, it is conceivable that the domestic employees might become unemployed and eligible for adjustment assistance only after their multinational employer began to increase its own imports. It does not necessarily follow that the firm should receive assistance, for there may be no evidence of injury, or in turn, the movement abroad may be due in major part to other factors besides increased imports. 2/

While we agree with Commissioner Sutton's observation that our domestic legislation is not properly geared to consider all aspects of the multinational corporation problem, this is not the question in the adjustment assistance provisions for workers under the TEA. In formulating the adjustment assistance provisions, Congress was not concerned

1/ Hearings before Senate Finance Committee, 87th Cong., 2nd Sess., pp. 2089-90 (1962).

2/ For example, a firm may decide to move its production facilities outside the United States because of the trade-agreement concessions themselves, not because of any increase in imports due to the concessions.

exclusively with the owners of the producing plants, but also the welfare of the employees in those plants.

If there are increased imports the result in major part of trade-agreement concessions, and these increased imports are the major factor in causing, or threatening to cause, unemployment or underemployment to a significant number or proportion of workers of a firm or subdivision of the firm, we have a statutory mandate to make such a determination, regardless of whether the firm itself has been injured, or indeed, regardless of whether the firm may be contributing to that unemployment through its own imports.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles

C. G. Conn, Ltd., where the petitioning workers were employed manufactures both brass wind and woodwind musical instruments. The petition at hand, however, relates only to brass wind musical instruments.

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. There has been increasing use of plastics, fiber glass, and light metals for the production of medium- and low-priced brass wind instruments, both domestically and abroad. High-priced professional instruments account for about 14 percent of sales of brass wind instruments in the United States, and the bugle type of instruments containing no valves (pistons), for 1 percent.

Imported brass winds are generally regarded as slightly lower in quality than brass winds produced in the United States.

U.S. Tariff Treatment

Brass wind instruments covered by this investigation are provided for in item 725.20 (valued not over \$10 each) and item 725.22 (valued over \$10 each) of the Tariff Schedules of the United States. The current trade-agreement rate of duty applicable to item 725.20 is 30 percent ad valorem. The rate of duty applicable to item 725.22 is 10 percent ad valorem; this rate, which became effective on January 1, 1972, reflects 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) were provided for in paragraph 1541(a) and were originally dutiable at 40 percent ad valorem. Reduced rates established pursuant to trade agreements, and the effective dates of the reductions, are shown in the following table.

Brass wind instruments: U.S. rates of duty established
pursuant to trade agreements, 1948-72

| Description | Rate of duty | Effective date | Trade agreement |
|--|--------------|----------------|--------------------|
| Brass wind instruments----- | 40% ad val. | Jun. 18, 1930 | Tariff Act of 1930 |
| Brass winds with cup mouth- pieces, valued each-- | | | |
| Under \$6.66-2/3----- | 30% ad val. | Apr. 21, 1948 | GATT |
| \$6.66-2/3 or more but not over \$10----- | \$2 each | Apr. 21, 1948 | GATT |
| Over \$10----- | 20% ad val. | Apr. 21, 1948 | GATT |
| Brass wind instruments: | | | |
| Valued not over \$10 each--- | 30% ad val. | Aug. 31, 1963 | (1/) |
| Valued over \$10 each----- | 20% ad val. | Aug. 31, 1963 | (1/) |
| | 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/ The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, under authority of the Tariff Classification Act of 1962 (Public Law 87-456) combined the 2 lower value brackets at the rate of 30 percent ad valorem; the rate 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 imported articles, including brass winds, from Aug. 16, 1971, to Dec. 20, 1971. During that period, the aggregate duty applicable to brass winds valued not over \$10 each was 40 percent ad valorem, and that applicable to brass winds valued over \$10 each, 22 percent ad valorem. The surcharge was imposed by Presidential Proclamation No. 4074 and removed by Presidential Proclamation No. 4098.

U.S. Consumption

During the period 1967-71, apparent annual U.S. consumption of brass wind musical instruments declined by about 11 percent, from 229,000 units in 1967 to 204,000 units in 1971 (table 1). Some of this decline can be attributed to a growing interest in fretted stringed instruments, principally guitars, sales of which increased more than 50 percent in the last 5 years.

