

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 Worker Investigation No. TEA-W-215
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
December 10, 1973.

To the President:

In accordance with sections 301(f)(1) and (f)(3) 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-W-215 made under section 301(c)(2) of the Act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with women'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., and formerly a subsidiary of Venesta International, Ltd., London, England, 2/ are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

The investigation was instituted on October 19, 1973, on the basis of a petition for adjustment assistance filed under section 301(a)(2) of the Act on behalf of the workers and former workers of Moxees Shoe Corp. The petition was received October 9, 1973.

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

2/ On Nov. 16, 1973, the Commission reported its finding on Investigation No. TEA-F-55 under sec. 301(c)(1) of the TEA with respect to the firm.

Notice of the investigation was published in the Federal Register (38 F.R. 29657) on October 26, 1973. No public hearing was requested, and none was held. 1/

In the course of the investigation, the Commission obtained information from the petitioners, 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, being equally divided, 2/ makes no finding under section 301(c)(2) of the Trade Expansion Act of 1962 with respect to whether articles like or directly competitive with women's footwear (of the types provided for in items 700.45 and 700.55 of the Tariff Schedules of the United States) produced by the Moxees Shoe Corp., a subsidiary of Multivisions Corp., and formerly a subsidiary of Venesta International, Ltd., 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, or threaten to cause, unemployment or under-employment of a significant number or proportion of the workers of the firm or an appropriate subdivision thereof.

1/ A public hearing was held on Oct. 9, 1973, in connection with the firm investigation (see footnote 2 on p. 1).

2/ Chairman Bedell, Vice Chairman Parker and Commissioner Moore found in the affirmative; Commissioners Leonard, Young, and Ablondi found in the negative.

Views of Chairman Bedell, Vice Chairman Parker, and Commissioner
Moore in Support of an Affirmative Determination

This investigation originated by reason of a petition filed on behalf of workers and former workers of Moxees Shoe Corp., Auburn, Maine, presently a subsidiary of Multivisions Corporation, Bellows Falls, Vt., for a determination of their eligibility to apply for adjustment assistance under section 301(a)(2) of the Trade Expansion Act of 1962 (TEA). Moxees Shoe, which is still in operation, produces women's dress and casual shoes with uppers of leather that retail at \$15 to \$22 a pair. Most of Moxees' shoes are constructed by the cement process, although a small part of the output is hand-sewn.

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 the women's dress and casual shoes produced by the workers are being imported in increased 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 in causing or threatening to cause the unemployment or underemployment of the workers.

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

The petitioning workers and former workers are employees of Moxees Shoe Corp., presently a subsidiary of Multivisions Corp. and formerly a subsidiary of Venesta International, Ltd., a British conglomerate. Multivisions acquired Moxees from Venesta on March 31, 1973, and has continued to operate the business and employ many of those workers formerly employed by Venesta. Thus, the petitioning workers in recent years have been in succession employees of Moxees-Venesta and employees of Moxees-Multivisions. In making our affirmative determination we have concluded, primarily on the basis of the impact of concession-generated increased imports occurring during the pre-March 31, 1973 period when the workers were employed by Moxees-Venesta, that increased imports of articles like or directly competitive with the women's footwear produced by the petitioning workers' firm have been the major factor in causing and threatening to cause significant unemployment and underemployment of the petitioning workers. Moreover, the threat of unemployment from such increased imports persisted after March 31, 1973, and is the major factor causing and threatening to cause significant unemployment and underemployment of the petitioning workers of Moxees-Multivisions. 1/

1/ In a related firm investigation, No. TEA-F-55, conducted pursuant to section 301(c)(1) of the Act on the basis of a petition filed by the firm, Moxees-Multivisions, the Commission (Commissioner Moore not participating, Commissioners Leonard and Young filing separate views) found that adjustment assistance benefits to which a firm might be entitled do not survive a change in the firm's ownership. The Commission stated that the new owners of a firm are presumed at the time of purchase to be cognizant of the conditions extant in the market, including concessions and import levels and trends; to have purchased an injured business, if the business was in fact injured at that time; and to have paid for only what they received. The Commission accordingly found that Moxees Shoe Corp., a subsidiary of Multivisions Corp., failed to satisfy the criteria set forth in section 301(c)(1) of the Act. The present worker case can be distinguished from the firm case for the reason that the workers' right to benefits under the adjustment assistance program survived the change of corporate ownership of the business.

