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UNITED STATES TARIFF COMMISSION

WOMEN'S, MISSES', MEN'S, YOUTHS', AND BOYS' FOOTWEAR:  
WORKERS OF --

- P.M. Footwear Corp., Lajas, P.R.
- Moca Shoes, Moca, P.R.
- B.E. Cole Co., Norway, Maine
- Francine Shoe Co., Norway, Maine
- Yabucoa Shoe Corp., Yabucoa, P.R.
- Las Piedras Shoe Corp., Las Piedras, P.R.

Report to the President  
 Worker Investigations Nos. TEA-W-104 through TEA-W-109  
 Under Section 301(c)(2) of the Trade Expansion Act of 1962



UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Glenn W. Sutton

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Kenneth R. Mason, *Secretary*

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Address all communications to  
United States Tariff Commission  
Washington, D. C. 20436

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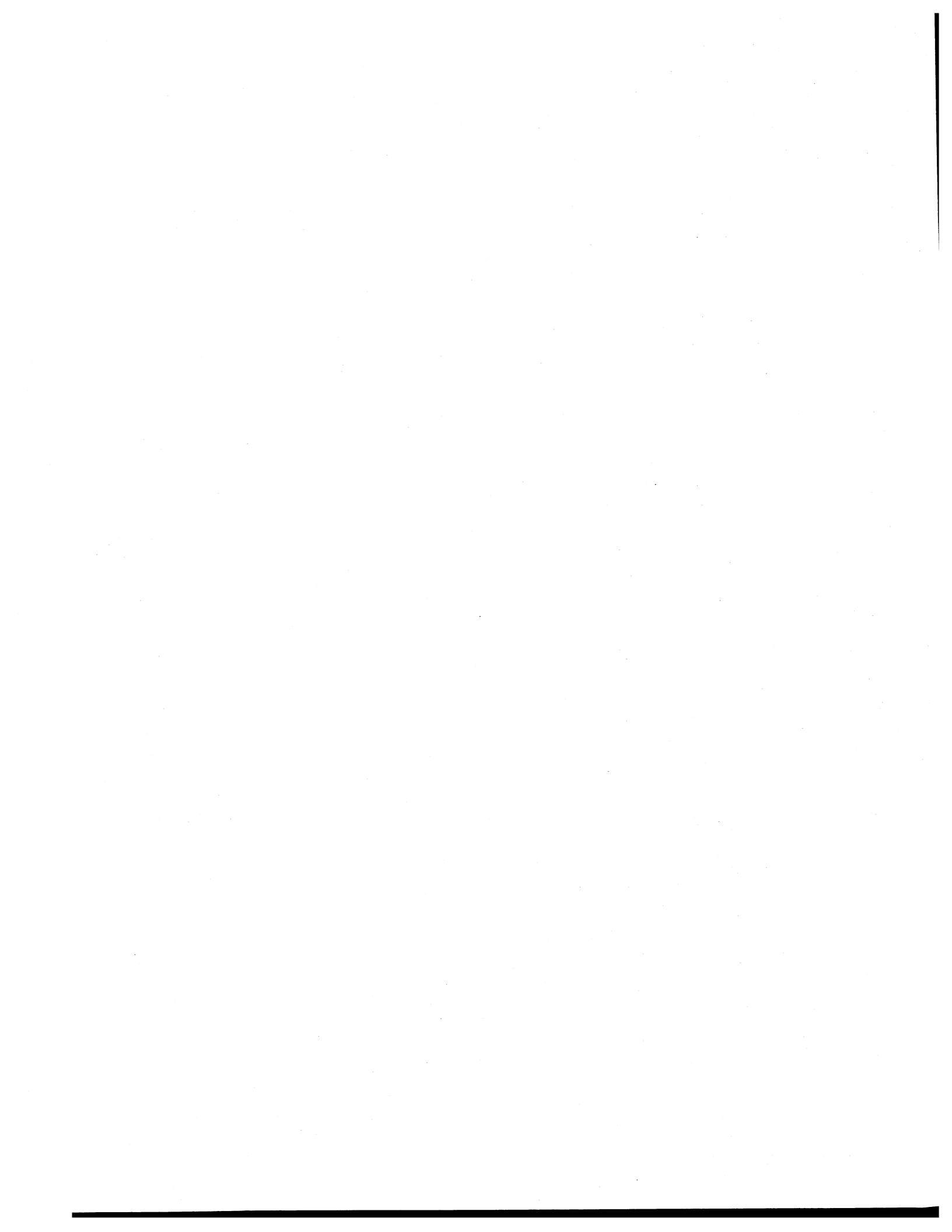
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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the operations of an individual concern. This published report is the same as the report 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,  
October 26, 1971.

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 investigations, made under section 301(c)(2) of that act, in response to petitions filed in behalf of six groups of workers.

On August 25 and 30, 1971, the Commission received petitions for determinations of eligibility to apply for adjustment assistance filed by former workers of four footwear firms in Puerto Rico. On August 26 and 27, 1971, Mr. William N. Scanlon of the Boot & Shoe Workers Union, AFL-CIO, CLC, filed petitions on behalf of workers formerly employed by two other footwear firms.

