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UNITED STATES TARIFF COMMISSION

**WOMEN'S VINYL SANDALS:
DAVE ARONOFF SHOES, INC.,
LOS ANGELES, CALIF.**

**Report to the President
on Firm Investigation No. TEA-F-36
and Worker Investigation No. TEA-W-119
Under Sections 301 (c)(1) and 301 (c)(2) of the Trade Expansion Act of 1962**



**TC Publication 437
Washington, D. C.
November 1971**

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 the publication of which would result in the disclosure of the operation 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
November 22, 1971.

To the President:

In accordance with section 301(f)(i) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of investigations, made under sections 301(c)(1) and 301(e)(2) of that act, relating to women's vinyl sandals.

On September 23 and October 19, 1971, the Commission received petitions filed on behalf of Dave Aronoff Shoes, Inc., Los Angeles, Calif., and the workers of that firm, respectively, for determination of eligibility to apply for adjustment assistance under the said act. Accordingly, on September 28 and October 29, 1971, the Commission instituted investigations (TEA-F-36 and TEA-W-119) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the women's and misses footwear of the type produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm and the unemployment or underemployment of a significant number or proportion of its workers.

Public notice of the firm investigation was published in the Federal Register (36 F.R. 19720) on October 9, 1971. The worker investigation was announced in the Federal Register (36 F.R. 21306) on November 5, 1971. No public hearing was requested, and none was held.

The information in this report was obtained principally from officials of Dave Aronoff Shoes, Inc., and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds (Commissioner Moore dissenting) that articles like or directly competitive with the women's and misses' footwear of the type produced by Dave Aronoff Shoes, Inc., Los Angeles, California, 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, serious injury to such firm, or unemployment or under-employment of a significant number or proportion of the workers of such firm.

1/ Chairman Bedell and Vice Chairman Parker did not participate in the decision.

Views of Commissioners Sutton and Leonard

Our determination in the instant cases is negative because the increase in imports of any footwear like or directly competitive with that produced by Dave Aronoff Shoes, Inc., Los Angeles, Calif., is not the result in major part of concessions granted under trade agreements. Our reasoning in support of this determination is set forth in the separate statements of our views in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 25-47.

Views of Commissioner Young

This investigation was instituted under section 301(c) of the Trade Expansion Act of 1962 in response to petitions filed by Dave Aronoff Shoes, Inc. (TEA-F-36) and its workers (TEA-W-119) for determinations of eligibility to apply for adjustment assistance under that act.

Statutory requirements

Under the Trade Expansion Act of 1962, each of the following four conditions must be satisfied if an affirmative determination with respect to such petitions is to be made:

- (1) Articles like or directly competitive with the footwear produced by the firm or its workers are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) The petitioning firm is being seriously injured or threatened with serious injury, or its workers with unemployment or underemployment; and
- (4) The increased imports, resulting in major part from trade-agreement concessions, are the major factor causing or threatening to cause serious injury to the firm or the unemployment or underemployment of its workers.

A negative determination is required in these investigations because I do not find that the second condition cited above has been met. The facts developed in these investigations do not reveal that the increase in imports of footwear like or directly competitive with that produced by Aronoff Shoes is the result in major part of concessions granted under trade agreements.

Aronoff production and sales

For a number of years prior to September 17, 1971, when the plant closed, Dave Aronoff Shoes, Inc., had produced women's vinyl sandals. During 1962-69, output consisted almost solely of one style of sandal, which sold for about * * * a pair and retailed for about * * * a pair more than Aronoff's price. In recent years, the major part of the women's sandals produced by Aronoff were sold to a single customer, a U.S. corporation having a large number of retail stores located throughout the United States. During 1968-70 about 70 percent of Aronoff's total sales were made to that one firm. At the end of the 1970 season, this customer ceased buying sandals from Aronoff and began filling its requirements by importing vinyl sandals from Taiwan and leather sandals from Italy.

Vinyl sandals--duty and imports

Imported vinyl sandals like those produced by Aronoff are entered under item 700.55 of the Tariff Schedules of the United States (TSUS). Prior to August 31, 1963, imports are believed to have been dutiable by virtue of similitude at the 20-percent ad valorem rate provided for leather footwear in paragraph 1530(e) of the Tariff Act of 1930. When the TSUS was adopted in 1963, the rate of duty established for footwear with uppers of rubber or plastic classifiable under item 700.55 was 12.5 percent ad valorem. Imports of women's and misses' footwear with supported vinyl uppers increased dramatically during the early and mid-1960's and had reached 50 million pairs by 1967,

which was prior to the granting of any concessions in the rate of duty. The following table shows the duty concessions under the Kennedy Round and the amount of imports during this period.