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

Imports of women's nonrubber footwear have increased sharply in recent years. Foreign producers shipped nearly 200 million pairs of women's nonrubber footwear into the United States in 1972 compared with 133 million pairs in 1968. Imports supplied about 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. 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. Imports of women's casual shoes also showed a marked increase. Such imports grew from an estimated 112 million pairs in 1968 to an estimated 148 million pairs in 1972. The share of apparent annual U.S. consumption of women's casual shoes supplied by imports increased from one-half in 1968 to two-thirds in 1972. This substantial growth in imports which started in 1968 coincides with the first stage of the rate reduction made pursuant to the trade-agreement concessions of the Kennedy Round.

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 or underemployed or threatened therewith

A substantial member of workers are unemployed since the average number of workers employed has declined from a peak of *** in 1967 to *** in 1972--a decline of *** percent. Employment further declined to an average of *** workers in January-October 1973--a decline of *** percent from 1967. Moreover, the remaining workers are not fully employed, as each worker averages well below 40 hours per week. Thus, the petitioning workers are clearly unemployed or underemployed, within the meaning of the statute.

Imports are the major factor causing or threatening to cause the unemployment or underemployment of the workers

The information developed in this case indicates that prior to the heavy influx of imports, sales of women's dress and casual shoes by Moxees Shoe Corp. were maintained at a profitable level and the firm employed nearly *** workers. Subsequently, despite efforts by management to compete against sharp price competition from imports, Moxees Shoe experienced an irregular marked decline in sales of its footwear and an accompanying rapid decline in employment as imports captured an increasing share of the company's market.

Buyers for a substantial portion of Moxees' present and former customers stated that although the company provided top quality extremely fashionable women's footwear, which their customers demanded, they were forced to turn, wholly or in part, to purchases of imported footwear because of the price advantage it offered. This caused the decline in sales which, in turn, resulted in the unemployment or underemployment of the workers.

Conclusion

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

Views of Commissioners Leonard and Young in Support of a Negative
Determination 1/

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 the workers of Moxees Shoe Corp., Auburn, Maine, a subsidiary of Multivisions Corporation, Bellows Falls, Vt., 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. 2/

1/ Commissioner Ablondi concurs in the result.

2/ 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, a subsidiary of Multivisions Corporation, Bellows Falls, Vt., 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 misses' dress and casual shoes and a negligible quantity of women's and misses' fashion boots. 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-

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. New designs in 1969 included clogs (an open-back scuff, usually with a platform sole) and many other variations of women's heavier type casual footwear. Sandals (open-footwear) became popular for dressy occasions. These trends have continued 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 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 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

Imported footwear similar to that produced by Moxees Shoes enters under TSUS items 700.45 and 700.55. Other imported footwear that may be considered like or directly competitive with the footwear produced by that firm is entered principally under items 700.20 and 700.43. 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. 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	} 29.3
\$5.01 to \$6.00-----	11.0	
\$6.01 to \$7.00-----	4.5	} 2.8
\$7.01 to \$8.00-----	7.4	
\$8.01 to \$9.00-----	6.6	} 100.0
\$9.01 to \$10.00-----	13.3	
\$10.01 to \$12.00-----	11.0	} 100.0
\$12.01 to \$14.00-----	2.0	
\$14.01 to \$16.00-----	1.2	} 2.8
\$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.

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Data relating to Multivisions Corp. and Moxees Shoe
Corp.

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APPENDIX A
STATISTICAL TABLES

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

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

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

^{2/} For concessions granted in the Kennedy Round, effective Jan. 1, 1968, the table shows staged rates 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 durable, 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 (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.

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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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