

UNITED STATES TARIFF COMMISSION

WOMEN'S, CHILDREN'S, AND INFANTS' FOOTWEAR:  
WORKERS OF --

Smith Shoe Corp., Newmarket, N.H.  
Bella Mia Footwear Mfg. Corp., Brooklyn, N.Y.  
Kalmon Shoe Mfg. Co., St. Louis, Mo.  
Deb Shoe Co., Inc., Washington, Mo.  
Rolla Shoe Mfg. Co., Rolla, Mo.  
Wolff Shoe Mfg. Co., St. Louis, Mo.  
Johnson, Stephens, and Shinkle Shoe Co., Vandalia, Ill.  
Reliable Footwear Co., New York, N.Y.

Report to the President on  
Worker Investigations Nos. TEA-W-58 through TEA-W-65 and TEA-W-69  
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 369  
Washington, D.C.  
March 1971

UNITED STATES TARIFF COMMISSION

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## CONTENTS

	<u>Page</u>
Report to the President-----	1
Findings of the Commission-----	3
Views of Commissioners Clubb and Moore-----	4
Views of Commissioner Sutton-----	10
Views of Commissioner Leonard-----	11
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
Introduction-----	A-1
Women's dress shoes-----	A-3
Pertinent TSUS items-----	A-5
Women's slippers, desert boots, and vinyl sandals-----	A-9
Children's and infants' shoes-----	A-10
U.S. tariff treatment-----	A-13
U.S. consumption, production, and imports-----	A-15
Women's shoes and slippers-----	A-15
Children's and infants' footwear-----	A-18
Data relating to individual plants:	
*        *        *        *        *        *	
Statistical Appendix-----	A-48

## APPENDIX TABLES

1. Name, location, and date of closing of the plants where petitioning workers were formerly employed, type of footwear produced, and retail price range-----	A-49
2. U.S. rates of duty applicable to women's, misses', children's and infants' footwear (except as noted) of types provided for in specified TSUS items, Jan. 1, 1934, and GATT concessions-----	A-50
3. Nonrubber footwear: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-69, January-September 1969, and January-September 1970-----	A-51

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



## REPORT TO THE PRESIDENT

U.S. Tariff Commission  
March 8, 1971

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of investigations, made under section 301(c)(2) of the Act, in response to petitions filed by nine groups of workers.

On January 7, 1971, Mr. George O. Fecteau, general president of the United Shoe Workers of America, AFL-CIO, CLC, filed petitions for determination of eligibility to apply for adjustment assistance on behalf of workers formerly employed by five footwear firms.

Subsequently, on January 15 and 18, 1971, Mr. William N. Scanlan of the Boot and Shoe Workers' Union AFL-CIO, submitted four additional workers petitions; one of these concerned members of his union in a plant for which Mr. Fecteau had submitted a petition.

On January 22, 1971, the Commission instituted eight, and on February 1, 1971, the additional one investigation with respect to the nine petitions mentioned above. The investigations were instituted under section 301(c)(2) of the TEA to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with certain nonrubber footwear produced by the respective firms 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 these firms, which are listed below:

TEA-W-58	Smith Shoe Corp., Newmarket, N.H.
TEA-W-59	Bella Mia Footwear Mfg. Corp., Brooklyn, N.Y.
TEA-W-60)	Kalmon Shoe Mfg. Co., St. Louis, Mo.
TEA-W-61)	
TEA-W-62	Deb Shoe Co., Inc., Washington, Mo.
TEA-W-63	Rolla Shoe Mfg. Co., Rolla, Mo. <u>1/</u>
TEA-W-64	Wolff Shoe Mfg. Co., St. Louis, Mo.
TEA-W-65	Johnson, Stephens, and Shinkle Shoe Co., Vandalia, Ill.
TEA-W-69	Reliable Footwear Co., New York, N.Y.

Public notice of the receipt of the petitions and of the institution of the investigations was given by publication in the Federal Register of January 29, 1971 (36 F.R. 1445) and February 6, 1971 (36 F.R. 2583). No hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, from the officials of the individual firms, and from the Commission's files.

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1/ In the Commission's Notice of Investigation, this company was erroneously listed as "Wolff Shoe Mfg. Co., Rolla, Mo."

Findings of the Commission 1/

On the basis of its investigations, the Commission finds unanimously that articles like or directly competitive with the footwear produced by Smith Shoe Corp., Newmarket, N.H., Kalmon Shoe Mfg. Co., St. Louis, Mo., Deb Shoe Co., Inc., Washington, Mo., Rolla Shoe Mfg. Co., Rolla, Mo., Welff Shoe Mfg. Co., St. Louis, Mo., and Reliable Footwear Co., 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, unemployment or underemployment of a significant number or proportion of the workers of such plants.

With respect to whether articles like or directly competitive with the footwear produced by Bella Mia Footwear Mfg. Corp., Brooklyn, N.Y., and Johnson, Stephens, and Shinkle Shoe Co., Vandalia, Ill. are, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such plants, the Commission, being equally divided, 2/ makes no finding.

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1/ Chairman Mize and Commissioner Young did not participate in the investigations.

2/ Commissioners Sutton and Leonard voted in the negative and Commissioners Clubb and Moore voted in the affirmative.