Accordingly, on September 7, 1971, the Commission instituted investigations under section 301(c)(2) of the TEA to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with certain nonrubber footwear produced by the respective firms 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 these firms, which are listed below:

TEA-W-104 P.M. Footwear Corp., Lajas, P.R.  
TEA-W-105 Moca Shoes, Moca, P.R.  
TEA-W-106 B. E. Cole Co., Norway, Maine  
TEA-W-107 Francine Shoe Co., Norway, Maine  
TEA-W-108 Yabucoa Shoe Corp., Yabucoa, P.R.  
TEA-W-109 Las Piedras Shoe Corp., Las Piedras, P.R.

Public notice of the receipt of the petitions and of the institution of the investigations was given by publication in the Federal Register of September 14, 1971 (36 F.R. 18443). No hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, from the officials of the individual firms, and from the Commission's files.

## Findings of the Commission

On the basis of its investigations, the Commission finds that articles like or directly competitive with footwear produced by P. M. Footwear Corp., Lajas, P.R., 1/ Moca Shoes, Moca, P.R., 1/ B. E. Cole Co., Norway, Me., 2/ Francine Shoe Co., Norway, Me., 2/ 3/ Yabucoa Shoe Corp., Yabucoa, P.R., 1/ and Las Piedras Shoe Corp., Las Piedras, P.R., 1/ 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 under-employment of a significant number or proportion of the workers of such plants.

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1/ Chairman Bedell and Commissioner Sutton did not participate in the decision.

2/ Chairman Bedell and Vice Chairman Parker did not participate in the decision; Commissioner Moore dissented from the majority's finding.

3/ Commissioner Young concurs in the result.

## Views of Commissioner Sutton

My determination in two of the instant cases is negative because the increase in imports of any footwear like or directly competitive with that produced by the B. E. Cole Co. and Francine Shoe Co., both located in Norway, Me., is not the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

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1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 25-30.



## Views of Commissioner Leonard

My determination in the instant cases is negative because the increase in imports of any footwear like or directly competitive with that produced by the P.M. Footwear Corp., Lajas, P.R., Moca Shoes, Moca, P.R., B. E. Cole Co., Norway, Me., Francine Shoe Co., Norway, Me., Yabucoa Shoe Corp., Yabucoa, P.R., and Las Piedras Shoe Corp., Las Piedras, P.R., is not the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

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1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 31-47.

Views of Commissioner Moore 1/

This investigation has been conducted in response to petitions filed on behalf of workers formerly employed in six plants producing nonrubber footwear. Three of the plants produced women's and misses' vinyl dress shoes, two produced women's leather dress shoes, and one produced moccasin-type footwear for men and women.

Under section 301(c)(2) of the Trade Expansion Act, four requirements must be met for the Commission to make an affirmative determination:

- (1) Imports of articles like or directly competitive with those produced by the petitioning workers must be increasing;
- (2) The increase in imports must be a result in major part of concessions granted under trade agreements;
- (3) The workers concerned must be unemployed or underemployed or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor causing or threatening to cause the unemployment or underemployment.

It is my view that each of these requirements has been met with respect to the petitions of the workers formerly employed at two of the plants. I have concluded that all of the requirements have not been met with respect to the petitions covering the workers at the remaining four plants.

Affirmative determinations

I have made affirmative determinations with respect to the following two petitions:

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1/ Vice Chairman Parker and Commissioner Young concur in the views of Commissioner Moore with respect to TEA-W-104, TEA-W-105, TEA-W-108, and TEA-W-109.

<u>Investigation No.</u>	<u>Name and location</u>
TEA-W-106	B. E. Cole Co. Norway, Maine
TEA-W-107	Francine Shoe Co. Norway, Maine

Increased imports in major part a result of trade-agreement concessions.--The workers formerly employed at the B. E. Cole (TEA-W-106) and Francine Shoe (TEA-W-107) plants produced women's dress shoes that retailed from about \$9 to \$19 a pair. In a number of previous findings involving women's dress shoes of similar type, construction, and retail price range, I concluded that, within the meaning of the statute, imports of like or directly competitive footwear had increased and such increased imports were in major part a result of trade-agreement concessions. For the reasons set forth in the Commission's "Nonrubber Footwear" Report 1/, I conclude that in the case of the two nonrubber footwear plants cited above, the first two requirements of the statute have been met.

Unemployment and underemployment.--The third statutory requirement is that a "significant number or proportion of the workers" involved must be unemployed or underemployed or threatened therewith. The two plants concerned here ceased the production of shoes and their workers became unemployed. Thus the third requirement for an affirmative finding has been met.

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1/ Non-rubber Footwear..., Investigation No. TEA-I-18... TC Publication 359, January 1971, p. 17-19.

