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UNITED STATES TARIFF COMMISSION

**FOOTWEAR FOR WOMEN AND MISSES:
MOXEES SHOE CORP., AUBURN, MAINE,
A SUBSIDIARY OF MULTIVISIONS CORP.,
BELLOWS FALLS, VT.**

**Report to the President
on Firm Investigation No. TEA-F-55
Under Section 301(c)(1) of the Trade Expansion Act of 1962**



**TC Publication 626
Washington, D. C.
November 1973**

UNITED STATES TARIFF COMMISSION

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that would result in the disclosure of the 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,
November 16, 1973.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 872; 19 U.S.C. 1801), the U.S. Tariff Commission herein reports the results of investigation No. TEA-F-55 made under section 301(c)(1) of the Act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with women's and children's footwear (of the types provided for in items 700.45 and 700.55 1/ of **the Tariff Schedules of the United States (TSUS)**) produced by Moxees Shoe Corp., Auburn, Maine, a subsidiary of Multivisions Corp., Bellows Falls, Vt., are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm or firms.

The investigation was instituted on September 17, 1973, on the basis of a petition for adjustment assistance filed under section 301(a)(2) of the Act on behalf of the firm. The original petition was received on August 13, 1973, but because it was not properly filed within the Commission's rules, the Commission, on August 27, 1973, instituted a preliminary investigation. Upon receipt of the additional information, the Commission **voted to institute the full investigation on September 17, 1973.**

1/ The notice of investigation also cited items 700.20 and 700.43 of the Tariff Schedules of the United States. Information obtained subsequently revealed that Moxees does not produce footwear of the types included in those items.

Notice of the investigation was published in the Federal Register (38 F.R. 26778) on September 25, 1973. A public hearing was held on October 9, 1973, when all interested parties were afforded opportunity to be present, to produce evidence, and to be heard.

In the course of the investigation, the Commission obtained information from officials of Moxees Shoe Corp. and Multivisions Corp., from customers of the firm, from official government statistics, and from its own files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds unanimously that articles like or directly competitive with the footwear for women and children (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 Moxees Shoe Corp., a subsidiary of Multivision Corp., 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, serious injury to Moxees Shoe Corp., or its parent, Multivisions Corp.

1/ Commissioners Leonard and Young, although present, did not participate in the decision for reasons set forth in their statement (see pages 6-10 of this report). Commissioner Moore was not present and did not participate.

The petition forming the basis of this investigation was filed on behalf of Moxees Shoe Corp., a Maine corporation. Moxees stated in its petition and in subsequent submissions that it is and has been since March 31, 1973, a subsidiary of Multivisions Corp., a Vermont-based conglomerate; and that prior to March 31 and during eight preceding years, Moxees was a subsidiary of Venesta International, Ltd., London, England, a British conglomerate. Moxees asserts that, notwithstanding the stock transfer of March 31, 1973, between Venesta and Multivisions, it is and has been an independent firm all along and that the Commission therefore should consider its operations as being separate and apart from those of its present and past parent firms. We disagree.

The term "firm" is defined in section 405(3) of the TEA. Under that definition, in a firm investigation the Commission must investigate the total operations of the petitioning firm to the extent necessary to insure against unjust enrichment. In the course of investigating a petitioning firm's total operations, the Commission, when it believes it to be necessary, will look beyond what could be considered a firm in the narrow context of state corporation law and will consider conjointly the operations of business entities connected with the petitioning firm. Thus, the Commission will consider, for example, the operations of affiliates, subsidiaries and parent firms of the petitioning firm.

1/ Commissioner Ablondi concurs in the result. In his opinion, the agreement--such as was made by Multivisions to assign or use the proceeds of any adjustment assistance, which might be received, to pay and discharge the obligations of a third party and not the petitioner--could not have been contemplated in the drafting of the TEA. The assignment and payment of unrealized and potential benefits from adjustment assistance to a third party would appear to be contrary to the intent of the adjustment assistance provisions. Such adjustment assistance must be payable directly to and solely for the benefit of the firm suffering injury.

