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UNITED STATES TARIFF COMMISSION

MEN'S DRESS AND CASUAL FOOTWEAR
BATES SHOE DIVISION,
WOLVERINE WORLD WIDE, INC.
WEBSTER, MASS.

Report to the President
on Worker Investigation No. TEA-W-175
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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March 1973

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 that would result in the disclosure of the operation of an individual firm. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
March 19, 1973.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (TEA) (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 petition filed on behalf of a group of workers.

On January 18, 1973, the Commission received a petition filed on behalf of the workers and former workers of the Webster, Massachusetts, and North Grosvenordale, Connecticut, plants of the Bates Shoe Division of Wolverine World Wide, Inc., Rockford, Michigan, for a determination of eligibility to apply for adjustment assistance under the said act. Accordingly, on January 22, 1973, the Commission instituted investigation TEA-W-175 to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the footwear for men and boys (of the types provided for in items 700.26, 700.27, 700.29 and 700.35 of the Tariff Schedules of the United States) produced by the 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 the firm, or an appropriate subdivision thereof.

Public notice of the investigation was published in the Federal Register (36 F.R. 2501) on January 26, 1973. No public hearing was requested and none was held.

The information in this report was obtained principally from "field investigations" including interviews with representatives of the petitioning workers, officials of Wolverine World Wide, Inc. and its subsidiary Bates Shoe Division, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission unanimously finds that articles like or directly competitive with footwear for men and boys (of the types provided for in items 700.26, 700.27, 700.29, and 700.35 of the Tariff Schedules of the United States) produced by the Bates Shoe Division of Wolverine Worldwide, Inc., Rockford, Michigan, 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 firm, or an appropriate subdivision thereof.

Considerations Supporting the Commission's Finding 1/

Views of Chairman Bedell, Vice Chairman Parker,
and Commissioner Moore

Our determination in this investigation is in the negative because the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 (TEA) have not been met. Before an affirmative determination can be made, the Commission must find that each of the following conditions has been satisfied.

- (1) Articles like or directly competitive with those produced by the workers' firm 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 firm's workers are unemployed or underemployed, or threatened therewith and;
- (4) The increased imports resulting from trade-agreement concessions are the major factor in causing or threatening to cause the unemployment or underemployment of the workers.

In the instant case, we find that condition (4) has not been satisfied; namely, increased imports resulting from trade-agreement concessions of articles like or directly competitive with the men's leather dress and casual shoes produced by the Bates Shoe Division of Wolverine World Wide, Inc., have not been the major factor causing, or threatening to cause, the unemployment or underemployment of its workers. Under the circumstances, it is not necessary to reach a conclusion respecting the first three conditions. Our determination is based on the following considerations.

1/ Commissioner Ablondi concurs in the result.

The Bates Shoe Division, which is still in operation, produced men's leather dress and casual shoes at its plant in Webster, Mass., and men's leather casual shoes at its plant in North Grosvenordale, Conn., about 6 miles apart. Prior to 1971, casual shoes accounted for most of Bates' output; in 1971 dress and casual shoes each accounted for about half; in 1972 dress shoes accounted for the larger share. The dress shoes retailed from \$20 to \$36 a pair and the casual shoes from \$18 to \$24 a pair in 1971-72.

During the period 1968-72, the U.S. market for men's footwear became more high fashion conscious resulting in a greater variety and frequency of changes in men's shoe styles. This new trend was reflected in a slight decline in Bates' sales in 1969, the year Bates was acquired by its present owner, Wolverine Worldwide, Inc. The new management, in an effort to offer a greater variety of styles, and being relatively inexperienced in the production of men's dress shoes, began to produce additional styles and to supplement the Bates' line with imported shoes. Imports in 1969 amounted to about * * * percent of total sales.

* * * * *

Efforts of Bates' management to adjust to the changed demands of the market continued to prove unsuccessful in 1971. In that year, in an effort to reduce overhead expenses, Bates merged its North Grosvenordale operation into the Webster plant and about 90 percent of the workers were also transferred. A new manager was acquired. The number of men's shoes imported for the Bates' line doubled--now accounting for about * * * percent of Bates' sales. Sales dropped again, however, by * * * of its level in 1970; productivity declined to its lowest point; and more workers were laid off. Bates reported a loss in 1971 of * * *.