Major factor.--The final requirement for an affirmative determination is that the increased imports must be the major factor causing the unemployment or the underemployment of the employees concerned. As I have stated previously, U.S.' imports of footwear in recent years have increased greatly, both in absolute volume and in relation to U.S. consumption. Imports of women's dress and casual shoes increased from about 67 million pairs in 1965 to 165 million pairs in 1970. During this period, such imports increased their share of the market from 17 percent to 40 percent. With respect to women's dress shoes alone, imports supplied nearly 20 percent of domestic consumption in 1970, compared with 2 percent in 1965. As a result of the marked degree of market penetration achieved by the competing imported footwear, the employment afforded workers at U.S. footwear plants has been substantially affected. I have concluded that the unemployment of the workers involved in these two plants would not have occurred had it not been for increased imports of like or directly competitive footwear. Thus, the fourth requirement has been met.

Negative determinations

I have made negative determinations with respect to the following petitions:

<u>Investigation No.</u>	<u>Name and location</u>
TEA-W-104	P.M. Footwear Corp. Lajas, Puerto Rico
TEA-W-105	Moca Shoes Moca, Puerto Rico
TEA-W-108	Yabucoa Shoe Corp. Yabucoa, Puerto Rico

Investigation No.Name and location

TEA-W-109

Las Piedras Shoe Corp.  
Las Piedras, Puerto Rico

With respect to each of the four plants listed above, it is unnecessary to determine whether the first three requirements for an affirmative determination have been met because evidence secured during the Commission's investigation fails to show that the fourth statutory requirement has been satisfied.

Specifically, I find that increased imports were not the major factor causing or threatening to cause the unemployment or underemployment of the workers concerned. The decisions to close these plants appear to have been based primarily on considerations unrelated to competition from imports. I have concluded that the plants would have been closed even if imports of competing footwear had not increased. I am compelled, therefore to make a negative determination with respect to each of these petitions.

P. M. Footwear of Lajas, Puerto Rico (TEA-W-104), a wholly-owned subsidiary of Standard Industries, Inc., of New York, produced principally moccasin-type footwear for men that retailed from about \$5 to \$6 a pair. Sales of moccasins by P. M. Footwear nearly doubled from 1967 to 1969, but then sharply declined in 1970. It appears from evidence available to the Commission that in 1970 production was shifted from the P. M. Footwear plant to another subsidiary of Standard Industries. In addition, retailers, accounting for about a third of P. M. Footwear's sales, reported a decline in popularity of moccasins as an important factor in their reduced purchases. In my view, the decision to close this plant was based on considerations other than import competition.

Moca Shoes of Moca, Puerto Rico (TEA-W-105), a subsidiary of Sudbury Footwear, Inc., Lynn, Mass., started the production of vinyl uppers for women's dress shoes in October 1968. From October 1969 to October 1970, women's dress shoes with vinyl uppers, retailing from \$7 to \$8 a pair, were produced at the Moca plant. Sudbury Footwear, Inc. closed its Moca, Puerto Rico plant on October 1, 1970. Sales of Moca Shoes produced at the Moca, Puerto Rico plant were valued at \* \* \* during the fiscal year ending September 30, 1970 as compared with \* \* \* during the previous fiscal year. An official of Sudbury Footwear stated that the Moca plant was closed mainly because of the decline in popularity of the type of shoes produced by Sudbury at the Moca plant, but also, that imports were a contributing factor. It is my belief that imports were not the major factor in the closing of this plant.

Yabucoa Shoe Corp. of Yabucoa, Puerto Rico (TEA-W-108), a subsidiary of Nina Footwear Corp., Long Island City, New York, produced women's leather shoes, that retailed for about \$17 a pair, and boots, that retailed for \$25 a pair. Sales of shoes by Yabucoa increased from \* \* \* pairs (valued at \* \* \* ) in 1968 to \* \* \* pairs (valued at \* \* \* ) in 1969, and then to \* \* \* pairs (valued at \* \* \* ) in 1970. Sales in the first 3 months of 1971 were comparable to sales in the corresponding period of 1970. It should also be noted that the average number of production workers nearly doubled from 1969 to 1970. From the evidence secured by the Commission, I have concluded that the decision of Nina Footwear to close this plant was based on considerations unrelated to import competition.

Las Piedras Shoe Corp. of Las Piedras, Puerto Rico (TEA-W-109), a wholly-owned subsidiary of Standard Industries, Inc., of New York, produced women's and misses' vinyl shoes that retailed from about \$2 to \$3 a pair. The entire output of the Las Piedras plant was sold to the Inland Shoe Manufacturing Co., Inc., St. Louis, Mo., also a subsidiary of Standard Industries. Sales by the Las Piedras Shoe Corp. increased from \* \* \* pairs in 1969 to \* \* \* pairs in 1970-- an increase of nearly 30 percent. An official of Inland Shoe stated that the Las Piedras plant was closed because it was an unprofitable operation. He explained that Inland Shoe had opened a new manufacturing plant in Parma, Mo., as a source of shoes previously supplied by Las Piedras.

In light of the evidence secured by the Commission, I have concluded that increased imports were not the major factor causing unemployment at P. M. Footwear, Moca Shoes, Yabucoa Shoe, and Las Piedras Shoe. Consequently, I have made a negative determination with respect to the workers employed at each of these four plants.