## Views of Commissioners Clubb and Moore

This investigation has been conducted in response to petitions filed on behalf of workers formerly employed in eight plants producing nonrubber footwear. Five of the plants produced women's leather dress shoes that were sold at the retail level from \$22 to \$29 per pair. One plant produced children's and infants' leather shoes that retailed from \$8 to \$14 per pair; one produced women's leather desert boots that sold at retail principally from \$5 to \$6 per pair and women's vinyl sandals retailing for about \$5 per pair; and one produced women's slippers, principally with leather uppers, that retailed at \$2 to \$3 per pair.

Under section 301(c)(2) of the Trade Expansion Act, four requirements must be met for the Commission to make an affirmative determination:

- (1) Imports must be increasing;
- (2) the increase in imports must be a result in major part of concessions granted under trade agreements;
- (3) the workers concerned must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) the increased imports resulting in major part from trade-agreement concessions must be the major factor causing or threatening to cause the unemployment or underemployment.

We believe that each of these requirements has been met with respect to the petitions of the workers formerly employed at two of the eight plants, and with respect to those two petitions we have made affirmative determinations. We have concluded that all of the

requirements have not been met with respect to the petitions covering the remaining six plants.

#### Affirmative determinations

We have made affirmative determinations with respect to the following petitions:

<u>Investigation No.</u>	<u>Name and location</u>
TEA-W-59	Bella Mia Footwear Mfg. Corp., Brooklyn, N.Y.
TEA-W-65	Johnson, Stephens, and Shinkle Shoe Co., Vandalia, Ill.

Increased imports in major part a result of trade-agreement concessions.--The workers formerly employed at the Bella Mia plant produced women's leather desert boots that are worn generally for casual or leisure wear, and women's vinyl sandals. The desert boots, which generally retailed from \$5 to \$6 per pair, accounted for about 75 percent of the output of this plant, and the sandals, which retailed for about \$5 per pair, accounted for the remainder. In two recent investigations, we pointed out that U.S. imports of footwear that retail in the United States at less than \$6 per pair, including the types produced at Bella Mia, have mushroomed in recent years. For the reasons set forth in those investigations, 1/ we conclude that the increase in imports of such footwear, which we deem to be like or directly competitive with that produced at the Bella Mia plant, has been in major part a result of trade-agreement concessions.

The workers formerly employed at the Johnson, Stephens, and Shinkle Shoe Co. produced women's leather dress shoes of cement construction

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1/ Plastic- or Rubber-Soled Footwear with Fabric Uppers . . . TC Publication 321, April 1970, at 3-8, and Protective Footwear of Rubber or Plastics . . . TC Publication 330, July 1970, at 10-11.

that retailed in the range of \$22 to \$24 per pair. The company also imported women's leather dress shoes. In recent investigations involving women's dress shoes of cement construction retailing in that price range, we concluded that, within the meaning of the statute, imports of like or directly competitive footwear had increased and the increased imports were in major part a result of trade-agreement concessions. For the reasons set forth in those investigations, 1/ we reach a similar conclusion with respect to the Johnson plant. Thus, with respect to the Bella Mia and Johnson plants, the first two requirements for an affirmative finding have been met.

Unemployment or underemployment.--The third statutory requirement is that a "significant number or proportion of the workers" involved must be unemployed or underemployed or threatened therewith. The two plants concerned here ceased the production of shoes and laid off all their workers. Thus the third requirement for an affirmative finding has been met.

Major factor.--The final requirement for an affirmative determination is that the increased imports must be the major factor causing the unemployment or the underemployment of the employees concerned. As we have stated previously, U.S. imports of footwear in recent years have increased greatly, both in absolute volume and in relation to U.S. consumption. Imports of women's dress and casual shoes (including desert boots and sandals) supplied about 40 percent of domestic consumption in

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1/ Women's and Misses' Dress Shoes with Leather, Vinyl, or Fabric Uppers. . . TC Publication 323, June 1970, at 11-14; Women's Leather Shoes: Workers of Caressa, Inc. . . . TC Publication 353, January 1971, at 4; and Women's and Misses' Footwear . . . TC Publication 361, February 1971, at 6-7.

1970 compared with 17 percent in 1965. With respect to women's dress shoes alone, imports supplied nearly 20 percent of domestic consumption in 1970, compared with 2 percent in 1965. As a result of the marked degree of market penetration achieved by the competing imported footwear, the employment afforded workers at U.S. footwear plants has been substantially affected. We have concluded that, but for the increased imports, the unemployment of the workers involved in the two plants concerned would not have occurred. The fourth requirement thus has been met.

Conclusion.--We find that the petitioning workers at the Bella Mia and Johnson plants have met the statutory criteria, and accordingly, we have made an affirmative determination in these cases.

Negative determinations

We have made negative determinations with respect to the following petitions:

<u>Investigation No.</u>	<u>Name and location</u>
TEA-W-58	Smith Shoe Corp., Newmarket, N.H.
TEA-W-60)	Kalmon Shoe Mfg. Co., St. Louis, Mo.
TEA-W-61)	
TEA-W-62	Deb Shoe Co., Inc., Washington, Mo.
TEA-W-63	Rolla Shoe Mfg. Co., Rolla, Mo.
TEA-W-64	Wolff Shoe Mfg. Co., St. Louis, Mo.
TEA-W-69	Reliable Footwear Co., New York, N.Y.

