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UNITED STATES TARIFF COMMISSION

**FOOTWEAR FOR WOMEN:
REGINA FOOTWEAR, INC.
BROOKLYN, NEW YORK**

**Report to the President
on Worker Investigation No. TEA-W-198
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 585
Washington, D. C.
June 1973**

UNITED STATES TARIFF COMMISSION

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C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Find of the Commission-----	2
Considerations supporting the Commission's finding-----	3
Dissenting view of Commissioner Leonard-----	7
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment-----	A-6
U.S. consumption, production, and imports-----	A-8
U.S. and foreign wage rates-----	A-14
Data relating to Regina Footwear, Inc.:	
* * * * * * *	
Appendix A. Statistical tables-----	A-39
Appendix B. Letters received from customers of Regina Footwear, Inc-----	* * *

Statistical Tables

1. U.S. rates of duty applicable to women's and misses' footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972-----	A-40
2. Leather footwear for women and misses made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-72-----	A-41
3. Leather footwear for women and misses made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-72-----	A-42
4. Footwear having supported-vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934, and 1964-72-----	A-43
5. Nonrubber footwear for women: U.S. imports, by selected TSUSA items, 1968-72-----	A-44

Note.--The whole of the Commission's report to the President may not be made public since it contains information that would result in the disclosure of the operations of an individual concern. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
June 12, 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 and former workers.

On May 18, 1973, the Commission received a petition filed by the United Shoe Workers of America, AFL-CIO, on behalf of the workers and former workers of Regina Footwear, Inc., Brooklyn, N.Y., for a determination of eligibility to apply for adjustment assistance under the said act. Accordingly, on May 22, 1973, the Commission instituted investigation No. TEA-W-198 1/ to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women (of the types provided for in items 700.20, 700.43, 700.45, and 700.55 of the Tariff Schedules of the United States (TSUS)) 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 the firm, or an appropriate subdivision thereof.

1/ On Apr. 17, 1973, the Commission instituted investigation No. TEA-F-52 under sec. 301(c)(1) of the TEA with respect to Regina Footwear, Inc.

Public notice of the investigation was published in the Federal Register (38 F.R. 13789) on May 25, 1973. No public hearing was requested and none was held.

In addition to information that was presented at the public hearing held in connection with investigation TEA-F-52, information was also obtained from field investigations, including interviews with officials and customers of Regina Footwear, Inc., from union officials, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds (Commissioners Leonard and Ablondi dissenting) that articles like or directly competitive with the footwear for women (of the types provided for in items 700.20, 700.43, 700.45, and 700.55 of the Tariff Schedules of the United States) produced by Regina Footwear, Inc., Brooklyn, New York, are, 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 unemployment or underemployment of a significant number or proportion of the workers of such firm, or an appropriate subdivision thereof.

1/ Commissioner Young did not participate in the decision.

Considerations Supporting the Commission's Finding

This investigation relates to a petition filed on the behalf of the workers and former workers of Regina Footwear, Inc., Brooklyn, N.Y., under section 301(a)(2) of the Trade Expansion Act of 1962 (TEA) for a determination of its eligibility to apply for adjustment assistance. Regina Footwear, which is still in operation, produces women's dress and casual footwear of cement construction that retails from about \$10 to \$15 a pair. Virtually all of the footwear produced by this firm has uppers of vinyl.

As we have stated in previous cases, the Commission, in order to make an affirmative determination under section 301(c)(2) of the TEA must find that the following four criteria are met:

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

We find that each of these requirements has been met in the instant case; therefore, we have made an affirmative determination.

Increased imports are a result in major part
of trade-agreement concessions

The footwear produced by Regina Footwear is similar in type, construction, and price to that involved in other recent investigations conducted by the Commission under the provisions of the TEA. We concluded in those investigations that, within the meaning of the statute, like or directly competitive footwear was being imported in increased quantities and that the increased imports were in major part the result of trade-agreement concessions. Our consideration in support of those determinations, which are equally applicable in the instant case, are set forth in the statements of our views in those investigations. 1/

The workers are unemployed or underemployed

Employment by Regina Footwear has declined in terms of both the number of workers employed and the average number of hours worked per week. The average number of production and related workers declined from *** in fiscal year 1968 to *** in the first 9 months of fiscal year 1973--or by *** percent. In the period January-April 1972, the

