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**HEELS FOR WOMEN'S FOOTWEAR:  
WORKERS OF VULCAN CORPORATION HEEL PLANT  
PORTSMOUTH, OHIO**

**Report to the President  
Worker Investigation No. TEA-W-118  
Under Section 301 (c)(2) of the Trade Expansion Act of 1962**



**TC Publication 440  
Washington, D.C.  
November 1971**

**UNITED STATES TARIFF COMMISSION**

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**Joseph O. Parker, *Vice Chairman***

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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.



REPORT TO THE PRESIDENT

U.S. Tariff Commission,  
November 29, 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 that act in response to a workers' petition for a determination of eligibility to apply for adjustment assistance.

The petition for this investigation was filed on September 30, 1971, by Mr. George O. Fecteau, general president of the United Shoe Workers of America, AFL-CIO, CLC, on behalf of the former workers of the Vulcan Corporation plant at Portsmouth, Ohio. Accordingly, the Commission instituted the investigation (TEA-W-118) on October 12, 1971, and gave public notice thereof in the Federal Register on October 16, 1971 (36 F.R. 20195). No public hearing was requested, and none was held.

The purpose of the Commission's investigation was to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with heels for women's footwear produced by the aforementioned firm 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 that firm.

The information in this report was obtained principally from officials of the Vulcan Corporation 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 heels for women's footwear produced by the Vulcan Corporation plant at Portsmouth, Ohio, 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 of such plant.

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

Views of Vice Chairman Parker and Commissioners Leonard and Young

Our determination with respect to the petition before the Commission in this investigation is in the negative because all of the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 have not been met. Before an affirmative determination could be made, it would have to be established that each of the following conditions had been satisfied:

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

If any one of the above criteria is not satisfied, we must make a negative determination. In the instant case, condition (4) has not been satisfied, namely, that the increased imports of articles like or directly competitive with those produced at the Portsmouth plant of the Vulcan Corporation where the petitioning workers were employed are not the major factor causing the unemployment or underemployment of the workers of that plant.

The Portsmouth plant was one of several establishments of the Vulcan Corporation in which heels for women's footwear were finished.

The plant took rough heels of wood or plastic (made in other Vulcan plants), spray painted them or covered them with material (generally leather or plastic), and attached to them material known in the trade as top lifts (the part at the bottom of the heel that is in contact with the ground). The heels were made to the specifications of the individual customer; prices for each type of heel were negotiated with the buyer.

Imports of heels for women's footwear of a type produced in the Portsmouth plant have been small. Such articles are not separately classified in the official U.S. import statistics, but the Commission estimated the volume of imports from data supplied by importers. Although, according to those estimates, U.S. imports of heels for women's footwear were several times larger in 1970 than in 1966, the imports supplied less than one-half of one percent of U.S. consumption of such articles in 1970. Imports of this magnitude, even though growing, could not have been the major factor causing or threatening to cause any unemployment or underemployment of the petitioning workers, particularly in the absence of a convincing showing that such imports had replaced the product made at the plant where the petitioning workers were employed and had probably not affected other domestic producers. In the investigation at hand, there has been no evidence of peculiar circumstances which would cause this plant to be more vulnerable than the rest of the industry to the particular articles being imported.



The output of the Portsmouth plant was sold to a number of footwear producers, but most of it went to a few concerns located in the Ohio, Indiana, and Kentucky area. One footwear establishment, \* \* \* purchased about \* \* \* percent of the output of the Portsmouth plant in 1970, and had purchased as much as \* \* \* of the plant's annual output in some years. Beginning in 1968, sales of products produced in the Portsmouth plant began to decline; \* \* \*. Several of the plant's customers closed one or more of their footwear plants, while others reduced their purchases of heels. Under these circumstances, when the Vulcan management learned early in 1971 that the \* \* \* \* \* planned to close the \*\*\* plant, the decision was made by Vulcan management to close the Portsmouth facility.

In making its decision to close the plant, according to the Vulcan Corporation, it determined that, because there were no foreseeable prospects for increased sales, no way to significantly reduce operating costs through technological advances, and the plant was an expensive-to-maintain property, the Portsmouth facility was a marginal plant. The demand for heels had been limited because many of the larger shoe producers operate their own finishing facilities, and the smaller shoe producers, under current operating conditions, do not generate sufficient volume for heel finishing plants to operate profitably.

The evidence in this case shows that the Vulcan management closed several establishments and opened others during the period 1967-70 in response to changes in demand for its product. Inasmuch as U.S. production of women's footwear declined by 20 percent during the period 1966-70, we must conclude that the closing of the Portsmouth plant reflects continuing adjustment to the changing demand, rather than to increased imports of heels.

