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UNITED STATES TARIFF COMMISSION

**FOOTWEAR FOR WOMEN:
WORKERS AND FORMER WORKERS OF
CLAUDIA FOOTWEAR, INC., WOOD, PA.**

**Report to the President
on Investigation No. TEA-W-237
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 686
Washington, D. C.
September 1974**

UNITED STATES TARIFF COMMISSION

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C O N T E N T S

	<u>Page</u>
Report to the President -----	1
Finding of the Commission -----	3
Views of Vice Chairman Parker and Commissioner Ablondi --	4
Views of Commissioner Leonard-----	8
Dissenting views of Chairman Bedell and Commissioner Moore-----	9
Information obtained in the investigation:	
Description of articles under investigation -----	A-1
U. S. tariff treatment:	
Applicable TSUS items -----	A-3
Rates of duty -----	A-4
U. S. consumption, production, and imports-----	A-7
U. S. and foreign wage rates-----	A-12
Data relating to Claudia Footwear, Inc.:	
Corporate structure, plant, and equipment-----	* * *
Labor and material costs-----	* * *
Product and prices -----	* * *
Production and sales -----	* * *
Channels of distribution-----	* * *
Comments from customers-----	* * *
Employment -----	* * *
Comments of company officials -----	* * *
Comments of a worker of Claudia Footwear, Inc-----	* * *
Appendix A. Statistical tables -----	A-39
Appendix B. Newspaper article relating to Claudia Foot- wear, Inc -----	A-44
Appendix C. Letters received relating to Claudia Foot- wear, Inc -----	* * *
Appendix D. Arrangements submitted for confirmation by the bankruptcy court under chapter XI-----	A-51

Figures

1. Wholesale price index, 1970-73 yearly averages and January-
July 1974 monthly averages for domestic vinyl, printed
cloth, hardwood lumber, and paper boxes, and cartons
(1970=100) ----- * * *
2. Claudia Footwear, Inc.: Production, sales, and average unit
value of women's shoes, fiscal years ending June 30,
1969-74 ----- * * *

Notice of the investigation was published in the Federal Register (39 F. R. 26796) on July 23, 1974. No public hearing was requested, and none was held.

The information in this report was obtained principally from the petitioners, the officials and customers of Claudia Footwear, Inc., official Government statistics, and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds (Chairman Bedell and Commissioner Moore dissenting) that articles like or directly competitive with footwear for women (of the types provided for in items 700.55, 700.60, and 700.80 of the Tariff Schedules of the United States) produced by Claudia Footwear, Inc., Wood, Pa., a subsidiary of Kass Footwear Corp., New York, N.Y., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

Views of Vice Chairman Parker and Commissioner Ablondi

Our determination in this investigation is in the negative because the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 (TEA) have not been met. Before an affirmative determination can be made, the Commission must find that each of the following considerations has been satisfied.

- (1) Articles like or directly competitive with those produced by the workers' firm are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers of the firm, or an appropriate subdivision thereof, are 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.

In this case, we find that concession-generated increased imports like or directly competitive with footwear produced by the petitioning workers' firm were not the major factor causing, or threatening to cause, the unemployment or underemployment of the petitioning workers. Our determination is based on the following considerations.

Claudia Footwear, Inc., is principally a "makeup" factory that produces women's shoes to order from customer specifications. Although the firm produces up-to-date women's casual shoes, it is not innovative in styling--generally copying already popular fashions. The shoes produced by Claudia have rubberized soles and are

constructed by the slip-lasted process. Currently, open sandals and espadrille type footwear with (wedge-heeled bottoms trimmed with jute or other rope-like materials) account for a major part of Claudia's production, with other casual styles with vinyl uppers accounting for the remainder. Uppers of all of the firm's shoes are of canvas, vinyl, or manmade fibers.

Information obtained in this investigation shows that although there was a substantial decline in employment of Claudia's workers between 1969 and 1974, most of it occurred in 1973 when the number of workers declined by 31 percent from the number employed in 1972. We have determined, however, for the reasons set forth below, that imports were not the major factor in the unemployment or under-employment of Claudia's workers.

While total U.S. production of women's casual footwear declined by 22 percent from 1969 to 1972, Claudia's production and sales of such footwear increased in both 1970 and 1971, and although they declined in 1972, in that year they were still equal to the 1969 level. It was not until 1973 and after the Claudia firm had filed a petition under chapter XI of the bankruptcy law, that its sales and production declined and the resultant decline in employment occurred.

