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UNITED STATES TARIFF COMMISSION

FOOTWEAR FOR WOMEN AND MISSES:
CRITERION FOOTWEAR, INC.
BROOKLYN, N. Y.

Report to the President
on Worker Investigation No. TEA-W-207
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

Address all communications to
United States Tariff Commission
Washington, D. C. 20436

C O N T E N T S

| | <u>Page</u> |
|--|-------------|
| Report to the President----- | 1 |
| Finding of the Commission----- | 2 |
| Views of Chairman Bedell, Vice Chairman Parker, and Commissioner Moore----- | 3 |
| Views of Commissioner Leonard----- | 6 |
| Information obtained in the investigation: | |
| Description of articles under investigation----- | A-1 |
| U.S. tariff treatment----- | A-4 |
| Applicable TSUS items----- | A-4 |
| Rates of duty----- | A-7 |
| U.S. consumption, production, and imports----- | A-10 |
| Slippers----- | A-10 |
| Casual footwear----- | A-12 |
| Canvas footwear (sneakers)----- | A-13 |
| U.S. and foreign wage rates----- | A-15 |
| Data relating to Criterion Footwear, Inc.: | |

* * * * * * *

| | |
|---|------|
| Appendix A: Statistical tables----- | A-25 |
| Appendix B: Newspaper article relating to Criterion Footwear, Inc----- | A-30 |

Appendix Tables

| | |
|--|------|
| 1. U.S. rates of duty applicable to women's and misses' foot- wear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972----- | A-26 |
| 2. Leather footwear for women and misses, made principally by the cement process (item 700.43 and 700.45): U.S. rates of duty and imports for consumption, specified years 1939 to 1972, January-June 1972, and January-June 1973----- | A-27 |
| 3. Footwear having supported-vinyl uppers for women and misses (item 700.5545): U.S. rates of duty and imports for con- sumption, 1934, 1964-72, January-June 1972, and January- June 1973----- | A-28 |

CONTENTS

| | <u>Page</u> |
|---|-------------|
| 4. Women's and misses' footwear having uppers made principally of fabric and soles made principally of rubber or plastics (item 700.60): U.S. rates of duty and imports for consumption, 1965-72----- | A-29 |

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,
October 26, 1973.

To the President:

In accordance with section 301(f)(1) and (3) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of the act in response to a petition filed on behalf of a group of workers.

On the basis of a petition filed under section 301(a)(2) of the Trade Expansion Act of 1962, on behalf of the former workers of Criterion Footwear, Inc., Brooklyn, N.Y., the United States Tariff Commission, on September 4, 1973, instituted an investigation (TEA-W-207) under section 301(c)(2) of the act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women and misses (of the types provided for in items 700.43, 700.45, 700.55, and 700.60 of the Tariff Schedules of the United States) 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 such firm. On October 19, 1973, the Commission amended the scope of the investigation, pursuant to its authority under section 403(a) of the Act, to include articles like or directly competitive with footwear for women and misses (of the types provided for in items 700.32 and 700.70 of the Tariff Schedules of the United States) produced by the firm.

Public notice of the investigation was published in the Federal Register (38 F.R. 24689) on September 10, 1973. No public hearing was requested, and none was held.

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

Finding of the Commission

On the basis of its investigation, the Commission finds unanimously (Commissioner Young not participating) that articles like or directly competitive with footwear for women and misses (of types provided for in items 700.32, 700.43, 700.45, 700.55, 700.60, and 700.70 of the Tariff Schedules of the United States) produced by Criterion Footwear, Inc., Brooklyn, N.Y., 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, the unemployment or underemployment of a significant number or proportion of the workers of that firm or an appropriate subdivision thereof.

Views of Chairman Bedell, Vice Chairman Parker, and
Commissioner Moore 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 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 footwear for women and misses produced at Criterion Footwear, Inc., Brooklyn, N.Y., 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.

