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UNITED STATES TARIFF COMMISSION

FOOTWEAR FOR WOMEN
NINA FOOTWEAR CO., INC.
LONG ISLAND CITY, N. Y.

Report to the President
on Worker Investigation No. TEA-W-210
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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UNITED STATES TARIFF COMMISSION

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

REPORT TO THE PRESIDENT

U.S. Tariff Commission
October 30, 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 August 31, 1973, the Commission received a petition filed by the United Shoe Workers of America, AFL-CIO, on behalf of former workers of the Nina Footwear Co., Inc., Long Island City, N.Y., for a determination of eligibility to apply for adjustment assistance under the said act. On September 6, 1973, the Commission instituted an investigation (TEA-W-210) 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 said firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of the firm or an appropriate subdivision thereof.

Notice of the investigation was published in the Federal Register (38 F.R. 25237) on September 12, 1973. No public hearing was requested and none was held.

The information in this report was obtained from an officer of Nina Footwear Co., Inc., union representatives of the workers, former customers of the firm, official Government statistics, and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds (Commissioner Leonard dissenting, and Commissioner Young not participating) 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 Nina Footwear Co., Inc., Long Island City, N.Y., 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.

Considerations Supporting the Commission's Finding 1/

This investigation relates to a petition filed on behalf of the former workers of Nina Footwear Co., Inc., Long Island City, New York, under section 301(a)(2) of the Trade Expansion Act of 1962 (TEA) for a determination of their eligibility to apply for adjustment assistance. Nina Footwear, which ceased production in August 1973, manufactured women's dress and casual shoes of cement construction that retailed from \$18 to \$30 a pair. In recent years, casual shoes with uppers of vinyl represented 80 percent of production; the remainder were dress shoes with uppers of leather.

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.

1/ Commissioner Ablondi concurs in the result.

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

U.S. imports of women's dress and casual footwear, including the type produced by Nina Footwear, have increased sharply in recent years, Foreign producers shipped nearly 200 million pairs of such nonrubber footwear into the United States in 1972 compared with 133 million pairs in 1968. Imports of women's dress and casual footwear supplied about a half of apparent U.S. consumption of such footwear in 1972 but only about a fourth in 1968. The growth in imports was even more pronounced for women's dress shoes. U.S. imports of women's dress shoes totaled an estimated 50 million pairs in 1972 contrasted with an estimated 21 million pairs in 1968. The share of apparent annual U.S. consumption of women's dress shoes supplied by imports was an estimated 25 percent in 1972 compared with 9 percent in 1968. This substantial growth of imports which started in 1968 coincides with the first trade-agreement concession of the Kennedy Round. Duties on women's dress shoes of the type produced by Nina were reduced by 50 percent as a result of the Kennedy Round concessions.

We have determined that the increased imports cited above have resulted in major part from trade-agreement concessions within the meaning of the statute.

The workers are unemployed

Nina Footwear ceased operations in August 1973 and the workers employed at that time were laid off.

Increased imports are the major factor causing unemployment

The information developed in this case indicates that from the establishment of this firm in 1952 and prior to the influx of increased imports, sales of Nina Footwear were maintained at a profitable level and the firm employed as many as 400 workers. Subsequently, Nina Footwear experienced a sharp decline in sales of its shoes and an accompanying rapid decline in employment as imports captured an increasing share of the market. In an effort to remedy the growing adverse sales and profit situation it faced, management attempted a number of remedies. Nina Footwear closed its plant in Manhattan in 1968, and consolidated its production into its Long Island City location. Early in 1969 the firm established a plant in Puerto Rico in an effort to reduce labor costs and produced shoes similar to those manufactured in Long Island City. However, that plant closed in July 1971 after only 2 1/2 years of operation.

Confronted with increasingly heavy competition from imported footwear and its inability to produce women's dress and casual shoes profitably, Nina Footwear started a large scale import program in 1971. The value of the firm's imports of women's footwear, similar to the type produced at its Long Island plant, rose from about * * * in that year to an anticipated * * * for 1973, while its domestic production declined in value from * * * in 1971 to * * * during the time the plant was in operation in 1973. Clearly, the increased concession-generated imports were the major factor causing the cessation of production at Nina Footwear and the unemployment of its 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 unemployment of the workers of Nina Footwear Co., Inc., and therefore we have made an affirmative decision.