According to the evidence obtained in this investigation, several factors had an adverse impact on the firm's operations. An analysis of Claudia's sales during the period 1970-73 discloses that although its total sales volume held up, sales to its principal customers were

substantially higher in 1971, 1972, and 1973 than they had been in 1970, whereas sales to its other customers, which were apparently more numerous and purchased smaller quantities, declined in that period.

Four principals had been active in the management of the parent company, Kass Footwear, Inc., and its wholly-owned subsidiary, Claudia. In 1971, the senior principal died. In 1972, another principal became ill and retired. In March of 1973, the year in which the sharp decline in sales occurred, the firm petitioned for reorganization under chapter XI of the Bankruptcy Act. In that year, the firm had only one sales representative to service all of its accounts.

Buyers for several of Claudia's principal customers stated that imported shoes had not been a factor and had not affected their purchases from Claudia. One principal buyer pointed out that there was very little difference between Claudia's product and similar imported shoes and that the quality of the imported footwear was inferior.

Many of the customers of Claudia that were contacted by the Commission's staff stated that their firms have not switched to imported shoes because the costs of the domestic and foreign footwear are so close. Furthermore, some of the same customers indicated that because of the high duties on some types of women's imported footwear (i. e., espadrille-type footwear subject to the American selling price basis of valuation) it is to their advantage to purchase a similar domestic product which in many cases is superior in quality

Conclusion

In the light of the above facts, we conclude that concession-generated imports were not the major factor causing or threatening to cause the unemployment or underemployment of the petitioning workers. Therefore, we have made a negative determination.

Views of Commissioner Leonard

My 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 footwear like or directly competitive with that produced by Claudia Footwear, Inc., Wood, Pa., is the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in a statement of my views in an earlier Commission investigation under the Trade Expansion Act. 1/

1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 31-47.

Dissenting Views of Chairman Bedell and Commissioner Moore

This investigation relates to a petition filed on behalf of the workers and former workers employed by Claudia Footwear, Inc., Wood, Pa., for a determination under section 301(c)(2) of the Trade Expansion Act of 1962 as to the eligibility of those workers to apply for adjustment assistance. Claudia Footwear produces women's wedge-heeled casual footwear constructed by the slip-lasted process. Prior to 1974 most of the footwear was constructed with uppers of vinyl.

We have made an affirmative determination in this investigation because we have found that the criteria imposed by the Trade Expansion Act of 1962 have been met--namely that women's footwear like or directly competitive with footwear produced by Claudia Footwear, Inc., is, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause unemployment and underemployment of a significant number of the workers of that firm.

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

The footwear produced by Claudia is similar in type and price to women's casual shoes involved in other recent investigations conducted by the Commission under the provisions of the Trade Expansion Act. We concluded in those investigations that, within the meaning of the statute, like or directly competitive footwear was being imported in increased quantities and that the increased quantities were in major part the result of trade agreement concessions. The considerations in support of those determinations, which are equally

applicable in the instant case, are set forth in the statements of our views in those investigations. 1/

The workers concerned are unemployed or underemployed, or threatened with, unemployment or underemployment

A substantial number of workers have lost employment at Claudia Footwear as evidenced by the decline in the average number employed from a high of * * * in 1969 to * * * workers in the first 6 months of 1974--a decline of * * * percent. Throughout the same period, the workers at Claudia have been underemployed--total hours worked annually having decreased from * * * to * * *. Since July 1972, the average Claudia employee has worked only * * * hours per week.

The increased imports resulting in major part from trade agreement concessions are the major factor causing unemployment and underemployment

The footwear produced by Claudia retails in the price range of \$6 to \$8 a pair. Imports of like or directly competitive footwear have undersold Claudia by small margins which gradually increased since 1969. In the period 1969-74, imports of women's casual footwear--a large part of which sells at or below the retail price range as the footwear manufactured by Claudia--almost doubled, while during this same period Claudia's sales of footwear declined by over

1/ Women's dress and casual shoes: Duchess Footwear Corp., Salem, Mass., Report to the President on Firm Investigation No. TEA-F-39 and Worker Investigation No. TEA-W-139 . . . , TC Publication 491, 1972, Women's Footwear: Frank H. Pfeiffer Co., Inc., Worcester, Mass., Report to the President on Worker Investigation No. TEA-W-148 . . . , TC Publication 510, 1972.

* * * percent. Despite the company's adoption of the latest styles in response to changing fashions, it has been unable to sell its footwear profitably in competition with increasing imports. This loss of business by Claudia to imports is corroborated by statements of buyers for several of Claudia's customers and former customers who reported that they had reduced their purchases, or ceased buying altogether, from Claudia and had substituted imported footwear because of the small price advantage it offered. Clearly, the loss of sales and the resultant unemployment and underemployment was in major part due to concession-generated imports.