In 1972 Bates Shoe began to more successfully cope with its adjustment problems, but still with mixed results. Another plant manager was acquired. A time and motion study was conducted by an independent engineer to determine whether greater efficiency was possible from labor--the largest component of production cost. Marketing of the Bates' line was transferred to another Division (Trendsetter) to reduce marketing costs. Bates entered into an agreement to manufacture dress shoes for * * * to provide an assured customer for a major portion of its dress shoe output. However, as a result of its time and motion study, Bates concluded that wage rates paid the various classes of workers were abnormally high but the union would not agree to a downward revision of wage rates covered by the contract. The union subsequently disbanded and wage rates at the plant have been reduced. Subsequently, production of Bates' casual shoes (floaters) was shifted from the Bates Shoe Division to a plant in another Division

(Trustitch) at Malone, N.Y. Nevertheless, production at Bates has increased * * * over that of 1971, productivity has jumped to its highest in 5 years, as has average hours worked per week per worker. The number of imported shoes for the Bates' line increased only * * * percent over the number imported in 1971, and the plant is advertising for workers skilled in the production of welt dress shoes.

The relatively successful experience of Bates in 1972 and the accompanying increase in employment occurred despite the continued increase in imports. Clearly, the major factors causing the unemployment or underemployment of workers at Bates were the inability of management to anticipate and make a timely adjustment to changing consumer preferences and to effectively control its costs.

Conclusion

Based on the information available to the Commission, we conclude that imports were not the major factor causing, or threatening to cause, the unemployment or underemployment of the petitioning workers, as required by the statute before an affirmative determination can be made.

Views of Commissioner Leonard

My determination in the instant case is negative because the increase in imports of any footwear like or directly competitive with that produced by Bates Shoe Division of Wolverine World Wide, Incorporated at its North Grosvenordale, Connecticut and Webster, Massachusetts plants is not the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in the statement of my 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, January 1971, pp. 31-47.

Views of Commissioner Young

My determination in this investigation is in the negative because in my view the increase in imports of footwear like or directly competitive with that produced by the Bates Shoe Division of Wolverine World Wide, is not the result in major part of concessions granted under trade agreements. My evaluation of the statutory criteria that must be met for an affirmative finding is set forth in the Commission's report on women's dress and casual shoes submitted to the President on June 2, 1972. ^{1/}

The output of Bates Shoe Division has consisted of welt process men's leather dress and cement process men's leather casual shoes. The dress shoes sold at retail from \$20 to \$36 a pair and the casual shoes from \$18 to \$24 a pair.

Imported men's footwear of the types produced by Bates are entered under four items of the Tariff Schedules of the United States (TSUS). In 1972, about 3 percent of the total imports of such men's shoes were entered under item 700.26 (leather with a foreign value of over \$2 but not over \$5 a pair); about 1 percent under item 700.27 (leather, valued over \$5 but not over \$6.80 a pair); 6 percent were entered under item 700.29 (leather, valued over \$6.80 a pair), and about 90 percent under item 700.35 (other leather).

^{1/} Women's Dress and Casual Shoes: Duchess Footwear Corp., ..., Report to the President on Firm Investigation No. TEA-F-39..., TC Publication 491, 1972, pp. 12-16.

With respect to the approximately 10 percent of imported men's footwear competitive with those of Bates entered under TSUS items 700.26, 700.27, and 700.29, imports under items 700.26 and 700.27 have declined since 1968--the first year of reductions in duty pursuant to Kennedy Round concessions since 1958--from about 2.3 million pairs in 1968 to 1.2 million pairs in 1972. Imports of men's shoes under item 700.29, accounting for 6 percent of imports, although increasing during the period, have not been subject to a reduction in duty since 1958. Moreover, despite any increase in imports of these types of shoes, such imports represent only a small part of the total imports. Accordingly, the decision in this case will be based for the most part on the type of shoes which constitute the bulk of the imports of men's leather footwear like or directly competitive with Bates' shoes; such imports were entered under TSUS item 700.35, and accounted for about 90 percent of total imports.