In the present investigation, the Commission has looked beyond the corporate parameters of the subsidiary, Moxees, and has considered the relationship existing between Moxees and its present parent, Multivisions, and the now terminated relationship existing between Moxees and its former parent, Venesta, and between Venesta and Multivisions. As a result of our investigation, we have found the operations of Moxees to be and to have been so intertwined with the operations of its present and former parents as to be, for all practical purposes and for the purposes of the TEA, inseparable. Our investigation shows in particular that Multivisions presently makes, as Venesta formerly made, all major financial and operational decisions affecting Moxees. Multivisions presently is required to make such decisions for Moxees in accordance with the provisions of the sales agreement transferring to Multivisions the Moxees stock held by Venesta. Thus, at the present time Moxees is operated much in the manner that a firm operates a division not separately incorporated.

The "firm" for purposes of our investigation therefore includes, in addition to the operations of Moxees, the operations of Moxees parent firm, Multivisions. The "firm" as presently constituted came into existence on March 31, 1973, the date on which Multivisions acquired Moxees from Venesta. In determining whether the "firm" presently before us has been seriously injured or threatened with serious injury, we can consider only serious injury or threat of serious injury occurring since March 31, 1973, the date on which the "firm" came into being. Such serious injury or threat of serious injury occurring

prior to March 31, 1973, would have involved a different "firm" within the meaning of the TEA, a "firm" involving Venesta. The "firm" involving Venesta ceased to exist on March 31.

When Multivisions purchased the Moxees stock and thus the Moxees operations, it is presumed that Multivisions paid only for what it received. It is presumed that if Moxees, while a subsidiary of Venesta, was being seriously injured or threatened with serious injury, Multivisions took the fact or possibility of such injury into account in arriving at a purchase price with Venesta and knowingly bought an injured company. Moreover, the general market conditions existing on March 31, 1973, including concessions made and import levels and trends extant and apparent, must be held to have been known to Multivisions at the time of purchasing Moxees and to have been given appropriate consideration in deriving a purchase price for the business.

Any benefits to which Moxees-Venesta might have been entitled under the provisions of the TEA for serious injury sustained prior to March 31, 1973, are not something that can be transferred from one "firm" to another "firm" by means of a sales agreement, as petitioner claims.

We find no evidence that serious injury or threat thereof has occurred to Moxees or its parent Multivisions by reason of increased imports of like or directly competitive footwear since the transfer made on March 31, 1973:

Statement of Commissioners Leonard and Young

The following statement was filed by Commissioners Will E. Leonard, Jr., and J. Banks Young on October 12, 1973, with the Office of the Secretary, United States Tariff Commission:

United States Tariff Commission
October 12, 1973

To the President:

In accordance with section 301(f)(1) and section 301(f)(3) of the Trade Expansion Act of 1962 (76 Stat. 885), Commissioners Will E. Leonard, Jr., and J. Banks Young herein report their determinations in an investigation made under section 301(c)(1) of that act.

On August 13, 1973, a petition was filed on behalf of the Moxees Shoe Corporation, Auburn, Maine, for a determination of the firm's eligibility to apply for adjustment assistance under the said act. Upon examination of the petition a question arose as to whether the appropriate firm for purposes of the investigation was Moxees Shoe Corporation or Multivisions Corporation, Bellows Falls, Vermont, which had acquired all of Moxees' capital stock on March 31, 1973, from Venesta International, Ltd. The Commission staff believed the firm to be investigated was Multivisions and thus that the petition should be dismissed, without seeking further information, in accordance with a principle enunciated in a previous Commission determination ^{1/}

^{1/} Optical Elements: Wollensak, Inc. . . . Report to the President on Inv. No. TEA-F-30 . . . T.C. Publication 425, October 1971.

that any injury resulting from trade-agreement concessions would have to be injury to the firm after its acquisition by its present owners. Apparently the staff had concluded no such injury as outlined above had occurred to Multivisions. The Commission was not disposed to summarily dismiss the petition on these grounds, so that on August 27, 1973, after approximately one-fourth of the 60-day period provided by statute for the investigation and report to the President had elapsed, the Commission ^{1/} instituted a preliminary investigation pursuant to section 403(a) of the Trade Expansion Act of 1962, ^{2/} in order to obtain additional information as to the nature of the transaction by which Multivisions had acquired Moxees.

The preliminary investigation was concluded and a full investigation instituted by the Commission on September 17, 1973. Public notice of the investigation was published in the Federal Register (38 F.R. 26778 on Sept. 25, 1973). The investigation was 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 children (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,

^{1/} Commissioners Leonard and Young did not approve the institution of the preliminary investigation. See Minutes of the United States Tariff Commission, August 27, 1973.