Conclusion

We conclude that the workers and former workers of Claudia Footwear, Inc. have met the statutory requirements and therefore we have made an affirmative determination.



INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Claudia Footwear, Inc., Wood, Pa., began manufacturing women's inexpensive casual wedge-heeled footwear in 1959. The firm's principal items currently sell at wholesale from about \$2.75 to \$4.00 a pair and retail at an average of \$6 to \$8 a pair. Styles include young fashion casuals such as espadrilles 1/ and various slip-on designs. Uppers of all the shoes produced by Claudia are of cotton (canvas), vinyl, or manmade fibers.

The footwear is constructed by the slip-lasted method. 2/ In this process, the last (the form on which the shoe is made) is inserted or slipped into a closed upper, previously stitched to the sock lining. The platform wedge-heel unit is cemented to the bottom of the sock lining, and the heel and platform covers are then pulled down and cemented to the bottom of the platform wedge heel; the outsole is then attached. The slip-lasted shoe is usually casual in design, and the process lends itself to open-toe and open-heel patterns.

Women's footwear for casual wear, not considered dress shoes, includes certain sandals, espadrilles, indoor-outdoor slippers, clogs, loafers, desert boots, moccasins, and sneakers. Women today wear

1/ Espadrilles are casual wedge-heeled shoes with open or closed backs usually having canvas uppers, crepe outsoles, and wedge heels heels that are trimmed with rope, raffia, or fabric.

2/ California process is a term frequently used to describe slip-lasted construction.

shoes suitable to their lifestyles, and, with footwear becoming an important accessory to fashion, footwear styles change rapidly. As changes have occurred in dress lengths and as trousers and other casual attire have become increasingly acceptable as appropriate women's wear for almost every occasion, the distinction between dress and casual shoes has diminished.

In the 1970's, footwear designs took a new direction. The footwear bottom (sole and heel) treatment became the main interest in the shoe design. Footwear styles with 1-inch soles and even higher platforms became popular. A variety of materials--crepe (plantation), "marshmallow" (pliable synthetic), leather combinations, and various plastics--were used to make soles, concealed platforms, and wedges. Some bottom assemblies were even colored, painted, or sculptured. During 1970-72 such platform styles dominated most women's footwear. In 1973, however, platforms became less extreme, and that trend has continued into 1974. Footwear more traditional in style is now being offered. Examples of the new look include lighter sandalized (open) footwear with 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 classic moccasin design for casual wear. Currently, open sandals and espadrilles, especially with wedge-heeled bottoms of jute or other ropelike materials, are the fashion for casual wear. Such footwear is a type produced by Claudia Footwear. Industry sources report that the "boom" in open footwear and other casuals is due not only to the

free and easy lifestyles of today, but to a change in buying patterns (i. e., the majority of women would rather have two pairs of inexpensive or moderately priced casual shoes than one pair of expensive dress shoes).

U.S. Tariff Treatment

Applicable TSUS items

If imported, the women's casual footwear produced by Claudia Footwear would be dutiable under TSUS items 700.55, 700.60, and 700.80. As explained briefly in the following paragraphs, the footwear imported under these three TSUS items varies with respect to materials, method of construction, price line, and/or style.

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 (sold chiefly at self-service counters in variety stores, discount stores, and department-store basements) and (2) folding slippers, sandals, and other inexpensive footwear. It is estimated that 85 percent of the imports of women's footwear admitted under item 700.55 in 1973 had an average unit value of less than \$3 a pair.

TSUS item 700.60 provides for various types of footwear of fibers and rubber or plastics. The footwear admitted under TSUS item 700.60 is subject to valuation for duty purposes on the basis of the American selling price (ASP) of the "like or similar" domestic

footwear. If there is no "like or similar" domestic footwear, the imports admitted under this item are subject to valuation under the regular valuation provisions of the U.S. tariff schedules. Nearly all the imports entered under TSUS item 700.60 and valued by the U.S. Customs Service on the ASP basis have consisted of footwear with uppers of fibers (canvas) and soles of rubber or plastics in the traditional styles of sneakers. The imported footwear admitted under item 700.60 which the Customs Service has deemed are not "like or similar" to a domestic product has included a large volume of slippers, scuffs, sandals, and other types of inexpensive casual footwear, as well as some low-priced sneakers. It is estimated that most of the women's imported footwear entered under item 700.60 in recent years retailed at \$3 a pair or less.