Undoubtedly, the problems confronting Vulcan's Portsmouth plant are those brought on in large part by increased imports, but the increased imports are not of an article like or directly competitive with the heels made at the plant. Rather, the increased imports are of the final product on which such heels are used, that is, women's shoes. More and more, U.S. consumption of women's shoes is being supplied from abroad. However, under the Trade Expansion Act of 1962, even taking into consideration section 405(4) of that statute (which further defines "directly competitive with"), it cannot be said that an imported shoe or a heel on an imported shoe is an article directly competitive with the product made by the petitioner.

Section 405(4) of the Trade Expansion Act of 1962 reads:

An imported article is "directly competitive with" a domestic article at an earlier or later stage of processing, and a domestic article is "directly competitive with" an imported article at an earlier or later stage of processing, if the importation of the imported article has an economic effect on producers of the domestic article comparable to the effect of importation of articles in the same stage of processing as the domestic article. For purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

The House Report accompanying the Trade Expansion Act explains part of the provision as follows:

Your committee has incorporated in the bill a provision which has the effect of permitting an extension of the scope of the term "directly competitive." Under this provision, an imported article may be considered "directly competitive with" a domestic article, or vice versa, if the one is at an earlier or later stage of processing than the other, or if one is a processed and the other an unprocessed form of the same article, and if the economic effect of importation of the imported article is comparable to the effect of importation of articles in the same stage of processing as the domestic article.

The term "earlier or later stage of processing" contemplates that the article remains substantially the same during such stages of processing, and is not wholly transformed into a different article. Thus, for example, zinc oxide would be zinc ore in a later stage of processing, since it can be processed directly from zinc ore. For the same reason, a raw cherry would be a glace cherry in an earlier stage of processing, and the same is true of a live lamb and dressed lamb meat (sec. 405(4)). 1/

In the context of the statute and the House Report, a shoe cannot be deemed to be a heel at a later stage of processing. A shoe is substantially different from a heel; it is a combination of a heel plus other components which are transformed into a shoe. The heel by itself without other major components is not a shoe, and cannot function as a shoe. Under the statute, therefore, we are not permitted to regard an imported shoe or a heel on an imported shoe as directly competitive with the heels made by Vulcan's Portsmouth plant.

In view of the above, our determination in the instant case is in the negative because increased imports of articles like or directly competitive with the heels made by the workers at the Portsmouth plant

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1/ House Report No. 1818, 87th Cong., 2d Sess., p. 24.

are not the major factor causing or threatening to cause the unemployment or underemployment of the workers of this establishment of the Vulcan Corporation.

## Dissenting Views of Commissioner Moore

The uncontroverted facts in this proceeding are as follows. For many years the Vulcan Corporation Heel Plant, Portsmouth, Ohio (hereinafter referred to as Vulcan), produced finished heels for women's footwear. The customers of Vulcan were domestic shoe manufacturing companies in Ohio and nearby States. The Vulcan plant ceased operations in February 1971 when \* \* \* shoe manufacturing companies to whom Vulcan had sold \* \* \* percent of its finished heels had stopped, or planned to stop production of women's shoes by reason of increased imports of such footwear. Other customers of Vulcan were, at the same time, reducing purchases from Vulcan and increasing purchases of imported footwear.

Investigation by the U.S. Tariff Commission outlined in the accompanying report verified these facts which are included in the allegations of the petitioners (former workers at Vulcan) who seek entitlement under Section 301(c)(2) of the Trade Expansion Act of 1962 to apply for adjustment assistance.

The principal question to be answered before the Commission can reach a conclusion in this case is: Under the provisions of the Trade Expansion Act of 1962, are imports of women's footwear like or directly competitive with finished heels for women's footwear formerly produced by Vulcan?

In order to answer this question properly an analysis of the statutory language "an article like or directly competitive with an article produced by such workers' firm" is necessary. While footwear may be considered as an article not "directly competitive" with heels;

nevertheless as to whether footwear is an article like heels depends on the definition of the adjective "like" as used in Section 301(c)(2). Webster's Dictionary defines "like" to be "akin," and "akin" is defined as "related" or "marked by similarity of essential characteristic suggesting a close relationship." I believe footwear is marked by certain "essential characteristics suggesting a close relationship" with heels, which are essential parts of imported women's footwear.

In an earlier opinion involving electronic transformers (C. P. Electronics, Inc., Columbus, Indiana, TEA-W-31), I indicated that if the trade adjustment provisions of the Trade Expansion Act are to be administered in an equitable manner, we must consider the importation of a finished article to be equivalent to the importation of its essential component parts. Were the Commission to rule otherwise, small firms like Vulcan and their workers would be denied relief which would be available to large integrated footwear manufacturing firms and their workers.

Accordingly, I believe the question cited above should be answered in the affirmative, which means that the other criteria of the statute should be examined in the light of facts developed during the investigation.

In an earlier case, "Nonrubber Footwear," TEA-I-18 (TC Publication 359), I determined that trade agreement concessions were responsible, in major part, for increased imports of women's footwear.

