

UNITED STATES TARIFF COMMISSION

**WOMEN'S AND GIRLS' HOSIERY AND PANTY HOSE:
WORKERS OF THE HOSIERY DIVISION OF CHADBOURN, INC.,
CHARLOTTE, N. C.**

**Report to the President
on Worker Investigation No. TEA-W-145
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



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UNITED STATES TARIFF COMMISSION

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REPORT TO THE PRESIDENT

U.S. Tariff Commission,
July 20, 1972.

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.

On June 1, 1972, a petition was filed on behalf of the workers formerly employed at the Hosiery Division of Chadbourn, Inc., Charlotte, N.C., for a determination of their eligibility to apply for adjustment assistance. The Commission instituted an investigation (TEA-W-145) on June 9, 1972, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with women's or girls' hosiery of manmade fibers (of the types provided for in item 374.60 of the Tariff Schedules of the United States (TSUS)) and women's or girls' panty hose (item 382.78 of the TSUS) manufactured by said 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 such company or an appropriate subdivision thereof.

Public notice of the receipt of the petition and the institution of the investigation was given by publication in the Federal Register (37 F.R. 11811) on June 14, 1972. No public hearing was requested and none was held.

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

The Commission is not publishing as part of its report a separate section on information obtained in the course of the investigation. During the course of the investigation, the Commission found that conclusive information was available on which to make its decision (see below) without further investigation. Consequently, it was not necessary to prepare the section referred to above.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds unanimously that articles like or directly competitive with women's or girls' hosiery and panty hose of manmade fibers produced by the Hosiery Division, Chadbourn, Inc., Charlotte, N.C., 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,

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

the unemployment or underemployment of a significant number or proportion of the workers of such company or an appropriate subdivision thereof.

Considerations Supporting the Commission's Finding

This investigation was conducted in response to a petition for adjustment assistance filed on behalf of workers formerly employed at the Hosiery Division of Chadbourn, Inc., in the production of women's and girls' full-length hosiery and pantyhose.

In January 1969, Chadbourn's Hosiery Division was operating 10 plants in which women's and girls' full-length hosiery and/or pantyhose were produced. In one plant, located at Gainesville, Ga., the workers performed all operations in the production cycle--knitting, toe closing, sewing, and finishing. In the other nine plants the workers performed one or more, but not all, of the production operations. Since December 1970 eight of the plants have been closed. The location of the 10 plants and the type and status of operations are shown in the following table.

Location of plants in the Hosiery Division, Chadbourne, Inc., type of operations performed, and the month of plant closings, December 1970 - June 1972

Location of plant	Type of operation(s) performed	Month of plant closing
Lincolnton, N.C. <u>1</u> /-----	Finishing	December 1970
Ellijay, Ga-----	Knitting, toe closing	February 1971
Worthington St., Charlotte, N.C. <u>1</u> /-----	Finishing	May 1971
Kerr St., Concord, N.C-----	Knitting, toe closing, sewing	November 1971
N. Church St., Concord, N.C-----	Knitting, toe closing, sewing	December 1971
N. Davidson St., Charlotte, N.C-----	Finishing	December 1971
Shelby, N.C. <u>1</u> /-----	Knitting, toe closing, sewing	February 1972
Gainesville, Ga-----	Knitting, toe closing, sewing and finishing	<u>3</u> /
N. Brevard St., Charlotte, N.C. <u>1</u> /-----	Finishing	<u>3</u> /
Clover, S.C. <u>2</u> /-----	Finishing	June 1972

- 1/ Acquired in January 1969.
- 2/ Started operations in January 1969.
- 3/ Still in operation.

Source: Supplied to the U.S. Tariff Commission by Chadbourne, Inc.