1/ Women's Dress and Casual Shoes: Duchess Footwear Corp., Salem, Mass., Report to the President on Firm Investigation No. TEA-F-39 and Worker Investigation No. TEA-W-139 . . . , TC Publication 491, June 1972; Women's Dress and Casual Shoes: Bernie Shoe Co., Haverhill, Mass., Report to the President on Firm Investigation No. TEA-F-46 and Worker Investigation No. TEA-W-162 . . . , TC Publication 532, December 1972; Footwear for Women: Wise Shoe Company, Inc., Exeter, N.H., Report to the President on Worker Investigation No. TEA-W-161 . . . , TC Publication 533, December 1972; and Women's Dress and Casual Shoes: Dover Shoe Manufacturing Co., Somersworth, N.H., Report to the President on Firm Investigation No. TEA-F-48 and Worker Investigation No. TEA-W-171 . . . , TC Publication 553, March 1973.

firm's workers worked an average of *** hours per week; in the corresponding period of 1973, they worked an average of * * * per week. We conclude that the petitioning workers are unemployed or underemployed within the meaning of the statute.

Increased imports are the major factor causing unemployment or underemployment of the workers of the firm

During the last decade women's foreign-made dress and casual shoes have entered the U.S. market in rapidly expanding quantities. Such imports increased from 67 million pairs in 1965 to 198 million pairs in 1972--or by almost 300 percent. Foreign-made shoes supplied less than a fifth of the U.S. market in 1965; they supplied almost half in 1972.

The information developed in this case indicates that prior to the influx of increased imports, sales of Regina Footwear were maintained at a profitable level and the firm employed more than 300 production workers. Subsequently, Regina experienced a decline in sales of its shoes and an accompanying decline in employment as imports captured an increasing share of its market. In an effort to remedy the growing adverse sales and profit situation it faced, management attempted a number of remedies, beginning in 1969. To reduce raw-material costs, vinyl uppers were substituted for leather, and sales efforts were concentrated on footwear at the higher end of the firm's traditional price market. Despite these efforts and other steps taken to improve the efficiency of the firm and to reduce costs, the firm was unable to improve its sales position appreciably, and employment

continued to decline. The firm's principal customers contacted reported that they were increasingly forced to turn to foreign sources for their requirements because of the price advantage offered by imported shoes. Clearly, increased imports are having a major adverse effect on the operations of the firm, and thus are the major factor causing unemployment and underemployment of the petitioning workers.

Conclusion

In light of the above facts, we conclude that increased imports resulting in major part from trade-agreement concessions are the major factor causing the unemployment or underemployment of the workers of Regina Footwear, Inc., and therefore we have made an affirmative determination.

Dissenting Views of Commissioner Leonard 1/

My determination in the instant case is negative because the increase in imports of any footwear like or directly competitive with that produced by Regina Footwear, Inc., Brooklyn, N.Y., 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. 2/

1/ Commissioner Ablondi concurs in the result.

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

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles under Investigation

Regina Footwear, Inc., of Brooklyn, N.Y., which is still in operation, manufactures women's dress and casual footwear, mostly with uppers of vinyl, constructed by the cement process that retail from \$7 to \$15 a pair; in recent years the bulk of the shoes were sold at retail prices ranging from \$10 to \$15 a pair.

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

In terms of U.S. retail sales, so-called dress shoes (a term not defined in the TSUSA) are more important than any other type of footwear for women and misses. The term "dress shoes," originally

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

limited only to shoes worn on formal occasions, is now used to describe footwear of the types generally worn for street wear and for business and social activities. Depending upon fashion designs, dress shoes may be open- or closed-heel shoes with straps, laces, or tongues over the instep and may include high-heeled sandals with open toes, open heels, and uppers of narrow strips of leather or other materials. Women's shoes intended for formal wear and regarded as dress shoes are sometimes referred to as evening shoes, slippers, or sandals. The term "dress shoes" does not include footwear especially made for athletic, occupational, and leisure activities.