With respect to imports under TSUS item 700.35, the only concession granted prior to 1968 took effect in 1943. It was not until 12 years after the duty reduction that imports began to increase significantly above the level prevailing under the higher statutory rate. For the next twelve years (1955-1967) imports of men's shoes increased dramatically from 200,000 pairs to 10 million pairs. In the first year of the Kennedy Round concessions (1968) when duties were reduced one-half a percentage point (less than 2 cents per pair), imports made the most dramatic advance, a jump of 5 million pairs or an increase of 50 percent in that one year. In my judgment, it is

unreasonable to conclude that the mere two-cent per pair duty reduction which occurred in 1968 could have been any more than an incidental reason for such a sharp increase in imports in that one year.

In 1970 and 1972, although no change occurred in the rate of duty, the combined increase for those two years amounted to almost 6 million pairs. The total duty reductions from 1968 through 1972 amounted to only one-and-a-half percentage points or less than 7 cents per pair. This is a relatively insignificant amount and could not, in my judgment, have been a significant factor in the decision made to switch to imported shoes in lieu of domestic shoes which retail for about \$18 to \$24 per pair. Although imports increased roughly 3 million pairs a year in each of the 4 years, 1969-72, duty reductions occurred in only two of these years--another strong indication that little relationship exists between duty reductions and increased imports.

The following table shows the amount per pair of the duty concessions made in the periods 1943-55 and 1956-67, and under the Kennedy Round during the period 1968-72.

Leather footwear for men (in TSUS item 700.35): U.S. imports and duty reductions, 1943-55, 1956-67, and 1968-72

Period	Imports		Duty reductions	
	Quantity	Average dutiable value	In cents per pair (average) ^{1/}	In percentage point changes in ad valorem rate
	Million pairs	Per pair		
1943-55--	Less than .2	Various	None	None
1956-67--	.2 to 10	Various	None	None
1968-----	15	\$3.73	1.9	1/2
1969-----	19	4.21	2.1	1/2
1970-----	22	4.47	None	None
1971-----	25	4.97	2.5	1/2
1972-----	27	6.12	None	None

^{1/} Based on average dutiable value per pair.

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

A number of diverse factors other than trade-agreement concessions have contributed to the gain in imports of footwear of the types that have displaced sales of Bates Shoe. Although it is virtually impossible to identify and precisely measure the effect of each of these factors on imports, in my view the evidence is overwhelming that these factors were far more significant than the minimal trade-agreement concessions discussed above.

These factors include inflation in the United States affecting the competitiveness of many U.S. industries as compared with the corresponding industries in other countries, ^{1/} the responsiveness of male consumers to fashion changes resulting in frequent changes and a greatly enlarged range of styles of footwear, and the rise in costs of production as a result of the need for more and different kinds of material and equipment (such as hides, skins, leather, lasts, dyes, and patterns) to keep abreast of styles changes.

One of the most easily identifiable reasons why imports of men's leather footwear have entered the United States in increasing numbers is the wage differentials between U.S. footwear workers and those of the principal foreign suppliers. In 1971 the average hourly compensation of U.S. footwear workers amounted to \$3.09--nearly twice as much as his Italian counterpart, almost three times that of the Japanese worker, and five times as much as the Spanish worker.

^{1/} U.S. Tariff Commission, Competitiveness of U.S. Industries: Report to the President on Investigation No. 332-65..., TC Publication 473, April 1972, p. ii.

Conclusion

Based on the above considerations, my determination in this case must be in the negative since the increased imports were not a result in major part of trade-agreement concessions.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

In recent years the output of Bates Shoe Division of Wolverine World Wide, Inc., located at Webster, Mass., 1/ which is still in operation, has consisted principally of men's dress and casual shoes. Bates' dress shoes, consisting chiefly of leather uppers, but some of poromeric uppers 2/, and leather soles, are sold in the retail price range of \$20 to \$36 a pair. They are constructed by the Goodyear welt process. In 1972, dress shoes accounted for 56 percent of Bates' production. Bates' casual shoes, made of leather uppers and crepe (rubber) soles, retail at \$18 to \$24 a pair. These shoes, which comprised the remainder of Bates' 1972 output, are mostly of cement construction with a strip of sole material cemented around the edge of the outsole to provide a wrap look to the sole--this construction variation is patented and sold under the trademark "Bates Floaters." A small part of Bates' casual shoes are constructed by the stitchdown process.