There is no question that the former workers at Vulcan are unemployed, because the plant closed in February 1971.

The remaining issue in this case is to determine whether increased imports of women's footwear was the major factor causing the unemployment of former workers at Vulcan. Evidence secured during the investigation reveals that a number of domestic women's shoe manufacturing plants served by Vulcan have closed and that these closings were due principally to increased imports of women's footwear. Having lost most of its business to imports, Vulcan had no alternative; it closed its plant at Portsmouth, Ohio.

In view of the foregoing, I believe an affirmative determination is justified in this case and that the former workers of Vulcan are entitled to apply for adjustment assistance under the Trade Expansion Act of 1962.





## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

In the last few years of the existence of the Vulcan Corp. Heel Plant at Portsmouth, Ohio, its operations consisted entirely of the finishing of heels for women's footwear. The customers of this plant were shoe manufacturing companies. It is the contention of the petitioners and officials of the Vulcan Corp. that the imported articles like or directly competitive with the finished heels produced at the Portsmouth plant are those which enter on imported finished shoes as well as those heels that enter as separate articles.

## Description of Articles Under Investigation

Heels for women's shoes are made from a variety of materials in numerous styles depending on current fashion in footwear. The most widely used materials presently employed are plastics and wood (including plywood). Other materials traditionally used for heels have included leather and cork (mostly used in platform 1/ footwear). Heels for women's shoes are made either from a solid piece of material such as molded plastic (usually by injection molding) or turned wood, or forms may be built up from layers of materials as is done with plywood and leather heels. In some instances, both heel and sole are made in a single piece--known in the trade as a uni-sole. Such units are most frequently used in women's platform-type footwear.

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1/ A platform is a thick heel-sole combination used in some styles of women's shoes.

Styles in heels for women's shoes have followed fashion cycles. Some of the traditional styles have been the "French" heel, a high heel with a gracefully curved outline, and the "Cuban" heel which is a rather straight heel and ranges in height from medium to high. 1/ Wedge heels made of wood or cork are made in the form of a wedge which tapers to a point under the arch of the foot. In recent years mod-fashion trends have resulted in the popularity of thick heels such as the "chunky" types associated with the "monster" style in footwear.

The heels produced in the establishment which employed the petitioning workers were used by footwear manufacturers who produced women's shoes selling in a wide range of prices. The plant finished heels made of wood and plastic; it did not produce heels made wholly of leather, and it did not produce uni-soles.

#### U.S. Tariff Treatment

##### Heels for women's shoes

Heels for women's shoes are dutiable at various rates depending on the component material of chief value (table 1). Wood heels (including platforms, wedges, and clogs) for women's shoes, of the type finished at the Portsmouth plant, were originally dutiable under paragraph 412 of the Tariff Act of 1930 at 33-1/3 percent ad valorem. The rate was reduced to 16-2/3 percent ad valorem pursuant to a concession granted under the General Agreement on Tariffs and Trade (GATT), effective May 30, 1950; this was the rate established in the **Tariff Schedules** of

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1/ The height of a heel is measured in eighths of an inch; thus an 8/8 heel is one which is one inch high, measured vertically from sole to top. As a rule a layer of leather, rubber, or synthetic material, known as a top lift, is attached to most types of heels at the point where contact is made with the ground.

the United States (TSUS) for item 207.00, where wood heels are dutiable as articles not specially provided for, of wood. The rate of duty applicable to item 207.00 was reduced, effective January 1, 1968, pursuant to concessions granted during the Kennedy Round. The current rate, which became effective on January 1, 1971, is 10 percent ad valorem.

Heels of natural rubber or plastics were originally dutiable under paragraph 1537 of the Tariff Act of 1930 at the rate of 25 percent ad valorem. That rate was reduced to 12.5 percent, effective September 10, 1955, pursuant to a concession granted to Japan under the GATT. Heels of rubber or plastics for women's shoes of the type finished at the Portsmouth plant are dutiable under TSUS item 772.30--wearing apparel (including rainwear) not specially provided for, of rubber or plastics-- at a current rate of 12.5 percent ad valorem.

Heels of other materials for women's shoes may enter under one of several provisions. Cork heels (including platforms) are dutiable under TSUS item 220.50, articles not specially provided for, of cork, at 21.5 percent ad valorem. Leather heels enter under item 791.25, other leather cut or wholly or partly manufactured into forms and shapes suitable for conversion into footwear, at 6 percent ad valorem. Paperboard heels enter under TSUS item 256.90, other articles of paperboard, not specially provided for, at the rate of 10 percent ad valorem. For the tariff history of these provisions and information on the 10 percent ad valorem surcharge, see table 1.