The women's imported footwear admitted under TSUS item 700.80 consists of footwear with uppers of fibers and soles of material other than leather. It is estimated that in recent years, imports of such shoes have retailed for less than \$3 a pair.

Rates of duty

As indicated in the preceding section of this report, the vinyl footwear produced by Claudia, if imported, would be dutiable under item 700.55. Prior to the effective date of the TSUS, imports of women's supported-vinyl-upper footwear, which were dutiable under

various provisions of the Tariff Act, were classified principally--

- (1) By similitude, at the rate of 20 percent ad valorem applicable to leather footwear provided for in paragraph 1530(e). 1/
- (2) Under paragraph 1537(b) as articles in chief value of rubber, at the trade-agreement rate of 12.5 percent ad valorem where the soles were of India rubber and constituted the chief value of the footwear in question.
- (3) Under paragraph 1539(b) at the reduced rate of 21 cents per pound plus 17 cents ad valorem where the footwear was in chief value of a product having a synthetic resin as the chief binding agent.

In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the wide range of rates previously applicable to the various types of footwear provided for in this item. 2/ The current rate on footwear with supported-vinyl uppers is 6 percent ad valorem, reflecting the final stage, effective January 1, 1972, of the five-stage concessions granted in the sixth (Kennedy) round of trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Canvas footwear (i. e., tennis shoes, sneakers, and the like), which is provided for in item 700.60, was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). Effective March 3, 1933 (T. D. 46158), the basis for assessing the statutory rate was changed from foreign (export) value to the "American selling price" (as defined in sec. 402(g) of the 1930 act) of like or similar

1/ Footwear with supported-vinyl uppers now being imported (i. e., that with soles of vinyl or other plastics) would have been dutiable by virtue of the similitude provision under par. 1530(e) at a rate of 20 percent ad valorem.

2/ The col. 2 rate of duty for item 700.55 is 35 percent ad valorem.

articles produced in the United States. 1/ Pursuant to concessions granted under the GATT, the rate of duty on canvas footwear was reduced to 20 percent of the American selling price, effective September 10, 1955; the rate of duty is the same at the present time. 2/ Footwear entered under item 700.60 that is not like or similar to domestic articles, and therefore not subject to ASP valuation, is dutiable at 20 percent of the export value. 3/ Such footwear includes a substantial quantity of inexpensive slippers.

The current rate of duty on other casual footwear with uppers of fibers dutiable under item 700.80 is 12.5 percent ad valorem.

Table 1 in the appendix shows the reduction in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under specified TSUS items, including 700.55, 700.60, and 700.80. Tables 2 through 4 show U.S. rates of duty and imports admitted under the three principal TSUS items--700.55, 700.60, and 700.80--that provide for casual footwear of the types produced by Claudia Footwear, Inc.

1/ In 1973 the U.S. Customs Service determined that certain footwear of the espadrille-type exported to the United States would be subject to the ASP basis of valuation.

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

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

U.S. Consumption, Production, and Imports

During the period 1965-73, apparent annual U.S. consumption of all women's nonrubber 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 402 million pairs in 1973. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to 190 million pairs in 1973. Annual imports tripled during this period, and their share of the market increased without interruption from 17 percent to 53 percent, as shown in the table on the following page. 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.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-73, January-June 1973, and January-June 1974

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
1973-----	190	212	402	53
January-June--				
1973-----	104	127	231	55
1974-----	98	110	208	53

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 1973 amounted to about 1 million pairs.

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

Data on U.S. consumption, production, and imports of women's casual shoes of the types produced by Claudia Footwear are not reported separately in official statistics. It is estimated, however, that since 1965 domestic production of casual footwear has trended downward. Imports, however, have more than doubled, and apparent consumption fluctuated from 180 million pairs in 1966 to 224 million pairs in both 1968 and 1970. Consumption declined slightly to 222 million pairs in 1973. It is estimated that the share of domestic consumption supplied by imports increased annually from 35 percent in 1965 and 1966 to 72 percent in 1973.

Women's casual footwear: Estimated U.S. production, imports for consumption, and apparent consumption, 1965-73, January-June 1973, and January-June 1974

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
1973-----	63	159	222	72
January-June--				
1973-----	34	96	130	74
1974-----	33	85	118	72

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 1973 amounted to fewer than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission from official statistics of the U.S. Department of Commerce.

As indicated earlier, Claudia also produces espadrilles having canvas uppers. As shown in the table below, apparent annual U.S. consumption of women's and misses' canvas footwear declined irregularly from 87 million pairs in 1968 to 68 million pairs in 1973.