With respect to each of the six plants listed here, it is unnecessary to determine whether the first three requirements for an affirmative determination have been met because the relevant data fail to show that the fourth requirement has been satisfied. Specifically, we find that increased imports were not the major factor causing or

threatening to cause the unemployment or underemployment of the workers concerned. The decisions to close the six plants involved appear to have been based primarily on considerations unrelated to competition from imports. We have concluded that the plants would have been closed even if imports of competing footwear had not increased. We are compelled, therefore, to make a negative determination with respect to the petitions filed on behalf of the workers at the six plants listed above.

Smith Shoe Corp. of Newmarket, N.H. (TEA-W-58), produced children's and infants' leather shoes retailing from \$8 to \$14 per pair. The company was acquired by Belmont Industries in October 1969. According to officials of the company, Smith was experiencing internal problems prior to the sale. When the plant closed, production was transferred to another subsidiary of the parent company. The effect of import competition appears not to have been an important factor in the company's decision.

Kalmon Shoe Mfg. Co. of St. Louis, Mo. (TEA-W-60 and -61), produced women's leather dress shoes that retailed in the range of \$26 to \$29 per pair. Competition in this price range is based less on price differences than on differences in style, quality, and service. The market served by Kalmon is highly volatile and subject to rapid style changes. Import competition is less severe in these higher levels than in lower price ranges, since imports probably supply about 10 percent of the market in the higher levels. Kalmon, which was recently acquired by

Amadac Industries, Inc., of New York City, was a high-cost plant which was unable to compete profitably primarily against other domestic producers.

The Deb. Shoe Co., Inc. of Washington, Mo. (TEA-W-62), Rolla Shoe Mfg. Co. of Rolla, Mo. (TEA-W-63), and Wolff Shoe Mfg. Co. of St. Louis, Mo. (TEA-W-64), were owned by the Wolff Investment Co. Women's leather dress shoes that retailed in the range of \$22 to \$28 per pair were produced at these three plants. Like Kalmon Shoe, the import competition faced by these three plants was less severe than that affecting companies producing lower priced lines. These plants were adversely affected by major internal problems, including shortage of capital, rising labor and other costs, and lack of flexibility in attempting to compete with rapidly changing styles. These factors, rather than import competition, were the major causes of the plants' closing.

Reliable Footwear Co. of New York, N.Y. (TEA-W-69), produced women's slippers, principally with leather uppers, that retailed at \$2 or \$3 per pair. We recently held that the slipper industry in the United States is not being injured or threatened with serious injury as a result of increased imports. <sup>1/</sup> Domestic production of slippers has increased moderately in recent years. In the case of Reliable, the retirement of the owner was the primary cause of the plant closing.

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<sup>1/</sup> Nonrubber Footwear, TC Publication 359, January 1971, at 9.

## Views of Commissioner Sutton

My determination in each of the instant cases is negative because the increase in imports of any footwear like or directly competitive with that produced at the eight plants involved in these investigations is not in major part the result of concessions under trade agreements. My reasoning in support of this determination is set forth in the statement of my views in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

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1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 25-30.

## Views of Commissioner Leonard

I have determined that imported footwear like or directly competitive with that produced in the plants of the petitioning workers is classified for duty purposes under TSUS items 700.15, 700.20, 700.25, 700.26, 700.27, 700.29, 700.32, 700.43, 700.45, 700.55, 700.60, 700.66, and 700.68.

In previous investigations 1/ I have found that increased imports under these TSUS items have not been the result in major part of concessions granted under trade agreements. Therefore, my determination must be negative in each of the instant cases.

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1/ Principally in Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 25-47; and Protective Footwear of Rubber or Plastics and Rubber- or Plastic-Soled Footwear With Fabric Uppers: Certain Workers at the Mishawaka, Ind., Plant of Uniroyal, Inc., . . . , TC Publication 330, 1970, pp.4-7.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Description of Articles Under Investigation

Introduction

Of the eight establishments in which the petitioning workers were employed, five made styles of women's footwear 1/ known in the trade as dress shoes; one made women's desert boots and sandals; one made children's and infants' footwear; and one made women's slippers. Seven establishments closed in 1970 and one in December 1969. During their last 3 years of operation, 1967-69, the aggregate output of the eight plants averaged annually about 3 million pairs, or one-half of 1 percent of the total U.S. production of the comparable kinds of footwear. Approximately 85 percent of the production of the eight plants consisted of footwear for women; only an insignificant amount was for misses; 2/ about 15 percent was for children and infants.

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1/ Because the plants in which workers have filed petitions had not engaged to any extent, or on a regular basis, in the manufacture of misses' shoes, reference in this report will be limited to women's shoes in spite of the fact that negligible imports of misses' shoes are combined with imports of women's shoes in a few import classifications under the Tariff Schedules of the United States Annotated. (See note 2 below.)

2/ In this report, as in the Tariff Schedules of the United States (TSUS), the terms "women" and "misses" are used to differentiate size categories of footwear, not age of wearer, as follows: "women" refers to footwear in American women's sizes 4 and larger, and "misses" refers to American misses' sizes 12-1/2 and larger but not as large as American women's size 4.

