

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**INFORMATION FOR USE IN DETERMINING WHETHER  
TO REMOVE LEATHER WEARING APPAREL FROM  
THE LIST OF ARTICLES ELIGIBLE FOR THE  
GENERALIZED SYSTEM OF PREFERENCES**

**Report to the President  
on Investigation No. 332-79(3) under  
Section 332 of the Tariff Act of 1930**



**USITC Publication 792  
Washington, D. C.  
November 1976**

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Note.--The whole of the Commission's report to the President may not be made public since it contains certain information that has been classified or 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,  
November 10, 1976

To the President:

In accordance with the request contained in your letter of September 14, 1976, the United States International Trade Commission reports herein the results of its investigation on the current employment and production conditions in the domestic industry producing leather wearing apparel. The portions of the text of your letter directed at this investigation are as follows:

In a recent executive branch review of the operation of the Generalized System of Preferences (GSP) the Trade Policy Staff Committee (TPSC) considered several petitions from domestic producers to remove products from the list of articles eligible for duty-free treatment under the GSP. It was necessary to postpone a decision on some of the petitions, however, because of the absence of data on the amount of imports and domestic production or because of inadequate information on recent developments in the industry. To assist the Administration in assembling the needed information, I hereby request the Commission, pursuant to section 332(g) of the Tariff Act of 1930 to conduct investigations and report the results, as follows:

\* \* \* \* \*

3. With respect to leather wearing apparel classifiable in item 791.75 of the Tariff Schedules of the United States (TPSC GSP case No. 76-2), an investigation and report on the current employment and production conditions in the domestic industry.

I further request that the Commission make every effort to provide the reports as soon as possible but not later than \* \* \* November 10, 1976 with respect to report 3.

The investigation (No. 332-79(3)) was conducted by the Commission under the authority of section 332 of the Tariff Act of 1930 (19 U.S.C. 1332). Notice of the institution of the investigation and of a public hearing to be held in connection therewith was issued on September 21, 1976, and published in the Federal Register of September 24, 1976 (41 F.R. 41973). At the request of representatives of the domestic industry, the Commission subsequently changed the time and place of the hearing. Notification of this change was published in the Federal Register on October 4, 1976 (41 F.R. 43764), and October 26, 1976 (41 F.R. 46910), and the hearing was conducted on October 29, 1976, at the Customs House, 6 World Trade Center, New York, N.Y. All interested parties were afforded an opportunity to be present, to produce evidence, and to be heard. A transcript of the hearing and copies of briefs submitted by interested parties in connection with the investigation are attached.

The information for this report was obtained from fieldwork, questionnaires sent to domestic manufacturers, the Commission's files, other Government agencies, evidence presented at the hearings, briefs filed by interested parties, and other sources.

## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On February 24, 1976, the Chairman of the Trade Policy Staff Committee announced in the Federal Register (41 F.R. 8131) the acceptance of a petition from the National Outerwear & Sportswear Association, Inc., New York, N.Y., the Tanners' Council of America, Inc., New York, N.Y., and the Amalgamated Clothing Workers of America, New York, N.Y., urging that wearing apparel not specially provided for, of leather, other than reptile leather (Tariff Schedules of the United States (TSUS) item 791.75), be removed from the list of items eligible for duty-free treatment granted to designated developing countries under the Generalized System of Preferences (GSP).

The President requested by letter of September 14, 1976, that the Commission make an investigation to obtain the most current information on the domestic industry producing wearing apparel of leather.

The United States International Trade Commission, on September 21, 1976, instituted an investigation under section 332 of the Tariff Act of 1930 to determine the current employment and production conditions in the domestic industry producing leather wearing apparel. A public hearing in connection with this investigation was held on October 29, 1976, at the Customs House, 6 World Trade Center, New York, N.Y. 1/ The President requested that the Commission complete its investigation and report to him not later than November 10, 1976.

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1/ Notice of the Commission's investigation and hearings was published in the Federal Register on September 24, 1976 (41 F.R. 41973), notice of the rescheduling of the hearing, on October 4, 1976 (41 F.R. 43764), and notice of the place of the hearing, on October 26, 1976 (41 F.R. 46910).

## Description and Uses

The term "leather wearing apparel" as used in this report includes a variety of articles that are classifiable under item 791.75 of the Tariff Schedules of the United States, but it does not include such items as footwear, gloves, headwear, apparel belts, and watch straps of leather, or wearing apparel in chief value of fur; these articles are specifically provided for elsewhere in the TSUS. (Wearing apparel of sheep or lamb with the wool on the inside of the garment is considered for customs purposes to be wearing apparel of leather, whereas when the wool is on the outside, it is classified as wearing apparel of fur.)

Wearing apparel that is the subject of this investigation, is made from a variety of leathers, of which cowhide, calf, sheep, and lamb are the most commonly used. 1/ Coats and jackets 2/ in various styles have accounted for the bulk of U.S. shipments of leather wearing apparel in recent years (about 90 percent in 1972) and nearly all imports of such apparel. However, leather is used in the manufacture of a variety of apparel, including pants, vests, skirts, dresses, and shorts. Leather wearing apparel for men and boys accounted for slightly more than half of U.S. shipments of leather apparel in 1972, with that for women, misses, and juniors accounting for the remainder.

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1/ Apparel of the type covered in this report is generally comparable with that reported in product code 2386, leather and sheep-lined clothing, of the Standard Industrial Classification (SIC).