During the period 1968-73, domestic production of canvas footwear and imports followed the same downward trend. U.S. imports supplied 8 percent of the market in 1969 and 1970 and 7 percent in 1973.

Women's and misses' footwear with soles vulcanized to fabric uppers:
U.S. production, imports for consumption, and apparent consumption, 1968-73

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1968-----	77	10	87	11.5
1969-----	77	7	84	8.3
1970-----	73	6	79	7.6
1971-----	80	9	89	10.1
1972-----	72	6	78	7.7
1973-----	63	5	68	7.4

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

2/ Data shown are for the ASP footwear dutiable under Tariff Schedules of the United States Annotated item 700.6015; they do not include footwear dutiable on the non-ASP basis of valuation.

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

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

During 1968-73, U.S. imports of women's and misses' canvas footwear dutiable under Tariff Schedules of the United States Annotated (TSUSA) item 700.6015 declined from about 10 million pairs, valued at \$6.8 million, to 5 million pairs, valued at \$5.3 million (table 2).

U.S. and Foreign Wage Rates

The table on the following page shows the average hourly earnings and the estimated compensation per hour received by shoe workers in eight countries in 1970-72. While of some use in comparing the labor costs of the shoe industries in the various countries listed, the table has several shortcomings that make such comparisons inexact. First, only in the United States, Italy, and Hong Kong is the industry definition limited exclusively to footwear. In the other countries the industry classifications are more encompassing. Second, as footnote 1 to the table indicates, published hourly earnings in the various countries differ in composition. Third, total compensation for workers includes varying factors in the eight countries.

Hourly earnings of production workers and estimated total compensation per hour worked in specified industries related to footwear in 8 countries, 1970-72

Country	Industry	(In U.S. dollars)					
		1970	1971	1972	1970	1971	1972
Brazil	Clothing and footwear	3/ \$0.28	4/ \$0.35	4/ \$0.41	4/ \$0.32	4/ \$0.37	4/ \$0.44
Hong Kong	Rubber footwear	5/ .30	5/ .80	.93	5/ 1.09	5/ 1.42	5/ 1.62
Italy	Footwear 6/	.60	.88	1.49	1.00	1.23	1.69
Japan	Rubber products, including plastic footwear. 7/	.18	.18	.18	.22	.22	.22
Korea	Rubber and plastic products 7/ 8/	.38	.43	.53	9/ .55	9/ .62	9/ .76
Spain	Clothing and footwear 8/	4/ 2.43	4/ 2.53	10/ 1.19	4/ 2.95	4/ 3.09	10/ 3.24
Taiwan	Rubber and plastic products 7/	2.70	2.78	2.88	3.48	3.61	3.77
United States	Footwear, excluding rubber						
	Rubber footwear						

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 percentage of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor costs or labor compensation surveys adjusted to the listed years on the basis of other available data.

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

4/ Not available.

5/ Daily earnings converted to an hourly basis by assuming 9 hours of work per day. The compensation figures include pay for time not worked, bonuses, and the value of pay in kind, but not overtime pay or employer contributions to social insurance funds.

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 Hong Kong, Japan, Korea, and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industry, except for Hong Kong. Approximately half of the workers in the Japanese plastics shoe industry are home workers, who are paid at a lower rate than the factory workers in that industry.

8/ Including salaried employees.

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

10/ July-December 1972. 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 figures also include annual bonuses and employer contributions to national insurance.

Source: Based on data provided by the U.S. Bureau of Labor Statistics from the following: Brazil--Year Book of Labour Statistics, 1973; International Labour Office, Geneva; Hong Kong--Annual Departmental Report, 1970-73, Commissioner of Labour, Hong Kong; Italy--Rassegna di Statistiche del Lavoro, various issues, Confederazione General dell'Industria Italiana, Rome; Japan--Year Book of Labour Statistics, various issues, Ministry of Labour, Tokyo; Korea--Monthly Statistics of Korea, various issues, Economic Planning Board, Seoul; Spain--Year Book of Labour Statistics, 1973, International Labour Office, Geneva; and Taiwan--Monthly Bulletin of Labor Statistics, November 1973, Directorate-General of Budget, Accounting, and Statistics, Taipei. Conversion from the currencies of the foreign countries in the table to U.S. dollars was made on the basis of average daily exchange rates for the year as reported by the Federal Reserve Bulletin.

A-14 through A-38

Data Relating to Claudia Footwear, Inc.

