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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**FOOTWEAR FOR WOMEN, MISSES, AND CHILDREN:  
WORKERS AND FORMER WORKERS OF SANDLER-ETTE  
FOOTWEAR MANUFACTURING CORP., WEBSTER, MASS.,  
A WHOLLY OWNED SUBSIDIARY OF KAYSER-ROTH CORP.,  
NEW YORK, N. Y.**

**Report to the President on  
Investigation No. TEA-W-262  
Under Section 301(a)(2) of the Trade Expansion Act of 1962**

**ITC Publication 724  
Washington, D. C.  
March 1975**

**UNITED STATES INTERNATIONAL TRADE 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-----	2
Views of Chairman Bedell, Vice Chairman Parker, and Commissioner Moore-----	3
Views of Commissioners Leonard and Ablondi-----	7
View of Commissioner Minchew -----	8
Information obtained in the investigation:	
Description of articles under investigation -----	A-1
U. S. tariff treatment-----	A-6
U. S. consumption, production, and imports -----	A-8
U. S. and foreign wage rates -----	A-10
Data relating to the A. Sandler Co. :	
Corporate structure-----	A-12
Plants and equipment-----	A-14
Product and prices-----	A-15
Production and sales -----	A-20
Financial information -----	A-22
Channels of distribution -----	* * *
Comments of customers -----	* * *
Employment-----	* * *
Comments of company officials-----	* * *
Comments of employee representatives -----	* * *
Statistical appendix-----	A-40

### Figure

Wholesale price indexes of domestic hides and skins, all types of leather, cattlehide leather, and all footwear (domestic and imported), yearly averages, 1970-74-----	A -19
--	-------

### Appendix Tables

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-----	A-41
2. Women's footwear with leather uppers (TSUS item 700.45): U. S. rates of duty and imports for consumption, 1969-73, January-June 1973, and January-June 1974 -----	A-42

## CONTENTS

	<u>Page</u>
3. Women's and misses' footwear with supported-vinyl uppers (TSUS item 700.55): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974 -----	A-43

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

## REPORT TO THE PRESIDENT

U.S. International Trade Commission,  
March 20, 1975.

To the President:

In accordance with section 301 of the Trade Expansion Act of 1962 (TEA) (19 U.S.C. 1901), the U.S. International Trade Commission herein reports the results of investigation No. TEA-W-262 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 footwear for women, misses, and children (of the types provided for in items 700.45 and 700.55 of the Tariff Schedules of the United States (TSUS)) produced by Sandler-Ette Footwear Manufacturing Corp., Webster, Mass., a wholly owned subsidiary of Kayser-Roth Corp., New York, N.Y., 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 February 3, 1975, 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 the firm. The petition was received on January 28, 1975.

Notice of the investigation was published in the Federal Register (40 F.R. 6239) on February 10, 1975. No public hearing was requested, and none was held.

The information in this report was obtained principally from officials of Sandler-Ette Footwear Manufacturing Corp., Lissak & Co. Inc., and A. Sandler Co., division of Kayser-Roth Corp.; former workers and customers of Sandler-Ette Footwear Manufacturing Corp.; official Government statistics and other public documents; and the Commission's files.

### Finding of the Commission

On the basis of its investigation, the Commission, being equally divided, 1/ 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 footwear for women, misses, and children (of the types provided for in items 700.45 and 700.55 of the Tariff Schedules of the United States,) produced by the Sandler-Ette Footwear Manufacturing Corp., Webster, Mass., a wholly owned subsidiary of Kayser-Roth Corp., New York, N. Y., are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, 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.

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1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Moore found in the affirmative. Commissioners Leonard, Ablondi, and Minchew found in the negative.

Views of Chairman Bedell, Vice Chairman Parker,  
and Commissioner Moore

This investigation relates to a petition filed on behalf of workers and former workers of Sandler-Ette Footwear Manufacturing Corp., Webster, Mass., a wholly owned subsidiary of Kayser-Roth Corp., New York, N.Y., under section 301(a)(2) of the Trade Expansion Act of 1962 (TEA) for a determination of their eligibility to apply for adjustment assistance. Sandler-Ette Footwear Manufacturing Corp. produced women's, misses', and children's dress and casual footwear of cement process construction, most of which sold at retail in the range of \$18 to \$25 a pair. All the footwear produced by the Sandler-Ette Footwear Manufacturing Corp. was sold by A. Sandler Co., the women's footwear division of Kayser-Roth Corp. A Sandler Co., also imports women's dress and casual footwear, which sells at retail from \$14 to \$30 a pair, with the bulk selling at \$20 to \$25 a pair.