Women's and misses' footwear with vinyl uppers: U.S. imports and duty reductions pursuant to concessions, 1967-70

<u>Period</u>	<u>Rate of duty ^{1/}</u> <u>(percent ad valorem)</u>	<u>Duty</u> <u>concessions ^{2/}</u> <u>(per pair)</u>	<u>Imports</u> <u>(million pairs)</u>
Prior to 1968-----	12.5	None	50
1968 (Kennedy Round)-----	11.0	1.0 cent	69
1969-----	10.0	0.8 cents	71
1970-----	8.5	1.2 cents	77

^{1/} Rate under TSUS; the rate prior to 1963 was 20 percent.

^{2/} Based on average unit value of imports. See table 19, TC Publication 359, 1971.

What were the causes of this massive increase in imports, which by 1970 amounted to 77 million pairs of shoes of the vinyl-upper type for women and misses? Of all the factors which contributed, it is necessary to determine whether duty concessions were in major part the cause. Before 1968, imports had reached 50 million pairs, none of which can be attributed to duty concessions since no concessions had taken place. After a modest increase in imports of 3 million pairs from 1965 to 1966, there were massive increases in 1967 and again in 1968, amounting to 17 million pairs and 19 million pairs, respectively, in those 2 years. The second increase took place following the first Kennedy Round duty concession. The reasons why the imports more than doubled in 2 years, from 1966 to 1968, are not altogether clear.

Style changes and preferences played a big part. But the reduction in the duty under the first stage of the Kennedy Round in 1968, which amounted to about a cent a pair, obviously had very little to do with the 19-million-pair increase in 1968. Duty reductions in each of the next 2 years, when the increase in imports was very modest, also averaged about a cent a pair per year.

Additional evidence of the insignificant part played by duty concessions is revealed in the Aronoff company record. Since Aronoff's principal customer ceased buying its vinyl-upper shoe at * * * a pair and substituted an import which cost about one-fourth as much as Aronoff's, it would be virtually impossible to conclude that reductions in duty amounting to 1 cent a pair per year would have played any significant part in the customer's decision to shift to the much lower priced imported shoes. The customer described the imported shoe as essentially identical in appearance and fully comparable in quality, material, and workmanship to the shoes previously purchased from Aronoff.

Leather sandals--duty and imports

Imported leather sandals like those that displaced sales of Aronoff Shoes, Inc., are dutiable under TSUS item 700.43, leather footwear valued not over \$2.50 a pair, for which the 1930 rate was 20 percent ad valorem. That rate was reduced for the first time in

the Kennedy Round. 1/ The following table shows the duty concessions under the Kennedy Round and the amount of imports during this period.

Women's and misses' footwear of leather (not over \$2.50 per pair):
U.S. imports and duty concessions, 1967-70

<u>Period</u>	<u>Rate of duty</u> (percent ad valorem)	<u>Duty</u> <u>concessions <u>1/</u></u> (per pair)	<u>Imports</u> (million pairs)
Prior to 1968---	20	None	24 <u>2/</u>
1968-----	19	1.5 cents	34
1969-----	18	1.5 cents	29
1970-----	17	1.5 cents	37

1/ Based on average unit value of imports. See table 19, TC Publication 359, 1971.

2/ Estimated, since data for such footwear were not reported separately prior to 1968.

It will be noted that, as with vinyl-upper sandals, there were no concessions on leather footwear valued not over \$2.50 a pair prior to those in the Kennedy Round in 1968. Likewise, imports rose sharply, although not to the same degree as with the vinyl shoes. Data on imports of leather shoes of the type here under consideration were not separately reported prior to 1968. It is estimated, however, that 24 million pairs were imported in 1967. Imports which had been rising steadily, continued the upward surge in 1968 when they increased to 34 million pairs. The facts developed in the investigation do not indicate that the duty reduction amounting to about 1-1/2 cents a pair which occurred in the first stage of the Kennedy Round in 1968

1/ Pursuant to concessions granted by the General Agreement on Tariffs and Trade in 1948 and again in 1961, the statutory rate was bound against increase.

contributed significantly, if at all, to this sharp rise. If the impact of such a small reduction in duty had been the principal factor in the increase in imports, it would be expected that the upward trend would have continued through 1969 following the second-stage Kennedy Round reduction of approximately 1-1/2 cents a pair. This did not happen. On the contrary, imports lost ground in 1969, the extent of the loss amounting to one-half of the gain which occurred in 1968.