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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 <u>1/</u>	GATT concession <u>2/</u>	
		Rate	Rate	Effective date
		Percent ad val.	Percent ad val.	
700.55	Footwear having uppers of supported vinyl.	Princi- pally 20 <u>3/</u>	4/ 12.5 11 10 8.5 7 6	Aug. 31, 1963-Dec. 31, 1967 Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.
700.60	Other footwear with uppers of fabric and soles of rubber or plastics.	35 <u>5/</u>	5/ 20	Sept. 10, 1955.
	Footwear with uppers of fibers: With soles of material other than leather:			
700.80	Other-----	35	25 22 20 17 15 12.5	Sept 10, 1955-Dec. 31, 1967 Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.

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

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

3/ Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported-vinyl uppers was imported during the 1950's and early 1960's, 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 col. 2 rate for item 700.55 is 35 percent.

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

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

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS.



Table 2.--Women's and misses' footwear having uppers of fabric and soles of rubber or plastics (item 700.60):
U.S. rates of duty and imports for consumption, 1965-73, January-June 1973, and January-June 1974

Period	Rate of duty	700.6015 (ASP footwear)				700.6045 (on-ASP footwear)				Total	
		Quantity 1,000 pairs	Value 1,000 dollars	Unit value per pair	Quantity 1,000 pairs	Value 1,000 dollars	Unit value per pair	Quantity 1,000 pairs	Value 1,000 dollars	Unit value per pair	
1965	20	8,223	4,658	\$0.57	8,207	3,227	\$0.39	16,430	7,885	\$0.48	
1966	20	7,564	4,479	.59	8,960	3,476	.39	16,524	7,955	.48	
1967	20	11,104	6,729	.61	10,323	4,131	.40	21,427	10,860	.51	
1968	20	9,967	6,801	.68	11,885	5,401	.45	21,852	12,202	.56	
1969	20	7,473	5,999	.80	10,992	5,402	.49	18,465	11,401	.62	
1970	20	6,315	4,785	.76	13,006	7,712	.59	19,321	12,497	.65	
1971	20	9,358	7,688	.82	14,821	9,328	.63	24,179	17,016	.70	
1972	20	6,490	5,786	.89	16,330	11,499	.70	22,820	17,285	.76	
1973	20	4,962	5,258	1.06	17,672	15,431	.87	22,634	20,689	.91	
January-June--											
1973	20	3,447	3,367	.98	10,267	7,425	.72	13,714	10,792	.79	
1974	20	2,681	6,094	1/2.27	8,856	10,828	1.22	11,537	16,922	1.47	

1/ The substantial increase in average unit value for the first 6 months of 1974 over that in previous years resulted principally from the importation of espadrille style footwear from Spain and the Republic of Korea. Average unit value of imports from these sources for the period were \$4.27 per pair and \$2.43 per pair, respectively. Imports from Spain and Korea together accounted for 45 percent of the total quantity and 50 percent of the total value of imports during the period.

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

Table 3.--Women's and misses' footwear with supported-vinyl uppers (item 700.5545): U.S. rates of duty and imports for consumption, 1934, 1964-73, January-June 1973, and January-June 1974

Period	Rate of duty	Quantity	Value	Unit value
	Percent ad valorem	1,000 pairs	1,000 dollars	Per pair
1934-----	<u>1/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
1964-----	<u>3/</u> 12.5	27,574	12,429	\$0.45
1965-----	12.5	29,579	13,564	.46
1966-----	12.5	33,239	17,024	.51
1967-----	12.5	49,767	27,704	.56
1968-----	11	68,579	46,603	.68
1969-----	10	70,777	55,820	.79
1970-----	8.5	77,288	73,757	.95
1971-----	7	86,942	104,196	1.20
1972-----	6	89,776	104,907	1.22
1973-----	6	96,942	136,036	1.40
January-June--				
1973-----	6	54,317	63,856	1.18
1974-----	6	48,057	80,237	1.67

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 Aug. 31, 1963.

Source: Compiled from official statistics of the U.S. Department of Commerce (data for 1964 and 1965 are partly estimated).

Note.--Data are not available on U.S. imports of footwear with supported-vinyl uppers for the years prior to 1964. Such imports were probably negligible in the mid-1950's.

Table 4.--Women's, misses', children's, and infants' footwear with uppers of fibers (item 700.8050 1/): U.S. rates of duty and imports for consumption, 1969-73, January-June 1973, and January-June 1974

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 pair</u>
1969-----	20	2,260	853	\$0.38
1970-----	17	2,033	806	.40
1971-----	15	2,472	839	.34
1972-----	12.5	2,176	752	.35
1973-----	12.5	2,738	1,875	.68
January-June--				
1973-----	12.5	866	562	.65
1974-----	12.5	1,205	1,532	<u>2/</u> 1.27

1/ TSUSA item 700.8050 changed in 1974 to 700.8065 (for women) and 700.8070 (for misses).