As we have stated in previous cases, the Commission, in order to make an affirmative determination under section 301(c)(2) of the TEA, must find that the following four criteria are met:

- (1) Articles like or directly competitive with those produced by the workers are being imported in 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 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; therefore, we have made an affirmative determination.

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

U. S. imports of women's and misses' nonrubber footwear, including women's dress and casual types which are like or directly competitive with those produced by the former workers of Sandler-Ette, increased from 96 million pairs in 1967 to 185 million pairs in 1974. The share of U. S. consumption accounted for by such imports increased from 25 percent to 52 percent during the same period.

This substantial growth in imports coincides with the implementation of the trade-agreement concessions granted in the Kennedy Round. As a result of these concessions the rates of duty on women's dress and casual shoes like or directly competitive with those produced by the former workers of Sandler-Ette were reduced by 50 percent during 1968-72. The total duty reduction on such footwear since enactment of the Tariff Act of 1930 amounts to approximately 85 percent of the 1930 rate. We have, therefore, determined that the increased imports of women's dress and casual footwear cited above resulted in major part from trade-agreement concessions within the meaning of the statute.

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

Production of women's dress and casual footwear by Sandler-Ette largely ceased in January 1975; subsequently, a few persons were employed to complete the production of a limited number of orders of footwear from the remaining inventory of materials. Thus, for practical purposes, Sandler-Ette Footwear is closed and all the workers are unemployed.

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

The evidence developed in this case shows that footwear imports in general and footwear imported by A. Sandler both caused the unemployment of the petitioning workers. The women's shoes produced by Sandler-Ette retailed from \$15 to \$25 a pair, a price range heavily impacted by concession-generated increased import competition; the women's shoes imported by A. Sandler were also sold in the same price range.

All footwear produced by Sandler-Ette was marketed through A. Sandler, the former being a wholly-owned subsidiary of Kayser-Roth. In recent years, footwear imported by A. Sandler has accounted for an increasing share of its total footwear sales while its sales of Sandler-Ette footwear has accounted for a decreasing share of its total footwear sales. There appears to have been a definite trend on the part of the Kayser-Roth Corporation management to turn increasingly to imports of women's dress and casual footwear in

order to maintain its margins and to meet competition. This is demonstrated by the fact that A. Sandler's sales of imported footwear increased from \* \* \* percent of its total sales in fiscal 1971 to \* \* \* percent in fiscal 1974. The first 6 months of fiscal 1975 registered a further increase to \* \* \* percent compared to \* \* \* percent in the first 6 months of fiscal 1974. At the same time imports of all women's footwear showed substantial increases. It is clear that increased concession-generated imports of women's dress and casual footwear were the major factor causing the unemployment of Sandler-Ette's workers.

#### Conclusion

On the basis of the foregoing considerations, we conclude that imports resulting in major part from trade-agreement concessions are the major factor causing the unemployment of the petitioning workers of Sandler-Ette Footwear Manufacturing Corp., and therefore we have made an affirmative decision.

View of Commissioner Leonard 1/

My determination in the instant case is negative because one of the criteria has not been met, i. e. , that the increase in imports of footwear for women like or directly competitive with that produced by the Sandler-Ette Footwear Manufacturing Corp. , Webster, Mass. , a wholly owned subsidiary of the Kaiser-Roth Corp. , New York, N. Y. , 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. 2/

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1/ Commissioner Ablondi concurs in the result.

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

View of Commissioner Minchew

In response to the petition filed on behalf of the workers and former workers of the Sandler-Ette Footwear Manufacturing Corp., Webster, Mass., a wholly owned subsidiary of the Kayser-Roth Corp., New York, N.Y., for a determination of their eligibility to apply for adjustment assistance under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA), I have concluded that the statutory requirements set forth in section 301(c) of that act are not met and, accordingly, I have made a negative determination.

The TEA sections 301(c)(2) and (3) state that--

(2) In the case of a petition by a group of workers for adjustment assistance under chapter 3, the United States International Trade Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm or subdivision.

(3) For purposes of paragraph . . . (2), increased imports shall be considered to cause, or threaten to cause, serious injury to a firm or unemployment or underemployment, as the case may be, when the United States International Trade Commission finds that such increased imports have been the major factor in causing or threatening to cause, such injury or unemployment or underemployment.

I have concluded that the statutory requirements are not met.