The materials used for the uppers of dress shoes are usually finer (i.e., less sturdy) than those of other types of footwear. Uppers may be of calf, kid, or reptile leathers; of silk, rayon, linen, satin, brocade, velvet, or metallic fabrics; or of supported vinyls or other plastics.

Women's footwear for casual wear, not considered dress shoes, includes certain sandals, wedge-heeled shoes, flats, clogs, loafers, desert boots, moccasins, and sneakers. Casual shoes usually have a lower heel than dress shoes and are constructed to withstand harder wear.

The range of styles and quality of footwear increased greatly during the 1960's as a result of new materials, technological developments in production, and new fashions in wearing apparel; and this trend has continued into the 1970's.

Simultaneously, consumer interest in a wider variety of footwear also increased, reflecting the changing age structure of the population, increasing per capita income, and a growth in time for leisure activities. Following these developments, the distinction between dress and casual shoes and attire diminished. Women's footwear styles began to fluctuate greatly as a result of frequent changes in women's fashions.

For many years the principal type of dress shoe worn by women in the United States was the classic pump--a closed-toe, closed-back, slip-on shoe without fasteners, with lightweight soles, and with heels of 2 inches or higher. With the advent of new fashions in wearing apparel the pump declined in popularity in the late 1960's. In 1967 the chunky style (monster) shoe appeared on the fashion scene and continued to be very popular until 1968; the chunky style marked the beginning of a style revolution in women's footwear. In 1969 clogs (an open-back scuff usually with a platform sole) became a popular fashion item, and they remain in vogue in 1973.

In the late 1960's boots became fashionable, along with the miniskirt and other new dress fashions, and continued to be popular throughout 1970 and 1971. However, with the switch by women to other types of wearing apparel, such as pants suits, which did not complement boot designs, the market for boots diminished in 1972.

The 1970's also began a period in which footwear designs took a new direction owing to the changes in the length of women's dress and the increasing popularity of pants suits and flared trousers for women.

Double soles and wafer to 1-inch or higher platforms and heels became the main interest in shoe designs. New soling includes plantation crepe, leather combinations, inside or concealed platforms, and wedges. Bottom assemblies may be colored, painted, or sculptured. Materials used in uppers range from leather of all types to the newest manmade materials.

For several decades the principal method of attaching the outsoles to women's shoes has been the cement process (the method used by Regina Footwear, Inc.), whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. It is estimated that 80 percent of the total U.S. output of women's shoes in recent years (and probably an even higher percentage of the domestic output of dress shoes) has been made by the cement process. This process permits narrow edges on the outsole to give a trim appearance and produces a lighter and more flexible shoe than other processes except the turn (or turned) process. In the turn process, which is currently used in very minor degree in the United States to produce dress shoes, 1/ the footwear is initially lasted inside out and then turned right side out for the finishing operations.

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

The great bulk of women's imported dress and casual shoes are entered under TSUS items 700.20, 700.43, 700.45, and 700.55. As explained briefly in the following paragraphs, the footwear classifiable under these four TSUS items varies with respect to materials, method of construction, price line, and/or style.

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

Women's imported footwear with supported-vinyl uppers, dutiable under TSUS item 700.55, has in recent years consisted predominantly of two groups: (1) Street shoes of sturdy construction, produced in a single width for each particular length and for sale mostly at \$3 to

\$6 a pair at self-service counters in variety stores, discount stores, and department-store basements and (2) folding slippers and sandals, usually selling at retail for less than \$2 a pair. It is believed that before 1970 only a negligible portion of the annual imports of women's dress shoes and boots admitted under item 700.55 retailed at more than \$10 a pair. It is estimated that, in the years 1971-72, annual imports of such footwear retailing at more than \$10 a pair (mostly just over that price) accounted for less than 10 percent of the total imports.

U.S. Tariff Treatment

In the Tariff Act of 1930, women's leather footwear of cement-process construction was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. Such footwear is provided for in the TSUS, which became effective on August 31, 1963, under items 700.43 and 700.45. The rate of duty was reduced for the first time effective January 1, 1968, pursuant to concessions granted during the Kennedy Round of negotiations. The current rate for item 700.43 is 15 percent, and that for item 700.45 is 10 percent.