Additional evidence of the insignificance of any part played by duty reductions in the Kennedy Round in the upward trend in imports is the experience of the Aronoff company with its former customer. In 1970 the customer reported that it desired to broaden its product line by including a higher priced leather sandal for which there was significantly higher demand than for the vinyl sandal previously supplied by Aronoff. After receiving a quotation from Aronoff which was more than 50 percent above the price at which a comparable shoe could be imported, the customer decided on the imported shoe. The savings resulting from the acquisition of imported leather shoes amounted to about \$1.50 a pair. This decision was made in 1970 and contributed, no doubt, to the sharp increase in imports which took place in that year. The duty reduction of about 1-1/2 cents a pair could have had little, if any, effect on the customer's decision to buy the less expensive imported shoes or on the increase in imports which occurred in that year.

Other factors affecting shoe imports

A number of diverse economic factors other than trade-agreement concessions have influenced the domestic footwear industry and have been involved in the gain in imports of footwear of the type that displaced sales of Dave Aronoff Shoes, Inc. In my view the evidence is overwhelming that these factors in the aggregate were by far more significant than the trade-agreement concessions outlined above.

For the purposes of my determination, only one of the many factors needs to be cited in this case. This is the difference in labor costs. Italy was the source of the leather footwear purchased by the former customer of Aronoff. The report of the Task Force on Nonrubber Footwear 1/ contains information that wage costs in Italy in recent years have been less than half of those in the domestic footwear industry. Although strictly comparable data were not available in this report on the wage rates in Taiwan, the country in which the imported vinyl shoes were produced, it is clear that the wage rates there are substantially less than one-fourth of those prevailing in the domestic industry. These differences in wage rates are many, many times more significant than the modest reductions in the duty in the types of footwear herein discussed.

Shifts in production away from countries of relatively high wage rates to countries with lower labor costs are inevitable unless there

1/ Report of the Task Force on Nonrubber Footwear, 1970, p. 111.

are other significant economic factors which will substantially offset these differences in labor costs. That a shift from the high- to the low-wage-rate areas was inevitable was recognized in the statement which supported the findings for the affirmative determination in the footwear-industry case (TC Publication 359, 1971). Clearly, that view has been borne out in the shifts to imports from low-wage countries which have taken place insofar as the principal losses incurred by Aronoff are concerned. Although imports of the types of shoes produced by Aronoff have increased dramatically and are the principal cause of the financial losses suffered by Aronoff and of the unemployment of the Aronoff workers, my determination must be in the negative in this case since the increased imports are not a result in major part of trade-agreement concessions.

Dissenting Views of Commissioner Moore

This investigation relates to separate petitions for determinations of eligibility to apply for adjustment assistance from a firm, Dave Aronoff Shoes, Inc., and its workers. It is my opinion that affirmative determinations should be made in these investigations by reason of the fact that the requirements set forth in the Trade Expansion Act of 1962 have been met.

The following four requirements must be met in order to make an affirmative determination:

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

Increased imports in major part

Dave Aronoff Shoes, Inc., Los Angeles, Calif., produced women's vinyl sandals which retailed for about \$5 a pair. In earlier opinions under the Trade Expansion Act, I have expressed the belief that all types of inexpensive women's footwear are, by and large, directly competitive with one another. In my view, the low-priced vinyl sandals

produced by Aronoff Shoes compete in the U.S. market not only with identical footwear, but also with sandals of leather, sneakers, casual styles of canvas/rubber shoes, vinyl shoes in dress and casual styles, and with other inexpensive types of women's footwear.

As indicated by data shown later in this report, U.S. imports of women's footwear in recent years have increased greatly, both in absolute volume and in relation to U.S. consumption. During the period 1965-70, imports of women's footwear (including sneakers) more than doubled. Moreover, imports of low-priced footwear--the price category supplied by Aronoff--account for a greater share of U.S. consumption than the imports of more expensive footwear.