Five of the plants made dress shoes, by the cement process, almost entirely for women in a retail price range from \$22 to \$29 per pair. Their average annual production in 1967-69 was about 2 million pairs; 96 percent had leather uppers and the remainder had fabric uppers. One plant made women's desert or chukka boots for sale at retail at \$5 to \$9 per pair; its annual output of desert boots during 1967-69 averaged about \* \* \* pairs. These boots, made by the cement process, have suede uppers; they are worn generally for casual or leisure wear. (See page A-26 in the section of this report on Bella Mia Footwear Mfg. Corp. for an illustration of the desert boot.) The remainder of this plant's output--25 percent of its total production--consisted of women's sandals with vinyl uppers, which sold for \$5 per pair at retail, and averaged \* \* \* pairs annually in 1967-69. Another establishment produced women's slippers, most with the uppers of leather, by the cement process, for sale at retail at \$2 to \$3 per pair; annual output was small. The eighth establishment specialized in children's and infants' footwear with leather uppers, made mostly by the welt process, in the retail price range of \$8 to \$14 per pair. The output of this establishment averaged \* \* \* pairs yearly in 1967-69. Table 1, in the appendix shows, for each of the eight plants here under review, the date of closing, type of footwear produced, and retail price range per pair of the shoes produced.

Women's dress shoes

The principal features of women's shoes that determine the activities for which a particular pair is suitable, and thus the trade designations such as "dress," "casual," and "slippers," are the cut of the uppers, the style and height of the heels, the material used for the uppers, the kind of ornamentation, and the material and construction of the sole. In general or commercial usage, however, these descriptive terms for footwear may have various meanings. Some of them are specifically defined for tariff purposes in the headnotes (including the statistical headnotes) to part 1A of schedule 7 of the Tariff Schedules of the United States (TSUS). 1/

In terms of U.S. retail sales, so-called dress shoes (a term not defined in the TSUS) are more important than any other type of footwear for women and misses. The term "dress shoes," originally limited to shoes worn on formal occasions, is now used to describe footwear of the types generally intended for street wear or business and social activities. Women's shoes intended for formal wear, which are also regarded here as "dress shoes," are now frequently referred to as evening shoes, slippers, or sandals. Generally the term "dress shoes" does not refer to footwear especially made for athletic, occupational and leisure activities.

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1/ Some of the definitions for tariff purposes of descriptive terms (e.g., "slippers" and "casuals"), however, apply to only a small portion of the footwear for which such terms are currently used in retail outlets; see U.S. Tariff Commission, Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . ., TC Publication No. 359, 1971, pp. A-2 ff.

For many years the principal type of dress shoe worn by women in the United States was the classic pump--a closed-toe, closed-back, slip-on shoe without fasteners, with light-weight soles and with heels of 2 inches or higher. Depending upon fashion changes, however, dress shoes may be open- or closed-heeled shoes with straps, laces, or tongues over the instep and include high-heeled sandals with open toes, open heels and uppers of narrow strips of leather or other material.

Women's lower heeled footwear for casual wear (not considered dress shoes) include low heeled sandals and wedge-heeled shoes, loafers, desert boots, moccasins, and sneakers.

The range of styles and qualities of footwear increased greatly during the 1960's as a result of new materials, technological developments in production, and new fashions in wearing apparel. Simultaneously, consumer interest in this wide variety of footwear also increased, reflecting the changing age structure of the population, increasing per capita income, and a growth in time for leisure activities. As a result of these developments, the distinction between dress and casual shoes and attire diminished.

The materials used for the uppers of dress shoes are usually finer (i.e., less sturdy), and the soles lighter in weight, than those of footwear intended for athletic and certain occupational and leisure use. Uppers may be of calf, kid, or reptile leathers, and silk, rayon linen, or metallic fabrics--such as peau de soie, satin, brocade, or velvet--or supported vinyls or other plastics. Soles are of leather or plastics.

For several decades the principal method of attaching the outsole to women's shoes has been the cement process, whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. An estimated 80 percent of the total U.S. output of women's and misses' shoes in recent years (and probably an even higher percentage of that of domestic dress shoes) has been made by the cement process. The cement process permits narrow edges on the outside to give a trim appearance and produces a lighter and more flexible shoe than do other processes except the turn (or turned) process. In the turn process, which is currently used in a very minor degree in the United States to produce dress shoes, 1/ the footwear is initially lasted inside out and then turned right side out for the finishing operations.

Pertinent TSUS items.--To the petitioners in five of the eight investigations covered by this report (i.e., all except the petitioners in Nos. TEA-W-58, W-59, and W-69), imported footwear for women "like or directly competitive" with that produced at the plants where they were formerly employed includes leather footwear made by the cement process and entered under TSUS items 700.43 and 700.45--reported under TSUSA item 700.4340 if having a foreign (export) value of not over \$2.50 a pair and under TSUSA item 700.4540 if having a higher foreign value. Two of five petitioners making cement process women's footwear with leather uppers assert that women's leather footwear made by the turn

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1/ The turn process has been used in the United States in recent years principally to produce footwear of the types reported in the official U.S. production statistics as slippers for housewear (SIC product code 3142). Slippers are also produced by the cement process.

(or turned) process--reported under TSUS item 700.20 is competitive with footwear formerly produced by them. In addition, the petitioners in all five of these investigations express the belief that footwear with supported vinyl uppers admitted under TSUSA item 700.5545 are also competitive with the footwear formerly produced by them.

The table on the following page lists the plants and their products and summarizes the appropriate TSUS item numbers applicable to imports of footwear like or similar in construction, style, and material to products of the plants in which the petitioners worked.

As explained briefly in the following paragraphs, the types of footwear classifiable under the four TSUS items 700.20, 700.43, 700.45, and 700.55 vary with respect to materials, method of construction, price line, and/or style.