In recent years, about half of the output of Criterion Footwear, which ceased operations in June 1973, consisted of women's "soft-sole" slippers with uppers and soles of vinyl; a third consisted of women's wedge-heel shoes (open toe and back) with fabric uppers; and about a fifth, women's sneakers. Such footwear retailed in the range of \$2 to \$4 a pair. Although domestic production of women's and misses' inexpensive footwear has generally been on a downward trend since the mid-1960's, unit sales of women's and misses' footwear by Criterion Footwear remained relatively constant during the period 1968-72. In terms of value, sales of such footwear increased from * * * in 1969 to * * * in 1972. According to an official of the firm, it had consistently operated at a profit.

With respect to the impact of imported footwear on the firm's sales, a majority of the former customers of Criterion contacted by the Commission's staff stated that they had maintained or increased their purchases from Criterion prior to the cessation of operations by the firm. In addition, an official of Criterion Footwear reported to the Commission that imports of like or directly competitive footwear were not a factor in the plant's closure, but that two of the three stockholders, who had managed the firm since 1938, desired to retire due to ill health and advancing age. After attempts to sell the firm as a going concern failed, officials of Criterion Footwear made the decision to cease operations and liquidate the firm's assets. Thus, the evidence available shows that the closing of the plant was a management decision based on factors unrelated to import competition.

Based on the foregoing considerations, we conclude that concession-generated imports were not the major factor causing the unemployment of the workers at Criterion Footwear, Inc.

Views of Commissioner Leonard

My determination in the instant case is negative because the increase in imports of women's and misses' footwear like or directly competitive with that produced by Criterion 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 statements of my views in earlier Commission investigations under the Trade Expansion Act. 1/

1/ Commissioner Leonard's views are given in Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp.31-47, and in Protective Footwear of Rubber or Plastics and Rubber- or Plastic-soled Footwear with Fabric Uppers: Report to the President, Worker Investigation Nos. TEA-W-23, TEA-W-24, TEA-W-25, and TEA-W-26, TC Publication 330, 1970, pp. 4-7.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Criterion Footwear, Inc., Brooklyn, N.Y., which ceased production on June 20, 1973, produced women's slippers, casuals (open toe and back with a wedge heel), and canvas footwear (sneakers). Women's slippers with vinyl uppers, accounted for about half of the output; wedge-heel casuals with fabric uppers, a third; and women's sneakers, about a fifth. Most of the footwear produced by Criterion retailed from \$2 to \$3 a pair.

The women's slippers produced by Criterion were constructed by the soft sole method of construction, in which the outsole and upper are stitched together while both are inside out. Nearly half of the domestically-produced slippers for women are made by this process and most of the remainder are constructed by the cement process. The slip-lasted method of construction, the method which was used by Criterion in the production of wedge-heel casuals, lends itself to open toe and open heel patterns. In this process, the last (form on which the sole is made) is inserted or slipped into a closed upper, previously stitched to the sock-lining, heel and platform covers. The platform wedge-heel unit is cemented to the bottom of the sock lining, and the heel and platform covers are then pulled down and cemented to the bottom of the platform-wedge heel; the outsole is then attached. A small part of the total domestic output of women's shoes is made by this method of construction.

The canvas footwear formerly produced by Criterion consisted primarily of the traditional styles of "sneakers," which are worn for tennis, boating, other recreational activities, calisthenics, and ordinary street wear. Such footwear was produced by the conventional method of construction, in which the assembly of the components is largely a hand operation. The shoe upper is pulled over a last and then attached to the insole; the rubber outsole is cemented in place, and then a narrow strip of rubber is wrapped around the shoe at the sole so that it overlaps the upper. The assembled shoe is then vulcanized. This process accounts for about a third of the annual domestic output of sneakers; the injection-molded process accounts for most of the remainder.

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 " 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/

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.

Women's slippers usually consist of casual slip-on styles of footwear not held to the foot by laces or straps. They are generally intended for indoor use, but some types are sturdy enough for outdoor wear. The less expensive ones usually have low heels, or low wedge soles and heels, and vinyl uppers or uppers of fabric, such as cotton corduroy, quilted rayon satin, or terry cloth. The soles are usually of composition material, and the linings of fabric.