In general or commercial usage, the term "dress shoes" refers to oxford height footwear intended principally for business and social activities; usually it does not refer to footwear suitable for hazardous or strenuous occupations, active sports, beachwear, or other leisure activities. Similarly, the term "casual shoes" refers to footwear designed especially for informal occasions. In recent years, however,

1/ As discussed later on page A-15, the North Grosvenordale, Conn., plant of Bates Shoe closed in July 1971 and its operations (and most of its workers) were transferred to the Webster, Mass. plant, about 6 miles away.

2/ Poromeric is a synthetic, leatherlike, porous material used as uppers for shoes, luggage, belts, and the like.

men's footwear has become more responsive to fashion changes and the distinction between dress and casual shoes has diminished. Male consumers have followed women's lead in increasingly using a greater variety of shoes for leisure wear and dress occasions. Currently many styles of boots, slip-ons, buckled oxfords, and two-tone oxfords with the higher heel heights are selling in large volume. According to the trade, there has been a shift from lightweight styling of men's dress and casual footwear to the heavy, bulky, and more flamboyant fashions.

In the welt process a narrow strip of supple leather or manmade material, called the welt, is sewed to the shoe upper and to a lip on the surface of the insole; the outsole is then sewed and/or cemented to the welt. Welt shoes are considered heavier in weight and appearance than those made by other processes. The stitchdown process involves a mock-welt ornamentation. The "welt" is secured to the upper but not to the insole and only serves the function of improving the shoe's appearance. The distinguishing construction principle is flanging the upper out over the top of the sole extension and fastening the sole to the upper by stitching through this outflanged margin. In the cement process of construction, the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. The cement process permits narrow edges on the outsole to give a trim appearance and produces a lighter and more flexible shoe than other processes used for men's footwear. In the injection-molded process of construction, the sole and heel of polyvinyl chloride or an elastomer resin compound are simultaneously molded and attached to the shoe upper, thus reducing

production time and labor costs by eliminating a number of the steps required to attach the sole to the upper. Leather shoes constructed by the stitchdown, cement, or other miscellaneous processes do not differ significantly from those of welt construction in styling and appearance.

In 1971 about 40 percent of the men's shoes produced in the United States were made by the welt process, about 35 percent by the cement process, and most of the remainder by the injection-molded process. With respect to imported men's leather shoes, it is estimated that about 15 percent were made by the welt process, 50 percent by the cement process, 25 percent by the stitchdown method, and the remainder by the injection-molded and miscellaneous processes.

The major part of all men's shoes sold in the United States are made with uppers of leather. In recent years, U.S. production of men's shoes with uppers of leather has accounted for about 85 to 90 percent of the total output. Nearly all of the imported men's shoes that would be competitive with the shoes produced by Bates Shoe would have uppers of leather.

U.S. Tariff Treatment

Since August 31, 1963, the effective date of the Tariff Schedules of the United States (TSUS), imported men' leather footwear of the types produced by Bates Shoe--dress and casual--are, if of welt construction, classified for duty purposes under TSUS items 700.26, 700.27, and 700.29

(depending on the value per pair). 1/ If of cement, stitchdown or other miscellaneous construction, the imports are classifiable under item 700.35.

Footwear in chief value of leather (except with uppers in chief value of fibers) was originally dutiable in the Tariff Act of 1930 at 20 percent ad valorem under paragraph 1530(e). From 1930 until January 1, 1948, the effective date of the earliest concessions granted by the United States under the General Agreement on Tariffs and Trade (GATT), the tariff rates on the footwear here discussed were reduced pursuant to the following two pre-GATT concessions: (1) Effective January 1, 1939, the rate on welt footwear with a dutiable value of over \$2.50 a pair (now TSUS items 700.26, 700.27, and 700.29) was reduced to 50 cents a pair, but not less than 10 percent ad valorem; and (2) effective January 30, 1943, the rate on footwear made by cement and miscellaneous processes (now TSUS item 700.35) was reduced to 10 percent ad valorem.

Table 1 in the appendix shows the 1930 rates of duty and the concession rates granted under the GATT (including all stages of the Kennedy Round reductions) for items 700.26, 700.27, 700.29, and 700.35, the four TSUS items under which men's leather shoes of the types under review have been admitted in recent years. Tables 2 and 3 show the imports of such shoes admitted under each of the four TSUS items and the applicable rates of duty.

1/ Imports of footwear of welt construction classified under item 700.25 (valued not over \$2 a pair) are of types less expensive than those made by Bates Shoe; imports under this item have been negligible in recent years.