The investigation established, in my opinion, that fashion changes and quality of workmanship were more important than import competition in this firm's loss of sales and the consequent decline in the employment level.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Description of Articles Under Investigation

Sandler-Ette Footwear Manufacturing Corp. of Webster, Mass., a wholly owned subsidiary of Kayser-Roth Corp. of New York, N. Y., produced footwear for women, misses, and children. 1/ The product mix consisted mainly of women's dress and casual shoes which sold at retail in the range of \$15 to \$25 a pair and fashion boots which sold in the \$18-to-\$35 range. The footwear was made by the cement process, in which the outsole is attached to the upper by an adhesive without sewing. About \* \* \* percent of the footwear utilized uppers of leather, and the remainder used vinyl. Production largely ceased in January 1975; since then, a few persons have been employed to complete the production of footwear from the remaining inventory of materials.

A. Sandler Co., the women's footwear division of Kayser-Roth Corp., performs the buying, distribution, and other administrative functions for the subsidiaries of Kayser-Roth that manufacture women's footwear--Sandler-Ette and Lissak & Co., Inc.--and for an unincorporated division, Jerry Miller I. D. Shoes. Lissak & Co., Inc., New Bedford, Mass., manufactures women's casual shoes produced by the

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1/ In the TSUS, the terms "women's," "misses'," and "children's" are used to differentiate size categories of footwear, not age of wearer, as follows: "Women's" refers to U.S. women's sizes 4 and larger; "misses" refers to U.S. misses' sizes 12-1/2 and larger but not as large as U.S. women's size 4; and "children's" refers to U.S. children's sizes 8-1/2 and larger but not as large as U.S. misses' size 12-1/2. Since, according to company officials, nearly all of Sandler-Ette's production involved footwear in U.S. women's sizes 4 and larger, the term "women's footwear" will be used in this report to identify the products manufactured by Sandler-Ette.

slip-lasted process 1/ and warm-lined cold-weather boots produced by the cement process. The casual shoes manufactured by Lissak tend to be more basic types, which do not alter greatly in style from year to year, whereas the casual shoes produced by Sandler-Ette were generally produced in styles reflecting the latest fashions. The casual shoes manufactured by Lissak sold at \$18 to \$26 a pair at retail, with about two-thirds selling at retail at \$24 a pair; the warm-lined boots retailed at \$25 to \$35 a pair. Jerry Miller I. D. Shoes, Brockton, Mass., an unincorporated division of Kayser-Roth, manufactures molded custom shoes to correspond to physicians' prescriptions. The footwear, described by A. Sandler officials as "medical appliances," sells at about \$110 a pair.

In general, 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 "casual" or "dress"--are the cut of the uppers, the material used for the uppers, the style and height of the heels, the kind of ornamentation, and the material and construction of the soles. In commercial usage, however, these descriptive terms for footwear may have various meanings. Some of them are defined for tariff purposes in the headnotes (including the statistical headnotes) to part 1, subpart A of schedule 7 of the Tariff Schedules of the United States Annotated (TSUSA).

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1/ In the slip-lasted process, the sock lining (a piece of material placed over the entire insole on the inside of a shoe) and upper components are stitched together, and the last (the form on which the shoe is made) is then slipped into the joined parts.

Footwear for women has become an important accessory to fashion in recent years, resulting in rapid style changes in shoe designs. As modifications have occurred in dress lengths and as trousers and other casual attire have become increasingly acceptable for almost every occasion, footwear styles have changed accordingly, and 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 shoe design, and styles with soles an inch or more in thickness became popular. A variety of materials--crepe (rubber), "marshmallow" (pliable synthetic), leather combinations, and various plastics--were used to make soles, concealed platforms, and wedges. Some bottom assemblies were colored, painted, or sculptured. During 1970-72, such platform styles dominated most women's footwear. Although platforms became less extreme in 1973, their importance in shoe design continued into 1974. Today footwear more traditional in style is also being offered. While most fashion emphasis in recent years has focused on high heels, there has been a strong rebirth of interest in flats for dress occasions and low-heeled classic moccasins for casual wear. Other casual footwear for women includes sandals, certain clogs, espadrilles, indoor-outdoor slippers, oxfords, desert boots, and sneakers.

Calf-high stretch boots and other fashion boots, the kinds produced by Sandler-Ette, gained popularity in the late 1960's with the introduction of new styles in women's wearing apparel, such as the miniskirt and the calf-length skirts, that accented boot designs.