Dissenting Views of Commissioner Leonard

My determination in the instant case is negative because the increase in imports of any footwear like or directly competitive with that produced by Nina Footwear Co., Inc., Long Island City, 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. 1/

1/ 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

The output of Nina Footwear Co., Inc., Long Island City, N.Y., before the cessation of operations in August 1973 consisted of women's dress and casual shoes--made by the cement process--that retailed at about \$18 to \$30 a pair, with the bulk retailing at about \$25 a pair. In recent years, women's casual shoes with uppers of vinyl accounted for the major part of the output of the firm, and women's dress shoes with leather uppers accounted for 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," "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/

As a share 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, which are also regarded as dress shoes, are sometime 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, women's footwear styles began to fluctuate greatly as a result of frequent changes in women's fashions, in which the distinction between dress and casual shoes and attire diminished.

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 clog designs remain in vogue in 1973.

In the late 1960's, form-fitting calf-length boots became fashionable, along with the miniskirt and other new dress fashions, and continued to be popular throughout 1970 and 1971. The popularity of boots during this period undoubtedly had an adverse effect on the demand for other types of women's footwear. 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 such boots diminished markedly in 1972. In 1973, ankle-high boots for casual wear replaced the form fitting or stretch calf-length fashion boots.

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 acceptance of women's trousers as appropriate wear for almost every occasion. Soles with 1-inch or higher platforms became of major interest in shoe designs. Currently, soling includes plantation crepe, leather combinations, inside or concealed platforms, and wedges. Footwear bottom assemblies may be colored, painted, or sculptured. During 1970-72, high platforms and other extreme designs for bottom assemblies dominated most of women's footwear. However, in 1973, because of the return of the classic styling and refinement found in today's wearing apparel, women have again turned toward the classic-pump design. Platforms are becoming less extreme, and a more feminine styles are being offered. Examples of the new look include the lighter, more open footwear and emphasis on bows, straps, slimmer high heels, and narrower toe shapes in both dress and casual footwear. The low-heeled flat for casual wear has also returned to popularity.

As indicated previously, most of the footwear produced by Nina Footwear consisted of casual shoes constructed with uppers of vinyl and to a lesser extent, of leather--all made by the cement process. In this method of construction, which accounts for about 80 percent of the total U.S. output of all women's footwear, the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing.

In this connection, it should be noted that the use of leather for uppers by domestic producers has been on a downward trend in recent years, owing principally to the shortage of hides and the consequent increases in prices of leather. It is estimated that about 60 percent of the women's shoes produced in 1973 will have leather uppers, compared with nearly 70 percent in 1970. Manmade materials not only cost substantially less than leather but also lend themselves to more automated manufacturing methods and a more imaginative use of color.

U.S. Tariff Treatment

Applicable TSUS items

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, a substantial part of the combined imports under these two items in recent years have consisted of women's sandals both for casual and for dress wear. The remainder have probably consisted predominantly of women's moderate-priced cement-process dress and casual shoes (i.e., in the retail-price range of \$8 to \$20 a pair). 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; however, 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, for sale at self-service counters in variety stores, discount stores, and department-store basements and (2) folding slippers, sandals, and other inexpensive footwear. 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. In the period 1971 through mid-1973, annual imports of such footwear retailing at more than \$10 a pair (mostly just over that price) probably accounted for less than 10 percent of the total imports.

Rates of duty

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 leather 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.

^{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.

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

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 footwear (including dress and casual) rose from an estimated 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. Imports accounted for 55 percent of the market in January-June 1973, as shown in the following table.

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

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-72, January-June 1972 and January-June 1973

Period	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-----	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
January-June--				
1972-----	117	111	228	49
1973-----	104	127	231	55

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 of zoris (very inexpensive thonged sandals of rubber or plastics) and footwear described in items 700.32, 700.51, 700.52, 700.53, and 700.60 (e.g., slippers, certain protective footwear, and certain other footwear of rubber or plastics). 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. 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 31 percent in January-June 1973, as shown in the following table.