2/ A jacket is an item of outerwear of less than 40 inches in length; a coat is 40 inches or longer in length.

## U.S. Tariff Treatment

As was previously stated, the leather wearing apparel discussed in this report is dutiable under item 791.75 of the Tariff Schedules of the United States, which provides for wearing apparel not specially provided for, of leather other than reptile leather. In the absence of duty-free entry under the GSP, the trade-agreement rate of duty, in effect since the final reduction on January 1, 1972 under the Kennedy Round of trade negotiations, applicable to imports entered under item 791.75 is 6 percent ad valorem.

Duty-free treatment under the GSP was granted on certain imported articles, including leather wearing apparel, pursuant to the provisions of title V of the Trade Act of 1974 and became effective on January 1, 1976. <sup>1/</sup> The President, in Executive Order No. 11888 of November 24, 1975, designated the eligible articles and beneficiary countries. Executive Order No. 11906 of February 29, 1976, amended the original order. By the amended order, the principal supplier of leather wearing apparel, the Republic of Korea, became ineligible to receive duty-free treatment under the GSP for exports of such garments to the United States. This action with respect to Korea was taken under section 504 (c)(1)(A) of title V which specifies the so-called \$25 million rule. In addition,

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<sup>1/</sup> This action was taken by the President after receiving advice from the Commission as required by section 503 of title V. The Commission's advice to the President with respect to leather wearing apparel is included in appendix B of this report.

countries may lose GSP treatment on certain items under section 504(c)(1)(B) of title V. 1/

A copy of general headnote 3(c) of the TSUS, which lists the eligible articles and beneficiary countries under the GSP is reproduced in appendix C.

#### U. S. Producers

According to official statistics of the U.S. Department of Commerce, 185 U.S. firms, which operated 187 establishments, produced leather wearing apparel in 1972, the most recent year for which such data are available. In that year over two-thirds of the value of U.S. producers' shipments originated in the Northeast Region of the United States. The principal producing States and their share of the value of total U.S. shipments were New York (46 percent), New Jersey (10 percent), and Massachusetts (9 percent). The Western Region was next in importance, accounting for about 15 percent of U.S. shipments; the principal producing State in that region was California (10 percent). The North

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1/ The appropriate passages read as follows:

(c)(1) Whenever the President determines that any country--

(A) has exported (directly or indirectly) to the United States during a calendar year a quantity of an eligible article having an appraised value in excess of an amount which bears the same ratio to \$25,000,000 as the gross national product of the United States for the preceding calendar year, as determined by the Department of Commerce, bears to the gross national product of the United States for calendar year 1974, or

(B) except as provided in subsection (d), has exported (either directly or indirectly) to the United States a quantity of any eligible article equal to or exceeding 50 percent of the appraised value of the total imports of such article into the United States during any calendar year,

then, not later than 60 days after the close of such calendar year, such country shall not be treated as a beneficiary developing country with respect to such article, . . .

Central Region accounted for about 14 percent of U.S. shipments, spread over many States.

Responses to the Commission's questionnaire with respect to value of shipments in 1975 did not show a significantly different pattern: New York accounted for 43 percent; New Jersey, 21 percent; Massachusetts, 4 percent; and California, 9 percent.

Most firms in the industry producing leather and sheep-lined clothing operate a single establishment, and few are subsidiaries of other firms. It is known that a number of firms produce textile apparel as well as leather apparel. In addition, many firms contract all or part of their production to contractors who cut and/or sew the garments. This is especially true during peak selling periods and in that portion of the industry producing apparel of leather for women and misses. About half the firms answering the Commission's questionnaire produced only men's and boys' coats and jackets and about a quarter of the respondents produced only women's and misses' coats and jackets. The remaining firms produced both men's and boys' and women's and misses' apparel. Approximately two-fifths of the firms responding produced only jackets.

Data obtained from the Commission's questionnaire show that in 1975 the four largest U.S. producers of leather wearing apparel accounted for about 25 percent of total U.S. producers' shipments. Data on the concentration of this industry for certain prior years, based on official statistics, are reported in table 1 in appendix A..

## U.S. Production and Shipments

Trend of production and shipments

Official data on recent U.S. production of leather wearing apparel are not available. However, official data show that the value of U.S. shipments of leather apparel increased from \$130.3 million in 1968 to \$240 million in 1974. <sup>1/</sup> Data furnished the Commission by domestic producers responding to its questionnaire show that industry shipments continued to increase in 1975, but in January-August 1976 showed little change from the level in January-August 1975.

In the course of its investigation, the Commission sent questionnaires to U.S. producers seeking data on production and shipments of leather wearing apparel. Responses with usable data were received from 75 producers which are believed to account for about half of U.S. production and whose experience is believed to be representative of the industry at large. As shown in the following table, the information reported by these 75 producers shows that their production of leather wearing apparel increased from 2.0 million units in 1973 to 2.6 million units in 1975, and then decreased slightly from 1.6 million units in January-August 1975 to 1.5 million units in January-August 1976. Jackets (produced by 71 of the respondent firms) accounted for nearly three-fourths of total leather apparel production during January-August 1976, and coats (produced by 43 firms) accounted for slightly more than a fourth of the total during this period.

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<sup>1/</sup> The figure for 1974 is based on survey data which had standard error of estimate of 15 percent at the product-class level.