^{2/} Sec. 403(a). In order to expedite the performance of its functions under this act, the Tariff Commission may conduct preliminary investigations, determine the scope and manner of its proceedings, and consolidate proceedings before it.

in the terms of the notice of investigation, "the aforementioned firm or firms" (Moxees and Multivision had been previously mentioned) were being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm.

Sec. 301(f)(3) of the Trade Expansion Act of 1962 requires that the Commission make its report to the President of its determination under sec. 301(c)(1) "at the earliest practicable time, but not later than 60 days after the date on which the petition is filed." The petition was filed on August 13, 1973, and thus the Commission's report is due no later than October 12, 1973. It is apparent at this point that the Commissioners other than those presently reporting are not prepared to make a determination before the October 12, 1973, deadline. They have taken the view that the running of the 60-day period for reporting to the President did not begin until September 17, 1973, the date the full investigation was initiated. Thus, the preliminary investigation is being used by the Commission to afford 35 days (from August 13 to September 17) in addition to the 60 days permitted by the statute.

For our views on the use of the preliminary investigation to get around the 60-day deadline of the statute, see Footwear for Women,

Misses, and Children: Young Ones, Inc. . . . Report to the President on Inv. No. TEA-W-204 . . . , T.C. Publication 604, pp. 7-10. ^{1/}

In cases where there has been available to us sufficient results of the investigation on which we can base a determination prior to the expiration of the 60-day deadline, we have done so and filed our determination within that time period in the Office of the Secretary of the Tariff Commission. We have sufficient information in this case and are following the above procedure.

1/ For other instances of noncompliance with the statutory 60-day requirement, see Electronic Receiving Tube Mounts: . . . Erskine Industries, Inc., Report to the President on Inv. No. TEA-W-203 . . . , TC Publication 600, August 1973; Footwear for Men and Women: Hubbard Shoe Co., Inc. . . . Report to the President on Worker Investigation No. TEA-W-202 . . . , TC Publication 598, August 1973; Footwear for Women and Protective Footwear for Men, Women, Boys, and Infants, and Parts of Such Footwear: BGS Shoe Corp. . . . Report to the President on Worker Investigation No. TEA-W-193 . . . , TC Publication 592, July 1973; Women's Dress Shoes: Erving Shoe Co., Inc. . . . Report to the President on Worker Investigation No. TEA-W-200 . . . , TC Publication 590, July 1973; Women's Dress Shoes: Andal Shoes, Inc. . . . Report to the President on Worker Investigation No. TEA-W-170 . . . , TC Publication 554, March 1973; Certain Yarns, Fabrics, and Other Textile Products: Bibb Manufacturing Company . . . Report to the President, Firm Investigation No. TEA-F-31 and Worker Investigation No. TEA-W-112 . . . TC Publication 432, November 1971; and Barbers' Chairs and Parts Thereof: Emil J. Paidar Company . . . Report to the President on Investigation No. TEA-F-9 . . . TC Publication 320, April 1970.

Findings of Commissioners Leonard and Young

On the basis of the Commission's investigation, Commissioners Leonard and Young find that articles like or directly competitive with footwear for women and children (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 the Moxees Shoe Corp., Auburn, Maine, a wholly-owned subsidiary of Multivisions Corporation, Bellows Falls, Vt., are not, as a result in major part of the concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm.

Views of Commissioners Leonard and Young

Our determination in the instant case is negative because one of the statutory criteria has not been met, i.e., that the increase in imports of women's footwear like or directly competitive with that produced by Multivisions Corporation, Bellows Falls, Vt., and its subsidiaries and affiliated company, is the result in major part of concessions granted under trade agreements. Our reasoning in support of this determination is set forth in statements of our 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 Inv. No. TEA-I-18 . . ., TC Publication 359, January 1971, pp. 31-47, and Commissioner Young's views are given in Women's Dress and Casual Shoes: Duchess Footwear Corp. . . ., Report to the President on Firm Inv. No. TEA-F-39 and Worker Inv. No. TEA-W-139 . . ., TC Publication 491, June 1972, pp. 11-25.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Moxees Shoe Corp. of Auburn, Maine, operates one establishment which presently produces women's dress and casual shoes--with emphasis on fashionable casual shoes--as its principal product; such shoes have uppers of leather and are made in a wide variety of up-to-date styles with various types and heights of heels. Most of Moxees' shoes are constructed by the cement process, although a small part of the output is hand-sewn. Such footwear is sold at retail in the range of \$15 to \$22 a pair.