Prior to the Kennedy Round, the rate of duty on turn or turned shoes (now provided under TSUS item 700.20) was first reduced on January 1, 1932, from 20 percent ad valorem to 10 percent, pursuant to section 336 of the Tariff Act of 1930. The 10-percent rate, which was bound against increase in a concession granted to Switzerland, effective February 15, 1936, was reduced to 5 percent pursuant to a

concession, effective May 30, 1950, granted under the General Agreement on Tariffs and Trade (GATT). The current rate for item 700.20 is 2.5 percent.

Supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS, imports of women's supported-vinyl-upper footwear, which were dutiable under various provisions of the Tariff Act, were classified principally--

- (1) By similitude, at the rate of 20 percent ad valorem applicable to leather footwear provided for in paragraph 1530(e). 1/
- (2) Under paragraph 1537(b) as articles in chief value of rubber, at the trade-agreement rate of 12.5 percent ad valorem, where the soles were of india rubber and constituted the chief value of the footwear in question.
- (3) Under paragraph 1539(b) at the reduced rate of 21 cents per pound plus 17 percent ad valorem where the footwear was in chief value of a product having a synthetic resin as the chief binding agent.

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. 2/ The current rate on footwear with supported-vinyl uppers is 6 percent ad valorem.

1/ The principal kinds of footwear with supported-vinyl uppers now being imported (i.e., those with soles of vinyl or other plastics) would have been dutiable by virtue of the similitude provisions under par. 1530(e) at a rate of 20 percent ad valorem.

2/ The column 2 rate of duty for item 700.55 is 35 percent.

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under items 700.20, 700.43, 700.45, and 700.55. Tables 2 through 4 show U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. Consumption, Production, and Imports

During the period 1965-72, apparent annual U.S. consumption of all women's shoes (including dress and casual) rose from an estimated 386 million pairs in 1965 to a peak of 455 million pairs in 1969, and then declined to 421 million pairs in 1972. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to 223 million pairs in 1972. Annual imports almost tripled during this period, and their share of the market increased without interruption from 17 percent to 47 percent as shown in the following tabulation.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-72

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
1965-----	319	67	386	17
1966-----	323	70	393	18
1967-----	290	96	386	25
1968-----	322	133	455	29
1969-----	271	139	410	34
1970-----	260	165	425	39
1971-----	237	180	417	43
1972-----	223	198	421	47

1/ Production represents the output of women's and misses' footwear as reported by the U.S. Bureau of the Census, plus shipments to the U.S. mainland from Puerto Rico.

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

3/ Computed from U.S. production plus imports without an allowance for exports, which in 1972 amounted to about 1 million pairs.

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

U.S. imports of women's footwear entered under TSUS items 700.20, 700.43, 700.45, and 700.55 in the aggregate accounted for 90 percent of the imports of nonrubber footwear in 1972. A negligible part of imports were entered under item 700.20, about 15 percent under item 700.43, 30 percent under item 700.45, and 45 percent under item 700.55. As shown in table 5, about 22 million pairs of imported footwear of leather, with an average dutiable value of about \$1.70 a pair, were entered under TSUSA items 700.4310 and 700.4340 in 1972; about 51 million pairs of imported footwear of leather, with an average dutiable value of \$5.12 a pair, were entered under item 700.4540; and nearly 90 million pairs of imported footwear of vinyl, with an average dutiable value of \$1.22 a pair, were entered under item 700.5545. Although precise data are not available, it is believed that the major part of the imported footwear of leather with an average dutiable value of \$1.70 a pair and the imported footwear of vinyl consist of casual shoes; with respect to the imported footwear of leather having an average dutiable value of \$5.12 a pair, it is believed that a sizeable share of these imports consist of dress shoes. Italy and Spain have been the principal suppliers of women's leather footwear; the Republic of China (Taiwan) and Japan, the principal suppliers of women's vinyl footwear.

Data on U.S. consumption of women's dress shoes are not reported in official statistics. It is estimated, however, that during 1965-72 apparent annual U.S. consumption (production plus imports) of such footwear followed an irregular trend, rising from about 204 million pairs in 1965 to about 231 million in 1968 but declining to 200 million in 1972.