Footwear for women

In the Tariff Act of 1930, women's leather footwear was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. The bulk of such footwear is provided for in the TSUS, which became effective on August 31, 1963, in items 700.20, 700.43, and 700.45 (table 5). 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 GATT, effective May 30, 1950. The rate applicable to item 700.20 was further reduced pursuant to concessions granted during the Kennedy Round. 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; the current rates for these items are 16 and 12 percent ad valorem, respectively, reflecting the fourth stage of the five-stage Kennedy Round.

Supported vinyl was not used for uppers of shoes 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. For the tariff history on these TSUS items, and information on the 10 percent ad valorem surcharge, see table 2.

### U.S. Consumption, Production, and Imports

#### Heels for women's shoes

Data on U.S. consumption and production of heels for women's dress and casual shoes are not available.

Inasmuch as the use of heels for repair of women's shoes is known to be negligible and, as indicated later, imports of heels are known to be very small, data on the apparent U.S. consumption of women's dress and casual shoes are indicative of domestic consumption of heels and data on the U.S. production of such shoes are indicative of domestic production of such heels (table 4). Apparent consumption of women's shoes increased from 393 million pairs in 1966 to 423 million pairs in 1970, but production in the United States of nonrubber footwear for women declined irregularly from 323 million pairs in 1966 to 258 million pairs in 1970. At the same time that this decline in production occurred, the composition of domestic production of women's shoes changed because of innovations in styles. Changes in styles of women's footwear resulted in somewhat less demand for the types of heels produced by women's-heel-finishing plants like the Vulcan plant at Portsmouth and more emphasis on uni-soles, prefinished heels, and shoes with soles molded to the uppers.

Data are not separately available for U.S. imports of heels for women's shoes.

\* \* \* \* \*

The estimated data on imports of heels for women's shoes in the following table, therefore, are derived solely from replies to importers' questionnaires and a sampling of entry documents. 1/

Heels for women's nonrubber footwear: Estimated U.S. imports for consumption, 1966-70

| Year      | Quantity           | Value                |
|-----------|--------------------|----------------------|
|           | <u>1,000 pairs</u> | <u>1,000 dollars</u> |
| 1966----- | 182                | 275                  |
| 1967----- | 174                | 291                  |
| 1968----- | 219                | 321                  |
| 1969----- | 740                | 465                  |
| 1970----- | 1,634              | 805                  |

Although imports increased 9 times in quantity from 1966 to 1970, as indicated above, the 1.6 million pairs of heels for women's shoes imported in 1970 still represented less than one-half of one percent of the total number of pairs of heels consumed as components of women's shoes during that year. Platforms, clogs, wedges and uni-soles were imported in larger quantities. In some instances heels for women's shoes were imported because a given size was more readily obtainable from a foreign plant to complete an order of a domestic shoe manufacturer.

Foreign-made heels for women's dress and casual footwear entered primarily under TSUS items 207.00 (wood), and 772.30 (rubber and plastic); most of the remainder, under TSUS items 220.50 (cork) and 791.25 (leather). Paperboard heels for women's footwear, which enter under TSUS item 256.90, were negligible. Canada was the principal

1/ Table 3 in the appendix gives the imports of heels for women's shoes by type of material.

supplier of wood heels for women's shoes; Canada, the United Kingdom, Italy, West Germany, and Japan, for rubber and plastic heels. Shipments of cork lifts, platforms, and uni-soles were from Italy, Portugal, and Spain, and a small number of leather heels come from Italy.

#### Women's dress and casual shoes

During the period 1966-70, total apparent annual U.S. consumption of women's shoes (dress and casual) rose from about 393 million pairs to 423 million pairs. As imports more than doubled during this period, their share of the market increased from 18 percent to 39 percent (table 4). Conversely, as noted earlier, domestic production decreased erratically throughout the period.

U.S. imports of women's footwear entered under TSUS items 700.20, 700.43, 700.45, and 700.55 (table 5) in the aggregate accounted for 92 percent of the 1970 imports. 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 Relating to the Vulcan Corp. Heel Plant, Portsmouth, Ohio

##### Corporate structure, plant, and equipment

The Vulcan Corp. Heel Plant, Portsmouth, Ohio, ceased production on February 28, 1971. The Vulcan Corp. of Cincinnati, Ohio (the parent company), which is \* \* \* domestic producer of heels for women's shoes, is also involved in the manufacture of shoe lasts, shoe forms and patterns, bowling pins, and other articles of wood and plastics. Net sales for the company totaled \$28.6 million in 1970.

The Vulcan Corp. was incorporated in Ohio in 1928 and at that time acquired the properties of the Vulcan Last Corp., which had been established almost two decades earlier. Vulcan increased its size through expanded sales and acquisitions. At present it has four manufacturing divisions--shoe products, sports products, forest products, and other products. The corporation has 10 wholly owned subsidiaries operating 21 manufacturing establishments in the United States and Canada and 50-percent ownership in a company that manufactures molds for the domestic plastics molding industry; it has licensed the fabrication of products in 10 foreign countries in addition to Canada.