## Views of Commissioner Young

These views relate to the investigation conducted in response to a petition filed on behalf of the workers at the B. E. Cole Co. of Norway, Maine, which produced women's dress shoes. Such shoes, which retailed in the price range of \$17 to \$19 a pair, were constructed principally with leather uppers.

Cole's production has been on a downward trend in recent years. No evidence available to the Commission indicates that the plant ceased production principally because of import competition. When the plant closed, there were outstanding orders for 50,000 to 60,000 pairs of shoes. None of the former customers of Cole, who were contacted during the investigation, indicated that they had shifted their purchases to imported shoes. On the contrary, those who were consistent purchasers indicated satisfaction with Cole shoes and were still buying them at their usual volume when the plant closed. To the extent that import competition was a factor, it appeared to be based more on styles preferred by U.S. consumers. It is my belief that the plant was closed basically because of high production costs (the plant was built in the 1870's) and other factors, rather than to import competition.

Accordingly, I must find negatively since in this case imports are not, in my judgment, the major factor which caused the unemployment.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

In recent years the output of five of the six establishments in which the petitioning workers were employed consisted entirely of women's and misses' dress shoes made by the cement process. <sup>1/</sup> In addition, one plant produced moccasin-style footwear, mostly for men. The type of footwear, the materials of which they were made, and the retail price range of the output of each of the establishments included in this report are shown in the following list:

<u>Plant</u>	<u>Type of footwear</u>	<u>Materials</u>	<u>Retail price range</u>
P.M. Footwear Corp.	Soled moccasins	Leather upper, vinyl sole.	\$5-\$6
	Indian handicraft moccasins.	Leather	6- 7
Moca Shoes	Women's dress shoes.	Vinyl	7- 8
B. E. Cole Co.	Women's dress shoes.	Principally leather.	17-19
Francine Shoe Co.	Women's dress shoes.	Vinyl	9-10
Yabucoa Shoe Corp.	Women's dress shoes.	Leather	17
Las Piedras Shoe Corp.	Women's boots	Leather	25
	Women's dress shoes.	Vinyl	2- 3

<sup>1/</sup> In this report, as in the Tariff Schedules of the United States, the terms "women" and "misses" are used to differentiate size categories of footwear, not age of wearer, as follows: "women" refers to American women's sizes 4 and larger, and "misses" refers to American misses' sizes 12-1/2 and larger but not as large as American women's size 4.

## Footwear For Women

Description of articles under investigation

The principal features of women's shoes that determine the activities for which a particular pair is suitable--and thus the trade designations such as "dress," "casual," and "slippers"--are the cut of the uppers, the style and height of the heels, the material used for the uppers, the kind of ornamentation, and the material and construction of the sole. In general or commercial usage, however, these descriptive terms for footwear may have various meanings. Some of them are specifically defined for tariff purposes in the headnotes (including the statistical headnotes) to part 1A of schedule 7 of the Tariff Schedules of the United States Annotated (TSUSA). 1/

In terms of U.S. retail sales, so-called dress shoes (a term not defined in the TSUSA) are more important than any other type of footwear for women and misses. The term "dress shoes," originally limited to shoes worn on formal occasions, is now used to describe footwear of the types generally worn for street wear and for business and social activities. Women's shoes intended for formal wear, which are also regarded here as dress shoes, are now frequently referred to as evening shoes, slippers, or sandals. Generally the term "dress shoes" does not refer to footwear especially made for athletic, occupational, and leisure activities.

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1/ Some of the definitions, for tariff purposes, of descriptive terms (e.g., "slippers" and "casuals"), however, apply to only a small portion of the footwear for which such terms are currently used in retail outlets; see U.S. Tariff Commission, Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18. . ., TC Publication 359, 1971, pp. A-2 to A-5.

For many years the principal type of dress shoe worn by women in the United States was the classic pump--a closed-toe, closed-back, slip-on shoe without fasteners, with lightweight soles, and with heels of 2 inches or higher. Depending upon fashion changes, dress shoes may be open- or closed-heeled shoes with straps, laces, or tongues over the instep and include high-heeled sandals with open toes, open heels, and uppers of narrow strips of leather or other material.

The range of styles and quality of footwear increased greatly during the 1960's as a result of new materials, technological developments in production, and new fashions in wearing apparel. Simultaneously, consumer interest in this wide variety of footwear (as well as in clothing) also increased, reflecting the changing age structure of the population, increasing per capita income, and a growth in time for leisure activities. Following these developments the distinction between dress and casual shoes diminished.

The materials used for the uppers of dress shoes are usually finer (i.e., less sturdy), and the soles lighter in weight, than those of footwear intended for athletic and certain occupational and leisure uses. Uppers may be of calf, kid, or reptile leathers; of silk, rayon, linen, or metallic fabrics, such as peau de soie, satin, brocade, or velvet; or of supported vinyls or other plastics. Soles are of leather or plastics.