Such boots continued to be fashionable throughout 1970 and 1971. Boot designs during this period were usually formfitting types that were worn principally for fashion interest rather than for protection from extreme weather conditions. Styles ranged from inexpensive stretch urethane boots to high-quality leather zipper boots. However, with the switch by women to other types of wearing apparel--in particular, pants suits--the market for stretch boots and other fashion boots diminished markedly in 1972. In the fall of 1974, consumer interest in boots again became apparent. The "riding boot" in various interpretations with high heels or platform soles is an example of a popular fashion boot.

According to industry sources, women's warm-lined boots (often referred to as cold-weather boots), the type produced by Lissak, have always been a stable market item, especially in the cold-weather climates. Prior to the late 1960's, the styling of cold-weather boots did not appear to be affected by fashion trends. However, as boots became fashionable, cold-weather boots were designed to meet the needs not only of inclement weather, but frequently also of fashion requirements. For example, the abovementioned "riding boot" is often manufactured as a warm-lined boot.

It is estimated that about 50 percent of the women's and misses' nonrubber shoes produced in the United States in 1973 had leather uppers, compared with nearly 70 percent in 1970. The American Footwear Industries Association (AFIA) indicates that, owing to the recent shortage of hides and the consequent increases in prices of

leather, prices of women's and misses' leather footwear have risen steadily. The president of the AFIA has further indicated that, as the prices of leather footwear increased, shoes made from manmade materials--polyurethane, polymerics, and nylon velvets--gained a larger percentage of the U.S. market. Footwear of manmade materials lends itself not only to the multihued new platform styles favored by young people but also to the more conservative styles. The following AFIA data illustrate the changes in the shares of the total U.S. nonrubber footwear market supplied by leather and by manmade materials.

Percentages of total U.S. output of nonrubber footwear accounted for by uppers of leather and by uppers of manmade materials, specified years 1950 to 1975

Year	Leather	Manmade materials
1950-----	85	15
1960-----	76	24
1972-----	60	40
1973-----	54	46
1975 <u>1</u> /-----	50	50

1/ Estimated.

Source: Compiled from data supplied by the American Footwear Industries Association.

Industry sources report that, owing to recent and possibly worsening shortages of petrochemically derived materials, a reversal in the trend indicated above is possible.

## U.S. Tariff Treatment

In the Tariff Act of 1930, women's leather shoes and boots of the types produced by Sandler-Ette were originally dutiable under paragraph 1530(e) at 20 percent ad valorem. The rate of duty applicable to such footwear, which is now provided for in TSUS item 700.45, was reduced in five annual stages from 20 percent ad valorem in 1967 to 10 percent in 1972, pursuant to concessions granted during the sixth round of trade negotiations (Kennedy Round) under the General Agreement on Tariffs and Trade (GATT).

Sandler-Ette also produced women's shoes and boots with uppers of manmade materials. Such materials were 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 footwear with manmade uppers, which imports 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); <sup>1/</sup>
- (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; and
- (3) Under paragraph 1539(b) at the reduced rate of 2 1/2 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.

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<sup>1/</sup> The principal kinds of footwear with supported-vinyl uppers now being imported (i. e., those with soles of rubber or plastics) would have been dutiable by virtue of the similitude provision under par. 1530(e) at a rate of 20 percent ad valorem.

In the TSUS, a rate of 12.5 percent ad valorem was established for footwear with manmade uppers (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 manmade uppers is 6 percent ad valorem.

Appendix table 1 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 700.45 and 700.55.

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

## U.S. Consumption, Production, and Imports

Data with respect to U.S. production, imports, and consumption of all women's nonrubber footwear (including boots) are shown on the following page. During the period 1965-74, apparent annual U.S. consumption of women's and misses' 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 an estimated 355 million pairs in 1974. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to an estimated 170 million pairs in 1974. Annual U.S. imports almost tripled during this period, and their share of the market increased without interruption from 17 percent in 1965 to 53 percent in 1973, then declined to an estimated 52 percent in 1974.

Italy and Spain have been the principal suppliers of women's leather footwear; the Republic of China (Taiwan) has been the principal supplier of women's footwear with manmade uppers.

Appendix tables 2 and 3 show total U.S. imports of women's non-rubber footwear (including boots) admitted under TSUS item 700.45 (footwear of leather valued over \$2.50 per pair) and imports of certain women's footwear of rubber or plastics (entered under TSUS item 700.55).