Wearing apparel of leather: Production by certain U.S. producers, by types, 1973-75, January-August 1975, and January-August 1976

(In units)

Type	1973	1974	1975	January-August--	
				1975	1976
Coats-----	521,417	624,924	672,064	413,168	408,407
Jackets-----	1,421,110	1,764,348	1,901,135	1,171,183	1,115,277
All other-----	21,350	19,747	22,731	13,218	17,999
Total-----	1,963,877	2,409,019	2,595,930	1,597,569	1,541,683

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

The table on the following page shows that production by those respondent firms that specialized in men's and boys' leather apparel followed the same trend as aggregate production, increasing from 868,474 units in 1973 to 959,875 units in 1975. While overall production in the leather apparel industry was static in January-August, 1976 compared with the corresponding period of 1975, production of men's and boys' leather apparel continued to increase, rising from 561,807 units in January-August 1975 to 601,445 units in January-August 1976. In contrast to overall production, about 98 percent of the garments produced by firms specializing in apparel for men and boys consisted of jackets (25 firms produced jackets and only 8 produced coats).

As shown in the same table, firms specializing in the production of leather wearing apparel for women and misses also registered increased production, with output rising from 226,309 units in 1973 to 481,477 in 1975. However, production by these firms decreased by about 11 percent from 277,852 units in January-August 1975, to 247,813 units in the

corresponding period in 1976. Twelve of these firms produced coats and 13 produced jackets.

Many firms produced leather apparel for both men and boys and for women and misses. The table shows that this production increased from 856,294 units in 1973 to 1,120,648 units in 1975, but decreased by about 8 percent in January-August 1976 compared with January-August 1975. Twenty-two of these firms produced coats and 33 produced jackets.

Wearing apparel of leather: Production by certain U.S. firms by specialization and types, 1973-75, January-August 1975, and January-August 1976

(In units)								
Firm speciali- zation and type	:	1973	:	1974	:	1975	January-August --	
							:	1975
For men and boys:	:		:		:		:	
Coats-----:	:	138,060	:	81,959	:	70,138	:	46,617
Jackets-----:	:	730,414	:	859,023	:	887,166	:	513,465
All other--:	:	-	:	-	:	2,571	:	1,725
Total--:	:	868,474	:	940,982	:	959,875	:	561,807
For women and misses:	:		:		:		:	
Coats-----:	:	120,217	:	217,999	:	261,269	:	154,712
Jackets-----:	:	98,832	:	160,269	:	208,908	:	119,480
All other <sup>1/</sup> --:	:	* * *	:	* * *	:	* * *	:	* * *
Total--:	:	* * *	:	* * *	:	* * *	:	* * *
For both men and boys and women and misses :	:		:		:		:	
Coats-----:	:	250,340	:	304,166	:	308,657	:	190,239
Jackets-----:	:	591,864	:	745,056	:	805,061	:	538,238
All other----:	:	19,090	:	14,090	:	6,930	:	6,626
Total--:	:	856,294	:	1,061,569	:	1,120,648	:	735,103
	:		:		:		:	676,440

<sup>1/</sup> Business-confidential data representing 1 firm only.

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Data collected from responses to the Commission's questionnaire also show that the quantity of U.S. production of leather wearing apparel did not differ significantly from the quantity shipped in 1973-75. But during the periods January-August 1975 and January-August 1976, production exceeded shipments. This is attributable to the fact that producers build inventories in anticipation of their important reorder period during September and October.

The following table and tables 2, 3, and 4 on U.S. producers' shipments show that except for those firms specializing in the production of leather wearing apparel for women and misses, the value of U.S. shipments increased even when the number of units decreased. Data representing responses from the 75 producers indicate that U.S. producers' shipments increased from 1.9 million units, valued at \$99.5 million, in 1973 to 2.5 million units, valued at \$143.5 million, in 1975. While the number of units shipped decreased slightly from 1.4 million units in January-August 1975 to 1.3 million units in January-August 1976, the value of shipments increased from \$84.8 million to \$87.2 million, respectively, or by about 3 percent.

Table 5 gives data, by months, on the value of U.S. producers' shipments of leather wearing apparel for the period January 1975 through August 1976. The value of shipments during January-June 1976 were greater than they were during the corresponding period in 1975. In the remaining months for which data are available, 1976 shipments were below those in 1975. ° These data show the seasonal nature of shipments in the leather wearing apparel industry--they were at their lowest level in the

Wearing apparel of leather: Shipments by certain U.S. producers, by types, 1973-75, January-August 1975, and January-August 1976

Type	1973	1974	1975	January-August--	
				1975	1976
Quantity (units)					
Coats-----	462,648	608,470	668,524	398,343	383,610
Jackets-----	1,413,480	1,677,289	1,800,154	1,018,646	945,761
All other----	24,695	24,211	25,129	14,057	18,643
Total----	1,900,823	2,309,970	2,493,807	1,431,046	1,348,019
Value (1,000 dollars)					
Coats-----	26,226	35,821	42,701	25,569	26,742
Jackets-----	72,916	90,013	100,003	58,801	59,800
All other----	374	440	816	445	614
Total----	99,516	126,274	143,520	84,815	87,156
Unit value					
Coats-----	\$56.69	\$58.87	\$63.87	\$64.19	\$69.71
Jackets-----	51.59	53.67	55.55	57.72	63.23
All other----	15.14	18.17	32.47	31.66	32.93
Average--	52.35	54.66	57.55	59.27	64.66

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

first quarter of the year, increased in the second quarter, and reached their peak in the third and fourth quarters when re-orders generally occur in anticipation of the retail selling season.