U.S. Consumption, Production, and Imports

During the period 1966-72, apparent annual U.S. consumption of men's leather dress and casual shoes increased from 98 million pairs to 121 million pairs. Average annual U.S. production of such footwear declined from 88 million pairs during the period 1966-68 to 82 million pairs during 1969-71; production then increased to 91 million pairs in 1972. Trade sources indicate that the increase in production in 1972 resulted from increased demand for new men's styles. As imports of similar footwear tripled during 1966-72, their share of the domestic market rose from 9 percent to 25 percent as shown in the following table.

Men's leather footwear (other than work and athletic): U.S. production, imports for consumption, and apparent consumption, 1966-72

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption
	Million pairs	Million pairs	Million pairs	Percent
1966-----	89	9	98	9
1967-----	85	12	97	12
1968-----	89	18	107	17
1969-----	82	23	105	22
1970-----	83	25	108	23
1971-----	80	29	109	27
1972-----	91	30	121	25

1/ Includes U.S. production of men's footwear having vinyl uppers, which is estimated to account for 10 to 15 percent of total annual output.

2/ Includes men's leather footwear (other than work and athletic) entered under TSUS items 700.26, 700.27, 700.29, and 700.35.

3/ Represents U.S. production plus imports without an allowance for exports, which in 1972 amounted to less than 0.5 million pairs.

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

In 1972 shoes entered under TSUS item 700.35 accounted for approximately 90 percent of total leather dress and casual shoe imports; shoes made by the welt process, entered under TSUS items 700.26, 700.27, and 700.29, accounted for the remainder.

In addition to the cement process types of men's leather shoes entered under TSUSA item 700.3550, which accounted for 67 percent of such imports in 1972, men's shoes constructed by the stitchdown process (TSUSA 700.3575) made up 24 percent of the imports; those utilizing the vulcanized sole and injection-molded method (TSUSA 700.3540), 7 percent and soled moccasins (TSUSA 700.3530), the remainder. The volume of imports of men's shoes entered under item 700.35, along with their average unit values, by type of construction, are shown in table 4.

Imported men's footwear having supported vinyl uppers for both dress and casual wear are not included in the data shown above nor those in subsequent tables. As indicated earlier, Bates produces dress shoes with leather uppers retailing between \$20 and \$36 a pair and casual shoes with leather uppers retailing between \$18 and \$24 a pair. Domestically produced men's footwear having supported vinyl uppers amount to about 10 to 15 percent of the total annual output, some of which probably retail at a price competitive with Bates' shoes. With respect to imported footwear having supported vinyl uppers for men, youths, and boys (TSUSA item 700.5535), it is estimated that about 90 percent of the volume has an import unit value of less than \$2 a pair,

about 9 percent has a unit value of from \$2 to \$2.99 a pair, and less than 1 percent has a unit value of \$3 and over a pair. At the estimated retail prices, only the latter category of imported vinyl shoes would be considered price competitive with Bates' shoes.

Data on U.S. consumption, production, and imports of men's dress shoes are not reported separately in official statistics. However, estimates of U.S. consumption (production plus imports) of such shoes are shown in the table on the next page. The overall trends of production, imports, and apparent consumption for both dress and casual shoes discussed earlier are reflected here (at lower volumes); the share of the domestic market accounted for by imports increased from 11 to 25 percent during 1966-72.

Men's leather dress shoes: ^{1/} Estimated production, imports for consumption, and apparent consumption, 1966-72

Year	Production ^{2/}	Imports	Apparent consumption ^{3/}	Ratio of imports to consumption
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
1966-----	67	8	75	11
1967-----	64	9	73	12
1968-----	67	13	80	16
1969-----	62	18	80	23
1970-----	63	19	82	23
1971-----	60	22	82	27
1972-----	68	23	91	25

^{1/} Dress shoes are estimated to account for about three-fourths of total annual output and imports of men's leather footwear.

^{2/} Includes data on U.S. production of men's footwear having vinyl uppers, which is estimated to account for 10 to 15 percent of total annual output.

^{3/} Represents estimated production plus estimated imports without an allowance for exports, which in 1972 amounted to less than 0.5 million pairs.