During 1970-71 the Vulcan Corp. made several changes affecting operations of its heel-finishing plants for women's shoes. At the beginning of 1970 the company had eight heel-finishing plants, situated in Massachusetts, New Hampshire, New York, Pennsylvania, Tennessee, Ohio, Illinois, and California. Its Illinois establishment was consolidated with the Tennessee plant during the first half of 1970, and a plant in Missouri was acquired during the latter half of the year. Three Vulcan heel-finishing plants were closed in February 1971--the Portsmouth, Ohio, plant (the subject of this report), the New York plant, and the New Hampshire plant. The company also owned a wood-turning plant in South Charleston, Ohio, and a plastic-molding plant at Blanchester, Ohio, in which rough heels were produced.

The building housing the heel-finishing plant at Portsmouth, Ohio, was first occupied by the Vulcan Corp. in the 1920's. A part of the wood-brick structure served initially as the company headquarters and executive offices. The factory, which covers a city block and has 68,000 square feet of floor space, is still occupied in part by the



Morton Last Co., another Vulcan subsidiary that remodels shoe lasts. The heel-finishing plant occupied 80 percent of the floor space of the factory. Although some of the basic machines in the building were not new, Vulcan had gone to considerable expense in the last few years to modernize the plant by installing new conveyor equipment. With the closing of the plant, the equipment has been transferred to other Vulcan establishments or put into storage.

### Product

The Portsmouth plant produced finished heels for women's dress and casual shoes. Rough heels of wood or plastics were shipped from Vulcan wood-heel-turning plants and plastic-molding plants to the Portsmouth plant and finished at that establishment. Heel-finishing plants are strategically located to meet the short lead time required by the women's shoe manufacturers in the areas they served.

The heel-finishing process included spray painting or covering the rough heels with leather or plastic and then attaching top lifts. Top lifts are die-cut (stamped) from plastic or rubber sheets to fit specific sizes. Prior to 1966 the Portsmouth plant had also produced rough wood heels, but in 1966 it was converted to solely a heel-finishing plant. This conversion represented an attempt by Vulcan to increase the efficiency of its heel production through better utilization of labor, technological improvements, and consolidation. Although three of the regional heel-finishing establishments of Vulcan were closed in 1971, none of those that made shoe lasts or turned or molded-rough shoe heels were shut down.

A-10 through A-18

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APPENDIX A  
Statistical Tables



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

| TSUS<br>item No.: | Abbreviated<br>description                                         | Rate of duty                     |                                  |                |
|-------------------|--------------------------------------------------------------------|----------------------------------|----------------------------------|----------------|
|                   |                                                                    | July 1,<br>1934 <u>1/</u>        | GATT concession <u>2/</u>        |                |
|                   |                                                                    | Rate                             | Effective<br>date                |                |
|                   |                                                                    | <u>Percent</u><br><u>ad val.</u> | <u>Percent</u><br><u>ad val.</u> |                |
| 207.00            | Articles not specially provided for, of wood.                      | 33-1/3                           | 25                               | Jan. 1, 1948   |
|                   |                                                                    |                                  | 16 2/3                           | May 30, 1950   |
|                   |                                                                    |                                  | 15                               | Jan. 1, 1968   |
|                   |                                                                    |                                  | 13                               | Jan. 1, 1969   |
|                   |                                                                    |                                  | 11 1/2                           | Jan. 1, 1970   |
|                   |                                                                    |                                  | 10                               | Jan. 1, 1971   |
|                   |                                                                    |                                  | 8                                | Jan. 1, 1972   |
| 220.50            | Articles not specially provided for, of cork.                      | 45                               | 40 1/2                           | July 1, 1962   |
|                   |                                                                    |                                  | 36                               | July 1, 1963   |
|                   |                                                                    |                                  | 32                               | Jan. 1, 1968   |
|                   |                                                                    |                                  | 28 1/2                           | Jan. 1, 1969   |
|                   |                                                                    |                                  | 25                               | Jan. 1, 1970   |
|                   |                                                                    |                                  | 21 1/2                           | Jan. 1, 1971   |
|                   |                                                                    |                                  | 18                               | Jan. 1, 1972   |
| 256.90            | Articles not specially provided for, of paperboard.                | 35                               | 17 1/2                           | Jan. 1, 1950   |
|                   |                                                                    |                                  | 15 1/2                           | Jan. 1, 1968   |
|                   |                                                                    |                                  | 14                               | Jan. 1, 1969   |
|                   |                                                                    |                                  | 12                               | Jan. 1, 1970   |
|                   |                                                                    |                                  | 10                               | Jan. 1, 1971   |
|                   |                                                                    |                                  | 8 1/2                            | Jan. 1, 1972   |
| 772.30            | Wearing apparel not specially provided for, of rubber or plastics. | 35                               | 17 1/2                           | Jan. 1, 1948   |
|                   |                                                                    |                                  | 16 1/2                           | June 30, 1956  |
|                   |                                                                    |                                  | 15 1/2                           | June 30, 1957  |
|                   |                                                                    |                                  | 15                               | June 30, 1958  |
|                   |                                                                    |                                  | 13 1/2                           | July 1, 1961   |
|                   |                                                                    |                                  | 12                               | July 1, 1962   |
|                   |                                                                    | 25                               | 12 1/2                           | Sept. 10, 1955 |
|                   |                                                                    |                                  | 12 1/2                           | Aug. 31, 1963  |

See footnotes at end of table.