Information on the trends of shipments by firms specializing in leather wearing apparel for men and boys, firms specializing in such apparel for women and misses, and firms not specializing in the production of either of these types is given in tables 2, 3, and 4.

Order backlog (unshipped orders)

Because of the seasonal nature of this industry, domestic producers of leather wearing apparel usually have a substantial volume of unfilled orders on hand in late summer as retailers place orders (reorders) in anticipation of the peak fall selling season. In an attempt to compare the volume of such orders in 1976 with that in earlier years, the Commission asked producers to report the value of their unshipped orders as of September 1 of 1974, 1975, and 1976; the data reported (in thousands of dollars) amounted to 16,124, 19,693, and 13,594, respectively. Fifty firms reported order backlogs at some time during the 3-year period. Although more firms reported unfilled orders on September 1, 1976, than in either of the preceding 2 years, the value of those orders was down sharply on that date. Backlogs on September 1, 1974, exceeded \$16 million; then increased about 22 percent on September 1, 1975; and on September 1 1976, they decreased to \$13.6 million, or by about 31 percent.

Representations by interested parties

Representations were made by interested parties at various stages of the Commission's investigation. Firms responding to the producers' questionnaire were asked to comment on the reasons underlying changes between 1975 and 1976 in domestic production, employment, and/or order backlog. Of the firms responding to the questionnaire, those that accounted for 41.7 percent of the value of shipments reported gave competition from lower priced imports as the principal cause of decreases in these areas of their business and many urged increased tariffs or quotas. Firms accounting for another 12.0 percent commented that demand had fallen off for leather garments in 1976 compared with 1975, especially since mid-year 1976. However, 2 firms accounting for 0.6 percent reported they had experienced increased demand for leather apparel. Another group accounting for 2.0 percent reported that there had been no change in conditions between 1975 and 1976. No consistent pattern of response was received from firms accounting for 10.9 percent, but comments such as "productivity increased," "order backlogs reflect prices only," and "shifted production to substitute products of another material" were included. The remaining firms accounting for 32.8 percent did not make any comment.

In the process of developing a list of all products of leather wearing apparel, the Commission staff contacted the Joint Board of the Coat, Suit and Allied Garment Workers' Unions and the International Ladies Garment Workers' Union/AFL-CIO. Shortly thereafter, the Joint Board forwarded to the Commission 26 letters that had been received, addressed to the board, from manufacturers who were under contractual

relationship with the Board. In each letter lower priced imports were reported to be causing difficulties for the firm.

On October 24, 1976, a member of the Commission staff attended the annual National Outerwear & Sportswear Association show in New York to obtain information from tanners of leather for garments and manufacturers of leather garments about current conditions of employment and production in the industry producing leather wearing apparel. One of the functions of this show is for apparel manufacturers to place orders with tanners for the following season. In addition, on October 29, 1976, the Commission conducted public hearings in New York to obtain the views of all interested parties concerning current conditions of production and employment in the leather apparel industry. The views expressed at the hearings and the show by domestic interests were uniformly pessimistic. Tanners indicated that they are experiencing sharply reduced orders for leather, especially cowhide leather. They attribute this to competition from lower priced imports of both garments and leather. Both tanners and manufacturers of leather wearing apparel believe that substantially lower wages are paid workers producing such apparel overseas. Many alleged that principal supplying countries are subsidizing firms exporting leather and leather garments. Wearing apparel manufacturers stated that the market is saturated with imported garments, and that demand for their leather garments has dropped substantially since mid-year, and is causing reduced production and employment. They alleged that producers' inventories of leather

apparel are at record levels while order backlogs (unshipped orders) are down substantially. There appeared to be general agreement that the market for apparel for women and misses is most affected by imports and that contractors 1/ probably are more affected by imports than the garment producers. Tanners and garment manufacturers all urged increased tariffs and quotas to prevent what they called the "death" of this industry.

Two presentations were also made at the hearing by importer representatives. One, representing a company importing principally from Israel, argued that apparel of leather imported from Israel is of higher price and quality than most imports and is made by workers paid high wages, and, therefore, does not compete directly with such apparel made by domestic producers. This representative also pointed out that Korea no longer receives duty-free GSP treatment and that he believes Taiwan will lose such status automatically under the law in 1977 because of the so-called \$25 million rule. The remainder of imports from countries receiving preference, he feels, are not significant enough to remove GSP treatment of TSUS item 791.75. The other witness, representing Malta, argued that imports of such apparel from Malta are an insignificant part of total imports of wearing apparel of leather and are produced by laborers earning relatively high wages compared to those of countries in the Orient. Like the other witness, he argued that special exception should be made for imports from his country if the full duty

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1/ Very few contractors furnished usable information to the Commission.

should be restored. Both viewed wearing apparel of leather as an important part of all GSP exports to the United States from the country they represented and saw removal of GSP on this item as a first step in the gradual erosion of the overall GSP program.

## U. S. Imports

As seen in the table on the following page, the value of U.S. imports of leather wearing apparel grew sharply and without interruption from 1968 to 1975, increasing from a foreign value of \$14.3 million in 1968 to \$154.3 million in 1975. During January-August 1976, the value of imports totaled \$142.2 million, compared with \$79.5 million in the corresponding period in 1975, an increase of 79 percent. Import gains shown for 1974 and 1975 may be attributed in part to increases in the price of leather wearing apparel, but the large gain in 1976 cannot be explained in terms of a price increase.