Estimated domestic production of women's dress shoes during this period reached a peak of about 210 million pairs in 1968 and then declined to 150 million pairs in 1972. Estimated imports rose from 4 million pairs in 1965 to 50 million pairs in 1972. The share of apparent annual U.S. consumption of women's dress shoes supplied by imports increased from 2 percent in 1965 to 25 percent in 1972, as shown in the following table.

Dress shoes for women: U.S. production, imports for
consumption, and apparent consumption, 1965-72

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1965-----	200	4	204	2
1966-----	206	7	213	3
1967-----	188	11	199	6
1968-----	210	21	231	9
1969-----	177	28	205	14
1970-----	165	36	201	18
1971-----	156	43	199	22
1972-----	150	50	200	25

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

2/ Data represent estimated imports of dress shoes entered under TSUS items 700.20, 700.43, 700.45, and 700.55.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1972 amounted for less than 1 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 women's casual shoes also are not reported separately in official statistics. Estimates of these data are shown in the following table. The table indicates that during the last 7-year period apparent consumption fluctuated from 180 million pairs in 1966 to 224 million pairs in 1968 and 1970. The import share of domestic consumption almost doubled over the period, expanding from 35 percent in 1965 to 67 percent in 1972.

Women's casual footwear: Estimated production, imports for consumption, and apparent consumption, 1965-72

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
1965-----	119	63	182	35
1966-----	117	63	180	35
1967-----	102	85	187	45
1968-----	112	112	224	50
1969-----	94	111	205	54
1970-----	95	129	224	58
1971-----	81	137	218	63
1972-----	73	148	221	67

1/ Casual shoes are believed to account for about 1/3 of the total annual output of nonrubber footwear for women and misses.

2/ Data represent estimated imports of casual shoes entered under TSUS items 700.20, 700.43, 700.45, and 700.55.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1972 amounted to less than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission from 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, 1970, and 1971. It should be noted, however, that there are several difficulties involved in comparing these data. 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	.92	.41	.88	1.03
Spain-----	Shoes, leather, and clothing--	.23	.38	.46	5/	8/ .57	8/ .68
Taiwan-----	Leather and leather products 7/-----	.12	.18	5/	9/ .14	9/ .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 rates used to convert other currencies into U.S. dollars for 1971 are the average rate of exchange during 1971. Part of the increases in wages for Italy and Japan in 1971 is attributable to the change in the rates in 1971.

A-16 through A-38

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Appendix A: Statistical Tables

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

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

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

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

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

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

^{5/} The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, under authority of the Tariff Classification Act of 1962 (Public Law 87-456) to replace the wide range of rates previously applicable to the various types of footwear provided for in this TSUS item.

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 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 for women and misses made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-72

Year	Rate of duty	Quantity
	<u>Percent</u>	
	<u>ad valorem</u>	<u>1,000 pairs</u>
1939-----	<u>1/</u> 10	5
1946-----	10	4
1955-----	<u>2/</u> 5	10
1956-----	5	97
1957-----	5	209
1958-----	5	434
1959-----	5	402
1960-----	5	664
1961-----	5	882
1962-----	5	1,067
1963-----	5	916
1964-----	5	864
1965-----	5	1,053
1966-----	5	1,106
1967-----	5	1,361
1968-----	4	1,905
1969-----	4	2,459
1970-----	3	2,398
1971-----	3	1,604
1972-----	2.5	1,589

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

2/ GATT concession, effective May 30, 1950.

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

Table 3.--Leather footwear for women and misses made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-72 1/

Year	Rate of duty		Quantity	
	700.43	700.45	700.43	700.45
	<u>Percent</u> <u>ad valorem</u>	<u>Percent</u> <u>ad valorem</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>
1939-----	20		2	
1946-----	20		1	
1955-----	20		1	
1956-----	20		1	
1957-----	20		2	
1958-----	20		9	
1959-----	20		5	
1960-----	20		7	
1961-----	20		9	
1962-----	20		12	
1963-----	20		17	
1964-----	20		19	
1965-----	20		21	
1966-----	20		28	
1967-----	20		38	
1968-----	19	18	34	20
1969-----	18	16	29	27
1970-----	17	14	37	35
1971-----	16	12	33	44
1972 <u>2/</u> -----	15	10	25	61

1/ Statutory rate under par. 1530(e) for 1939 and 1946 through Aug. 30, 1963, and under TSUS item 700.40 for Aug. 31, 1963, through 1967. Effective Jan. 1, 1968, new items 700.41 (sandals of buffalo leather), 700.43, and 700.45 replaced item 700.40.

