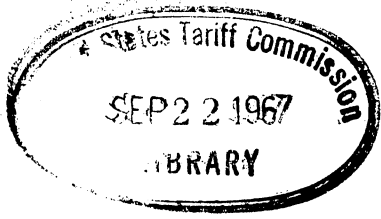


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UNITED STATES TARIFF COMMISSION
Washington, D.C.

[APTA-W-17]

TC Publication 218

September 21, 1967.

TARIFF COMMISSION SUBMITS REPORT TO THE
AUTOMOTIVE AGREEMENT ADJUSTMENT ASSISTANCE BOARD
IN ADJUSTMENT ASSISTANCE CASE PERTAINING TO
CERTAIN WORKERS OF BORG-WARNER CORPORATION'S
LONG MANUFACTURING DIVISION PLANT IN DETROIT, MICHIGAN

The Tariff Commission today reported to the Automotive Agreement Adjustment Assistance Board the results of its investigation No. APTA-W-17, 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 Long Manufacturing Division plant of Borg-Warner 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.

U.S. Tariff Commission
September 21, 1967

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 an investigation (APTA-W-17) concerning the possible dislocation of certain workers engaged in the assembly of oil coolers, radiators, and clutches at the Long Manufacturing Division of Borg-Warner Corp., in Detroit, Michigan. The Commission instituted the investigation on August 2, 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. 11718) on August 12, 1967. ^{1/}

The Automotive Assistance Committee's request for the investigation resulted from a petition for determination of eligibility to apply for adjustment assistance that was filed with the Assistance Board on August 2, 1967, by the International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (U.A.W.) and its Local 314 on behalf of a group of workers at the Detroit plant of the Long Manufacturing Division of Borg-Warner Corp. Neither the petitioners nor any other party requested a hearing before the Commission, and none was held

^{1/} This investigation relates to an earlier investigation, APTA-W-15, which was duly instituted on June 12, 1967, but subsequently terminated without prejudice by the Commission on July 31, 1967, before completion. The termination of APTA-W-15 resulted from a request for withdrawal initiated by the petitioners in order that a revised and more extensive petition might be submitted. The revised petition is the basis for this investigation.

The petitioners alleged that a cutback in production of oil coolers and radiators was due to the transfer of production of such products to the plants of Long Manufacturing Division, Borg-Warner (Canada), Limited, in Preston and Oakville, Ontario. It was further alleged that this action would affect other employees at the plant including those engaged in the production of clutches. The layoffs which have resulted and those threatened were attributed in the petition to the Automotive Products Trade Act of 1965.

The information reported herein was obtained from a variety of sources, including Borg-Warner Corp. and its Long Manufacturing Division, the major U.S. motor-vehicle manufacturers, certain other automotive parts suppliers, the International Union, U.A.W., and its Local 314, the Commission's files and through fieldwork by members of the Commission's staff.

The automotive products involved--oil coolers, radiators and clutch subassemblies

Oil coolers, radiators, and clutch subassemblies (Borg-Warner, Detroit, does not assemble complete clutches) are generally built to the specifications required for the particular motor vehicle.

Oil coolers, radiators, and clutch subassemblies, which are parts of motor vehicles, are dutiable under item 692.27 of the Tariff Schedules of the United States at the rate of 8.5 percent ad valorem, unless they are Canadian products for use as original motor-vehicle equipment (OEM), which are duty free under item 692.28.

Oil coolers.--The Detroit plant produces coolers both for engine oil and transmission fluid. Engine oil coolers are used with some engines for agricultural and industrial equipment, and some buses and trucks, but with no domestic automobiles except those having air-cooled engines. Transmission-fluid coolers are used with most automatic transmissions but with no manual transmissions.

Radiators.--The radiators produced at the Detroit plant are of the tube-and-fin type, which were the kind used in most water-cooling and a large share of the heater radiators. Since 1964 that type has been replaced by cheaper types for use in water-cooling in all domestic automobiles and most trucks and buses.

Clutches.--The Detroit plant produces the two subassemblies of a clutch: the clutch cover-plate subassembly (including the pressure or driving plate) which receives the engine torque, and the driven-plate subassembly which transfers the torque to the transmission. In this report the term "clutch" does not include those in transmissions.

Clutches are used in all motor vehicles not having automatic transmissions. Virtually all clutches are the single-plate dry type; the double- and multiple-plate types are used in a few trucks and buses and the wet type is used in a few trucks.

Borg-Warner Corp. and its Long Manufacturing Divisions

Borg-Warner Corp. (B-W), with headquarters in Chicago, is a large diversified corporation which operates about 50 domestic plants and

about 45 foreign plants. The products of these plants include automotive equipment, builder and home consumer products, industrial equipment, and chemical and steel materials. In 1966, the Corporation's net sales were \$913 million, of which automotive equipment accounted for about 35 percent.

The B-W plants that manufacture products like those made at the Detroit plant of the Long Manufacturing Division are: (1) the Chicago plant of the Borg & Beck Division, (2) the Oakville, Ontario, Plant, and (3) the Preston, Ontario, plant. Both Canadian plants are under the Long Manufacturing Division of Borg-Warner (Canada), Ltd. The Long Manufacturing Division of Detroit and the Borg & Beck Division were organized in 1965 in order to combine their sales and engineering functions and are now the Borg & Beck/Long Divisions. The President of the Borg & Beck/Long Divisions is also Chairman of the Board of Long Manufacturing Division of B-W (Canada), Ltd.

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Production and trade between the United States and Canada

The Tariff Commission obtained information from the major North American automobile producers on production and trade between the United States and Canada in each product covered by the investigation. February-May rather than May-August was selected for the purpose of comparing the most recent representative four-month period with the corresponding period of 1964 model year, in order to avoid the effect of a difference in the changeover periods between the model years.

Annual United States production of oil coolers, radiators, and clutches was greater in the 1965 model year than in 1964, and that of radiators increased further in 1966; however, U.S. production of oil coolers and clutches decreased in 1966 and that of all three products decreased in 1967. Canadian production of oil coolers increased in each of the three years after 1964, and production of radiators also increased in each of those years, except for a decrease in 1967; Canadian production of clutches, however, although it was greater in 1967 than in 1964, fluctuated irregularly during the 4-year period *** *.

Total U.S. production of oil coolers, radiators and clutches in the four most recent representative months of model year 1967 was less than in the corresponding period of 1964; United States exports to Canada were less for oil coolers, and greater for radiators and clutches. Canadian production and Canadian exports to the United States of all three products was greater.

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