One of the notable aspects of imports over the past 4 years has been the high degree of seasonality (chart 1 on page 22 and the table on page 21). The prevailing pattern has indicated that imports tend to rise during the second quarter of each calendar year, peak during the third quarter, and then fall off somewhat during the last quarter. (Traditionally, the first quarter has been the annual "trough.") In 1972, 1973, and 1974, monthly imports peaked in August. This pattern was upset in 1975, when imports reached a historic high of over \$20 million in October. Imports in August 1976 set the current monthly record, reaching nearly \$29 million.

Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption, by principal sources, 1968-75, January-August 1975, and January-August 1976

Source	1968	1969	1970	1971	1972	1973	1974	1975	January-August--	
									1975	1976
Value (1,000 dollars)										
Republic of Korea-----	4	14	20	36	818	2,259	5,478	29,737	12,245	45,558
Republic of China-----	21	36	28	1,004	6,255	11,054	16,298	26,450	15,379	22,990
Canada-----	982	2,106	6,916	15,146	16,712	15,302	21,741	17,521	9,386	9,204
Hong Kong-----	143	684	1,979	2,612	6,560	9,143	11,827	13,085	6,968	8,825
Spain-----	2,615	3,264	5,736	8,314	11,578	13,599	12,293	11,497	6,424	8,044
Mexico-----	118	205	4,607	2,832	5,943	8,565	12,819	11,486	5,695	6,533
Uruguay-----	14	117	280	606	1,034	2,443	5,602	9,954	4,487	11,862
Israel-----	2,248	2,944	3,404	4,996	6,166	6,371	5,957	7,400	4,148	4,407
Brazil-----	106	3	43	549	2,224	4,006	3,879	5,194	2,617	2,919
Italy-----	2,593	2,473	2,820	5,325	9,100	7,486	4,529	3,699	2,323	2,489
United Kingdom-----	1,125	1,317	1,883	2,815	3,222	4,123	4,015	3,652	1,948	2,237
Argentina-----	2	2	41	315	928	5,171	6,468	3,415	1,348	5,444
Yugoslavia-----	1,079	1,882	2,105	1,815	3,144	2,512	2,258	2,093	1,297	1,792
Poland-----	51	129	194	200	834	1,554	1,707	1,812	1,303	1,096
Turkey-----	27	118	1,795	5,052	7,972	7,854	2,745	1,657	973	2,346
All other-----	3,191	4,380	6,382	7,634	9,283	8,232	5,450	5,611	2,912	6,421
Total-----	14,319	19,674	38,233	59,251	91,773	109,654	123,066	154,263	79,453	142,167
Percent of total:										
Republic of Korea-----	1/	1/	0.1	0.1	0.9	2.1	4.5	19.3	15.4	32.0
Republic of China-----	0.1	0.2	.1	1.7	6.8	10.1	13.2	17.1	19.4	16.2
Canada-----	6.9	10.7	18.1	25.6	18.2	14.0	17.7	11.4	11.8	6.5
Hong Kong-----	1.0	3.5	5.2	4.4	7.1	8.3	9.6	8.5	8.8	6.2
Spain-----	18.3	16.6	15.0	14.0	12.6	12.4	10.0	7.5	8.1	5.7
Mexico-----	.8	1.0	12.0	4.8	6.5	7.8	10.4	7.4	7.2	4.6
Uruguay-----	.1	.6	.7	1.0	1.1	2.2	4.6	6.5	5.6	8.3
Israel-----	15.7	14.7	8.9	8.4	6.7	5.8	4.8	4.8	5.2	3.1
Brazil-----	.7	1/	.1	.9	2.4	3.7	3.2	3.4	3.3	2.0
Italy-----	18.1	12.6	7.4	9.0	9.9	6.8	3.7	2.4	2.9	1.7
United Kingdom-----	7.9	6.7	4.9	4.8	3.5	3.8	3.3	2.4	2.5	1.6
Argentina-----	1/	1/	.1	.5	1.0	4.7	5.3	2.2	1.7	3.8
Yugoslavia-----	7.5	9.6	5.5	3.1	3.4	2.3	1.8	1.4	1.6	1.3
Poland-----	.4	.7	.5	.3	.9	1.4	1.4	1.2	1.6	.8
Turkey-----	.2	.6	4.7	8.5	8.7	7.2	2.2	1.1	1.2	1.7
All other-----	22.3	22.3	16.7	12.9	10.1	7.5	4.4	3.6	3.7	4.5
Total-----	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Less than 0.05 percent.