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

Data on U.S. consumption, production, and imports of men's leather casual shoes also are not reported separately in official statistics. Estimates of these data are shown in the following table. Since casual shoes are estimated to account for about a fourth of the total annual volume of domestic output and of imports of leather shoes, the results are similar to those for dress and casual shoes overall and for dress shoes only--imports as a share of domestic consumption increased from 8 percent in 1966 to 23 percent in 1972.

Men's leather casual footwear: ^{1/} Estimated production, imports for consumption, and apparent consumption, 1966-72

Year	Production ^{2/}	Imports	Apparent consumption ^{3/}	Ratio of imports to consumption
	Million pairs	Million pairs	Million pairs	Percent
1966-----	22	2	24	8
1967-----	21	3	24	13
1968-----	22	5	27	19
1969-----	20	5	25	20
1970-----	20	6	26	23
1971-----	20	7	27	26
1972-----	23	7	30	23

^{1/} Casual shoes are estimated to account for about a fourth of total annual output and imports of men's leather footwear.

^{2/} Includes data on U.S. production of men's footwear having vinyl uppers, which is estimated to account for 10 to 15 percent of total annual output.

^{3/} Represents estimated production plus estimated imports without an allowance for exports, which in 1972 amounted to less than 0.5 million pairs.

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

U.S. and Foreign Wage Rates

The table on the following page shows the published average hourly earnings and the estimated compensation per hour received by shoe workers in six countries in 1964 and 1970-71. It should be noted, however, that there are several difficulties involved in comparing these data accurately. First, the definition for "shoe industry" varies among nations; in only two countries--Italy and the United States--are shoes specifically broken out from more encompassing industry classifications. This definitional problem makes it difficult to isolate the "shoe industry" in each country. Second, as footnote 1 to the table indicates, published hourly earnings in the various nations differ in composition. Third, total compensation for workers includes varying factors in the six countries.

Hourly earnings of production workers and estimated total compensation per hour worked by them in specified industries related to footwear in 6 countries, 1964, 1970 and 1971

(In U.S. dollars)

Country	Industry	Published average hourly earnings 1/			Estimated compensation per hour worked 2/		
		1964	1970	1971	1964	1970	1971
Brazil-----	Clothing and shoes-----	3/ \$0.23	4/ \$0.28	5/	5/	5/	5/
Italy-----	Shoes 6/-----	.42	.65	\$0.90	\$0.71	\$1.19	\$1.67
Japan-----	Leather products 7/-----	.37	.78	1.04	.41	.88	1.18
Spain-----	Shoes, leather, and clothing--	.23	.38	.46	5/	8/ .57	8/ .68
Taiwan-----	Leather and leather products 7/-----	.12	.18	5/	2/ .14	2/ .21	5/
United States---	Footwear, excluding rubber----	1.77	2.43	2.53	2.10	2.96	3.09

1/ Published earnings do not represent the same items of labor compensation in each country because of differences in the treatment of various supplementary benefits. Earnings generally refer to gross cash payments to wage workers before deductions for taxes and social security, and include overtime pay, shift differentials, regular bonuses and premiums, and cost-of-living adjustments. Holiday, vacation, and sick leave pay, bonuses not paid regularly each pay period, and other supplementary benefits are included by some countries and excluded by others. The earnings data are per paid hour for some countries and per hour worked for other countries.

2/ Compensation refers to all payments made by employers directly to their workers before deductions of any kind, plus employer contributions to legally required insurance programs and private welfare plans for the benefit of employees. The figures on additional compensation per hour worked as a percent of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor cost or labor compensation surveys adjusted to the listed years on the basis of other available data.

3/ Average for 1966.

4/ Average for 1969; monthly earnings of 211.60 cruzeiros converted to an hourly basis by assuming 195 hours of work per month.

5/ Not available.

6/ Approximately 15 percent of the workers in the Italian shoe industry are home workers who are paid at a lower wage rate than the factory workers in the industry.

7/ The shoes shipped from Japan and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industries of these two countries. Approximately half of the workers in the Japanese plastic shoe industry are home workers who are paid at a lower rate than the factory workers in that industry. Apparently none of the workers in the Taiwan plastic shoe industry are home workers.

8/ The compensation factor included in this figure is employer social security payments, which range from 40 to 50 percent of payroll.

9/ The published earnings data are computed per hour worked and include overtime pay, regular premiums, and bonuses; family allowances; the market value of payments in kind; and wages paid to persons absent from work. Compensation figure also includes annual bonuses.