Footwear worn for casual or leisure wear in addition to the wedge-heel shoe produced by Criterion, includes loafers, sandals, desert boots, moccasins, and sneakers. 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. Simultaneously, consumer interest in this wide variety of footwear (as well as of clothing) also increased, reflecting the changing age structure of the population, increasing per capita income, and a greater amount of time for leisure activities.

U.S. Tariff Treatment

Applicable TSUS items

The following tabulation shows the type of footwear produced by Criterion and the applicable TSUS items.

Women's footwear produced by Criterion Footwear, Inc., and applicable TSUS items

| Type | Applicable TSUS items, if imported | Other applicable <u>1/</u> TSUS items |
|---|--|---|
| Slippers with uppers and soles of vinyl. | 700.55 | 700.32, 700.43, 700.45 700.60 <u>2/</u> |
| Wedge-heel shoes with fabric uppers. | 700.60, 700.70 | 700.43, 700.45, 700.55 |
| Sneakers----- | 700.60 | 700.43, 700.45, 700.55 |

1/ Some of the footwear imported under these item numbers may also be considered like or directly competitive with the footwear produced by Criterion Footwear, Inc.

2/ Leather slippers made by the turn process are entered under item 700.20 and certain slippers with uppers of fabric are entered under TSUS item 700.66 to 700.80. However, imports of such slippers are believed to be small.

TSUS item 700.32 (above) provides for a restrictive category of slippers with leather uppers. 1/ Annual imports of these slippers in recent years have been small. 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, a

1/ The term "slippers" (item 700.32) is defined as footwear of the slip-on type without laces, buckles, zippers, or other closures, the heel of which is of underwedge construction, and (1) having a leather upper permanently trimmed with a real or imitation fur collar or (2) having a leather upper and a split leather tread sole (including heel) held together by a blown sponge-rubber midsole created and simultaneously vulcanized thereto.

substantial part of the combined imports under these two items in recent years has consisted of women's sandals, and other casual shoes. Leather slippers are believed to account for a very small part of the total imports.

TSUS item 700.55 provides for various types of footwear of rubber or plastics, including soft sole footwear, the type of slippers produced by Criterion. Imports of women's and misses' footwear with uppers of vinyl entered under this item consist predominately of slippers, sandals, and other casual shoes that are produced one width to a length for sale at self-service counters in variety stores, so-called discount stores, and department store basements. Folding slippers, scuffs, and other inexpensive slippers account for a significant part of the total annual imports.

The footwear admitted under TSUS item 700.60 is subject to valuation for duty purposes on the basis of the American selling price (ASP) of the "like or similar" domestic footwear. If there is no "like or similar" domestic footwear, the imports admitted under TSUS item 700.60 are subject to valuation under the regular valuation provisions of the U.S. tariff schedules.

Nearly all the imports entered under TSUS item 700.60 and valued by the U.S. Customs Service on the ASP basis have consisted of footwear with uppers of fibers (canvas) and soles of rubber or plastics in the traditional styles of sneakers. Specialties of sneaker-like construction have also been included in the imported footwear valued on the ASP basis. Virtually all the imported ASP footwear has been made by the conventional or handmade process (the same process used by Criterion).

The women's and misses' imported footwear admitted under item 700.60 for which Customs has found no "like or similar" domestic product has included a large volume of slippers, sandals, and other types of inexpensive casual footwear, as well as some sneakers.

It is believed that most of the imported wedge-heel shoes with uppers of fabric, the type produced by Criterion, are admitted under item 700.70, which provides for certain footwear with uppers of fibers and soles of material other than leather.

Rates of duty

As indicated in the previous section of this report, the vinyl slippers produced by Criterion, if imported, would be dutiable under item 700.55; however, other women's casual shoes are also entered under this item number. Prior to the effective date of the TSUS, imports of such 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.