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

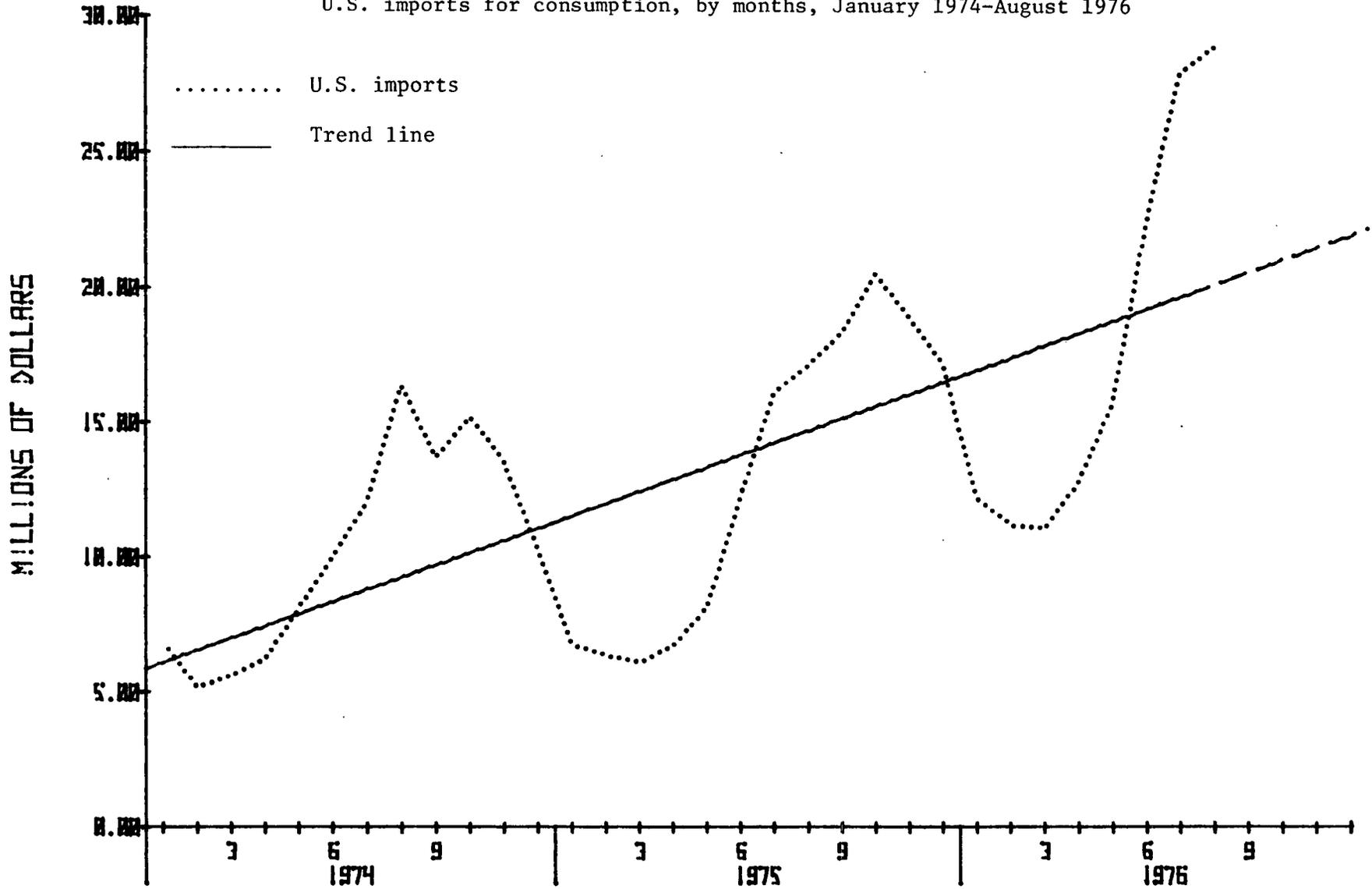
Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption, by months, 1971-75 and January-August 1976

(In thousands of dollars)

Month	1971	1972	1973	1974	1975	1976
January-----	2,469	4,395	8,270	6,828	6,761	12,156
February-----	2,593	4,148	5,799	5,174	6,362	11,169
March-----	2,949	5,384	6,293	5,618	6,088	11,080
April-----	3,519	4,409	6,387	6,204	6,705	12,814
May-----	2,725	4,780	7,079	8,121	8,131	15,735
June-----	4,401	7,323	9,469	10,032	12,190	22,445
July-----	6,277	9,056	11,095	12,062	16,108	27,900
August-----	6,297	12,396	13,648	16,355	17,107	28,868
September-----	6,470	10,170	10,563	13,662	18,318	-
October-----	8,158	9,397	12,126	15,186	20,486	-
November-----	7,137	11,088	11,436	13,548	18,873	-
December-----	6,138	9,185	7,489	10,276	17,134	-
Total-----	59,133	91,731	109,654	123,066	154,263	-

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

Chart 1.--Wearing apparel not specially provided for, of leather (except reptile leather),  
 U.S. imports for consumption, by months, January 1974-August 1976



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

U.S. imports of leather apparel, except reptile leather goods, entered under the Generalized System of Preferences (GSP) since January 1, 1976, accounted for 42 percent of total imports of such apparel and followed the same seasonal pattern as non-GSP imports through August 1976, as shown in the table on the following page.

The principal sources of U.S. imports of leather wearing apparel have shifted dramatically since 1973 (see tables 6 to 8). In 1975, Canada, previously the leading U.S. supplier, has fallen from first to third among exporters to the U.S. market, while both the Republic of Korea and the Republic of China have greatly increased their shares of the U.S. market. Currently, the Republic of Korea is the leading U.S. supplier, followed by the Republic of China and Canada, in that order.