The American school music program is the principal market for brass winds; trade sources estimate that more than 85 percent of domestic and imported instruments (about three-fourths of which instruments are trumpets and cornets) are for student use. According to trade sources, the Midwestern States have always accounted for the largest share of aggregate sales of brass wind instruments.

In 1967-71, imports steadily increased their share of the U.S. market, from about 12 percent in 1967 to 28 percent in 1971. During this same period U.S. producers' shipments of brass winds decreased by 26 percent, while U.S. imports increased by more than 100 percent.

U.S. Imports

Imports amounted to about 26,000 units in 1967 and nearly 57,000 units in 1971 (table 2). As noted above, the imports of brass winds were equivalent to about 12 percent of U.S. consumption in 1967, and 28 percent in 1971. Imports of instruments valued over \$10 each accounted for about 90 percent of total imports during the 1967-71 period (see quantity figures in table 3). 1/ Japan, which in 1967

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).

supplied about 1 percent--in terms of both quantity and value--of all brass wind imports, supplied 58 percent of the quantity and 51 percent of the value of such imports in 1971. France and West Germany are the other important suppliers.

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. Beginning in 1971, Nippon Gakki, Ltd., of which Yamaha is a sales affiliate, began to manufacture the student line of brass winds 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.

In addition to Conn, several domestic producers of brass winds import some instruments of the professional type to round out their product line. Such imports, primarily from European sources, declined from about 12 percent of aggregate imports in 1967 to 3 percent in 1971.

U.S. Producers and Producers' Shipments

In 1971, eight firms, situated primarily in the Middle West, produced brass wind instruments in the United States. Five of these firms also produce other musical instruments and replacement parts used in the repair of brass winds.

U.S. shipments of brass winds during the period 1967-71 declined by about 26 percent--from 207,000 units in 1967 to 153,000 units in 1971 (table 1). The share of total domestic shipments accounted for

by Conn in 1971 was *** percent based on number and*** percent based on value.

Data on exports of brass winds are not separately reported in official statistics, but exports as reported by five of the eight domestic producers are small (table 1).

Data Relating to C. G. Conn, Ltd.

Corporate structure, plant, and equipment

C. G. Conn, Ltd., was founded in Elkhart, Ind., in 1875 and for many years has been a leading producer of musical instruments, its only product. Net sales of the company in 1968 totaled \$28.9 million. 1/

In May 1969 Crowell, Collier and MacMillan, Inc., an international conglomerate, acquired a controlling interest in Conn; Conn is presently operated as a division of the parent concern. 2/ As a holding company, Crowell, Collier and MacMillan has 49 other subsidiaries in the United States and a dozen foreign countries; these subsidiaries are engaged in publishing (MacMillan Co.), printing (Publication Corp.), instruction (Katherine Gibbs School, Inc.), and distribution (Brandon Films).

In recent years, C. G. Conn, Ltd., has operated several manufacturing establishments in the United States, including two plants in

1/ Sales for the year ended Apr. 30, 1968. Data for later years are not available, since Conn was acquired by Crowell, Collier and MacMillan in May 1969.

2/ The Department of Justice brought suit against Crowell, Collier and MacMillan, in February 1970 in the U.S. District Court for the Southern District of New York, alleging violation of the antitrust laws resulting from the acquisition of C. G. Conn, Ltd., and Ostwald, Inc. (band uniforms). No date has been set for the trial.

Elkhart, Ind. The plants are as follows:

| <u>Plant location</u> | <u>Product</u> | <u>Status</u> |
|-----------------------|---|----------------------|
| Elkhart, Ind. #1 | Brass winds and woodwinds | Plant sold <u>1/</u> |
| Elkhart, Ind. #2 | Brass winds and woodwinds | Operating <u>2/</u> |
| Nogales, Ariz. | Woodwinds | Operating |
| Madison, Ind. | Electronic organs | Operating |
| Abilene, Tex. | Brass winds | Operating <u>3/</u> |
| Goshen, Ind. | Cases | Operating |
| Cleveland, Ohio | Violins and other bowed instruments. | Operating |

1/ Establishment was sold to another domestic producer of musical instruments in the summer of 1970. In February 1971 all woodwind production was transferred from Elkhart to the plant at Nogales, Ariz.