Imported footwear that closely resembles (in appearance, method of construction, and price lines) most of the women's dress shoes formerly produced at the five plants here under review is classified for duty purposes under TSUS item 700.45. Imports entered under that TSUS item, which provides for footwear having a foreign (export) value of over \$2.50 a pair, as well as those entered under TSUS item 700.43, which provides for footwear valued not over \$2.50, consist predominantly of footwear for women in a wide range of styles, types, and prices. In terms of quantity, about half of the combined imports under these two items in 1968 and 1969 consisted of women's sandals having a selling price at retail in the range of \$1.99 to \$6.99 a pair; the remainder probably consisted predominantly of women's cement-process dress shoes of

Nonrubber footwear in plants of petitioning workers: Investigation number, names of plants, type of footwear produced, retail price range and appropriate TSUS item numbers applicable to footwear like or similar in construction, style, and material to products of workers' plants

Investigation No. under the TEA and name of plant	Type of footwear produced	Retail price range	Appropriate TSUS item No. applicable to footwear like or similar in construction, style and material to products of workers' plants
W-58 Smith Shoe Corp-----	Children's and infants' leather footwear.	\$8-\$14	700.15, 700.20, 700.25, 700.26, 700.27, 700.29, 700.43, 700.45, 700.55.
W-59 Bella Mia Footwear Mfg. Corp-----	(Women's leather desert boots (Women's vinyl sandals	\$5-\$9 \$5	700.43, 700.45 700.55
W-60) Kalmon Shoe Mfg. Co-----	)	:	:
W-61) Deb Shoe Co., Inc-----	)	:	:
W-62 Rolla Shoe Mfg. Co-----	) Women's leather and fabric	\$22-\$29	700.20, 700.43, 700.45, 700.55, 700.66, 700.68
W-64 Wolff Shoe Mfg. Co-----	) dress shoes.	:	:
W-65 Johnson, Stephens, and Shinkle Shoe Co-----	) )	:	:
W-69 Reliable Footwear Co-----	Women's vinyl and leather slippers.	\$2-\$3	700.32, 700.43, 700.45, 700.55, 700.60

moderate prices (i.e., in the retail price range of \$8 to \$20 a pair) but included sturdy types with vulcanized or injection-molded soles, light-weight slippers suitable principally for housewear, and expensive high-fashion types (including boots) for leisure wear as well as formal and other dress wear.

Imported women's leather footwear made by the turn or turned process and dutiable under TSUS item 700.20 does not differ significantly in appearance or price from the leather dress shoes formerly made by the cement process in the five plants here under review. Imported shoes with uppers of peau de soie, velvet, and other kinds of fabrics used to make dress shoes for women--a type of footwear produced in negligible quantities in few of the plants in recent years--have been admitted under TSUS item 700.68. 1/ U.S. imports of such footwear, which have been negligible, consisted predominantly of high-fashion styles selling at retail for \$30 or more a pair.

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1/ TSUS item 700.68 provides for women's and misses' leather-soled footwear having uppers of fibers and a foreign (export) value of over \$2.50 a pair. Imports of women's and misses' dress shoes having uppers of fibers, soles of leather, and a foreign value of not over \$2.50 per pair (provided for in item 700.66) are believed to have been negligible, if any. Also, imports of dress shoes having uppers of peau de soie (and other "dress" fabrics) and soles of plastics, which are classifiable under TSUS item 700.60 regardless of value, are known to be virtually nil. In recent years, imports admitted under item 700.60 have consisted principally of sneakers and have included significant amounts of folding slippers, scuffs, and so-called indoor-outdoor slippers of types produced in the United States by firms manufacturing house slippers (including the firm covered by investigation No. TEA-W-69).

Women's footwear with supported vinyl uppers that has entered under TSUS item 700.55 in recent years has consisted predominantly of two groups of footwear: (1) Street shoes of sturdy construction, produced in a single width for each particular length, for sale mostly at \$3 to \$6 a pair at self-service counters in variety stores, discount stores, and department store basements and (2) folding slippers and sandals, usually selling at retail for less than \$1 a pair. It is believed that before 1970 only a negligible portion of the annual imports of women's and misses' dress shoes and boots admitted under item 700.55 retailed at more than \$10 a pair. In 1970, however, it is estimated, imports of such footwear retailing at more than \$10 a pair totaled about 1 million pairs.

Women's slippers, desert boots, and vinyl sandals

Women's slippers usually consist of the type of casual slip-on styles of footwear, not held to the foot by laces or straps, that are intended for indoor use. They are often referred to as household slippers. The less expensive ones comparable in price range to those made at the one plant among the eight have low heels, or low wedge soles and heels, vinyl uppers or fabric uppers--as for example: cotton corduroy, quilted rayon satin or terry cloth. The soles are usually composition, and the linings are usually of fabric. Many of these slippers are of the type which are folded in plastic envelopes and referred to in the trade as "packables." The firm in question made slippers selling from \$2 to \$3 at retail and marketed through outlets of the self-service type.

The petitioners declare that footwear similar to and competitive with that made in their plant are slippers imported under the following TSUS items: 700.32, 700.43, 700.45, 700.55, and 700.60 (see table on page A-7). It is believed that the bulk of women's imported slippers enter under TSUS item 700.55.