2/ The substantial increase in average unit value for the first 6 months of 1974 over that in previous years resulted principally from the importation of ladies' footwear with fabric uppers, principally of blue-jean-like material from Spain, Italy, and France. Average unit value of imports from these sources for the period were \$2.80, \$3.46, and \$5.13 per pair, respectively.

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

Note.--Based on 1974 data, women's and misses' footwear accounted for about half of the total imports entered under item 700.8050.

APPENDIX B
NEWS PAPER ARTICLE
RELATING TO CLAUDIA FOOTWEAR, INC.

Kass, Claudia see Ch. XI acceptance

NEW YORK (FNS) — An attorney for Kass Footwear Corp. and its subsidiary, Claudia Footwear, Inc., told Bankruptcy Judge Asa S. Herzog that he had filed what he believed were sufficient consents for acceptance of their 25 per cent Chapter XI plan.

Herzog said that pending verification by his office he will find the plan accepted.

The attorney, Byron Dresner reported that there were 97 claims totaling \$340,251, and 52 consents had been obtained amounting to \$185,566.

The Chapter XI proceedings of Kass and Claudia have been consolidated. Their plan calls for the payment of 25 per cent over 50 months. The companies are manufacturers of women's shoes.

Herzog scheduled the next hearing for Sept. 16 at 11 a.m. Dresner is with Dresner & Henle, Henry & Bretker and Arutt. Nachamie & Benjamin are co-counsel to the creditors' committee. The companies are at 47 West 34th Street, here.

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APPENDIX D
ARRANGEMENTS SUBMITTED FOR CONFIRMATION BY
THE BANKRUPTCY COURT UNDER
CHAPTER XI

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter

In Proceedings for an
Arrangement 73 B 306

of

PLAN OF ARRANGEMENT

KASS FOOTWEAR CORP. Debtor.

KASS FOOTWEAR CORP., the above named debtor, proposes the following arrangement with its unsecured creditors:

1. ADMINISTRATION EXPENSES: All costs and expenses of the proceeding are to be paid in cash in full upon confirmation, or as otherwise agreed upon between the parties.

2. PRIORITY CREDITORS: All creditors entitled to priority in payment are to be paid in full in cash upon confirmation, or upon such terms as may be mutually agreed upon between the debtor and such priority creditors.

3. GENERAL UNSECURED CREDITORS: All unsecured creditors whose claims are filed and allowed in this proceeding shall be paid 25% of their respective claims, without interest as hereinafter provided, and the rights of such creditors shall be modified and altered accordingly:

(a) 2% in cash upon confirmation;

(b) The balance of 23% to be evidenced by a non-negotiable certificate of indebtedness, one to each creditor, to be paid 2% every four (4) months, the first payment commencing six (6) months after the date of confirmation with a final payment of 1% payable fifty (50) months from the date of confirmation;

(c) The certificates of indebtedness shall bear the legend "Subject to all the terms and conditions of the arrangement of Kass Footwear Corp. dated August 15, 1973."

4. The Official Creditors' Committee shall constitute the creditors's committee after confirmation of the arrangement and during the time required for the consummation of the plan. The Committee shall have the right to act with respect to the deferment of any installment payment, as well as with respect to compliance, waiver or default of any term or provision under the terms of the plan. In the case of a vacancy, it shall be filled by the creditor whose representative has resigned, designating a new representative to serve in his place and such new representative shall serve as a member of the Committee. The Committee shall adopt such parliamentary rules as it deems advisable for the performance of its functions.

5. The Creditors' Committee, in its sole discretion, whenever deemed advisable by it, may extend the time of payment of any installment or installments. No such extension shall serve to release from the provisions hereof or to vary the terms hereof with respect to any undertaking or agreement herein contained, or any provision hereof, and beyond such change of time, no such extension shall otherwise have any effect, directly or indirectly. The Committee, in its sole discretion, whenever deemed advisable by it, shall also have authority to waive or excuse defaults of the debtor's performance of the provisions herein on its part to be performed,

except that said Committee shall not have authority to waive or excuse the debtor's obligation to ultimately pay the amounts due on the certificates of indebtedness issued pursuant to the order of confirmation.

6. In the event the debtor breaches any of the provisions of this arrangement and is in default, the debtor shall have thirty (30) days grace to cure such default if it is not excused or waived by the Creditors Committee. In the event such default is not excused or waived, then all of the installments due under the certificates of indebtedness shall accelerate in payment so that the entire balance due thereunder shall be due and owing, and the Creditors Committee shall have a right to commence such action against the debtor as it deems advisable to collect such balance or, in the alternative, each creditor shall have the right to sue on the balance due under the certificate of indebtedness.