In the Tariff Act of 1930, women's leather slippers and casual footwear were 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, principally 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.

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

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

In the Tariff Act of 1930, canvas footwear was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). The President, acting on the basis of an investigation made by the Tariff Commission under section 336 of that act, increased the duty on such footwear "with soles composed wholly or in chief value of india rubber or substitutes for rubber" by changing the basis for assessing the statutory rate (35 percent ad valorem) from foreign (or export) value to the ASP (as defined in sec. 402(g) of the 1930 act) of like or similar articles produced in the United States (T.D. 46158, effective March 3, 1933). Pursuant to a concession granted by the United States in the General Agreements of Tariffs and Trade, (GATT) the rate of duty on canvas footwear was reduced to 20 percent ad valorem of the ASP, effective September 10, 1955.

In the TSUS, canvas footwear is provided for in item 700.60 at the current column 1 rate of 20 percent ad valorem. As previously indicated, imports of such footwear are valued for customs purposes at the ASP if they are like or similar to domestic articles. 1/ If they are not like or similar to domestic articles, the footwear is dutiable on the basis of the export value in the country of exportation. 2/

1/ In the Commission's report to the Special Representative for Trade Negotiations, Products Subject to Duty on the American Selling Price Basis of Valuation; . . ., investigation No.332-47, TC Publication 181, 1966, it was estimated that, on the basis of the ASP guidelines adopted in February 1966, the duties assessed on the footwear dutiable in 1965 would have averaged 60 percent of the export values.

2/ Rubber-soled fabric upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927, 84th Congress (T.D. 54521). Such footwear is therefore subject to valuation under sec. 402(a), Tariff Act of 1930, as amended. Generally speaking, in the absence of an ASP valuation, the valuation would be based on the export value.

As indicated previously, the wedge-heel shoes produced by Criterion, if imported, would be classified under item 700.70 at a current rate of duty of 7.5 percent ad valorem. In the Tariff Act of 1930 such footwear was originally dutiable at the rate of 35 percent ad valorem. Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under GATT for footwear of the types now dutiable under items 700.32, 700.43, 700.45, 700.55, 700.60, and 700.70.

U.S. Consumption, Production, and Imports

Slippers

Official data with respect to U.S. consumption of women's slippers are not available. However, estimated domestic production of women's slippers, which amounted to 73 million pairs in 1969, increased from 67 million pairs in 1970 to 75 million pairs in 1972. It is believed that most domestically produced slippers for women retail from about \$2 to \$6 a pair.

Data on U.S. imports of women's slippers are not reported separately in official statistics. As stated previously, imports of women's leather slippers entered under TSUS item 700.32 are small and it is believed that imports of women's leather slippers entered under items 700.43 and 700.45 account for a very small part of the total annual imports admitted under those two item numbers (see table 2). Annual imports of soft sole slippers (similar to the slippers produced by Criterion) entered under item 700.5523 have averaged about 1.6 million pairs in recent years. Such slippers have had an average dutiable value of about 70 cents a pair.

Precise data are not available, but it is believed that imports of women's folding slippers, scuffs, and other inexpensive slippers of plastics (primarily item 700.5545) account for a significant part of the total annual imports entered under item 700.55 (see table 3). Slippers with uppers of fabric, and not dutiable on the ASP basis of valuation,

account for a significant part of the total annual imports entered under item 700.60 (see table 4). Such footwear that entered under 700.5523, 700.5545, and 700.60 probably retails for less than \$2 a pair.

Casual footwear

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, while domestic production was on a downward trend and imports more than doubled, apparent consumption fluctuated from 180 million pairs in 1966 to 224 million pairs in both 1968 and 1970. The import share of domestic consumption increased from 35 percent in 1965 to 74 percent in the first half of 1973.

Women's casual footwear: Estimated production, imports for consumption and apparent consumption, 1965-72, January-June 1972, and January-June 1973

| Year | Production ^{1/} | Imports ^{2/} | Apparent consumption ^{3/} | 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 |
| January-June: | | | | |
| 1972----- | 37 | 82 | 119 | 69 |
| 1973----- | 34 | 96 | 130 | 74 |

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

2/ Casual shoes, in recent years, are estimated to have accounted for about three-fourths of the total annual imports of women's and misses' footwear.