Source: Based on data provided by U.S. Bureau of Labor Statistics, from the following: Brazil--Yearbook of Labour Statistics 1971, International Labour Office, Geneva; Italy--Social Statistics (various issues), Statistical Office of the European Communities, Luxembourg and Brussels; Japan--Year Book of Labor Statistics (various issues), Ministry of Labor, Tokyo; Spain--Monthly Bulletin of Statistics (various issues), National Institute of Statistics, Madrid; and Taiwan--Report of Taiwan Labor Statistics 1971, Department of Reconstruction, Provincial Government of Taiwan.

Note.--The exchange rate used to convert other currencies into U.S. dollars for 1971 is the rate that became effective in December 1971. Part of the large increase in wages for Italy and Japan in 1971 is attributable to use of the 1971 rate, which more accurately reflects trading conditions in 1971.

A-12 through A-14

Data Relating to Wolverine World Wide, Inc.

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A-15 through A-21

Data Relating to Bates Shoe Division

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APPENDIX A

Table 1.--U.S. rates of duty applicable to leather footwear of the types provided for in specified TSUS items, 1930 and GATT concessions to Jan. 1, 1972

TSUS item No.	Abbreviated description	1930 rate	GATT concessions	
			Rate	Effective dates
		Percent ad val.	Cents per pair or Percent ad val.	
	Leather footwear:			
	Welt, valued per pair--			
700.26 <u>1/</u>	Over \$2 but not over \$5-----	20%	40¢	Jan. 1, 1948-June 29, 1956.
			38¢	June 30, 1956-June 29, 1957.
			36¢	June 30, 1957-June 29, 1958.
			34¢	June 30, 1958-Dec. 31, 1967.
			30¢	Jan. 1-Dec. 31, 1968.
			27¢	Jan. 1-Dec. 31, 1969.
			23¢	Jan. 1-Dec. 31, 1970.
			20¢	Jan. 1-Dec. 31, 1971.
			17¢	Jan. 1, 1972.
700.27 <u>1/</u>	Over \$5 but not over \$6.80.	20%	40¢	Jan. 1, 1948-June 29, 1956.
			38¢	June 30, 1956-June 29, 1957.
			36¢	June 30, 1957-June 29, 1958.
			34¢	June 30, 1958-Dec. 31, 1967.
			6% but not more than	
			34¢	Jan. 1, 1968-Dec. 31, 1969.
			5.5 but not more than	
			34¢	Jan. 1-Dec. 31, 1970.
			5%	Jan. 1, 1971.
700.29 <u>1/</u>	Over \$6.80 (except ski boots).	20%	40¢ but not less than	
			5%	Jan. 1, 1948-June 29, 1956.
			38¢ but not less than	
			5%	June 30, 1956-June 29, 1957.
			36¢ but not less than	
			5%	June 30, 1957-June 29, 1958.
			5%	June 30, 1958, to date.
700.35	"Other" footwear (including cement process) for men, youths, and boys.	20%	10%	June 6, 1951-Dec. 31, 1967.
			9.5%	Jan. 1-Dec. 31, 1968.
			9.0%	Jan. 1, 1969-Dec. 31, 1970.
			8.5%	Jan. 1, 1971.

1/ New item effective Jan. 1, 1968.

Note.--Pursuant to Presidential Proclamation No. 7074, effective from Aug. 16 to Dec. 20, 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.

Table 2.--Leather footwear, other than work or athletic, for men: U.S. rates of duty and imports for consumption, by specified TSUS items, 1966-72

Period	Welt, valued per pair--									
	Over \$2, not over \$6.80					Over \$6.80 (TSUS item 700.29)				
	Tariff rate	Quantity				Tariff rate	Quantity			
	TSUS item : 700.26	TSUS item : 700.27	TSUS item : 700.26	TSUS item : 700.27	TSUS item : 700.26	TSUS item : 700.27	TSUS item : 700.26	TSUS item : 700.27	Tariff rate	Quantity
	<u>1,000</u> <u>pairs</u>	<u>Cents per</u> <u>pair</u>	<u>Cents per</u> <u>pair or</u> <u>percent ad</u> <u>val.</u>	<u>Cents per</u> <u>pair</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>pairs</u>	<u>Percent</u> <u>ad val.</u>	<u>1,000</u> <u>pairs</u>
1966	2,021	1/ 34¢		1/ 1,406					5	615
1967	2,458	1/ 34¢		1/ 1,645					5	813
1968	3,207	30	2/ 6%	1,277	1,054				5	876
1969	3,824	27	2/ 6%	1,083	1,210				5	1,531
1970	3,189	23	2/ 5.5%	765	830				5	1,594
1971	3,916	20	5%	1,137	502				5	2,277
1972	3,009	17	5%	791	362				5	1,856