Dress shoes for women: U.S. production, imports for consumption, and apparent consumption, 1965-72, January-June 1972, and January-June 1973

Period	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
January-June 1972-----	80	29	109	27
1973-----	70	31	101	31

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

2/ Dress shoes are estimated to have accounted in recent years for about 1/4 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 accounted 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.

With respect to casual footwear for women, estimates of consumption are shown in the following table. The table indicates that while domestic production was on a downward trend during the last 8-year period, imports more than doubled, and 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 January-June 1973.

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

Period	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
January-June --				
1972-----	37	82	119	69
1973-----	34	96	130	74

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

2/ Because of the large volume of low-heeled sandals and other inexpensive footwear entered, casual shoes are estimated to have accounted for about 3/4 of the total annual imports of women's and misses' footwear in recent years.

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.

Distribution of Women's Footwear by Price Range

As indicated earlier in this report, the women's shoes produced by M. Lauer retailed principally in the range of \$40 to \$45 a pair. As shown in the table below, a negligible amount of domestic production of women's shoes in 1972 was sold at the wholesale level of \$20 or more a pair (\$40 or more at the retail level).

Women's nonrubber footwear: Distribution of domestic production, by manufacturer's selling price, 1972 and 1968

Manufacturer's selling price ^{1/}	1972	1968
	Percent	Percent
\$1.00 or less-----	-	
\$1.01 to \$2.00-----	0.9	
\$2.01 to \$3.00-----	5.6	19.2
\$3.01 to \$4.00-----	19.9	
\$4.01 to \$5.00-----	16.1	
\$5.01 to \$6.00-----	11.0	
\$6.01 to \$7.00-----	4.5	48.7
\$7.01 to \$8.00-----	7.4	
\$8.01 to \$9.00-----	6.6	
\$9.01 to \$10.00-----	13.3	
\$10.01 to \$12.00-----	11.0	29.3
\$12.01 to \$14.00-----	2.0	
\$14.01 to \$16.00-----	1.2	
\$16.01 to \$18.00-----	3	
\$18.01 to \$20.00-----	1	2.8
\$20.01 or more-----	1	
Total-----	100.0	100.0

^{1/} The retail selling price is generally twice the value of the manufacturer's selling price.

Source: Footwear Production by Manufacturer's Selling Price, 1972, U.S. Bureau of the Census.

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 (table 5); 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.

Data with respect to the estimated retail price of the imported footwear mentioned above are shown in the table below.

Women's nonrubber footwear: Percentage distribution of imported footwear, by estimated retail selling price, 1972

Estimated retail selling price	1972
	<u>Percent</u>
\$3.00 or less-----	33
\$3.01 to \$6.00-----	23
\$6.01 to \$10.00-----	13
\$10.01 to \$16.00-----	18
\$16.01 to \$22.00-----	8
\$22.01 to \$28.00-----	3
\$28.01 or more-----	2
Total-----	100

Source: Estimated by the U.S. Tariff Commission on the basis of imports entered under items 700.4310, 700.4340, 700.4540, and 700.5545 in 1972. Such imports accounted for about 82 percent of the total imports of footwear for women and misses in that year.

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 productionworkers 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 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-25

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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.	
700.20	Leather footwear: 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.
700.45	"Other" (including cement process): 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-	5/ 12.5	Aug. 31, 1963-Dec. 31, 1967.
		pally	11	Jan. 1-Dec. 31, 1968.
		20 ^{4/}	10	Jan. 1-Dec. 31, 1969.
			8.5	Jan. 1-Dec. 31, 1970.
			7	Jan. 1-Dec. 31, 1971.
700.68	Footwear with uppers of fibers and soles of leather: Valued over \$2.50 a pair-----	35	20	Apr. 21, 1948-Dec. 31, 1967.
			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.		

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 that became 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, specified years 1939 to 1972, January-June 1972, and January-June 1973

Period	Rate of duty	Imports
	<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
January-June--		
1972-----	2.5	674
1973-----	2.5	622

1/ Effective January 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, specified years 1939 to 1972, January-June 1972, and January-June 1973

Period	Rate of duty ^{1/}		Imports	
	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 ^{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 4.--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 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 (per pair)				
	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 MR. M. SILVERSTEIN, NINA FOOTWEAR CO., INC.