7. In the event the debtor borrows any money from persons who are not present stockholders or relatives of stockholders, then the entire amount owed to creditors under the certificates of indebtedness shall be subordinated to the said loans, but said loans shall authorize the debtor to nevertheless pay the monies due under the said certificates of indebtedness as and when due and pursuant to the terms and conditions of this plan. The terms and conditions as set forth in this clause shall only apply to loans made to the debtor within the period of one year commencing from the date of confirmation of the plan and shall not apply to any loans thereafter, except that the creditors committee may extend the said one year period.

Dated: New York, New York

August 15, 1973

S/ Byron Dresner
DRESNER & HENLE
Attorneys for Debtor

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter
of

In Proceedings for an
Arrangement 73 B 307

PLAN OF ARRANGEMENT

CLAUDIA FOOTWEAR INC. Debtor.

CLAUDIA FOOTWEAR, INC., the above named debtor, proposes the following arrangement with its unsecured creditors:

1. ADMINISTRATION EXPENSES: All costs and expenses of the proceeding are to be paid in cash in full upon confirmation, or as otherwise agreed upon between the parties.

2. PRIORITY CREDITORS: All creditors entitled to priority in payment are to be paid in full in cash upon confirmation, or upon such terms as may be mutually agreed upon between the debtor and such priority creditors.

3. GENERAL UNSECURED CREDITORS: All unsecured creditors whose claims are filed and allowed in this proceeding shall be paid 25% of their respective claims, without interest as hereinafter provided, and the rights of such creditors shall be modified and altered accordingly:

(a) 2% in cash upon confirmation;

(b) The balance of 23% to be evidenced by a non-negotiable certificate of indebtedness, one to each creditor, to be paid 2% every four (4) months, the first payment commencing six (6) months after the date of confirmation with a final payment of 1% payable fifty (50) months from the date of confirmation;

(c) The certificates of indebtedness shall bear the legend "Subject to all the terms and conditions of the arrangement of Claudia Footwear Inc. dated August 15, 1973."

4. The Official Creditors' Committee shall constitute the creditors's committee after confirmation of the arrangement and during the time required for the consummation of the plan. The Committee shall have the right to act with respect to the deferment of any installment payment, as well as with respect to compliance, waiver or default of any term or provision under the terms of the plan. In the case of a vacancy, it shall be filled by the creditor whose representative has resigned, designating a new representative to serve in his place and such new representative shall serve as a member of the Committee. The Committee shall adopt such parliamentary rules as it deems advisable for the performance of its functions.

5. The Creditors' Committee, in its sole discretion, whenever deemed advisable by it, may extend the time of payment of any installment or installments. No such extension shall serve to release from the provisions hereof or to vary the terms hereof with respect to any undertaking or agreement herein contained, or any provision hereof, and beyond such change of time, no such extension shall otherwise have any effect, directly or indirectly. The Committee, in its sole discretion, whenever deemed advisable by it, shall also have authority to waive or excuse defaults of the debtor's performance of the provisions herein on its part to be performed,

except that said Committee shall not have authority to waive or excuse the debtor's obligation to ultimately pay the amounts due on the certificates of indebtedness issued pursuant to the order of confirmation.

6. In the event the debtor breaches any of the provisions of this arrangement and is in default, the debtor shall have thirty (30) days grace to cure such default if it is not excused or waived by the Creditors Committee. In the event such default is not excused or waived, then all of the installments due under the certificates of indebtedness shall accelerate in payment so that the entire balance due thereunder shall be due and owing, and the Creditors Committee shall have a right to commence such action against the debtor as it deems advisable to collect such balance or, in the alternative, each creditor shall have the right to sue on the balance due under the certificate of indebtedness.

7. In the event the debtor borrows any money from persons who are not present stockholders or relatives of stockholders, then the entire amount owed to creditors under the certificates of indebtedness shall be subordinated to the said loans, but said loans shall authorize the debtor to nevertheless pay the monies due under the said certificates of indebtedness as and when due and pursuant to the terms and conditions of this plan. The terms and conditions as set forth in this clause shall only apply to loans made to the debtor within the period of one year commencing from the date of confirmation of the plan and shall not apply to any loans thereafter, except that the creditors committee may extend the said one year period.

Dated: New York, New York

August 15, 1973

S/ Byron Dresner
DRESNER & HENLE
Attorneys for Debtor





