

**UNITED STATES TARIFF COMMISSION**

**CAN-SEALING MACHINES AND PARTS:  
FORMER WORKERS OF CONTINENTAL CAN COMPANY, INC.,  
McDONALD MACHINE SHOP PLANT No. 33  
CHICAGO, ILL.**

**Report to the President  
Worker Investigation No. TEA-W-68  
Under Sections 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 373  
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March 1971**

**UNITED STATES TARIFF COMMISSION**

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Appendix A: Statistical tables

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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 operation of an individual firm. 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  
March 16, 1971

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act 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 by a group of workers.

On January 15, 1971, the United Steelworkers of America, AFL-CIO, filed a petition for a determination of eligibility to apply for adjustment assistance on behalf of the workers of the Continental Can Company, Inc., McDonald Machine Shop Plant No. 33, Chicago, Ill. The Commission instituted the investigation (TEA-W-68) on January 29, 1971, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the can-sealing machines and parts produced by the McDonald Machine Shop Plant No. 33 at Chicago, Ill., are 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 the Chicago plant.

Public notice of this investigation was given in the Federal Register (36 F.R. 2432) on February 4, 1971. No public hearing was requested by any party showing a proper interest in the subject matter of the investigation, and none was held.

The information herein was obtained from the United Steelworkers of America; from Local Union No. 3042, representing production and maintenance workers; from Local Union No. 4117, representing office and

clerical workers; from Continental Can Company, Inc.; from other domestic producers of can-sealing machines and parts; and from the Commission's files.

#### Finding of the Commission

On the basis of its investigation, the Commission 1/ finds unanimously that articles like or directly competitive with the can-sealing machines and parts produced by the Continental Can Co., Inc., McDonald Machine Shop Plant No. 33 at Chicago, 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 at that plant.

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1/ Commissioner Clubb did not participate in the decision.

## Considerations Supporting the Commission's Finding

A negative determination in the instant investigation is required because the conditions imposed by section 301(c)(2) of the Trade Expansion Act of 1962 have not been satisfied. 1/ The statute contains four conditions, each of which must be satisfied for an affirmative determination. The conditions are:

1. Articles like or directly competitive with those produced by the petitioning workers are being imported in increased quantities.
2. The increase in imports is a result in major part of concessions granted under trade agreements.
3. The workers concerned are unemployed or underemployed or threatened with unemployment or underemployment.
4. The increased imports resulting in major part from trade-agreement concessions are the major factor causing, or threatening to cause, the unemployment or underemployment.

The facts in this investigation do not support the cause-and-effect relationship required by the conditions stated above. There is no correlation, for example, between the decline in the rate of duty resulting from trade-agreement concessions and the pattern of annual imports. Under the Tariff Act of 1930, the rate of duty applicable to can-sealing machines and parts was 30 percent ad valorem until January 1, 1948, when, as a result of a trade-agreement

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1/ Commissioners Moore and Young concur in the result.

concession granted by the United States under the General Agreement on Tariffs and Trade, the rate was reduced to 15 percent ad valorem. For nearly two decades--i.e., 1948 through 1965--annual imports of can-sealing machines and parts were valued at less than \$100,000. Imports then rose to \$286,000 in 1966 and to \$692,000 in 1967. On January 1, 1968, the 15-percent rate was reduced to 13 percent, reflecting the first stage of the 5-stage trade-agreement concessions granted under the Kennedy Round. Imports increased to \$854,000 in 1968. The following year, however, when the rate was 12 percent (the second stage), the imports declined by more than 50 percent to \$417,000. Then in 1970, when the rate was another 2 percentage points lower--at 10 percent--the value of imports more than tripled, amounting to \$1.4 million.

\* \* \* \* \*

In view of the foregoing circumstances, we have made a negative determination.

## INFORMATION OBTAINED IN THE INVESTIGATION

Description of articles under investigation

In recent years the McDonald Machine Shop Plant No. 33 of Continental Can Co., Inc., has produced various types of can-making machinery and parts thereof, including can-sealing equipment. The complained-of imports consist only of can-sealing machines and parts thereof for attaching the ends to the body of the cans used for packaging food products; imports of other types of can-making machinery and parts thereof are believed to have been negligible. In the 5-year period 1966-70, can-sealing machines and parts thereof for use in the United States accounted for \*\*\* percent of the value of McDonald's total shipments of products. Thus, the information in this report relates primarily to can-sealing machines and parts thereof.

\* \* \* \* \*

Can-sealing machines vary considerably in price depending on type of machine, capacity, product being packed, and auxiliary equipment. Machines are rated by the number of cans they can close per minute, from 30 to 1,200 cans. The cost of machines run as high as \$75,000 each but are also offered on a rental basis. Cans of different diameters and heights can be closed on the same machine by use of changeover parts which are purchased separately.

