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**UNITED STATES TARIFF COMMISSION**

**WOMEN'S DRESS SHOES:  
ERVING SHOE CO., INC.,  
LOWELL, MASS.**

**Report to the President on  
Worker Investigation No. TEA-W-200  
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 590  
Washington, D. C.  
July 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 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,  
July 13, 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 April 26, 1973, the Commission received a petition filed on behalf of former workers of the Erving Shoe Co., Inc., Lowell, Mass., for a determination of eligibility to apply for adjustment assistance under the said act. On May 15, 1973, an amended petition was filed and the Commission instituted an investigation (No. TEA-W-200) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with women's footwear (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.

Public notice of the investigation was published in the Federal Register (38 F.R. 14131) on May 29, 1973. No public hearing was requested and none was held.

The information in this report was obtained by "field investigation," which included interviews with officials of Erving Shoe Co., Inc., officials of the Massachusetts Division of Employment Security, and representatives of the workers. Former customers of that firm were reached by telephone and additional information was obtained from the Commission's files.

#### Finding of the Commission

On the basis of its investigation, the Commission finds unani-  
mously 1/ that 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) produced by  
Erving Shoe Co., Inc., Lowell, Mass., 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.

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1/ Commissioners Leonard and Young did not participate in the  
decision for reasons set forth in their statement.

Considerations Supporting the Commission's Finding 1/

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 have 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 women's dress shoes produced at Erving Shoe Co., 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.

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1/ Commissioner Ablondi concurs in the result.

The Erving Shoe Company began operations in September 1970 when two former employees of the Simon Shoe Company, which had gone into bankruptcy in July 1970, purchased the assets of that firm. Erving Shoe Company was located in the same building formerly occupied by Simon Shoe Company and produced the same line of footwear--known in the trade as women's novelty or dress shoes.

When Erving Shoe began operations in 1970, the third-stage of the five-stage duty reduction resulting from the Kennedy Round of trade negotiations was already in effect, and imports of the type of footwear produced by the firm had gained a significant share of the U.S. market--increasing from an estimated 2 percent of the market in 1965, to about 18 percent in 1970. U.S. production of women's dress shoes peaked at an estimated 210 million pairs in 1968 and declined to 165 million pairs in 1970. The two principals of Erving Shoe, having worked for Simon Shoe which had made the same type of footwear and had earlier gone into bankruptcy, were obviously aware of the increased competition from imports, which was a matter of fact by 1970. Despite the level of imports, sales of footwear by Erving Shoe, although never achieving the level attained by its predecessor, were larger in 1972 than in 1971 and, except for the final three months of the firm's operation, were larger each month than in the corresponding month in the preceding year. Had increased imports been the major factor affecting the firm's operations, such an increase in sales would not have occurred. A far more important problem than imports was a shortage of working capital. In order to obtain additional funds, the company took to



factoring its accounts receivable, adding further to its operating costs. Toward the end of 1972, unable to generate additional funds to increase its volume of production, it became necessary to close the plant, causing the unemployment of the workers. Imports no doubt had some influence on the cessation of operations by Erving Shoe Company, but they were not the major factor as required for an affirmative determination under the Trade Expansion Act. Accordingly, we have made a negative determination.

## Statement of Commissioners Leonard and Young

We are not participating in the instant determination, because we believe the report of the Tariff Commission of such determination is being made more than 60 days after the date on which the petition was filed and thus is in violation of the Trade Expansion Act of 1962.

The Trade Expansion Act of 1962 <sup>1/</sup> provides that, when a petition for a determination of eligibility to apply for adjustment assistance is filed with the Tariff Commission by a group of workers or their union or other duly authorized representative, the Commission shall

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1/ The relevant provisions of the Trade Expansion Act of 1962, 76 Stat. 872, are as follows:

Sec. 301(a)(2) A petition for a determination of eligibility to apply for adjustment assistance under chapter 2 may be filed with the Tariff Commission by a firm or its representative, and a petition for a determination of eligibility to apply for adjustment assistance under chapter 3 may be filed with the Tariff Commission by a group of workers or by their certified or recognized union or other duly authorized representative.

Sec. 301(c)(2) In the case of a petition by a group of workers for a determination of eligibility to apply for adjustment assistance under chapter 3, the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is 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 subdivision.