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.

About 60 percent of the imports (above) consisted of women's footwear of plastics (item 700.55), and most of the remainder consisted of footwear of leather (principally items 700.43 and 700.45). The major part of the women's casual footwear imported into the United States is estimated to retail from about \$3 to \$6 a pair.

Canvas footwear (sneakers)

About a fifth of the output of Criterion consisted of women's canvas footwear. As shown in the following table, apparent annual U.S. consumption of women's and misses' canvas footwear declined irregularly from 87 million pairs in 1968 to 78 million pairs in 1972. During the period under consideration, domestic production of canvas footwear followed the same downward trend.

During 1968-72 the imports supplied from 8 percent to 11 percent of estimated annual consumption with no apparent trend.

Women's and misses' footwear with soles vulcanized to fabric uppers:
U.S. production, imports for consumption, and apparent consumption,
1968-72

| Year | Production <u>1/</u> | Imports <u>2/</u> | Apparent consump- tion <u>3/</u> | Ratio of imports to apparent consumption |
|-----------|----------------------|-------------------|--|---|
| | Million pairs | Million pairs | Million pairs | Percent |
| 1968----- | 77 | 10 | 87 | 11 |
| 1969----- | 77 | 7 | 84 | 8 |
| 1970----- | 73 | 6 | 79 | 8 |
| 1971----- | 80 | 9 | 89 | 10 |
| 1972----- | 72 | 6 | 78 | 8 |

1/ Data for 1968 and 1969 are estimated based on data reported by the Bureau of Census, SIC Code No. 3021; data for 1970-72 were reported by the Bureau as for "females."

2/ Data shown are for the ASP footwear dutiable under Tariff Schedules of the United States Annotated item 700.6015.

3/ Data represents production plus imports without an allowance for exports, which in 1972 amounted to less than 300,000 pairs.

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

It is estimated that about two-thirds of the domestic output of sneakers is currently sold at retail for about \$3 a pair or less; most imported sneakers retail in that price range.

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 ^{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 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-17 through A-24

Data Relating to Criterion Footwear, Inc.

* * * * *

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 <u>1/</u> | GATT concessions <u>2/</u> | |
| | | | Rate | Effective date |
| | | Percent ad val. | Percent ad val. | |
| 700.32 | Leather footwear: Slippers----- | 20 | 9 | Jan. 1-Dec. 31, 1968. |
| | | | 8 | Jan. 1-Dec. 31, 1969 |
| | | | 7 | Jan. 1-Dec. 31, 1970. |
| | | | 6 | Jan. 1-Dec. 31, 1971 |
| | | | 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- | 12.5 <u>4/</u> | Aug. 31, 1963-Dec. 31, 1967. |
| | | pally | 11 | Jan. 1-Dec. 31, 1968. |
| | | 20 <u>3/</u> | 10 | Jan. 1-Dec. 31, 1969. |
| | | | 8.5 | Jan. 1-Dec. 31, 1970. |
| | | | 7 | Jan. 1-Dec. 31, 1971. |
| 700.60 | Other footwear with uppers of fabric and soles of rubber or plastics. | 35 <u>5/</u> | 20 <u>5/</u> | Sept. 10, 1955. |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 700.70 | With soles of other material-- With uppers of vegetable fibers----- | 35 | 17.5 | Jan. 1, 1950-June 29, 1956. |
| | | | 16.5 | June 30, 1956-June 29, 1957. |
| | | | 15.5 | June 30, 1957-June 29, 1958. |
| | | | 15 | June 30, 1958-Dec. 31, 1967. |
| | | | 13 | Jan. 1-Dec. 31, 1968. |
| | | | 12 | Jan. 1-Dec. 31, 1969. |
| | | | 10 | Jan. 1-Dec. 31, 1970. |
| | | | 9 | Jan. 1-Dec. 31, 1971. |
| | 7.5 | 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/ 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.