Statutory criteria

Section 301(c)(2) of the Trade Expansion Act of 1962 has established four conditions that must be met in the judgment of the Commission if an affirmative determination is to be reached. The determination must be negative if any one of the four conditions is not met. The conditions as they apply to the instant case are as follows:

- (1) Articles like or directly competitive with the hosiery and panty hose produced by the workers of Chadbourn, Inc. must be imported in increased quantities;
- (2) The increased imports must be in major part the result of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers of the firm or appropriate subdivision thereof must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor in causing or threatening to cause the unemployment or underemployment.

In the case at hand, we have determined that the fourth condition has not been met, i.e., any increased imports have not been the major factor in causing or threatening to cause unemployment or underemployment of the petitioning workers. Consequently, we have had to make a negative determination. The facts supporting our determination are discussed on the following pages.

The U.S. market for women's and girls'
full-length hosiery

U.S. consumption of women's and girls' full-length hosiery of manmade fibers, mostly nylon, declined sharply from 1967 through 1971. Apparent consumption decreased substantially each year, from 120 million dozen pairs in 1967 to 28 million dozen pairs in 1971, and the decline continued in January-March 1972 (table 1). This decline is attributable almost entirely to the increase in consumption of panty hose. U.S. producers reduced their output of women's and girls' full-length hosiery from 119 million dozen pairs in 1967 to 27 million dozen pairs in 1971.

U.S. imports of all hosiery of manmade fibers, including women's and girls' full-length hosiery, ^{1/} increased from 899,000 dozen pairs in 1967 to 1.3 million dozen pairs in 1969, then declined to 563,000 dozen pairs in 1971 (table 1). Only a small portion of the imports in 1970 and 1971 were believed to be women's and girls' full-length hosiery. Imports have continued to decline in 1972. The ratio of imports to consumption was about 2 percent or less in each of the years 1967-71.

The U.S. market for panty hose

Panty hose are garments for women and girls which are worn in lieu of hosiery. They were developed and marketed

^{1/} Data on imports of women's and girls' full-length hosiery are not reported separately.

in the 1950's but did not become commercially important until about 1967. Virtually all panty hose have been made of manmade fibers.

U.S. consumption of panty hose boomed spectacularly in the late 1960's. Apparent consumption rose from about 18 million dozen in 1968 to about 97 million dozen in 1970, mostly because of the popularity of mini-length dresses and skirts, with which the wearing of panty hose was particularly suitable. In 1971, apparent consumption dropped sharply to 69 million dozen (table 2).

In response to the reduced demand, U.S. producers cut back their output of panty hose beginning in November 1970. U.S. production had risen phenomenally from about 6.5 million dozen in 1967 to 89.4 million dozen in 1970, but then declined to 65.6 million dozen in 1971.

U.S. imports of panty hose 1/ increased from 1.4 million dozen in 1968 to 7.8 million dozen in 1970, and then declined to 3.8 million dozen in 1971 (table 2). The imports continued to decline during January-March 1972. Some of the increase

1/ The data given on imports of panty hose include some tights and body stockings, and panty-hose blanks (which are two elongated "stockings," usually produced on circular-knitting machines). In 1969 and 1970 there were significant imports of panty-hose blanks from West Germany into Puerto Rico. These panty-hose blanks were slit, sewn, dyed, and finished in Puerto Rico and then sold in numerous types of retail stores on the U.S. mainland. Inasmuch as Puerto Rico is in the customs territory of the United States, the completed panty hose resulting from the processing operations on the panty-hose blanks are considered as domestically produced articles. Imports of panty-hose blanks in 1971 and in January-March 1972 were negligible.

in imports during 1968-70 was accounted for by domestic producers that imported panty hose because their own production facilities were not adequate to meet the sudden increase in demand. The ratio of imports to consumption was 8 percent in 1968, rose to 9 percent in 1969, then declined to 8 percent in 1970 and 6 percent in 1971.

U.S. prices of domestically made panty hose were above importers' prices on comparable items in 1968 and 1969; in 1970 and 1971, however, the prices of the domestic products were as low as or lower than those of the imported articles. 1/ By the 1970-71 period, U.S. producers had substantially increased their production efficiency, mainly with the use of 4- and 8-feed machines. The supply of panty hose in the United States exceeded demand in 1971, resulting in intensified competition and exerting a downward pressure on prices.