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

| TSUS<br>item No. | Abbreviated<br>description                                                                                                                                | Rate of duty                     |                                  |                                                                                                            |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------|
|                  |                                                                                                                                                           | July 1,<br>1934 <sup>1/</sup>    | GATT concession <sup>2/</sup>    |                                                                                                            |
|                  |                                                                                                                                                           | Rate                             | Rate                             | Effective<br>date                                                                                          |
|                  |                                                                                                                                                           | <u>Percent</u><br><u>ad val.</u> | <u>Percent</u><br><u>ad val.</u> |                                                                                                            |
| 791.25           | Leather cut or wholly<br>or partly manufac-<br>tured into forms or<br>shapes suitable for<br>conversion into foot-<br>wear, other than<br>patent leather. | <u>3/</u>                        | <u>3/</u>                        | <u>3/</u><br>Aug. 31, 1963<br>Jan. 1, 1968<br>Jan. 1, 1969<br>Jan. 1, 1970<br>Jan. 1, 1971<br>Jan. 1, 1972 |

<sup>1/</sup> The rate on July 1, 1934, was the same as the original rate in the Tariff Act of 1930, effective June 18, 1930.

<sup>2/</sup> 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

<sup>3/</sup> On July 1, 1934, the following rates applicable to articles now included in item 791.25, were "fancy" leathers (embossed, ornamented, or finished in gold, silver, or like effects), 30 percent; bovine leathers (except fancy and sole leathers), 15 percent; bovine sole leather, 12½ percent; and the other applicable leathers, 10 percent. These rates were all reduced effective Jan. 1, 1939, in the trade agreement with the United Kingdom except fancy leather other than bovine. In the first round of GATT negotiations, effective Jan. 1, 1948, the rates applicable to all these articles were negotiated at 10 percent except fancy leathers, which were reduced to 15 percent. Fancy leathers were further reduced to 12½ percent in the GATT negotiations of 1956 in 3 annual stages, the last of which became effective June 30, 1958.

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 207.00, 20 percent; item 220.50, 31½ percent; item 256.90, 20 percent; item 772.30, 22½ percent; and item 791.25, 15 percent (col. 2 rate).

Table 2.--U.S. rates of duty applicable to women's and misses' footwear of types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972

| TSUS<br>item<br>No. | Abbreviated description                       | Rate of duty                         |                                                                                                                                                                                                |
|---------------------|-----------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     |                                               | July 1,<br>1934 <sup>1/</sup>        | GATT concession <sup>2/</sup>                                                                                                                                                                  |
|                     |                                               | Rate                                 | Effective date                                                                                                                                                                                 |
|                     |                                               | Percent<br>ad val.                   | Percent<br>ad val.                                                                                                                                                                             |
|                     | Leather footwear:                             |                                      |                                                                                                                                                                                                |
| 700.20              | Turn or turned-----                           | 10 <sup>3/</sup>                     | 5 : May 30, 1950-Dec. 31, 1967.<br>4 : Jan. 1, 1968-Dec. 31, 1969.<br>3 : Jan. 1, 1970-Dec. 31, 1971.<br>2.5 : Jan. 1, 1972.                                                                   |
|                     | "Other" (including cement process):           |                                      |                                                                                                                                                                                                |
| 700.43              | Valued not over \$2.50 per pair----           | 20                                   | 19 : Jan. 1-Dec. 31, 1968.<br>18 : Jan. 1-Dec. 31, 1969.<br>17 : Jan. 1-Dec. 31, 1970.<br>16 : Jan. 1-Dec. 31, 1971.<br>15 : Jan. 1, 1972.                                                     |
| 700.45              | Valued over \$2.50 per pair-----              | 20                                   | 18 : Jan. 1-Dec. 31, 1968.<br>16 : Jan. 1-Dec. 31, 1969.<br>14 : Jan. 1-Dec. 31, 1970.<br>12 : Jan. 1-Dec. 31, 1971.<br>10 : Jan. 1, 1972.                                                     |
| 700.55              | Footwear having uppers of supported<br>vinyl. | Princi-<br>pally<br>20 <sup>4/</sup> | 12.5 <sup>5/</sup> : Aug. 31, 1963-Dec. 31, 1967.<br>11 : Jan. 1-Dec. 31, 1968.<br>10 : Jan. 1-Dec. 31, 1969.<br>8.5 : Jan. 1-Dec. 31, 1970.<br>7 : Jan. 1-Dec. 31, 1971.<br>6 : Jan. 1, 1972. |

<sup>1/</sup> 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.