4/ 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.

5/ Effective Mar. 3, 1933, the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

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 principally by the cement process (item 700.43 and 700.45): U.S. rates of duty and imports for consumption, specified years 1939 to 1972, January-June 1972, and January-June 1973

| Period | Rate of duty ^{1/} | | Imports | |
|--------------------------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| | Item 700.43 | Item 700.45 | Item 700.43 | Item 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 ^{2/} ----- | 15 : | 10 : | 25 : | 61 |
| January-June-- | : | : | : | : |
| 1972----- | 15 : | 10 : | 19 : | 32 |
| 1973----- | 15 : | 10 : | 13 : | 41 |

^{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 this year

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

Table 3.--Footwear having supported-vinyl uppers for women and misses (item 700.5545): U.S. rates of duty and imports for consumption, 1934, 1964-72, January-June 1972, and January-June 1973

| Period | Rate of duty | Imports | | |
|----------------|-----------------------|----------------|------------------|---------------|
| | | 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 |
| January-June-- | | | | |
| 1972----- | 6 | 49,382 | 53,625 | 1.09 |
| 1973----- | 6 | 54,317 | 63,856 | 1.18 |

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 col. 2 rate for item 700.55 is 35 percent.

2/ Not available.

3/ Rate established in the TSUS, effective August 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 4.--Women's and misses' footwear having uppers made principally of fabric and soles made principally of rubber or plastics (item 700.60): U.S. rates of duty and imports for consumption, 1965-72

| Year | Rate of duty | 700.6015 (ASP footwear) | | | 700.6045 (Non-ASP footwear) | | | Total | | |
|------|--------------|------------------------------|-----------------------------|-----------------------|------------------------------|-----------------------------|-----------------------|------------------------------|-----------------------------|-----------------------|
| | | Quantity : 1,000 pairs | Value : 1,000 dollars | Unit : Per pair | Quantity : 1,000 pairs | Value : 1,000 dollars | Unit : Per pair | Quantity : 1,000 pairs | Value : 1,000 dollars | Unit : Per pair |
| 1965 | 20 | 8,223 | 4,658 | \$0.57 | 8,207 | 3,227 | \$0.39 | 16,430 | 7,885 | \$0.48 |
| 1966 | 20 | 7,564 | 4,479 | .59 | 8,960 | 3,476 | .39 | 16,524 | 7,955 | .48 |
| 1967 | 20 | 11,104 | 6,729 | .61 | 10,323 | 4,131 | .40 | 21,427 | 10,860 | .51 |
| 1968 | 20 | 9,967 | 6,801 | .68 | 11,885 | 5,401 | .45 | 21,852 | 12,202 | .56 |
| 1969 | 20 | 7,473 | 5,999 | .80 | 10,992 | 5,402 | .49 | 18,465 | 11,401 | .62 |
| 1970 | 20 | 6,315 | 4,785 | .76 | 13,006 | 7,712 | .59 | 19,321 | 12,497 | .65 |
| 1971 | 20 | 9,358 | 7,688 | .82 | 14,821 | 9,328 | .63 | 24,179 | 17,016 | .70 |
| 1972 | 20 | 6,490 | 5,786 | .89 | 16,330 | 11,499 | .70 | 22,820 | 17,285 | .76 |

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

Footwear News--August 9, 1973

Criterion shuts Brooklyn factory

NEW YORK — Criterion Footwear, a slipper and casual shoe manufacturer, has ceased operations.

The firm closed its Brooklyn plant about two weeks ago, ending production of its estimated 10,000 pair a day output of volume-priced footwear. About 200 people were employed at the time of its closing.

A spokesman for the company declined to go into the reasons behind the closing other than to say that "the help situation had deteriorated" and that Criterion "had found it impossible to operate." According to an industry source, the firm was in good financial condition but two of its three partners had simply decided that it was time to retire.