U.S. imports from Uruguay have also increased appreciably since the first quarter of 1975. Inroads into the U.S. market by Uruguay began in 1972 and continued through 1976; such imports increased from about 1 percent of U.S. imports of leather apparel in 1972 to 6.5 percent in 1975. During January-August 1976 such imports, as a percentage of the total, amounted to 8.3 percent, compared with 5.6 percent during the corresponding period in 1975. The Republic of China and Uruguay have been the leading GSP suppliers, as shown in the table on the following page.

Korea lost preferential treatment under the GSP on February 29, 1976, 1/ but Korea's exports to the United States have remained higher than those of any other country. The immediate effect of losing

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1/ Korea lost duty-free preferential treatment under the GSP when it exceeded the so-called \$25 million limitation on imports of any TSUS item by an individual country.

Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption entered under the Generalized System of Preferences and total, by months, January-August 1976

(In thousands of dollars)

Source	January	February	March	April	May	June	July	August	Total <sup>2/</sup>
Republic of China-----	612	1,205	1,238	2,327	1,978	3,226	3,844	3,537	17,967
Uruguay-----	554	1,005	1,037	968	1,565	1,764	1,957	1,888	10,738
Republic of Korea <sup>1/</sup> -----	1,543	3,562	513	32	155	5	201	65	6,076
Argentina-----	174	235	448	491	776	616	1,223	1,106	5,069
Mexico-----	298	729	763	456	474	696	779	748	4,943
Israel-----	139	370	245	183	577	701	981	853	4,049
Hong Kong-----	487	289	343	288	529	594	537	507	3,574
Brazil-----	139	173	261	184	234	289	385	968	2,653
Turkey-----	59	72	91	143	353	552	287	567	2,124
Yugoslavia-----	59	20	169	118	119	374	225	537	1,621
Colombia-----	-	-	64	7	<sup>2/</sup>	12	192	105	380
Malta-----	-	2	-	2	35	52	48	21	160
India-----	-	14	5	2	1	1	1	83	107
Romania-----	-	-	11	1	-	-	-	91	103
Japan <sup>3/</sup> -----	9	62	-	-	-	-	-	-	71
Pakistan-----	-	1	1	-	-	20	1	18	41
Haiti-----	-	-	12	12	-	-	16	-	40
Paraguay-----	-	-	-	-	36	-	-	-	36
Bolivia-----	-	-	-	-	-	-	-	17	17
Dominican Republic-----	-	-	-	-	-	15	-	-	15
Morocco-----	-	-	-	10	-	-	-	-	10
Philippines-----	-	4	<sup>2/</sup>	-	-	-	1	1	6
Chile-----	-	-	-	-	-	-	2	4	6
West Germany <sup>3/</sup> -----	-	1	-	-	-	-	-	-	1
Subtotal GSP imports-----	4,073	7,744	5,201	5,224	6,832	8,917	10,680	11,116	59,787
Total U.S. imports-----	12,156	11,169	11,080	12,814	15,735	22,445	27,900	28,868	142,167

<sup>1/</sup> Duty-free status for leather wearing apparel under the GSP removed on February 29, 1976. Certain entries were entered duty free in later months following final liquidation of imports actually entered in January and February 1976.

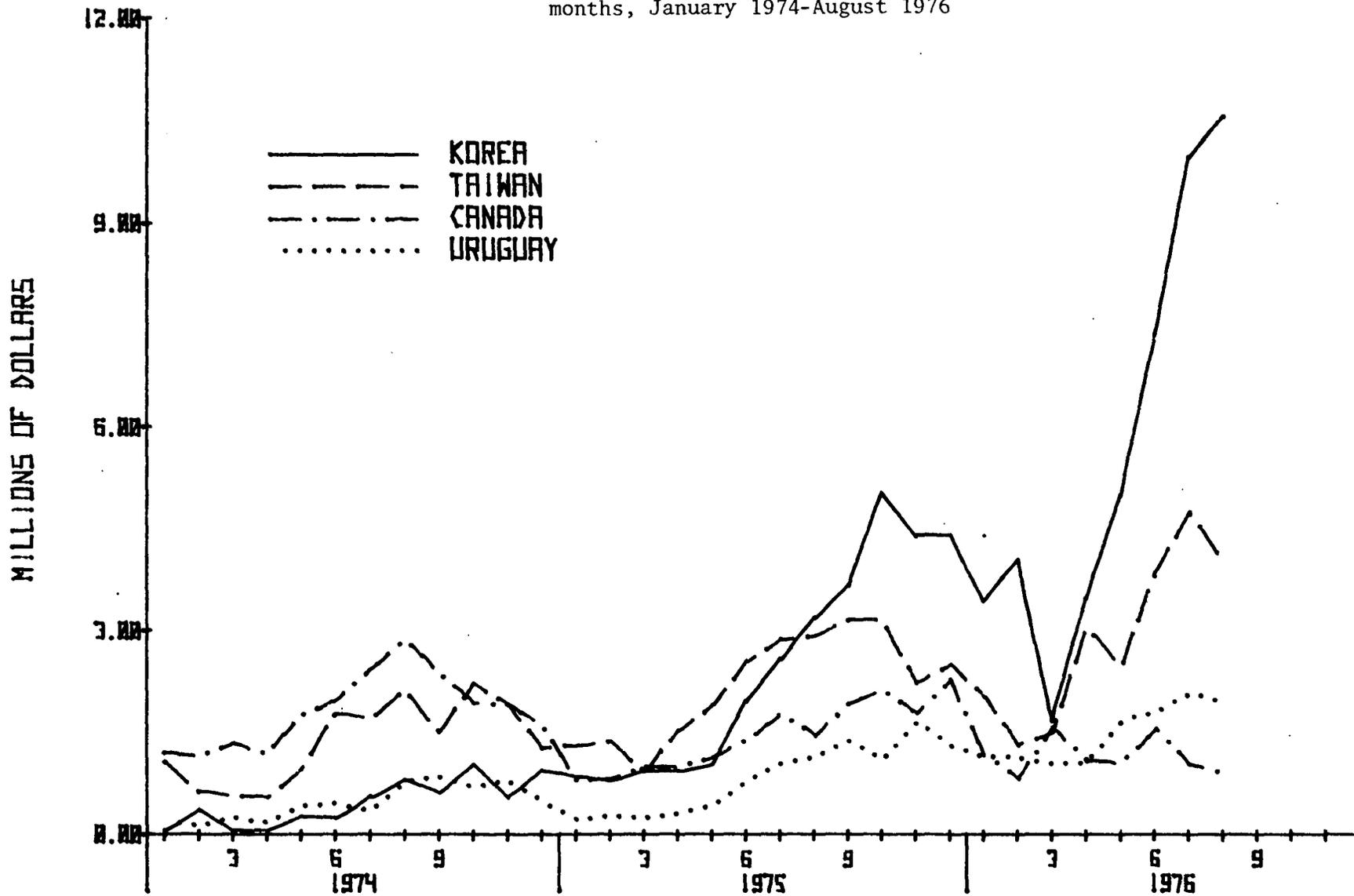
<sup>2/</sup> Less than \$500.