Women's desert boots and sandals were the specialties of one of the petitioning workers' plants. Most of the imported desert boots are probably classified for duty purposes under TSUS items 700.43 and 700.45, depending upon their value. Imports of women's vinyl sandals, the type in question, are entered under TSUS item 700.55 (see table on page A-7).

#### Children's and infants' shoes

Imported footwear for children and infants 1/ that resembles most nearly the footwear produced in the one plant of the petitioning workers may be described by the term "dress shoes" which refers to children's footwear intended principally for social activities and for school wear. Infants' shoes are not generally categorized as dress or casual shoes; most are intended to provide support to enable infants to walk correctly.

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1/ As described in the statistical headnote of the TSUSA, footwear for children covers footwear of American children's sizes 8-1/2 and larger but not as large as the footwear described for American youth's sizes (i.e., 11-1/2 and larger but not as large as American men's size 6); and they are not as large as footwear of American misses' sizes (i.e., 12-1/2 and larger but not as large as American women's size 4). Footwear for infants covers footwear smaller than American children's size 8-1/2.

Of the total output of children's and infants' footwear, about 40 percent is constructed by the cement process, 22 percent, by the injection molded process, and 12 percent, by the welt process. The remainder is made by various other methods. About 70 percent of the uppers of children's and infants' footwear are made of leather, and virtually all of the remainder, of vinyl. The styling of children's shoes follows the same general trends as does that of footwear for adults but avoids the extremes of the latter.

In the injection-molded process of construction, the sole and heel of polyvinyl chloride or an elastomer resin compound are simultaneously molded and attached to the shoe upper, thus reducing production time and labor costs by eliminating a number of the steps required in other processes to attach the sole to the upper. The injection-molded process has been used increasingly in recent years to produce a dress shoe of trim appearance. In the welt process, a narrow strip of supple leather or manmade material, called the welt, is sewed to the shoe upper and to a lip on the surface of the insole; the outsole is then sewed and/or cemented to the welt. Welt shoes are heavier in weight and appearance--and are generally regarded as more rugged and durable--than those made by the cement process. For a description of the cement process, see page A-5.

The imported shoes for children and infants that are pertinent to this investigation are classified for duty purposes under the following TSUS items (see table on page A-7): 700.15 (moccasins), 700.20 (turn or turned footwear), 700.25 through 700.27 and 700.29 (welt footwear), 700.43 and 700.45 ("other" leather footwear), and 700.55 (footwear with supported vinyl uppers). In recent years, U.S. imports of children's and infants' footwear that closely resemble the footwear produced at one of the eight plants here under review include: moccasins, turn or turned footwear, and welt footwear; these imports have been negligible. Virtually all imports of footwear for children and infants have been entered under items 700.43 (footwear of leather having a foreign value of not over \$2.50 per pair), 700.45 (footwear of leather having a value of over \$2.50 per pair), and 700.55 (footwear with supported vinyl uppers).

## U.S. Tariff Treatment

In the Tariff Act of 1930, women's, children's, and infants' footwear of the types produced at the eight plants where the petitioning workers were formerly employed was originally dutiable under paragraph 1530(e) at 20 percent ad valorem if in chief value of leather (except if having fiber uppers) and at 35 percent ad valorem if having fiber uppers. Supported vinyl was not used for uppers until the late 1940's or early 1950's. During the period before the new TSUS became effective on August 31, 1963, footwear with supported vinyl uppers, which is now dutiable under TSUS item 700.55, was generally dutiable, by virtue of the similitude provisions of paragraph 1559, at a rate provided for "similar" leather footwear in paragraph 1530(e)--principally 20 percent. By 1962, significant numbers of folding slippers with uppers of supported vinyl were being imported under the pre-TSUS tariff schedules at 10 percent ad valorem, the rate then applicable to leather slippers for housewear. In the TSUS, effective August 31, 1963, 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.

Table 2 in the appendix shows for footwear of the types now dutiable under items 700.20, 700.43, 700.45, and 700.55 the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT.

Footwear imported under these four TSUS items closely resembles the footwear formerly produced by the petitioners. 1/

Table 3 shows for the years 1965-69 and for the first 9 months of 1969 and 1970 estimated U.S. imports of women's, misses', children's, and infants' shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

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1/ The petitioners of one firm assert that slippers "like or similar" to those formerly produced by them are also imported under TSUS item 700.60. Data on the quantity of such footwear admitted under 700.60 are not known.

As elsewhere noted, U.S. imports of leather welt footwear have also been negligible (TSUS items 700.25, 700.26, 700.27 and 700.29). The petitioning workers of only one firm, a former producer of children's footwear (the Smith Shoe Corp.), claimed to have previously made shoes like or similar to this type of footwear.

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

Women's shoes and slippers

As already indicated, the footwear formerly produced in five of the eight plants considered in this report consisted of women's dress shoes. During the period 1965-69, total apparent annual domestic consumption of such shoes is estimated to have followed an irregular trend; it rose from about 204 million pairs in 1965 to about 231 million pairs in 1968 but declined to 205 million in 1969, i.e., to almost the 1965 level. As imports of women's dress shoes rose without interruption from 4 million pairs in 1965 to 28 million pairs in 1969, the share of U.S. apparent annual consumption of such footwear consisting of imports increased from 2 percent to 14 percent, as shown in the following table.