#### U.S. tariff treatment

Can-sealing machines and parts were dutiable as "machine tools" under paragraph 372 of the Tariff Act of 1930 at 30 percent ad valorem. Pursuant to a concession granted by the United States in the General Agreement on Tariffs and Trade (GATT) the rate was reduced to 15 percent ad valorem on January 1, 1948. The revision of title I of the Tariff Act, by the enactment of the Tariff Classification Act of 1962, resulted in the establishment of item 662.15 of the Tariff Schedules of the United States which provided expressly for can-sealing machines, and parts at the then applicable rate of 15 percent ad valorem. Pursuant to a concession granted by the United States in the Kennedy Round of tariff negotiations, the rate applicable to can-sealing machines and parts was reduced to 13 percent ad valorem on January 1, 1968, to 12 percent on January 1, 1969, to 10 percent on January 1, 1970, and to 9 percent on January 1, 1971. The rate is scheduled for reduction to 7.5 percent on January 1, 1972.

U.S. consumption and production

The value of U.S. apparent consumption of can-sealing machines and parts (based on data received from the three producers who responded to the Commission's questionnaire and on statistics of the U.S. Department of Commerce) has steadily increased in recent years (table 1). The value of consumption was 46.9 percent higher in 1970 than in 1966. The ratio of imports to consumption fluctuated during the period 1966-70, but was the highest in 1970 when it was \*\*\* percent.

\* \* \* \* \*

U.S. imports

U.S. imports for consumption of can-sealing machines and parts were first reported in official annual statistics in 1964 by value only (table 3). \* \* \*

\* \* \* \* \*

The Union, in its petition, recognized that the increased imports "coincided with a stagnation of demand," but contended that the increased imports were the direct cause of the unemployment at the plant. The petition, which describes the layoffs beginning in October 1970 as "massive," states that more layoffs are in prospect.

U.S. exports

U.S. exports of can-sealing machinery are not separately recorded in official statistics but information obtained from domestic producers indicates that exports are considerably more than imports.

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Continental Can Co., Inc.

Corporate history.--Continental Can Co. was incorporated in New York, January 17, 1913. It began absorbing companies by acquisition in 1947. By March 1, 1970, the Company operated 155 plants (93 owned, 62 leased) in the United States. Its timberland holdings totaled 1.4 million acres (1.1 million owned).

Foreign operations.--The Company is a multinational corporation serving more than 100 nations through a wholly-owned subsidiary. Twenty-five percent of all Continental plants and employees are located outside the United States. It operates 56 plants (mostly owned) outside the United States, has minority interests in 26 foreign companies, and has licensing agreements with 51 foreign companies.

Products.--The Company holds a leading position in the container field, ranking second as a producer of metal cans and containers and having important operations in plastic and paper containers. Continental makes the greater portion of its can-making machinery. Most of the machinery produced in the United States is used by the Company in captive operations. It produces mostly metal cans for packaging food products and beverages; it also supplies cans and composite containers for packaging lubricants, paints and other finishes, detergents, and various aerosol products. It is one of the leading producers in the paper container and packaging fields from materials supplied by the Company's own mills, which also produce container board and boxboard for sale to others. Consumer products include paper plates and cups

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and glassware for home use. It is also one of the leading producers of metal closures. In addition the company also makes rigid and flexible plastic products.

Sales.--Net sales and operating revenues in 1969 (1968 in parenthesis) was \$1.8 billion (\$1.5 billion), of which metal operations accounted for 51.9 percent (55.9 percent), paper operations 20.5 percent (22.7 percent), plastics, flexible packaging, closures, and glassware 10 percent (12 percent), and foreign operations 17.6 percent (9.4 percent).

Employment.--The average number of employees for the Company as a whole in 1969 was 62,326 persons.

McDonald Machine Shop Plant No. 33

McDonald manufactures machinery and parts for use of Continental Can Co. in its various canning and packaging operations and for its licensees. As part of this manufacture, McDonald produces can-sealing machinery and parts.

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Appendix A

Statistical Tables



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Table 3.--Can-sealing machinery and parts: U.S. imports for consumption by principal sources, 1964-70

(In thousands of dollars)

Source	1964	1965	1966	1967	1968	1969	1970
Belgium and Luxembourg-----	11	18	179	522	737	293	1,206
West Germany-----	18	27	16	38	10	29	60
Canada-----	13	11	6	47	77	70	38
Italy-----	15	-	82	68	2	3	6
Denmark-----	-	-	-	-	-	3	3
Japan-----	-	2	-	-	3	3	2
United Kingdom-----	6	-	-	13	3	14	1
France-----	-	1	-	-	19	-	-
All other-----	-	1	2	3	3	1	-
Total-----	61	59	286	692	854	417	1,315

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

Note.--Because of rounding, the figures may not add to the totals shown.

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