2/ U.S. imports of sandals under item 700.41 amounted to 2 million pairs in 1972.

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

Table 4.--Footwear having supported-vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934, and 1964-72

Year	Rate of duty	Quantity	Value	Unit value
	Percent ad valorem	1,000 pairs	1,000 dollars	Per pair
1934-----	1/	2/	2/	2/
1964-----	<u>3/</u> 12.5	27,574	12,429	\$0.45
1965-----	12.5	29,579	13,564	.46
1966-----	12.5	33,239	17,024	.51
1967-----	12.5	49,767	27,704	.56
1968-----	11	68,579	46,603	.68
1969-----	10	70,777	55,820	.79
1970-----	8.5	77,288	73,757	.95
1971-----	7	86,942	104,196	1.20
1972-----	6	89,776	104,907	1.22

1/ During the period before the TSUS became effective, footwear with supported-vinyl uppers (with soles other than india rubber) was generally dutiable by virtue of the similitude provisions of par. 1559 of the Tariff Act of 1930, at a rate provided for similar leather footwear in par. 1530(e), principally 20 percent ad valorem. The column 2 rate for item 700.55 is 35 percent.

2/ Not available.

3/ Rate established in the TSUS, effective Aug. 31, 1963.

Source: Compiled from official statistics of the U.S. Department of Commerce (data for 1964-65 are partially estimated).

Note.--Data are not available on U.S. imports of footwear with supported-vinyl uppers for the years prior to 1964. Such imports were probably negligible in the mid-1950's.

Table 5.--Nonrubber footwear for women: U.S. imports, by selected TSUSA items, 1968-72

TSUSA item No.	Description	1968	1969	1970	1971	1972
		Quantity (1,000 pairs)				
	Footwear of leather:					
	Valued not over \$2.50 per pair:					
	Casual footwear:					
700.4310	For women-----	19,024	12,015	11,905	8,298	4,189
	Cement footwear:					
700.4340	For women-----	11,891	13,532	21,159	20,008	17,685
	Valued over \$2.50 per pair:					
	Casual footwear:					
700.4510	For women-----	1,428	1,922	2,489	3,554	6,348
	Cement footwear:					
700.4540	For women-----	16,884	22,734	28,471	37,563	51,250
	Supported vinyl uppers:					
700.5545	For women and misses-----	68,579	70,777	77,288	86,942	89,776
	Total-----	117,806	120,980	141,312	156,365	169,248
		Value (1,000 dollars)				
	Footwear of leather:					
	Valued not over \$2.50 per pair:					
	Casual footwear:					
700.4310	For women-----	27,539	17,749	18,238	13,256	7,084
	Cement footwear:					
700.4340	For women-----	19,265	22,144	35,614	34,437	30,153
	Valued over \$2.50 per pair:					
	Casual footwear:					
700.4510	For women-----	5,293	7,899	10,007	13,711	24,701
	Cement footwear:					
700.4540	For women-----	76,236	112,866	146,161	193,846	262,403
	Supported vinyl uppers:					
700.5545	For women and misses-----	46,603	55,820	73,757	104,196	109,907
	Total-----	174,936	216,478	283,778	359,446	434,248
		Unit value				
	Footwear of leather:					
	Valued not over \$2.50 per pair:					
	Casual footwear:					
700.4310	For women-----	\$1.44	\$1.48	\$1.53	\$1.60	\$1.69
	Cement footwear:					
700.4340	For women-----	1.62	1.64	1.68	1.72	1.70
	Valued over \$2.50 per pair:					
	Casual footwear:					
700.4510	For women-----	3.70	4.11	4.02	3.86	3.89
	Cement footwear:					
700.4540	For women-----	4.51	4.96	5.13	5.16	5.12
	Supported vinyl uppers:					
700.5545	For women and misses-----	.67	.79	.95	1.20	1.22
	Average-----	1.48	1.79	2.01	2.30	2.57

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

Appendix B: Letters received from customers
of Regina Footwear, Inc.

A-46 through A-49

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