In earlier reports 1/ I concluded that increased imports of women's footwear of the kind like or directly competitive with that produced by Aronoff resulted in major part from trade-agreement concessions. For those reasons, I have reached the same conclusion in these investigations.

Thus, the first two requirements for an affirmative determination have been met.

Serious injury and unemployment

By reason of a sudden drastic decline in sales to its largest customer, Aronoff Shoes recently was unable to meet its obligations or to obtain additional credit. Total sales by Aronoff dropped from * * * pairs,

1/ See, for example, Nonrubber Footwear . . . , Investigation No. TEA-I-18 . . . , TC Publication 359, January 1971, pp. 17-19.

valued at * * * , in 1969 to * * * pairs, valued at * * * , during the first 8 months of 1971. Clearly, the company has sustained serious injury which has resulted in the closing of its plant and the unemployment of its workers. Therefore, the third requirement of the Trade Expansion Act is satisfied.

Major factor

The final requirement for an affirmative determination is that the increased imports must be the major factor causing serious injury to the company concerned, and the unemployment of its workers.

As a result of the substantial increase in competing imported footwear, the operations of Aronoff Shoes, Inc., have been adversely affected. The company's major customer, which accounted for about 70 percent of Aronoff's total annual sales in 1968-70, switched almost entirely to competitive imported sandals following the 1970 season.

It is my opinion that in major part trade-agreement concessions made these imported leather sandals competitive price-wise with the vinyl sandals previously purchased from Aronoff.

In view of the foregoing facts, I concluded that the loss of business by Aronoff Shoes, Inc., resulting from the change by its major customer to competitive imports was the major factor causing serious injury to Aronoff Shoes as well as the unemployment of its workers. Thus, the fourth requirement has been met.

Conclusion

Although profitable until recently, Aronoff Shoes requires adjustment assistance which may be granted under the Trade Expansion Act in order to continue production of women's footwear. Evidence supplied to the Commission indicates that such assistance would enable this company to continue in operation successfully.

I find that Dave Aronoff Shoes, Inc., and its employees have met the statutory requirements for eligibility to apply for adjustment assistance, and therefore, I believe affirmative determinations are justified in these two investigations.



INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The output of Dave Aronoff Shoes, Inc., which ceased production in September 1971, consisted of women's vinyl sandals made by the cement process. These sandals retailed for about \$4 to \$5 a pair.

Sandals have become a popular fashion item since the early 1960's, particularly in the last 5 years. The term "sandals" refers to footwear with uppers consisting wholly or predominantly of straps or thongs, regardless of the height of the heel or other constructional features. Such footwear, which is worn generally for casual or leisure wear, has also become popular in recent years in the dress-shoe category. Sandals are sold in a wide retail price range, depending on the material, style, and/or ornamentation. Some sandals with uppers of vinyl are sold at discount stores and similar outlets for as low as \$1 a pair, while high-fashion sandals with uppers of leather are sold at department stores and specialty shops for \$30 or more a pair. It is believed that most sandals are sold at retail for about \$2 to \$9 a pair.

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 . 1/

In addition to sandals, other footwear worn for casual or leisure wear includes loafers, desert boots, moccasins, wedge-heeled shoes, and sneakers. 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 greater amount of time for leisure activities.

Imported sandals that closely resemble the women's sandals produced at the Aronoff plant in appearance, materials used, and method of construction are classified for duty purposes under the Tariff Schedules of the United States (TSUS) item 700.55. In recent years, imports of women's footwear entered under item 700.55 have consisted predominantly of two groups of footwear: (1) street shoes (which include casual 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.

1/ For further discussion of these descriptive terms plus additional information in regard to nonrubber footwear (e.g., factors affecting U.S. consumption and marketing channels), see U.S. Tariff Commission, Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18. . ., TC Publication 359, 1971.

Other footwear that may be worn for casual or leisure wear is classified principally under items 700.15, 700.43, 700.45, and 700.60. Item 700.15 provides for imports of moccasins of the American Indian handicraft type, having no line of demarcation between the soles and uppers. 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 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 leather sandals having a retail selling price of about \$3 to \$9 a pair, the remainder probably consisted predominantly of women's cement-process 1/ 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 (including boots) for leisure as well as dress wear. Moccasins with applied soles are also entered under items 700.43 and 700.45, depending upon the value.

1/ 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 has been made by the cement process. This process permits narrow edges on the outsole to give a trim appearance and produces a light and flexible shoe.