Separate data on consumption, shipments, and imports of women's leather and vinyl boots are not available. It is known, however, that because of the fashion interest in stretch and other fashion boots during the late 1960's and the years 1970-71, consumption and shipments of such boots were then on an upward trend. Both consumption and

shipments declined markedly in 1972 as the result of a shift by women to types of wearing apparel which do not feature the stretch and other fashion boots. U.S. shipments of women's boots of all types by domestic producers in 1972 (the only year for which data are available) amounted to 12.6 million pairs, valued at \$105.2 million.

Nonrubber footwear for women and misses: U.S. production, imports for consumption, and apparent consumption, 1965-74

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
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
1974 <u>4/</u> -----	170	185	355	52

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.

4/ Estimated.

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

## 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 1971-73. 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 8 countries, 1971-73

(In U.S. dollars)

Country	Industry	Published average hourly earnings 1/			Estimated compensation per hour worked 2/		
		1971	1972	1973	1971	1972	1973
Brazil	Clothing and footwear 3/ 4/	\$0.32	\$0.34	\$0.38	\$0.41-\$0.45	\$0.45-\$0.48	\$0.49-\$0.53
Hong Kong	Rubber footwear 5/	.38	.43	.50	.41-.43	.47-.50	.55-.58
Italy	Footwear 6/	.80	.93	1.08	1.49	1.70	2.00
Japan	Rubber products, including plastic footwear. 7/	1.08	1.57	2.10	1.23	1.78	2.39
Korea	Plastic products 7/	.22	.20	.32	.25-.29	.25-.27	.38-.41
Spain	Clothing and footwear 3/	.42	.53	.70	.59-.64	.74-.80	.99-1.06
Taiwan	Plastic products 7/	8/	9/	.26	8/	.22-.23	.30-.32
United States	Footwear, excluding rubber	2.53	2.63	2.72	3.05	3.19	

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.

3/ All employees.

4/ Wage adjustments in Brazil are governed by an official wage formula. The 1972 and 1973 earnings figures are estimates based on the average wage adjustments granted in the total private sector of the economy.

5/ Daily earnings converted to an hourly basis by assuming 9 hours of work per day.

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, Korea, and Taiwan to the United States are principally of plastics. 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/ Not available.

9/ For July-December 1972.

Source: Based on data provided by the U.S. Bureau of Labor Statistics from the following: Brazil--Industrias de Transformacao, 1971, Department of Industry, Trade and Services Statistics, Brazil; Hong Kong--Annual Departmental Report, 1970-73, Commissioner of Labour, Hong Kong; Italy--Rassegna di Statistiche del Lavoro, Various issues, Confederazione Generale 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, June 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.

## Data Relating to A. Sandler Co.

Corporate structure and history

Kayser-Roth Corp. is one of the world's largest producers and marketers of apparel products for men, women, and children. The company's footwear operations are presently conducted under two operating divisions: Men's footwear is produced in its Kayser-Roth Shoe Division, and women's footwear, in its A. Sandler Co. division. The latter division also has administrative control over a separate operating department that produces orthopedic shoes.

The production of women's footwear in the A. Sandler Co. division of Kayser-Roth was, until January 1975, carried on at the facilities of two wholly owned subsidiaries of Kayser-Roth: Sandler-Ette Footwear Manufacturing Corp., Webster, Mass., whose operations largely terminated in January 1975 and whose workers are the subject of this petition, and Lissak & Co., Inc., New Bedford, Mass.

Sandler-Ette Footwear Manufacturing Corp., a Massachusetts corporation, was formed on November 18, 1947, as a wholly owned subsidiary of A. Sandler Co. On December 31, 1961, Sandler-Ette Footwear Manufacturing Corp. purchased all the stock of Lissak & Co., Inc., also a

Massachusetts corporation. A. Sandler Co. also had several other wholly owned subsidiaries, none of which have been in operation since 1972. 1/

On April 1, 1969, Kayser-Roth Corp. purchased all the stock of A. Sandler Co. On the same day, A. Sandler Co. was dissolved and A. Sandler Co., Inc., was formed as a successor corporation. On April 30, 1970, A. Sandler Co., Inc., merged with Kayser-Roth Shoes, Inc. Kayser-Roth Shoes, Inc., then merged with Kayser-Roth Corp. on December 31, 1971. As a result of this process A. Sandler Co. and Kayser-Roth Shoes became operating divisions within Kayser-Roth Corp., and Sandler-Ette Footwear Manufacturing Corp. and Lissak & Co., Inc., became wholly owned subsidiaries of Kayser-Roth Corp., making up the women's footwear division.