2/ Elkhart, Ind., #2 plant is the establishment in which the petitioning workers were employed and which is scheduled to be closed.

3/ Abilene, Tex., establishment, which was built in 1965, was acquired by Conn in January 1971 and began production in February 1971.

The workers represented by the petition filed in this investigation were employed in the Elkhart, Ind., plant #2, which produced both professional and student lines of brass winds. 1/ Conn began in early 1971 to import its student line of cornets and trumpets from Nippon Gakki Co., Ltd. (Yamaha), in Japan. These instruments had in the past accounted for about*** percent of the number produced by the Elkhart plant #2. At about the same time, production of certain professional types of brass winds was transferred from the Elkhart plant to the newly acquired establishment in Abilene, Tex. The president of Conn stated in April 1972 that the Elkhart plant #2 will be closed in mid-August 1972.

The building in which the Elkhart plant is situated has 223,000 square feet of space. The structure, which was built in 1915, housed both company offices and manufacturing operations, but the administrative

offices were moved to Oak Brook, Ill., in the summer of 1970.

The Abilene plant was purchased by Conn from the Chicago Musical Instrument Co. in January 1971. The 100,000-sq. foot, single-story structure, built in 1965, is considered the most up-to-date musical instrument plant of its type in the entire domestic industry. Conn began producing brass wind instruments of professional grade in the plant during the first quarter of 1971. The plant also packs in domestic cases brass wind instruments of the student type imported from Japan and forwards them to Conn distribution centers in Atlanta and Reno for transshipment to wholesalers and retailers.

Product

The petitioning workers were employed in the manufacture of brass winds, which have been the principal product made at the Elkhart plant. 1/ Both the professional and student line of instruments--trumpets, cornets, French horns, and so forth--were produced.

Marketing

Conn sells most of its musical instruments through its own sales organization directly to franchised retail dealers; however, some sales are made to wholesale outlets, which in turn sell to smaller retailers. The company's salesmen and clinicians assist the retailers in soliciting institutional and other business. Distribution centers for the U.S. markets are situated in Atlanta, Ga., and Reno, Nev.

1/ The petition makes no mention of any unemployment which might have resulted from the transfer of woodwind production to the Nogales plant in February 1971.

A-9 through A-14

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APPENDIX A
STATISTICAL TABLES

Table 1.--Brass wind musical instruments: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1967-71

(Quantity in number; value in thousands of dollars)

| Year | Producers' shipments | Imports | Exports | Apparent consumption | Ratio (percent) of imports to consumption |
|-----------|----------------------|---------|---------|----------------------|---|
| Quantity | | | | | |
| 1967----- | 207,183 | 26,477 | 4,675 | 228,985 | 11.6 |
| 1968----- | 200,194 | 31,691 | 4,568 | 227,317 | 13.9 |
| 1969----- | 187,109 | 40,638 | 5,185 | 222,562 | 18.3 |
| 1970----- | 173,961 | 45,075 | 6,235 | 212,801 | 21.2 |
| 1971----- | 152,556 | 56,606 | 5,346 | 203,816 | 27.8 |
| Value | | | | | |
| 1967----- | 24,980 | 1,345 | 576 | 25,749 | 5.2 |
| 1968----- | 25,616 | 1,662 | 588 | 26,690 | 6.2 |
| 1969----- | 24,432 | 1,775 | 701 | 25,506 | 7.0 |
| 1970----- | 22,729 | 2,096 | 868 | 23,957 | 8.7 |
| 1971----- | 22,266 | 2,912 | 849 | 24,329 | 12.0 |