For several decades the principal method of attaching the outsole to women's shoes has been the cement process, whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. An estimated 80 percent of total U.S. output of women's shoes in recent years (and probably an even higher percentage of the output of domestic dress shoes) has been made by the cement process. This process permits narrow edges on the outsole to give a trim appearance and produces a lighter and more flexible shoe than other processes except the turn (or turned) process. In the turn process, which is currently used in very minor degree in the United States to produce dress shoes, 1/ the footwear is initially lasted inside out and then turned right side out for the finishing operations. In the injection-molded process, the sole and heel of polyvinyl chloride or an elastomer resin compound are simultaneously molded and attached to the shoe upper, thus reducing production time and labor costs by eliminating a number of the steps required to attach the sole to the upper.

One firm under review (P.M. Footwear) produced both moccasins of the Indian handicraft type and moccasins with applied soles. Moccasins of the Indian handicraft type are constructed in such a manner that a single unseamed piece of leather cradles the bottom of the foot and extends upward to form the back and sides and the extreme front of the toe portion; the forepart of the foot is covered by a piece of leather, called a "plug," which is hand sewn to the combination sole and upper.

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1/ The turn process has been used in the United States in recent years principally to produce footwear of the types reported in official U.S. production statistics as slippers for housewear (SIC product code 3142). Slippers are also produced by the cement process.

The bulk of the moccasins produced by P.M. Footwear, however, are known as camp moccasins, which have outsoles that are stitched to the combination sole and upper.

Pertinent TSUS items

The great bulk of the imported women's dress shoes that closely resemble (in appearance and method of construction) the footwear produced at the plants under review are entered under TSUS items 700.43 and 700.45; virtually all of the remainder, under items 700.20 and 700.55.

Imports entered under TSUS item 700.43, which provides for leather footwear having a foreign (export) value of not over \$2.50 a pair, as well as those entered under TSUS item 700.45, which provides for leather footwear valued over \$2.50 a pair, consist predominantly of women's footwear in a wide range of styles, types, and prices. In terms of quantity, about half of the combined imports under these two items in recent years have consisted of women's sandals having a selling price at retail of about \$3 to \$9 a pair. The remainder probably consisted predominantly of women's cement-process dress shoes of moderate prices (i.e., in the retail price range of \$8 to \$20 a pair) but also included sturdy types with vulcanized or injection-molded soles, lightweight slippers suitable principally for housewear, and expensive high-fashion types. Imported women's leather footwear made by the turn process and dutiable under TSUS item 700.20 does not differ significantly in appearance from leather dress shoes made by the cement process.

Women's footwear with supported vinyl uppers that has entered under TSUS item 700.55 in recent years has consisted predominantly of two groups: (1) street shoes of sturdy construction, produced in a single width for each particular length, for sale mostly at \$3 to \$6 a pair at self-service counters in variety stores, discount stores, and department-store basements and (2) folding slippers and sandals, usually selling at retail for less than \$2 a pair. It is believed that before 1970 only a negligible portion of the annual imports of women's dress shoes and boots admitted under item 700.55 retailed at more than \$10 a pair. It is estimated that in 1970, however, imports of such footwear retailing at more than \$10 a pair (mostly just over that price) totaled about 1 million pairs.

Item 700.15 provides for imports of moccasins of the American Indian handicraft type, having no line of demarcation between the soles and the uppers. The moccasins with applied outer soles, however, are similar to the soled moccasins entering under TSUSA items 700.4320 and 700.4520.

#### U.S. tariff treatment

In the Tariff Act of 1930, women's leather footwear of the type produced at three of the plants under review was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. Such footwear is provided for in the TSUS, which became effective on August 31, 1963, in items 700.15, 700.43, and 700.45. The rate of duty applicable to women's moccasins, item 700.15, has remained 10 percent ad valorem since 1948. The rate of duty applicable to items 700.43 and 700.45 was reduced for

the first time effective January 1, 1968, pursuant to concessions granted during the Kennedy Round of trade negotiations. Prior to the Kennedy Round, the rate of duty on turn-process shoes (now TSUS item 700.20) was first reduced, pursuant to section 336 of the Tariff Act of 1930, from 20 percent ad valorem to 10 percent, effective January 1, 1932. The 10-percent rate, which was bound against increase in a concession granted to Switzerland, effective February 15, 1936, was reduced to 5 percent in a concession granted under the General Agreement on Tariffs and Trade (GATT), effective May 30, 1950.

Supported vinyl, which was used in three of the plants where the petitioning workers were employed, was not used for uppers until the late 1940's or early 1950's. During the period before the TSUS became effective, footwear with supported vinyl uppers, which is now dutiable under TSUS item 700.55, was generally dutiable, by virtue of the similitude provisions of paragraph 1559, at a rate provided for "similar" leather footwear in paragraph 1530(e), principally 20 percent. In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the wide range of rates previously applicable to the various types of footwear provided for in this item.

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under items 700.15, 700.20, 700.43, 700.45, and 700.55.

Table 2 shows estimated U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty, in 1965-70.

U.S. consumption, production, and imports

During the period 1965-70, total apparent annual U.S. consumption of all women's shoes (including dress and casual) rose from about 383 million pairs to 416 million pairs. As imports more than doubled during this period, their share of the market increased from 17 percent to 40 percent, as shown in the following table.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-70

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	316	67	383	17
1966-----	320	70	390	18
1967-----	286	96	382	25
1968-----	317	133	450	30
1969-----	267	139	406	34
1970-----	251	165	416	40

1/ Production represents the output for women and misses, industry No. 3141, as reported by the U.S. Bureau of the Census. In 1970, women's shoes accounted for 90 percent of the total output.