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1/ Commission rule 206.17 requires that the workers by whom or on whose behalf the petition is filed must be persons who are, or have been within 1 year prior to the date of receipt by the Commission of a written request for investigation, employed regularly in the production of the named article by the firm whose workers are claimed to be unemployed, underemployed, or threatened with unemployment or underemployment. Since no other workers formerly employed at subsidiaries of A. Sandler Co. filed a petition within the time period set forth in the Commission rules, these firms and their former workers will not be further considered in this report.

Plants and equipment

Sandler-Ette's operations were located on both floors of an 80,000-square-foot building which was built near the turn of the century. With the closing of the plant, the more expensive machinery, which was leased, is being returned to its owners. The less expensive machinery, which is owned, will, to the extent possible, be utilized in other Kayser-Roth factories. Most of the machinery appears to be modern and comparable with machinery used elsewhere in the footwear industry. The firm had used conveyor belts in its fitting (stitching) room for about 10 years. Recent purchases of equipment included a new truck for transporting raw materials to the factory and bringing finished footwear to A. Sandler Co.; lasts, patterns, and dies were bought to keep abreast of the latest style changes. \* \* \*

Lissak presently occupies the second story (40,000 square feet) of a four-story structure built in 1908. Like the machinery utilized by Sandler-Ette, Lissak's machinery is comparable to that used elsewhere in the industry. Lissak also has conveyor belts in the fitting room. Both Sandler-Ette and Lissak lease their buildings from owners in the area in which they manufacture.

Product and prices

A. Sandler Co. purchased footwear from four main sources: Sandler-Ette Footwear Manufacturing Corp. (the establishment that employed the petitioning workers), Lissak & Co., Inc., other domestic manufacturers, and importers. Immediately prior to its closing, Sandler-Ette was producing women's dress and casual shoes made by the cement process and selling at retail from \$15 to \$25 a pair, with the bulk from \$18 to \$25 a pair, and a limited number of women's fashion boots selling at retail from \$18 to \$35 a pair. A negligible part of production consisted of footwear for misses and children. About \* \* \* percent of Sandler-Ette's footwear utilized uppers of leather, and about \* \* \* percent used uppers of vinyl. Styles included fashionable pump, sandal, clog, wedge heel, and monster types in a wide variety of styles and in various heights of heels and soles.

Lissak presently produces only casual slip-lasted footwear for women, incorporating uppers of leather and vinyl. Such footwear consists of shoes selling at retail from \$18 to \$26 a pair and warm-lined cold-weather boots selling at retail from \$25 to \$35 a pair. \* \* \*

Footwear purchased from other domestic sources is used to complete the line offered by A. Sandler and consists mostly of footwear like that formerly produced at Sandler-Ette, and partly of footwear like that produced at Lissak. Such footwear sells at retail for \$10 to \$20 a pair.

A. Sandler also purchases imported footwear which, according to A. Sandler officials, is similar in type and style to that produced by Sandler-Ette but not to that produced by Lissak. Such imported women's footwear sells at retail from \$14 to \$30 a pair, with the bulk selling at \$20 to \$25 a pair. The greater part of Sandler-Ette's imports comprise fashionable pumps, sandals, clogs, wedge heels, and monster types in styles like those formerly produced by Sandler-Ette.

Both Sandler-Ette and Lissak produced most of the soles and a few of the heels used in their production of footwear; no soles or heels were offered for sale to outside firms. The soles and heels are of various materials including synthetics, wood, and cork. A limited amount of upper material was imported for use by Sandler-Ette.