Source: Producers' shipments 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 2.--Brass wind musical instruments: U.S. imports for consumption, by principal sources, 1967-71

| Source | 1967 | 1968 | 1969 | 1970 | 1971 |
|---------------------|-------------------|-----------|------------------|------------------|------------------|
| | Quantity (number) | | | | |
| Japan----- | 178 | 2,923 | 5,806 | 9,897 | 32,769 |
| France----- | 5,857 | 4,680 | 4,469 | 3,775 | 6,125 |
| West Germany----- | 9,291 | 11,427 | 9,805 | 11,138 | 5,614 |
| Italy----- | 2,701 | 2,835 | 2,412 | 2,185 | 1,876 |
| United Kingdom----- | 3,639 | 4,705 | 6,681 | 2,549 | 1,789 |
| Czechoslovakia----- | 3,458 | 1,718 | 3,430 | 5,098 | 1,322 |
| Austria----- | - | - | - | 2,755 | 1,301 |
| Netherlands----- | 472 | 2,161 | 2,137 | 2,799 | 991 |
| All other----- | 881 | 1,242 | <u>1/</u> 5,898 | <u>2/</u> 4,879 | <u>3/</u> 4,819 |
| Total----- | 26,477 | 31,691 | 40,638 | 45,075 | 56,606 |
| | Value | | | | |
| Japan----- | \$7,382 | \$95,547 | \$199,906 | \$429,614 | \$1,496,390 |
| France----- | 267,976 | 271,126 | 268,505 | 238,300 | 298,184 |
| West Germany----- | 489,520 | 608,161 | 624,896 | 686,518 | 657,916 |
| Italy----- | 127,394 | 125,726 | 110,218 | 123,622 | 123,727 |
| United Kingdom----- | 352,308 | 415,131 | 387,868 | 346,222 | 197,508 |
| Czechoslovakia----- | 47,057 | 34,977 | 67,823 | 81,160 | 31,254 |
| Austria----- | - | - | - | 61,158 | 29,338 |
| Netherlands----- | 11,939 | 48,903 | 55,724 | 72,102 | 24,578 |
| All other----- | 41,478 | 62,046 | <u>1/</u> 60,488 | <u>2/</u> 57,752 | <u>3/</u> 53,106 |
| Total----- | 1,345,054 | 1,661,617 | 1,775,428 | 2,096,448 | 2,912,001 |

1/ Includes 2,784 units, valued at \$1,174, from Hong Kong, and 2,359 units, valued at \$3,776, from Pakistan.

2/ Includes 2,616 units, valued at \$2,633, from Hong Kong, and 1,053 units, valued at \$7,292, from Pakistan.

3/ Includes 2,185 units, valued at \$1,126, from India, and 1,244 units, valued at \$2,144, from Pakistan.

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

Table 3. --Brass wind musical instruments: U.S. rates of duty and imports for consumption, 1947-71

| Period | 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 | 10% ad val. | 1/ | 3/ | 1/40 | 2/ | 2/ |
| 1948 | 1/40 | 2/ 2,520 | 2/ 55,506 | 10% ad val. | 1/ | 3/ | 1/40 | 2/ | 2/ |
| Jan. 1-Apr. 20 | 1/40 | 6,367 | 134,445 | \$2 each | 1/ | 35 | 1/40 | 266 | \$532 |
| Apr. 21-Dec. 31 | 1/40 | 6,318 | 114,048 | \$2 each | 1/ | 57 | 1/40 | 375 | 1,626 |
| 1949 | 20 | 9,153 | 181,356 | \$2 each | 20 | 55 | 30 | 1,226 | 1,367 |
| 1950 | 20 | 23,542 | 494,083 | \$2 each | 20 | 2 | 30 | 876 | 1,672 |
| 1951 | 20 | 30,066 | 704,652 | \$2 each | 20 | 508 | 30 | 1,895 | 3,112 |
| 1952 | 20 | 24,552 | 633,415 | \$2 each | 20 | 530 | 30 | 1,098 | 4,154 |
| 1953 | 20 | 21,867 | 731,127 | \$2 each | 20 | - | 30 | 2,657 | 3,351 |
| 1954 | 20 | 20,774 | 555,735 | \$2 each | 20 | 500 | 30 | 256 | 10,038 |
| 1955 | 20 | 25,721 | 646,192 | \$2 each | 20 | 100 | 30 | 150 | 986 |
| 1956 | 20 | 28,585 | 784,607 | \$2 each | 20 | 200 | 30 | 1,729 | 1,729 |
| 1957 | 20 | 21,243 | 696,548 | \$2 each | 20 | 604 | 30 | 1,82 | 2,983 |
| 1958 | 20 | 19,042 | 728,001 | \$2 each | 20 | 481 | 30 | 329 | 1,632 |
| 1959 | 20 | 16,384 | 611,715 | \$2 each | 20 | 100 | 30 | 593 | 1,365 |
| 1960 | 20 | 19,715 | 782,818 | \$2 each | 20 | 427 | 30 | 50 | 330 |
| 1961 | 20 | 21,845 | 803,266 | \$2 each | 20 | 64 | 30 | 234 | 1,293 |
| 1962 | 20 | | | \$2 each | 20 | | 30 | | |
| Brass winds valued over \$10 each | | | | | | | | | |
| Brass winds valued not over \$10 each | | | | | | | | | |
| 1963 | 20 | 30,060 | \$964,849 | | 30 | 6/ | 2,726 | 6/ | \$28,762 |
| 1964 | 20 | 30,486 | 1,082,542 | | 30 | 7,663 | 7,663 | 41,962 | 41,962 |
| 1965 | 20 | 26,255 | 1,127,706 | | 30 | 6,286 | 6,286 | 15,047 | 15,047 |
| 1966 | 20 | 20,887 | 1,067,117 | | 30 | 10,756 | 10,756 | 10,586 | 10,586 |
| 1967 | 20 | 22,556 | 1,308,047 | | 30 | 3,921 | 3,921 | 31,007 | 31,007 |
| 1968 | 1/18 | 29,932 | 1,648,940 | | 30 | 1,759 | 1,759 | 12,677 | 12,677 |
| 1969 | 1/16 | 34,407 | 1,759,850 | | 30 | 6,231 | 6,231 | 15,578 | 15,578 |
| 1970 | 1/14 | 41,274 | 2,088,445 | | 30 | 3,801 | 3,801 | 8,003 | 8,003 |
| 1971 | 1/12 | 51,521 | 2,901,010 | | 30 | 5,085 | 5,085 | 10,991 | 10,991 |