Footwear with uppers of fabric and soles of rubber or plastics (tennis shoes and shoes generally referred to as sneakers) is dutiable under TSUS item 700.60.

U.S. Tariff Treatment

Supported vinyl, which was used in the manufacture of sandals by Aronoff Shoes, was not used for uppers until the late 1940's or early 1950's. Footwear with supported vinyl uppers was originally dutiable, by virtue of the similitude provisions of paragraph 1559 of the Tariff Act of 1930, at a rate provided for "similar" leather footwear in paragraph 1530(e), principally 20 percent. Such footwear is now provided for in item 700.55 of the TSUS, which became effective on August 31, 1963. 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.

Women's leather footwear was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. Such footwear of the types worn for casual or leisure wear is provided for in TSUS 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 certain women's footwear of leather, 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. The current rate for item 700.43 is 16 percent; the rate for item 700.45 is 12 percent.

Canvas footwear (tennis shoes and sneakers), which is provided for in item 700.60, was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). Effective March 3, 1933 (T.D. 46158), the basis for assessing the statutory rate was changed from foreign (export) value to the "American selling price" (as defined in sec. 402(g) of the 1930 act) of like or similar articles produced in the United States. Pursuant to a concession granted by the United States in the General Agreement on Tariffs and Trade (GATT), the rate of duty on canvas footwear was reduced to 20 percent ad valorem of the American selling price (ASP), effective September 10, 1955; the rate of duty is the same at the present time. 1/ Footwear entered under item 700.60 which is not like or similar to domestic articles, and, therefore, not subject to ASP valuation, is dutiable at 20 percent of the export value. 2/

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, 700.43, 700.45,

1/ In the Commission's investigation No. 332-47 (TC Publication 181, July 1966) it was estimated that on the footwear dutiable in 1965 on the basis of the ASP guidelines adopted in February 1966, the duties assessed would have averaged 60 percent of the export value. On the basis of the old guidelines, established prior to 1963, the duties assessed on footwear imported in 1965 would have averaged about 95 percent of the export values. For additional information on the administration of the ASP provision, see TC Publication 429, October 1971, pp. A-8 to A-10.

2/ Rubber-soled fabric upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927, 84th Cong. (T.D. 54521). Such footwear is therefore subject to valuation under sec. 402(a), Tariff Act of 1930, as amended. Generally speaking, in the absence of an ASP valuation, the valuation would be based on the export value.

700.55, and 700.60. Table 2 shows estimated U.S. imports of women's shoes admitted under these TSUS items 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 shoes, sandals, and other casual footwear) rose from about 386 million pairs to 423 million pairs. As imports more than doubled during this period, their share of the market increased from 17 percent to 39 percent, as shown in the table below.

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

Year	Production			Imports ^{3/}	Apparent consumption ^{4/}	Ratio of imports to apparent consumption
	Mainland ^{1/}	Puerto Rico ^{2/}	Total			
	Million pairs	Million pairs	Million pairs	Million pairs	Million pairs	Percent
1965-----	316	3	319	67	386	17
1966-----	320	3	323	70	393	18
1967-----	286	4	290	96	386	25
1968-----	317	5	322	133	455	29
1969-----	267	5	272	139	411	34
1970-----	251	7	258	165	423	39

^{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/} Shipments to the U.S. mainland.

^{3/} 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.

^{4/} 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 700.43, 700.45, and 700.55 in the aggregate accounted for 90 percent of the imports in 1970. Italy and Spain have been the principal suppliers of women's leather shoes (items 700.43 and 700.45); Japan and the Republic of China (Taiwan), the principal suppliers of women's vinyl shoes (item 700.55).

Data on U.S. production and imports of women's sandals and other casual shoes are not separately 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 in the preceding table. U.S. imports of sandals, which have trended upward since the early 1960's, supply the major part of U.S. consumption of such footwear. U.S. imports of vinyl sandals increased from an estimated 7 million pairs in 1966 to 15 million pairs in 1970. Imports of leather sandals, nearly all from Italy and entered principally under TSUS item 700.43, are estimated to have increased from about 22 million pairs in 1966 to 41 million pairs in 1970.

Annual U.S. 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.