Dress shoes for women: U.S. production, imports for consumption, and apparent consumption, 1965-69

Period	Production	Imports	Apparent consumption <sup>1/</sup>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	200	4	204	2
1966-----	206	7	213	3
1967-----	188	11	199	6
1968-----	210	21	231	9
1969-----	177	28	205	14

<sup>1/</sup> Estimated production plus estimated imports (both production and imports include dress shoes for misses).

Source: Estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

The annual variation in consumption of women's dress shoes in recent years is explained by several factors but is attributable largely to changes in the mode of dressing discussed in the section of this report on description of articles under investigation. Thus, the use of loafers, sandals, clogs, desert boots, and other boots in lieu of dress shoes has increased. Apparent annual U.S. consumption of all women's nonrubber footwear is shown in the following table for 1965-69 and January-September of both 1969 and 1970.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-69, January-September 1969, and January-September 1970

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-----	316	67	383	17
1966-----	320	70	390	18
1967-----	286	96	382	25
1968-----	317	133	450	30
1969-----	267	139	406	34
January-September--				
1969-----	205	98	303	32
1970-----	194	128	322	40

1/ Production represents the output for industry No. 3141 (footwear, except house slippers and rubber footwear) as reported by the U.S. Bureau of the Census.

2/ Partly estimated from the official statistics for footwear of the kinds described in part 1A of schedule 7 of the TSUS 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. Include imports of misses footwear, which have been negligible compared with those of women's.

3/ Apparent consumption represents U.S. production plus imports without an allowance for exports, which in 1969 amounted to about 1 million pairs; for the years 1965-69 the figures are the same as those shown in table 5 (column labeled, "For women and misses") of TC Publication 359. (op. cit.).

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

The production and import figures shown above are not strictly comparable because data on the U.S. output omit house slippers 1/ and data on imports include some types of house slippers. It is estimated from information obtained in previous investigations by the Tariff Commission that the import figures for 1969 include about 9 million pairs of house slippers with vinyl uppers (admitted under TSUS item 700.55). The number of pairs of house slippers with leather uppers that have been entered in recent years under items 700.20, 700.43, and 700.45 is not known, but the number is believed to be substantially smaller than the estimated number of pairs having vinyl uppers. If data on imports of women's house slippers could be excluded from the statistics shown above, the annual ratios of imports to consumption would probably be several percentage points smaller than those shown, but the trends of both sets of ratios would be parallel.

U.S. imports of women's footwear under TSUS items 700.20, 700.43, 700.45, and 700.55, which together accounted for 94 percent of the 1969 imports in the preceding table, are shown in table 3 in the appendix for the years 1965-69 and for January-September of both 1969 and 1970.

The principal product of one of the eight plants here considered was house slippers. That plant's output of such footwear was negligible compared with total U.S. production. As indicated above, U.S. imports of house slippers, which are recorded in several statistical classes, cannot be estimated. However, the imported slippers with which officials of

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1/ U.S. production of house slippers is reported by the U.S. Bureau of the Census as output of industry No. 3142 (house slippers of leather or other materials).

that plant said they could not compete were mostly of types admitted under item 700.55 and are included in table 3. Total U.S. production of house slippers for women in recent years has been as follows: 1/ . 1965--65 million pairs, 1966--67 million pairs, 1967--68 million pairs, 1968--76 million pairs, and 1969--76 million pairs.

Children's and infants' footwear

One plant considered in this investigation produced children's and infants' footwear. Domestic production of such footwear, as reported by the Department of Commerce, declined from 66 million pairs in 1965 to 56 million pairs in 1969. During 1965-69, U.S. imports of children's and infants' footwear (including dress-type and play shoes, sandals, and other casual shoes) increased from an estimated 8 million pairs in 1965 to 12 million pairs in 1967 and 20 million pairs in 1969, as shown in the following table.

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1/ Partly estimated from the official statistics.

Children's and infants' footwear: U.S. production, imports  
for consumption, and apparent consumption, 1965-69

Year	Production	Imports	consump- tion <u>1/</u>	Ratio of imports to apparent con- sumption
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
1965-----	66	8	74	11
1966-----	66	11	77	14
1967-----	61	12	73	16
1968-----	60	14	74	19
1969-----	56	20	76	26

1/ Production plus estimated imports.

Source: Production compiled from official statistics of the U.S. Department of Commerce; imports estimated by the U.S. Tariff Commission from official statistics of the U.S. Department of Commerce.

Data on imports of children's and infants' footwear by type of upper material, for 1965-69 are shown in the table below.

Children's and infants' footwear: U.S. imports for con-  
sumption, by types of upper material, 1965-69

(In millions of pairs)				
Year	With uppers of--			
	Leather	Vinyl	Fabric	Total
1965-----	1	4	3	8
1966-----	3	6	2	11
1967-----	4	6	2	12
1968-----	4	6	4	14
1969-----	6	9	5	20

Source: Estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

The imported leather shoes, which include a significant quantity of sandals, are entered principally under items 700.43 and 700.45. The

imported vinyl shoes, entered under item 700.55, are primarily inexpensive shoes with supported vinyl uppers that are sold at the retail level from about \$1 to \$3 per pair. The imported fabric shoes consist principally of infants' footwear with uppers of woven fabric entered under items 700.70 and 700.80. Such footwear has a foreign value of less than \$.50 per pair. Such shoes were not produced in the plant under consideration.