<sup>2/</sup> 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.

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

<sup>4/</sup> 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.

<sup>5/</sup> 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 700.43, 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 were subject to the additional duty unless they were withdrawn for consumption on or before Oct. 1, 1971.



Table 3.--Heels for women's nonrubber footwear. Estimated imports for consumption, by component material of chief value, 1966-70, January-March 1970, and January-March 1971

| Period       | Heels of wood<br>(TSUS item 207.00) |                         | Heels of rubber or plastic<br>(TSUS item 772.30) |                         | Other <sup>1/</sup>   |                         | Total |
|--------------|-------------------------------------|-------------------------|--------------------------------------------------|-------------------------|-----------------------|-------------------------|-------|
|              | Quantity                            | Value                   | Quantity                                         | Value                   | Quantity              | Value                   |       |
|              | <u>1,000</u><br>pairs               | <u>1,000</u><br>dollars | <u>1,000</u><br>pairs                            | <u>1,000</u><br>dollars | <u>1,000</u><br>pairs | <u>1,000</u><br>dollars |       |
| 1966-----    | 56                                  | 46                      | -                                                | -                       | 126                   | 229                     | 182   |
| 1967-----    | 48                                  | 47                      | -                                                | -                       | 126                   | 244                     | 174   |
| 1968-----    | 53                                  | 52                      | 35                                               | 9                       | 131                   | 260                     | 219   |
| 1969-----    | 88                                  | 67                      | 515                                              | 120                     | 137                   | 278                     | 740   |
| 1970-----    | 225                                 | 132                     | 1,169                                            | 309                     | 240                   | 364                     | 1,634 |
| Jan.-Mar.--- |                                     |                         |                                                  |                         |                       |                         |       |
| 1970-----    | 76                                  | 33                      | 214                                              | 51                      | 43                    | 70                      | 333   |
| 1971-----    | 23                                  | 15                      | 157                                              | 54                      | 25                    | 58                      | 205   |
|              |                                     |                         |                                                  |                         |                       |                         |       |
|              |                                     |                         |                                                  |                         |                       |                         |       |

<sup>1/</sup> Includes heels and combination units for women's shoes of cork (item 220.50), leather (item 791.25) and paperboard (item 256.90) as well as combination units of wood and plastic.

Source: Compiled from data supplied to the U.S. Tariff Commission by importers and from data derived from entry documents.

Table 4.--Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1966-70, January-June 1970, and January-June 1971

| Period          | U.S. production    |               |                       |               | Im-ports <u>3/</u> | Apparent consumption <u>4/</u> | Ratio of imports to apparent consumption |       |
|-----------------|--------------------|---------------|-----------------------|---------------|--------------------|--------------------------------|------------------------------------------|-------|
|                 | Mainland <u>1/</u> |               | Puerto Rico <u>2/</u> |               |                    |                                |                                          | Total |
|                 | Million pairs      | Million pairs | Million pairs         | Million pairs |                    |                                |                                          |       |
| 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                             |                                          |       |
| January-June -- |                    |               |                       |               |                    |                                |                                          |       |
| 1970            | 133                | 3             | 136                   | 96            | 232                | 41                             |                                          |       |
| 1971            | 125                | 5/ 3          | 128                   | 112           | 240                | 47                             |                                          |       |

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.

5/ Estimated.

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

Table 5.--Nonrubber footwear for women and misses: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-70

| Year      | Footwear of leather                              |                                |                                                    |                                |
|-----------|--------------------------------------------------|--------------------------------|----------------------------------------------------|--------------------------------|
|           | Turn or turned<br>(700.20)                       |                                | "Other" leather footwear<br>(700.43 and 700.45) 1/ |                                |
|           | Tariff rate                                      | Quantity                       | Tariff rate                                        | Quantity                       |
|           | <u>Percent</u><br><u>ad val.</u>                 | <u>Million</u><br><u>pairs</u> | <u>Percent</u><br><u>ad val.</u>                   | <u>Million</u><br><u>pairs</u> |
| 1965----- | 5                                                | 1                              | 20                                                 | 21                             |
| 1966----- | 5                                                | 1                              | 20                                                 | 28                             |
| 1967----- | 5                                                | 1                              | 20                                                 | 38                             |
| 1968----- | 4                                                | 2                              | 2/ 19                                              | 2/ 34                          |
|           |                                                  |                                | 3/ 18                                              | 3/ 20                          |
| 1969----- | 4                                                | 2                              | 2/ 18                                              | 2/ 29                          |
|           |                                                  |                                | 3/ 16                                              | 3/ 27                          |
| 1970----- | 3                                                | 2                              | 2/ 17                                              | 2/ 37                          |
|           |                                                  |                                | 3/ 14                                              | 3/ 35                          |
|           | Footwear with uppers of supported vinyl (700.55) |                                |                                                    |                                |
|           | Tariff rate                                      |                                | Quantity                                           |                                |
|           | <u>Percent ad val.</u>                           |                                | <u>Million pairs</u>                               |                                |
| 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/ TSUS item 700.43.