2/ Partly estimated from the official statistics for footwear of the kinds described in pt. 1A of schedule 7 of the TSUS except imports described in items 700.32, 700.51, 700.52, 700.53, and 700.60 and except zoris (very inexpensive thonged sandals of rubber or plastics), dutiable under item 700.55. Includes imports of misses' footwear, which have been negligible compared with those of women's.

3/ Apparent consumption represents U.S. production plus imports without an allowance for exports, which in 1970 amounted to about 1 million pairs.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.



U.S. imports of women's footwear entered under TSUS items 700.20, 700.43, 700.45, and 700.55, shown in table 2 in the appendix, in the aggregate accounted for 92 percent of the 1970 imports in the table above. Italy and Spain have been the principal suppliers of women's leather shoes (items 700.20, 700.43, and 700.45). Japan and the Republic of China (Taiwan) have been the principal suppliers of women's vinyl shoes (item 700.55).

Data on U.S. consumption of women's dress shoes are not reported in official statistics. It is estimated, however, that during 1965-70 total apparent annual U.S. consumption (production plus imports) of such shoes followed an irregular trend, rising from about 204 million pairs in 1965 to about 231 million pairs in 1968 but declining to 197 million in 1970. Estimated domestic production of women's dress shoes during this period reached a peak of about 210 million pairs in 1968, and then declined to 165 million pairs in 1970. Imports rose from an estimated 4 million pairs in 1965 to 32 million pairs in 1970. Of the estimated imports of 32 million pairs of women's dress shoes in 1970, about 2 million pairs (entered under TSUS item 700.20) had an average dutiable value of about \$7 a pair, about 5 million pairs (entered under item 700.43) had an average dutiable value of about \$2 a pair, and an estimated 25 million pairs (entered under item 700.45) had an average value of about \$5 a pair. The share of apparent annual U.S. consumption of women's dress shoes supplied by imports increased from 2 percent in 1965 to 16 percent in 1970, as shown in the following table.

Dress shoes for women: U.S. production, imports for  
consumption, and apparent consumption, 1965-70

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1965-----	200	4	204	2
1966-----	206	7	213	3
1967-----	188	11	199	6
1968-----	210	21	231	9
1969-----	177	28	205	14
1970-----	165	32	197	16

1/ Dress shoes are believed to account for about 2/3 of the total annual output of nonrubber footwear for women.

2/ Data represent estimated imports of leather dress shoes entered under TSUS items 700.20, 700.43, and 700.45.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1970 amounted to less than 1 million pairs.

Source: Estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

Data on U.S. production of women's moccasins and other casual shoes are not reported in official statistics. It is believed, however, that domestic production of women's casual shoes (of all types) has followed the same irregular downward trend as the production of women's shoes shown on page A-8 of this report.

Imports of casual shoes (especially sandals) have trended upward in recent years. Imports of such footwear, entered principally under TSUS items 700.43 and 700.55, retail for about \$3 to \$9 a pair and they account for a substantial part of the U.S. market for

casual footwear. U.S. annual imports of moccasins of the Indian handicraft type entered under item 700.15, most of which are for women, amounted to 963,000 pairs in 1966 and 1.4 million pairs in 1967, then decreased to 461,000 pairs in 1970. Imports of soled moccasins for women and moccasins of the Indian handicraft type during 1966-70 are shown in the table below. Soled moccasins valued at more than \$2.50 a pair accounted for 47 percent of the total in both 1968 and 1969 but dropped to 26 percent in 1970.

Soled moccasins for women and moccasins of the Indian handicraft type: U.S. imports for consumption, 1966-70

Year	Soled moccasins for women		Moccasins of the Indian handicraft type	
	Quantity <u>1,000</u> <u>pairs</u>	Value <u>1,000</u> <u>dollars</u>	Quantity <u>1,000</u> <u>pairs</u>	Value <u>1,000</u> <u>dollars</u>
1966-----	143	273	963	1,031
1967-----	135	423	1,402	1,571
1968-----	237	709	590	653
1969-----	320	1,108	624	753
1970-----	501	1,315	461	602

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

Shipments of nonrubber footwear from Puerto Rico to the United States, which are not reported in U.S. production statistics, are shown for 1966-70 in table 3 in the appendix. During this period, such shipments of women's and misses' shoes increased from 2.8 million pairs, valued at \$9.4 million, to 7.0 million pairs, valued at \$24.7 million.

## Footwear for Men, Youths, and Boys

Description of articles under investigation

One of the plants under review (P.M. Footwear) produced moccasins of the Indian handicraft type and also moccasins with applied soles (see page A-4 of this report for the method of construction). Such footwear is generally worn for casual or leisure wear. The term "casual" shoes refers to the types of footwear intended principally for informal wear, such as wear for sports and on the beach, as well as for similar social and other leisure activities. Footwear worn for casual or leisure wear, in addition to moccasins, includes loafers, sandals, desert boots, and sneakers. Consumer interest in a wide choice of footwear (as well as clothing) has increased, reflecting the changing age structure of the population, increasing per capita income, and a greater amount of time for leisure activities. Concurrent with these developments, the distinction between dress and casual shoes has diminished.