A-21 through A-47

Data Relating to Individual Plants

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A-48

STATISTICAL  
APPENDIX

Table 1.--Name, location, and date of closing of the plants where petitioning workers were formerly employed, type of footwear produced, and retail price range

TC investigation: No. under the TEA	Name	Location	Closing date	Type of footwear produced and upper material (share of total output)	Retail price range per pair
W-58-----	Smith Shoe Corp.	Newmarket, N.H.	January 1970	Children's and infants' footwear, welt and cement process, leather: uppers (100%)	\$8-\$14
W-59-----	Bella Mia Footwear Mfg. Corp.	Brooklyn, N.Y.	February 1970	About 75% women's "desert" boots, cement process, leather uppers (100%); 25% women's sandals, slip-lasted, vinyl uppers (100%)	\$5-\$9
W-60)-----	Kalmon Shoe Mfg. Co.	St. Louis, Mo.	September 1970	Women's dress shoes, cement process, leather uppers (100%)	\$26-\$29
W-61)-----					
W-62-----	Deb Shoe Co., Inc.	Washington, Mo.	September 1970	Women's dress shoes, cement process, leather uppers (95%); fabric (5%)	\$22-\$27
W-63-----	Rolla Shoe Mfg. Co.	Rolla, Mo.	September 1970	Do.	\$26-\$28
W-64-----	Wolff Shoe Mfg. Co.	St. Louis, Mo.	March 1970	Do.	\$26-\$28
W-65-----	Johnson, Stephens, and Shinkle Shoe Co.	Vandalia, Ill.	April 1970	Women's dress shoes, cement process, leather uppers (99%); fabric (1%)	\$22-\$24
W-69-----	Reliable Footwear Co.	New York, N.Y.	December 1969	Women's slippers, cement process, leather uppers (75%); vinyl (5%)	\$2-\$3

Table 2.--U.S. rates of duty applicable to women's, misses', children's, and infants' footwear (except as noted) of types provided for in specified TSUS items, July 1, 1934, and GATT concessions

TSUS item No.	Abbreviated description	Rate of duty		
		July 1, 1934 <u>1/</u>	GATT concessions <u>2/</u>	
			Rate	Effective dates
		Percent ad val.	Percent ad val.	
700.20	Leather footwear: Turn or turned for women and misses----	10% <u>3/</u>	5%	May 30, 1950-Dec. 31, 1967
			4%	Jan. 1, 1968-Dec. 31, 1969
			3%	Jan. 1, 1970-Dec. 31, 1971
			2.5%	Jan. 1, 1972
700.43	"Other" (including cement process): Valued not over \$2.50 per pair-----	20%	19%	Jan. 1-Dec. 31, 1968
			18%	Jan. 1-Dec. 31, 1969
			17%	Jan. 1-Dec. 31, 1970
			16%	Jan. 1-Dec. 31, 1971
			15%	Jan. 1, 1972
700.45	Valued over \$2.50 per pair-----	20%	18%	Jan. 1-Dec. 31, 1968
			16%	Jan. 1-Dec. 31, 1969
			14%	Jan. 1-Dec. 31, 1970
			12%	Jan. 1-Dec. 31, 1971
			10%	Jan. 1, 1972
700.55	Footwear having uppers of supported vinyl.	Principally 20% <u>4/</u>	12.5% <u>5/</u>	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

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/ Effective Jan. 1, 1932, the statutory rate of 20% ad valorem was reduced to 10% ad valorem, pursuant to sec. 336 of the Tariff Act of 1930.

4/ Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e).

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

Note.--The GATT concession rates are applicable to the products of all countries except those designated as Communist in General Headnote 3(e) of the TSUS; i.e., they are column 1 rates. Products of Communist countries are dutiable at column 2 rates, which for the TSUS items listed above except item 700.55 are the same as the rates shown for July 1, 1934. For item 700.55, the column 2 rate is 35 percent. That rate replaces the wide range of rates applicable in 1934 to the various types of footwear provided for in item 700.55.

Table 3.--Nonrubber footwear: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-69, January-September 1969 and January-September 1970

Period	Certain footwear of leather						
	Turn or turned for women and misses (700.20)		For women, misses, children and infants (700.40) 1/				
	Tariff rate	Quantity	Tariff rate	Quantity			
				Total	For women and misses	For children and infants	
				Percent ad val.	Million pairs	Percent ad val.	
1965-----	5	1	20	22	21		1
1966-----	5	1	20	30	28		2
1967-----	5	1	20	41	38		3
1968-----	4	2	19	37	34		3
			18	21	20		1
1969-----	4	2	18	34	29		5
			16	28	27		1
January-September--							
1969-----	4	2	18	28	23		5
			16	21	20		1
1970-----	3	2	17	35	29		6
			14	27	26		1
Footwear with uppers of supported vinyl (700.55)							
	Tariff rate	Quantity					
		For women and misses		For children and infants			
		Percent ad val.	Million pairs	Million pairs	Million pairs		
		1965-----	12.5	35		3	
		1966-----	12.5	33		4	
1967-----	12.5	50		6			
1968-----	11	69		6			
1969-----	10	71		8			
January-September--							
1969-----	10	56		6			
1970-----	8.5	62		7			

1/ Effective Jan. 1, 1968, item 700.40 was replaced by items 700.41, 700.43, and 700.45.

Source: Import data compiled from official statistics of the U.S. Department of Commerce; data under TSUS items 700.40 and 700.55 for "women and misses" and for "children and infants" are partly estimated.