3/ TSUS item 700.45

Source: Data on imports are compiled from official statistics of the U.S. Department of Commerce.



APPENDIX B

Exhibits Submitted by The Vulcan Corp.

A-28

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## VULCAN CORPORATION

EXECUTIVE OFFICES: 6 EAST FOURTH STREET, CINCINNATI, OHIO 45202 AREA 513-621-2850

28 PLANTS THROUGHOUT THE U.S.A. AND CANADA

### PORTSMOUTH HEEL PLANT EMPLOYEES:

Representatives of Vulcan Corporation met with representatives of Local 120 U.S.W.A. on Saturday, January 9, to discuss the future of the Portsmouth heel finishing operation.

The generally poor business conditions of 1970, accentuated by ever-increasing shoe imports, have had a serious effect on the entire shoe industry, and Vulcan has been particularly hard hit. The Mills Trade Bill, which would have imposed quotas on shoe imports, held hope for relief to the industry; however, though passed by the House, it was not acted on by the Senate in the 91st Congress and its future in the 92nd Congress is uncertain.


This has forced a reappraisal of all Vulcan's activities with a view to eliminating marginal operations by improvement, termination or consolidation. The Portsmouth plant, with no foreseeable prospects for increased sales, no way to significantly reduce operating costs through technological advances, and operating in expensive-to-maintain property, is in the marginal category.

Even though the Ohio-Kentucky-Indiana region served by the Portsmouth plant is one of the country's major women's shoe manufacturing areas, the larger companies operate their own finishing facilities and the smaller manufacturers, under today's business conditions, do not generate sufficient volume for the plant to operate on a profitable basis. Largely because of this, the corporation has sustained losses in excess of \$125,000 at Portsmouth during the past four years despite extensive cost reduction programs, installation of new equipment and intensive efforts to increase sales. Although the losses have been heavy, the company has been reluctant to close the Portsmouth plant until every possibility has been exhausted. Management feels it owes this to the many loyal employees with long service records and to the community since Portsmouth was the birthplace of the corporation.

Management will review the suggestions offered by your union officials and determine a course of action for the plant by January 15.

Sincerely yours,

VULCAN CORPORATION

  
L. B. Austing  
President

LBA:jk

## VULCAN CORPORATION

EXECUTIVE OFFICES: 6 EAST FOURTH STREET, CINCINNATI, OHIO 45202 AREA 513-621-2850

28 PLANTS THROUGHOUT THE U.S.A AND CANADA

January 21, 1971

### PORTSMOUTH HEEL PLANT EMPLOYEES:

After four years of continuing but unsuccessful effort to make the Portsmouth Heel Plant a reasonable profit-making organization, management has decided to close the plant on or about February 28.

Continuing operating losses, coupled with declining sales potential and no hope for gaining additional business, particularly since the import quota legislation failed to pass Congress, make it economically impossible to continue the operation.

The problem has been discussed during the last several weeks with your union officials, the Chamber of Commerce, and our customers. Unfortunately, no practical solution to the problem could be found.

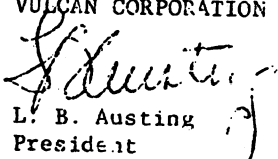
It is expected all work in process will be completed by February 28. Some terminations will begin early in February as the work sent to the plant is gradually reduced. Those employees remaining until terminated will receive both severance pay and vacation pay. The severance pay will be computed at the rate of \$10 for each year of service with a minimum payment of \$50 and a maximum of \$300. For those who have worked less than 1050 hours since July 1, the vacation pay will be paid on the basis of the percentage of hours worked from July 1 to 1050 hours. Each employee will receive the number of weeks of vacation pay to which he is entitled by his years of service. As pointed out above, to collect the severance and vacation pay, you must remain on the job until released by the manager.

If any individual wishes to apply for a job at the Blanche-ter Last Plant, South Charleston Wood Heel Turning Plant, or Southern Heel in Springfield, Tennessee, applications can be obtained from Mr. Phillips, and those applying will be given first preference as job openings develop at these plants.

The company appreciates the many years of loyal service by the Portsmouth employees and sincerely regrets changing business conditions have forced an end to our association.

Sincerely yours,

VULCAN CORPORATION

  
L. B. Austing  
President

LBA: jk



A-31 through A-33

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