Sec. 301(f)(3) The report of the Tariff Commission of its determination under subsection (c)(1) or (c)(2) with respect to any firm or group of workers shall be made at the earliest practicable time, but not later than 60 days after the date on which the petition is filed.

The report required by Sec. 301(f)(3) in a worker investigation is sent to the Secretary of Labor under Executive Order No. 11,075.

promptly make an investigation in order to report its determination to the President and such report shall be made at the earliest practicable time, but not later than 60 days after the date on which the petition is filed.

In the instant investigation, a petition was received by the Commission on April 26, 1973, from Stanley and Florence Athenais, Nicholas and Esther Pappas, and Angelo Diamantopoulos, on behalf of all salaried and hourly employees of Erving Shoe Co. According to a staff memorandum to the Commission of May 17, 1973, the staff view was that the petition was improperly filed on April 26, because "it failed to name a company official whom the Commission could contact for further information." The revised rules of the Commission pertaining to adjustment assistance petitions of workers <sup>1/</sup> which were "designed to simplify" the petitioning process for workers by

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<sup>1/</sup> The explanatory statement and the revision of pt. 206, subpt. D, of the Rules of Practice and Procedure of the United States Tariff Commission, as published in the Federal Register of Dec. 9, 1972, read in part as follows:

The new rules of the Tariff Commission set out below are designed to simplify the process of petitioning for a determination of eligibility to receive adjustment assistance for a group of workers pursuant to the adjustment assistance provisions of the Trade Expansion Act of 1962. Specifically, under the new rules, the factual information required for an acceptable worker petition is limited to that information which is likely to be more readily available to the workers or their representatives. Under the former rules, most of the required information for a petition related to the business

limiting the information required in the petition to "that which is likely to be more readily available to the workers" call for a petition to contain information as provided for in Tariff Commission Form 301-W. The last instruction on that Form 301-W is to "Give the name, address, and telephone number of the official of the firm who should be contacted by the Tariff Commission to obtain information." In the instant case, that instruction on Form 301-W filed as a workers' petition was followed by: "Edward Shain, President of Erving Shoe Co./ 83 Bonad Road/ West Newton, Mass. 02165/ #617-332-3917."

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operations of the workers' firm which information was not available to the workers. The new rules have the advantage of reducing the contents of a petition to permit worker groups to comply with requirements utilizing information currently available to them.

Subpart D--Investigations Upon Petition for Determination of Eligibility of Workers To Apply for Adjustment Assistance

Sec. 206.18--Contents of petition. A petition under this Subpart D shall contain information as provided for in Tariff Commission Form 301-W (copies of Form 301-W may be obtained by prospective petitioners from the Secretary of the Tariff Commission). The petition shall contain concrete information in support of petitioners' claim that, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by the petitioners' firm, or an appropriate subdivision thereof, is 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 workers of such firm or subdivision.

Sec. 206.19--Acceptance of petition. A petition under this Subpart D shall be considered properly filed upon receipt thereof by the Commission as hereinafter provided. Upon receipt of a petition containing information as provided for in Form 301-W, the Commission will institute a full investigation.

It is our position that the above listing of "the name, address, and telephone number of the official of the firm who should be contacted by the Tariff Commission to obtain information" complied precisely with the instruction on Form 301-W. Since there is no disagreement that the petition received April 26 was complete in all other respects, we consider it to have been a properly filed petition as of that date, and the report of the Commission of its determination in an investigation begun by that petition should have been made no later than 60 days therefrom, or by June 25, 1973.

In its memorandum of May 17 the staff concluded that the petition was improperly filed on April 26 in failing to name a company official whom the Commission could contact for further information on the basis that the official named in the petition "no longer resides at the given address but now resides in Spain where he has undertaken new fulltime employment." The staff had learned the name of a second company official, but, instead of recommending immediate institution of an investigation, had advised the workers in a letter dated May 2 that their petition was deficient, gave them the name, address, and telephone number of the second company official, and suggested that they, the workers, regurgitate that information

back to the Commission, which would then be considered an amendment to the original petition, would cure the deficiencies of the petition, and would permit the institution of an investigation to run 60 days from the receipt of the amendment. The amendment was received May 15 and that is the date the staff and our Commission colleagues considered the beginning of the 60-day period.