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1/ Effective Jan. 1, 1968, replaced by new items 700.26 and 700.27.
 2/ But not more than 34 cents a pair.

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

Table 3.--Leather footwear (made principally by the cement process) for men (item 700.35): 1/ U.S. rates of duty and imports for consumption, 1939 and 1950-72

Period	Rate of duty	Quantity <u>2/</u>	Value <u>2/</u>	Unit Value
	<u>Percent</u> <u>ad valorem</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per pair</u>
1939-----	20	148	156	\$1.05
1950-----	10	68	181	2.66
1951-----	<u>3/</u> 20	61	175	2.87
1952-----	10	86	275	3.20
1953-----	10	107	376	3.51
1954-----	10	104	362	3.48
1955-----	10	192	909	4.73
1956-----	10	859	2,536	2.95
1957-----	10	1,252	3,618	2.89
1958-----	10	4,980	7,159	1.44
1959-----	10	2,596	8,692	3.35
1960-----	10	2,678	9,036	3.37
1961-----	10	3,340	10,883	3.26
1962-----	10	5,319	17,743	3.34
1963-----	10	5,771	19,884	3.45
1964-----	10	5,873	20,538	3.50
1965-----	10	6,002	20,699	3.45
1966-----	10	7,475	26,795	3.58
1967-----	10	9,933	36,538	3.68
1968-----	9.5	15,170	56,539	3.73
1969-----	9	18,729	78,925	4.21
1970-----	9	21,801	97,558	4.47
1971-----	8.5	24,730	122,795	4.97
1972-----	8.5	27,298	167,025	6.12

1/ Includes men's leather footwear other than athletic or work of the kinds reported in TSUSA items 700.3530, 700.3540, 700.3550, and 700.3575. These consist of, in addition to cement-process shoes, shoes with injection-molded soles and those made by the stitchdown and miscellaneous processes.

2/ Data for 1964 and earlier years include a small amount of athletic and work footwear and footwear for youths and boys.

3/ The statutory rate of 20 percent ad valorem was restored Jan. 1, 1951 to June 5, 1951; effective June 6, 1951, the rate of duty was again lowered to 10 percent ad valorem pursuant to a GATT concession.

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

Table 4.--Leather footwear for men (item 700.35): 1/ U.S. imports for consumption, by type of construction, 1967-72

Year	Soled	Vul-	Cement		Total
	moc- casin	canized sole	process	Other	
Quantity (1,000 pairs)					
1967-----	235	632	6,159	2,907	9,933
1968-----	221	1,128	8,934	4,887	15,170
1969-----	340	1,352	11,769	5,268	18,729
1970-----	553	1,696	13,730	5,822	21,801
1971-----	550	1,965	15,119	7,096	24,730
1972-----	863	1,807	18,184	6,444	27,298
Value (1,000 dollars)					
1967-----	816	2,782	21,765	11,175	36,538
1968-----	1,166	3,927	32,709	18,737	56,539
1969-----	1,620	5,418	47,984	23,903	78,925
1970-----	2,653	7,024	61,318	26,563	97,558
1971-----	2,757	8,329	76,988	34,721	122,795
1972-----	4,556	9,606	112,762	40,101	167,025
Unit Value (per pair)					
1967-----	\$3.47	\$4.40	\$3.54	\$3.84	\$3.68
1968-----	5.28	3.48	3.66	3.83	3.73
1969-----	4.76	4.01	4.08	4.54	4.21
1970-----	4.80	4.14	4.47	4.56	4.47
1971-----	5.01	4.24	5.09	4.89	4.97
1972-----	5.28	5.32	6.20	6.22	6.12

1/ Includes men's leather footwear other than athletic or work reported in TSUSA items 700.3530, 700.3540, 700.3550, and 700.3575.

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

APPENDIX B