Pertinent TSUS items

Most of the imported moccasins and other casual footwear for men, youths, and boys is classified for duty purposes under TSUS item 700.35 (footwear of leather constructed by the cement, stitchdown, and miscellaneous processes).

Item 700.15 provides for imports of moccasins of the American Indian handicraft type, having no line of demarcation between the soles and the uppers. Camp moccasins (the type making up the bulk of the output of P.M. Footwear), however, are similar to the soled moccasins for men, youths, and boys entered under TSUSA items 700.3530 and 700.3535. Casual shoes with vinyl uppers are classified under item 700.55.

U.S. tariff treatment

Men's footwear in chief value of leather was originally dutiable in the Tariff Act of 1930 at 20 percent ad valorem under paragraph 1530(e). Effective January 30, 1943, the rate on footwear of cement and miscellaneous processes (now TSUS item 700.35) was reduced to 10 percent ad valorem. For a discussion of the tariff treatment applicable to imported footwear of vinyl, item 700.55, see page A-7 of this report. The rate of duty applicable to moccasins for men, youths, and boys, item 700.15, has remained 10 percent ad valorem since 1943.

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under items 700.15, 700.35, and 700.55.

Table 2 shows, for the years 1965-70, estimated U.S. imports of men's, youths', and boys' shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. consumption, production, and imports

During the period 1965-70, total apparent annual U.S. consumption of men's, youths', and boys' shoes rose from 130 million pairs to 155 million pairs. Annual imports during this period more than doubled their share of the market, as shown in the following table.

Nonrubber footwear (other than work or athletic) for men, youths, and boys: U.S. production, imports for consumption, and apparent consumption, 1965-70

Year	Pro- duction <u>1/</u>	Imports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1965-----	111	19	130	15
1966-----	113	18	131	14
1967-----	110	22	132	17
1968-----	114	30	144	21
1969-----	105	38	143	27
1970-----	106	49	155	32

1/ Represents the output for industry No. 3141, as reported by the U.S. Bureau of the Census.

2/ Includes footwear entered under TSUS items 700.25, 700.26, 700.27, 700.29, 700.35, and 700.55 (footwear with uppers of supported vinyl).

3/ Represents U.S. production plus imports without an allowance for exports, which in 1970 amounted to less than 500,000 pairs.

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

Data on U.S. production and imports of men's, youths', and boys' casual shoes are not separately reported in official statistics. However, it is believed that domestic production of casual shoes has probably followed the same irregular downward trend as the production of shoes shown in the table above, and that imports of casual shoes, especially those of sandals, have trended upward.

As shown in the following table, production of men's hand-sewn moccasins with outsole attached dropped sharply from 14 million pairs in 1966 to 6 million pairs in 1970, apparently as a result of a decline in popularity of this type of shoe. Imports of soled moccasins for men, youths, and boys in 1966-70 are also shown.

Soled moccasins for men, youths, and boys: 1/ U.S. production and imports for consumption, 1966-70

Year	Production	Imports	
		Quantity	Value
	<u>1,000 pairs</u>	<u>1,000 pairs</u>	<u>1,000 dollars</u>
1966-----	14,151	199	655
1967-----	15,683	253	860
1968-----	12,567	250	1,273
1969-----	9,843	388	1,737
1970-----	6,094	577	2,704

1/ Defined as footwear in which the vamp extends completely under the foot, whether or not seamed, forming both the bottom and the sides to which an outsole is attached.

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

Shipments of nonrubber footwear from Puerto Rico to the United States, which are not reported in U.S. production statistics, are shown for 1966-70 in table 3 in the appendix. During this period, such shipments of shoes for men, youths, and boys peaked in 1968 at 5.3 million pairs (valued at \$24.8 million) and then declined to 3.6 million pairs (valued at \$14.2 million) in 1970.

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Data Relating to Individual Plants

\* \* \* \* \*



Statistical Appendix



Table 1.--U.S. rates of duty applicable to nonrubber footwear of types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972