Commissioner Young on May 21 requested that the staff "report to the Commission on the progress of the investigation by June 15, giving the Commission [an] evaluation of the prospects of completing it to the satisfaction of the Commissioners so that the report could go to the President within the 60-day time limit." On June 14, the staff said it could probably have a staff report to the Commission by June 29. In fact, the staff report came to the Commission July 3. Thus, we did not have any information other than that in the petition on which to report our determination by June 25, 60 days from the date on which we believe a properly filed petition was received. And that is why, unlike in some other cases in which reports by Commissioners were filed with the Secretary of the Commission to meet what they considered to be 60-day deadlines, <sup>1/</sup> we were unable in this case to make a determination and file a report with the Secretary. When our colleagues met

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<sup>1/</sup> Barbers' Chairs and Parts Thereof . . . , Inv. No. TEA-F-9 . . . , TC Publication 320, 1970, Views of Commissioners Clubb and Moore, pp. 9-13; Women's Dress Shoes . . . , Inv. No. TEA-W-170 . . . , TC Publication 554, 1973, Views of Commissioner Leonard, p. 6; and Footwear for Women and Protective Footwear for Men, Women, Boys, and Infants and Parts of Such Footwear . . . , Inv. No. TEA-W-193 . . . , TC Publication 592, 1973, Statement of Non-Participating Commissioners, pp. 15-18.

on July 9 to make their determination, we could not participate because we believe to make a determination and file a report on same after 60 days from the date on which a properly filed petition is received is to fly in the face of the clear and direct language of Section 301(f)(3) of the statute.





## INFORMATION OBTAINED IN THE INVESTIGATION

## Description of Articles Under Investigation

The output of Erving Shoe Co., Inc., Lowell, Mass., which ceased production in December 1972 after 28 months of operation, consisted of women's dress shoes made by the cement process. The bulk of the shoes retailed for about \$20 a pair. Prior to July 1972 the uppers of the footwear produced by this company were made of leather. During the last 6 months that the plant was in operation, about 20 percent of the output was made with uppers of leather, and the remainder, with uppers of vinyl.

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 soles. 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

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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 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.

The term "dress shoes" does not include footwear especially made for athletic, occupational, and leisure activities. 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; 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 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 dresses 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 Erving Shoe Co., 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.

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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.

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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 appendix A 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, estimated apparent annual U.S. consumption of all women's shoes (including dress and casual) rose from 386 million pairs in 1965 to a peak of 455 million pairs in 1968, 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 table.



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 consump- tion <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, in 1972 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, 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 sizable 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, then 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 consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
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/ Estimates by the U.S. Tariff Commission, based on the assumption that dress shoes, as defined in the trade, account for about 2/3 of the total annual output of nonrubber footwear for women and misses.

The term "dress shoes" does not include footwear especially made for athletic, occupational, and leisure activities. Women's footwear not considered dress shoes includes certain sandals, wedge-heeled shoes, flats, clogs, loafers, desert boots, moccasins, and sneakers.

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

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

Source: Estimates 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, 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

Country	Industry	Published average hourly earnings <sup>1/</sup>			Estimated compensation per hour worked <sup>2/</sup>		
		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 U.S. 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 plastics 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 plastics shoe industry are home workers.

8/ The compensation factor included in this figure is employer social security payments, which range from 49 to 50 percent of payroll.

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

Source: Based on data provided by the U.S. Bureau of Labor Statistics, from the following: Brazil--Yearbook of Labor 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 Construction, Provincial Government of Taiwan.

Note.--The exchange rates used to convert other currencies into U.S. dollars for 1971 are the average rates of exchange during 1971. Part of the increases in wages for Italy and Japan in 1971 are attributable to the change in the rates in 1971.

A-15 through A-23

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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 <sup>1/</sup>	GATT concession <sup>2/</sup>		
			Rate	Effective date	
		Percent ad val.	Percent ad val.		
700.20	Leather footwear: Turn or turned-----	10 <sup>3/</sup>	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.	
700.43	"Other" (including cement process): 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 <sup>4/</sup>	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.	

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

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

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

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

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

Note.--Pursuant to Presidential Proclamation No. 4074, effective 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
	Percent ad valorem	1,000 pairs
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	
	Item	Item	Item	Item
	700.43	700.45	700.43	700.45
	Percent	Percent	Million	Million
	ad valorem	ad valorem	pairs	pairs
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-----	<u>1/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
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 and 1965 are partly 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

LETTER FROM IRVING SISSON, PRESIDENT,  
ERVING SHOE CO., INC.



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