The major cause of unemployment or underemployment

Production of women's and girls' full-length hosiery by the Hosiery Division, Chadbourn, Inc., declined drastically during the years 1967 through 1971, while production of panty

1/ Based on price information obtained in investigation No. 337-25, Panty Hose, TC Publication 471 (released in March 1972), and information obtained from officials of Chadbourn, Inc.

hose increased sharply from 1967 through 1970, then declined in 1971, when domestic demand slackened. In January 1969, when the demand for panty hose was increasing, the Hosiery Division, Chadbourn, Inc., expanded its productive capacity and production of panty hose by acquiring four plants and starting operations in a fifth. However, as the domestic demand for panty hose slackened in late 1970 and in 1971, the Hosiery Division decided to cut back its output of panty hose and began closing plants. One finishing plant was closed in December 1970, three knitting plants (two also did sewing) and two finishing plants were closed in 1971, and one knitting and sewing plant and one finishing plant have been closed in 1972. In all, eight plants have been closed, affecting approximately 2,300 workers. Company officials stated that the increase in the demand for panty hose--not imports of hosiery--caused the decline in the demand for women's and girls' full-length hosiery and the Hosiery Division's cutback in production of hosiery. Notwithstanding the decline of imports of panty hose since 1970, company officials contended that such imports did affect their sales of panty hose, but they did not maintain that imports were the major factor causing their difficulties and the subsequent drastic cutback in production and employment.

Conclusion

In view of the foregoing, we have made a negative determination because imports were not the major factor causing unémployment or underemployment of the petitioning workers.

Table 1.--Women's and girls' full-length hosiery of manmade fibers: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1967-71, January-March 1971, and January-March 1972

Period	Production <u>1/</u> dozen pairs	Imports <u>2/</u> dozen pairs	Exports <u>3/</u> dozen pairs	Apparent consumption	Ratio of imports to consumption
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	Percent
1967	119,153	899	496	119,556	0.8
1968	104,570	1,108	524	105,154	1.1
1969	68,486	1,326	535	69,277	1.9
1970	36,219	788	384	36,623	2.2
1971	27,379	563	198	27,744	2.0
January-March--					
1971	8,128	146	4/ 50	8,224	1.8
1972	5,662	124	4/ 45	5,741	2.2

1/ Compiled from statistics of the National Association of Hosiery Manufacturers.
2/ Includes all types of hosiery--men's and boys' and women's, girls', and infants' knee-length and full-length hosiery.
3/ Includes panty hose and tights.
4/ Estimated.

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

Table 2.--Women's, girls', and infants' panty hose, knit, of man-made fibers, not ornamented: U.S. production, imports for consumption, and apparent consumption, 1967-71, January-March 1971, and January-March 1972

Period	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption
	<u>1,000</u> <u>dozen</u>	<u>1,000</u> <u>dozen</u>	<u>1,000</u> <u>dozen</u>	<u>Percent</u>
1967-----	<u>4/</u> 6,500	<u>5/</u>	<u>5/</u>	<u>5/</u>
1968-----	16,893	<u>4/</u> 1,391	18,284	7.6
1969-----	60,225	<u>4/</u> 5,896	66,121	8.9
1970-----	89,428	7,759	97,187	8.0
1971-----	65,569	3,842	69,411	5.5
January-March--				
1971-----	14,416	1,529	15,945	9.6
1972-----	16,550	402	16,952	2.4

1/ Includes some tights; compiled from statistics of the National Association of Hosiery Manufacturers.

2/ Includes completed panty hose, tights, body stockings, and panty-hose blanks.

3/ Production plus imports; statistics on exports are not separately reported, but exports are estimated to amount to less than 1 percent of domestic production.

4/ Estimated.

5/ Not available.

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