\* \* \* \* \*

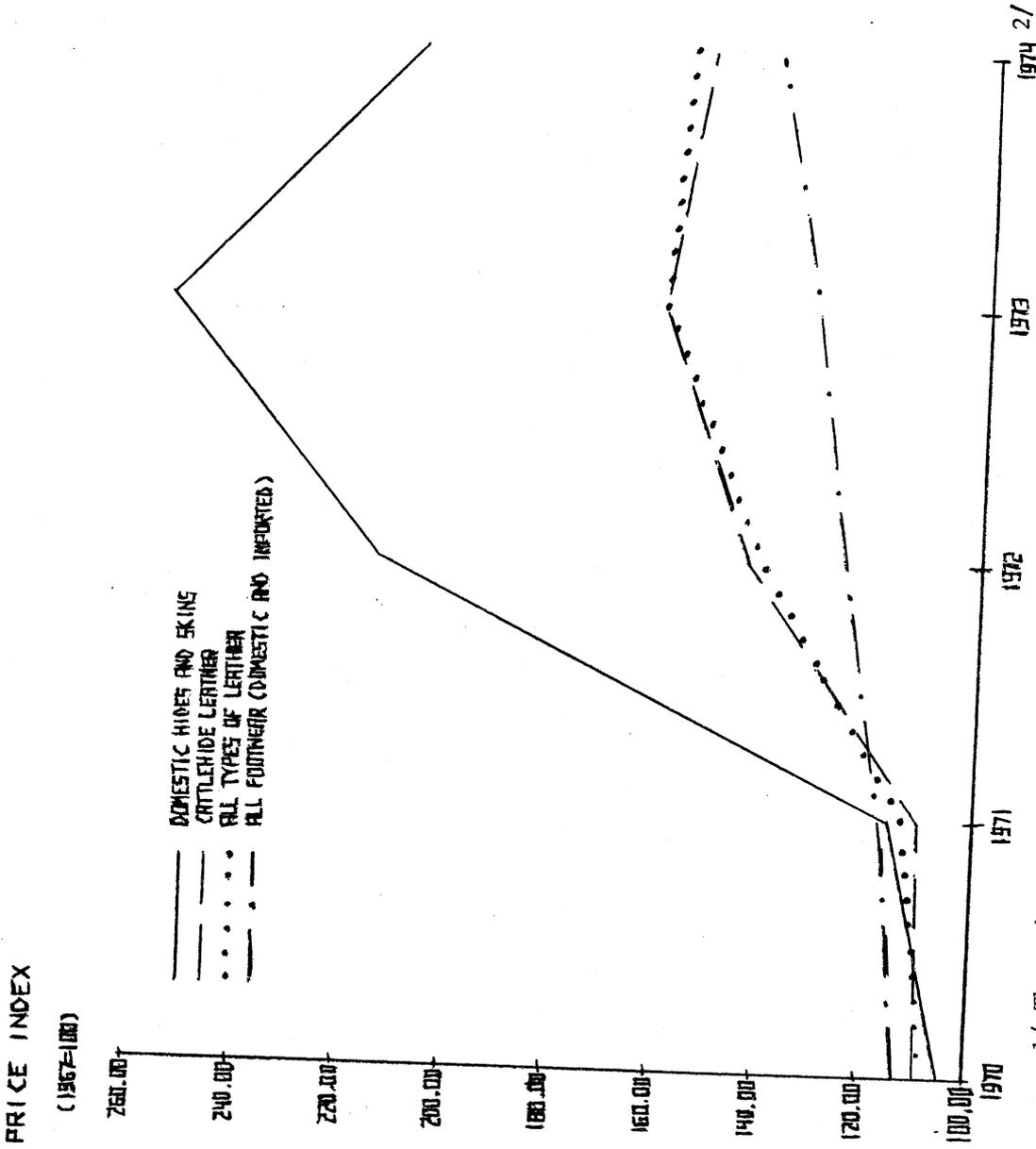
\* \* \* \* \*

The graph on the page A-19 shows the wholesale price indexes of leather and footwear during 1970-74. The prices of raw hides and skins increased greatly during 1970-73. The increases have been caused in part by export curbs that some of the major exporters (India, Brazil, and Argentina) have imposed in order to encourage a greater degree of processing within their borders. Concurrently, the domestic supply of hides and skins has been severely affected by Government-imposed wage-price controls of the past several years.

In January-October 1974, prices of domestic hides and skins, cattlehide leather, and all types of leather declined. The supply of raw hides and skins and cattlehide leather is dependent primarily on the demand for meat and meat products, rather than the demand for leather and leather products. Tanners began purchasing only to meet their immediate needs. Consequently, leather prices declined as cattlehide leather quotations continued to weaken because of buyers' resistance to the higher prices.

The graph shows that the price index for footwear (both domestic and imported) fluctuated least of all the categories. The upward advance in prices of footwear during 1970-74 reflects the rising costs of wages and materials, as well as higher operating expenses.

Wholesale price indexes of domestic hides and skins, cattlehide leather, all types of leather, and all footwear (domestic and imported), annual averages 1970-74 1/



1/ There is no statistical category for footwear which shows the wholesale price index for nonrubber footwear or for leather-upper footwear.  
2/ Data available only for January-October 1974.

Production and sales

Certain sales information concerning Kayser-Roth, the parent corporation of Sandler-Ette, has been gathered from public sources in order to put the sales of the latter into perspective. The table below shows net sales of all footwear by Kayser-Roth, as well as net sales of its other products.