During 1971 and 1972, Moxees also produced a few women's and misses' fashion boots and a negligible quantity of misses' dress and casual shoes. 1/ The fashion boots, which had leather uppers up to the ankle and sewn-on vinyl uppers over the calf, retailed at \$17 to \$20 a pair; the misses' shoes sold at retail in the range of \$14 to \$16.

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 specif-

1/ During the course of the investigation, it was determined that Moxees produced misses' footwear, rather than children's, as stated in the Notice of Investigation.

ically 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 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 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,

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.

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, 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, marking 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 remained in vogue in 1973.

In the late 1960's, formfitting 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 formfitting 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 becoming appropriate wear for almost every occasion. Soles with 1-inch or higher platforms became the main 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 to 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 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. There has also been a return to the low-heeled flat for casual wear.

As indicated previously, most of the footwear produced by Moxees, was constructed with uppers of leather and by the cement process. In this method of construction, which accounts for about 80 percent of the total U.S. output of women's footwear, the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing.

It should be noted, however, 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. ^{1/} 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

^{1/} Imported footwear similar to that produced by Moxees, a subsidiary of Multivisions, enters principally under TSUS items 700.45 and 700.55.

of quantity, a substantial part of the combined imports under these two items in recent years have consisted of women's sandals. The remainder have probably consisted predominantly of women's moderate-priced cement-process dress 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; the imports of turned footwear under item 700.20, however, 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) 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 item 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.

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.

- (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. ^{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 shows 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. As indicated earlier in this report, the women's shoes produced by Moxees retailed in the range of \$15 to \$22 a pair. As shown in the following table, a considerable part of

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

domestic production of women's shoes in 1972 was sold at the whole-sale level of from \$7.50 to \$11 a pair (\$15 to \$22 at the retail level).

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

Manufacturer's selling price ^{1/}	1972	1968
\$1.00 or less-----	-	} 19.2
\$1.01 to \$2.00-----	0.9	
\$2.01 to \$3.00-----	5.6	} 48.7
\$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	} 29.3
\$7.01 to \$8.00-----	7.4	
\$8.01 to \$9.00-----	6.6	
\$9.01 to \$10.00-----	13.3	} 2.8
\$10.01 to \$12.00-----	11.0	
\$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 to \$23.00 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.

Annual imports of women's footwear almost tripled during the period 1965-72, 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.

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 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.

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 item 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 price of the imported footwear mentioned above are shown in the table below.

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

Estimated retail selling price	1972	Percent
\$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
More than \$28.00-----		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. 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 the imports 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, 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.

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 8-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 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.

U.S. and Foreign Wage Rates

The table on the following page shows the published average hourly earnings and the estimated compensation per hour received by shoe workers in six countries in 1964, 1970, and 1971. It should be noted, however, that there are several difficulties involved in comparing these data. First, the definition for "shoe industry" varies among nations; in only two countries--Italy and the United States--are shoes specifically broken out from more encompassing industry classifications. This definitional problem makes it difficult to isolate the "shoe industry" in each country. Second, as footnote 1 to the table indicates, published hourly earnings in the various nations differ in composition. Third, total compensation for workers includes varying factors in the six countries.

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

		(In U.S. dollars)					
Country	Industry	Published average hourly earnings 1/			Estimate 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/ .21		5/
United States--	Footwear, excluding rubber.	1.77	2.43	2.53	2.10	2.96	3.09

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

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

3/ Average for 1966.

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

5/ Not available.

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

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

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

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

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

Note.--The exchange rates used to convert other currencies into U.S. dollars for 1971 are the average 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.

Data relating to Multivisions Corp. and Moxees Shoe Corp.

* * * * *

1950
1951

APPENDIX A
STATISTICAL TABLES

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

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

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

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

^{3/} Effective January 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 Percent ad valorem	Imports 1,000 pairs
1939-----	1/ 10	5
1946-----	10	4
1955-----	2/ 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 (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	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
		<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>pair</u>
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.

A-66 through A-73

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APPENDIX B

INFORMATION SUBMITTED BY MOXEES SHOE CORP. ON THE PERCENTAGE
DISTRIBUTION OF ITS PRODUCTION OF WOMEN'S AND
MISSES FOOTWEAR, BY TYPES

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