- 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 the period of \$14.03.

A-19 through A-20

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APPENDIX B

LETTER FROM C. G. CONN, LTD., TO LOCAL UNION 534,
UNITED AUTO WORKERS

C. G. CONN LTD.

manufacturers and distributors of musical instruments

GENERAL OFFICES: 816 ENTERPRISE DRIVE • OAK BROOK, ILLINOIS 60521
PHONE (312) 325-7080

April 23, 1971

PHILIP A. TURNER
Vice President - General Manager
Band Instrument Division

Mr. Charles W. Strintz
President, U. A. W. - Local 534
1101 Beardsley Avenue
Elkhart, Indiana 46514

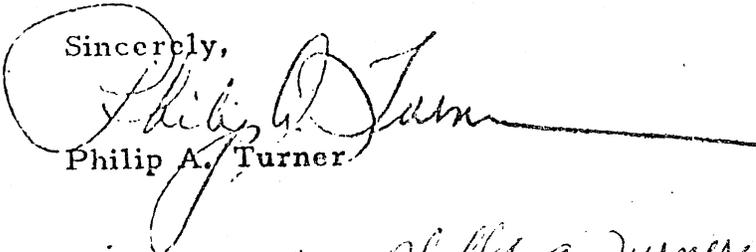
Dear Mr. Strintz:

In our letter to you dated March 24, 1971 we advised you that we had set April 23, 1971 as the date by which we would reach our decision on the removal of additional parts of work from the Elkhart plant and quite possibly all of the remaining work from the Elkhart plant. This same subject has since been discussed between us at some length in two meetings.

After lengthy deliberations we have reached the conclusion that, due to economic and competitive conditions which have arisen, it will be necessary to phase out our remaining Elkhart plant work. As you are aware, we have had a long tradition of operations in Elkhart and have enjoyed a good relationship with the Union and its members. Accordingly, this has been a very difficult decision to reach.

We have not set up an exact timetable for the above removal. As matters now stand, we will make it on a rather gradual basis. The earliest anticipated date is the end of 1971. Rest assured that you will be kept advised of our plans and that we will pursue and abide with all of the applicable provisions of the collective bargaining agreement between the parties.

Sincerely,


Philip A. Turner

Mr. L. McSwain

PAT/cb

*Mr. Phillip A. Turner has been let out by C.C.
10/11/71. 2.9.1971.*