Kayser-Roth Corp.: Net sales, by major product category  
years ended June 30, 1970-74

Product category	Year ended June 30--				
	1970	1971	1972	1973	1974
	Value (1,000 dollars)				
Footwear for men, boys, women, and misses-----	50,785	53,227	55,530	53,678	53,751
Wearing apparel-----	387,115	373,987	413,104	426,170	455,741
Textile products <u>1</u> /--	41,203	39,687	50,341	62,353	62,328
Total-----	479,103	466,901	518,975	542,201	571,820
	Percent of total				
Footwear for men, boys, women, and misses-----	11	11	11	10	9
Wearing apparel-----	81	80	79	79	80
Textile products <u>1</u> /--	8	9	10	11	11
Total-----	100	100	100	100	100

1/ Principally interfacings, underlinings, and interlinings.

Source: Compiled from information submitted to the Securities and Exchange Commission by Kayser-Roth Corp.

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A-21

Data Relating to A. Sandler Co.

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Financial information

In a report submitted to the Securities and Exchange Commission (SEC), the Kayser-Roth Corp. reported continuing losses in its footwear operations. The amount of losses attributable to women's footwear production was not given. Kayser-Roth stated in that report that "the continuing losses in the shoe operations are largely attributable to:

1. "The change in market demand from 'hand sewn' to 'cement' type shoes which occurred towards the end of fiscal 1969 and which has continued. Our shoe division was principally a 'hand sewn' manufacturer and difficulty has been experienced in recapturing our market position.
2. "Competition from imports has adversely affected the shoe industry, and, particularly, manufacturers of higher priced shoes."

The table on the following page shows Kayser-Roth's income or loss before income taxes and extraordinary items, by major product category.

Kayser-Roth Corp.: Income or loss before income taxes and extraordinary items, by major product category, years ended June 30, 1970-74

Product category	Year ended June 30--				
	1970	1971	1972	1973	1974
	Value (1,000 dollars)				
Footwear for men, boys, women, and misses-----	-622	-1,889	-1,459	-4,717	-3,959
Wearing apparel-----	18,741	18,026	19,697	24,004	16,138
Textile products <u>1</u> /-----	3,324	885	960	784	-964
Total-----	21,443	17,022	19,198	20,071	11,215
	Percent of total				
Footwear for men, boys, women, and misses-----	-2.9	-11.1	-7.6	-23.5	-35.3
Wearing apparel-----	87.4	105.9	102.6	119.6	143.9
Textile products <u>1</u> /-----	15.5	5.2	5.0	3.9	-8.6
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Principally interfacings, underlinings, and interlinings.

Source: Compiled from information submitted to the Securities and Exchange Commission by Kayser-Roth Corp.

A-24 through A-39

Data Relating to A. Sandler Co.

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STATISTICAL APPENDIX



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, 1975

TSUS item No.	Abbreviated description	Rate of duty	
		July 1, 1934 1/	GATT concession 2/
		Rate	Effective dates
		Percent ad val.	Percent ad val.
700.45	Leather footwear: "Other" (including cement process): Valued over \$2.50 per pair-----	20	18 : Jan. 1-Dec. 31, 1968. 16 : Jan. 1-Dec. 31, 1969. 14 : Jan. 1-Dec. 31, 1970. 12 : Jan. 1-Dec. 31, 1971. 10 : Jan. 1, 1972.
700.55	Footwear having uppers of supported vinyl.	Principally 20 3/4	4/ 12.5 : Aug. 31, 1963-Dec. 31, 1967. 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, to date.

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

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

3/ Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported-vinyl uppers was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e). The 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 of rates previously applicable to the various types of footwear provided for in this TSUS item.

Table 2.--Women's footwear with leather uppers (TSUS item 700.45):  
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
	Percent ad valorem	<u>1,000</u> pairs	<u>1,000</u> dollars	<u>Per pair</u>
1969-----	16	26,745	131,329	\$4.91
1970-----	14	34,164	172,266	5.04
1971-----	12	43,725	220,504	5.04
1972-----	10	60,912	303,406	4.98
1973-----	10	68,248	355,406	5.21
January-June--				
1973-----	10	40,707	198,464	4.88
1974-----	10	33,192	173,380	5.22

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

Table 3.--Women's and misses' footwear with supported-vinyl uppers (TSUS item 700.55): U.S. rates of duty and imports for consumption, 1966-73, 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>
1966-----	12.5	33,239	17,024	\$0.51
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	109,915	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

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