Apparent U.S. consumption of canvas footwear increased from about 120 million pairs in 1960 to 201 million pairs in 1965. Since that time, however, there has been a noticeable shift, especially among

teenagers and women, from canvas footwear to sandals and various other styles of nonrubber footwear for street wear and some leisure activities. In 1970 apparent consumption of canvas footwear amounted to 174 million pairs, as shown in table 3 in the appendix. U.S. production of women's sneakers, although not separately reported, is believed to constitute about one-third to one-half of total U.S. production of canvas footwear. Imports of women's sneakers have followed an irregular trend, increasing from 8 million pairs in 1965 to 11 million pairs in 1967 and then declining to 6 million pairs in 1970.

A-10 through A-19

Data Relating to Dave Aronoff Shoes, Inc.

* * * * *

STATISTICAL APPENDIX

Table 1.--U.S. rates of duty applicable to 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 ^{1/}	GATT concessions ^{2/}	
			Rate	Effective dates
		Percent ad val.	Percent ad val.	
700.15	Leather footwear: Moccasins-----	20%	10%	Jan. 1, 1948
	Other: 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% ^{3/}	12.5% ^{4/}	Aug. 31, 1963-Dec. 31, 1968
			11%	Jan. 1-Dec. 31, 1968
			10%	Jan. 1-Dec. 31, 1969
			8.5%	Jan. 1-Dec. 31, 1970
			7%	Jan. 1-Dec. 31, 1971
			6%	Jan. 1, 1972
700.60	Other footwear with uppers of fabrics and soles of rubber or plastics-----	35% ^{5/}	20% ^{5/}	Sept. 10, 1955

^{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/} 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.

^{4/} 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 item.

^{5/} Effective Mar. 3, 1933; the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

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 700.15, 20 percent; item 700.43, 20 percent (col. 2 rate); item 700.45, 20 percent (col. 2 rate); item 700.55, 17 percent; and item 700.60, 30 percent (footwear dutiable under the ASP provision is being withheld from liquidation). 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 were subject to the additional duty unless they were withdrawn for consumption on or before Oct 1, 1971.

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

Year	Footwear of leather			
	Moccasins (700.15) ^{1/}		"Other" leather footwear (700.43 and 700.45) ^{2/}	
	Tariff rate	Quantity	Tariff rate	Quantity
	Percent ad val.	Million pairs	Percent ad val.	Million pairs
1965-----	10	0.5	20	21
1966-----	10	1.0	20	28
1967-----	10	1.4	20	38
1968-----	10	.6	^{3/} 19 ^{4/} 18	^{3/} 34 ^{4/} 20
1969-----	10	.6	^{3/} 18 ^{4/} 16	^{3/} 29 ^{4/} 27
1970-----	10	.5	^{3/} 17 ^{4/} 14	^{3/} 37 ^{4/} 35
	Footwear with uppers of supported vinyl (700.55)		Canvas footwear (sneakers) (700.60) ^{5/}	
	Tariff rate	Quantity	Tariff rate ^{6/}	Quantity
	Percent ad val.	Million pairs	Percent ad val.	Million pairs
1965-----	12.5	30	20	8
1966-----	12.5	33	20	8
1967-----	12.5	50	20	11
1968-----	11	69	20	10
1969-----	10	71	20	7
1970-----	8.5	77	20	6

^{1/} Estimated by the U.S. Tariff Commission.

^{2/} Before Jan. 1, 1968, in TSUS item 700.40.

^{3/} TSUS item 700.43.

^{4/} TSUS item 700.45.

^{5/} Entered under TSUS item 700.6015.

^{6/} Effective Mar. 3, 1933; the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

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

Table 3.--Canvas footwear: U.S. production, imports for consumption, and apparent consumption, 1966-70, January-June 1970, and January-June 1971

Period	Production			Im-ports ^{2/}	Apparent consumption ^{3/}	Ratio of imports to apparent consumption
	Main-land	Puerto Rico ^{1/}	Total			
	Million pairs	Million pairs	Million pairs	Million pairs	Million pairs	Percent
1966-----	160	13	173	22	195	11
1967-----	153	15	168	29	197	15
1968-----	155	15	170	30	200	15
1969-----	141	15	156	25	181	14
1970-----	137	14	151	23	174	13
Jan.-June--						
1970-----	72	8	80	13	93	14
1971-----	86	8	94	18	112	16

^{1/} Shipments to U.S. mainland.

^{2/} Estimated by the Tariff Commission on the basis of official statistics of the U.S. Department of Commerce.

^{3/} Production plus imports; exports of canvas shoes have been negligible.

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

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