TSUS item No.	Abbreviated description	Rate of duty		
		July 1, 1934 <u>1/</u>	GATT concessions <u>2/</u>	
		Percent ad val.	Rate	Effective dates
	Leather footwear:			
700.15	Moccasins-----	20%	10%	Jan. 1, 1948
700.20	Turn or turned for women and misses----	10% <u>3/</u>	5%	May 30, 1950-Dec. 31, 1967
			4%	Jan. 1, 1968-Dec. 31, 1969
			3%	Jan. 1, 1970-Dec. 31, 1971
			2.5%	Jan. 1, 1972
	Other:			
700.35	For men, youths, and boys-----	20%	10%	June 6, 1951-Dec. 31, 1967
			9.5%	Jan. 1-Dec. 31, 1968
			9.0%	Jan. 1, 1969-Dec. 31, 1970
			8.5%	Jan. 1, 1971
			8.5%	Jan. 1, 1972
	For women, misses, infants, and children:			
700.43	Valued not over \$2.50 per pair-----	20%	19%	Jan. 1-Dec. 31, 1968
			18%	Jan. 1-Dec. 31, 1969
			17%	Jan. 1-Dec. 31, 1970
			16%	Jan. 1-Dec. 31, 1971
			15%	Jan. 1, 1972
700.45	Valued over \$2.50 per pair-----	20%	18%	Jan. 1-Dec. 31, 1968
			16%	Jan. 1-Dec. 31, 1969
			14%	Jan. 1-Dec. 31, 1970
			12%	Jan. 1-Dec. 31, 1971
			10%	Jan. 1, 1972
700.55	Footwear having uppers of supported vinyl	Principally 20% <u>4/</u>	12.5% <u>5/</u> 11% 10% 8.5% 7% 6%	Aug. 31, 1963-Dec. 31, 1967 Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972

1/ Except as noted, the rate on July 1, 1934, was the same as the original rate in the Tariff Act of 1930, effective June 18, 1930.

2/ For concessions granted in the Kennedy Round, effective Jan. 1, 1968, the table shows staged rates scheduled to become effective up to and including Jan. 1, 1972.

3/ Effective Jan. 1, 1932, the statutory rate of 20% ad valorem was reduced to 10% ad valorem, pursuant to sec. 336 of the Tariff Act of 1930.

4/ Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e). The column 2 rate for item 700.55 is 35 percent. That rate replaces the wide range of rates applicable in 1934 to the various types of footwear provided for in item 700.55.

5/ 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) to replace the wide range of rates previously applicable to the various types of footwear provided for in this TSUS item.

Note.--Pursuant to Presidential Proclamation No. 4074, effective Aug. 16, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS. On the imports under the TSUS items considered here, the new rates (i.e., the 1971 rates plus the additional rate) are as follows: item 700.20, 10 percent (col. 2 rate); item 700.35, 18.5 percent; item 700.43, 20 percent (col. 2 rate); item 700.45, 20 percent (col. 2 rate); and item 700.55, 17 percent. Goods exported to the United States before Aug. 16, 1971, are exempt from the additional duty, but any such goods entered for warehouse or entered into a foreign trade zone will be subject to the additional duty unless they are withdrawn for consumption on or before Oct. 1, 1971.

Table 2.--Nonrubber footwear: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-70

Year	Footwear of leather									
	Moccasins (700.15)		Turn or turned (700.20)		"Other" leather footwear (700.43 and 700.45)		For men, youths, and boys Cement-process (700.35)		2/	
	Tariff rate	Quantity	Tariff rate	Quantity	Tariff rate	Quantity	Tariff rate	Quantity	Tariff rate	Quantity
	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs
1965	10	.5	5	1	20	21	10	7		
1966	10	1.0	5	1	20	28	10	9		
1967	10	1.4	5	1	20	38	10	12		
1968	10	.6	4	2	( $\frac{3}{4}$ )	( $\frac{34}{20}$ )	9.5	18		
1969	10	.6	4	2	( $\frac{3}{4}$ )	( $\frac{29}{27}$ )	9	22		
1970	10	.5	3	2	( $\frac{3}{4}$ )	( $\frac{37}{35}$ )	9	26		
Footwear with uppers of supported vinyl (700.55)										
	Tariff rate	Quantity								
	Percent ad val.	For women and misses	For men, youths, and boys							
		Million pairs	Million pairs							
1965		12.5	35							
1966		12.5	33							
1967		12.5	50							
1968		11	69							
1969		10	71							
1970		8.5	77							

1/ Before Jan. 1, 1968, in TSUS item 700.40.  
 2/ Consists principally of cement-process shoes but also includes shoes with injection-molded soles and those made by the stitch-down and miscellaneous processes.  
 3/ TSUS item 700.43.  
 4/ TSUS item 700.45.

Source: Data on imports are estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

Table 3.--Nonrubber footwear: Shipments from Puerto Rico to the United States, by types, 1966-70

Type	1966	1967	1968	1969	1970
Quantity (1,000 pairs)					
Men's, youths' and boys'-----	3,458	4,226	5,334	3,939	3,553
Women's and misses'----	2,818	4,307	5,491	5,469	6,957
Children's and infants'-----	871	1,366	1,137	1,235	1,675
House slippers-----	615	719	1,160	1,405	1,039
Other nonrubber footwear-----	213	300	526	995	1,124
Total-----	7,975	10,918	13,648	13,043	14,348
Value (1,000 dollars)					
Men's, youths' and boys'-----	16,445	21,343	24,785	17,468	14,160
Women's and misses'----	9,448	14,738	19,785	20,573	24,709
Children's and infants'-----	3,043	4,993	4,158	4,300	5,723
House slippers-----	1,156	1,304	2,440	2,434	2,715
Other nonrubber footwear-----	1,074	1,352	1,833	3,138	4,361
Total-----	31,166	43,730	53,001	47,913	51,668

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