<sup>3/</sup> The reason imports from these developed countries entered under GSP is not known.

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

preferential treatment was a sharp drop in Korean exports to the United States in March (chart 2). However, Korean exports to the United States in June, July, and August set single-country records (in value terms). The August figure of \$10.6 million was more than twice as high as the value of any other country's exports in that month. Korean exports of leather wearing apparel to the United States have led all other countries (in terms of value) during each calendar month since August 1975.

Chart 2.--Wearing apparel of leather: U.S. imports for consumption, by selected sources and months, January 1974-August 1976



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

Apparent U.S. Consumption and Market Penetration  
of Imports

U.S. apparent consumption of leather wearing apparel increased in value from \$144.3 million in 1968 to \$360.4 million in 1974, or by about 150 percent (as shown in the table on the following page 1/), representing an average annual rate of increase of 16.5 percent. During this period U.S. producers' shipments and U.S. imports of such apparel each increased by about the same absolute amount--about \$110 million--but imports, starting from a smaller base, increased at a much more rapid rate than producers' shipments. The market share supplied by imports, based on value, increased from 10 percent in 1968 to 37 percent in 1973 and then declined to 34 percent in 1974. It should be noted, however, that the values reported for imports reflect foreign value (i. e., value F.O.B. the foreign port of shipment) and thus are not strictly comparable with data reported for U.S. producers' shipments (wholesale value at the factory).

Although official data on producers' shipments since 1974 are not available, it is possible to utilize the data furnished by producers responding to the Commission questionnaire to estimate shipments. Based on such estimates, producers' shipments in 1975 increased by 14 percent over the 1974 level, climbing to a value of \$274 million. Estimated shipments in January-August 1976 (\$166.2 million) were about 3 percent above the level of shipments

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1/ Official data on U.S. producers' shipments for 1975 are not available.

Wearing apparel not specially provided for, of leather (except reptile leather):  
 U.S. producers' shipments, imports for consumption, exports of domestic  
 merchandise, and apparent consumption, 1968-75, January-August 1975, and  
 January-August 1976 <sup>1/</sup>

Period	Producers' shipments	Imports	Exports	Apparent consumption	Ratio of imports to consumption
	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars	<u>1,000</u> dollars	Percent
1968-----	130,300	14,319	349	144,270	10
1969-----	135,400	19,674	354	154,720	13
1970-----	136,400	38,233	609	174,024	22
1971-----	151,300	59,251	361	210,190	28
1972-----	173,500	91,773	596	264,677	35
1973-----	190,400	109,654	1,440	298,614	37
1974----- <sup>2/</sup>	240,000	123,066	2,659	360,407	34
1975----- <sup>3/</sup>	273,700	154,263	2,247	425,716	36
Jan.-Aug.--					
1975----- <sup>3/</sup>	161,700	79,453	1,265	239,888	33
1976----- <sup>3/</sup>	166,200	142,167	3,050	305,317	47

<sup>1/</sup> Data on producers' shipments, imports, and exports are not strictly comparable. In addition U.S. import data are f.o.b. the foreign port of shipment, whereas U.S. producers' shipments are wholesale values at the factory.

<sup>2/</sup> Annual Survey of Manufactures data at the product-class level has a standard error of estimate of 15 percent.

<sup>3/</sup> Estimated; based on the assumption that respondents to the Commission's questionnaire supplied the same share of shipments in 1975 and in the first 8 months of 1975 and 1976 that they supplied in 1973 and 1974.

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

(\$161.7 million) for the corresponding period in 1975. Although the share of consumption supplied by imports in 1975 increased to 36 percent, it was still below the record level of 37 percent reached in 1973. However, the import share of consumption rose sharply in the first 8 months of 1976 to 47 percent, compared to 33 percent in the corresponding period in 1975, reflecting the more rapid rate of growth of imports.

## U.S. Employment

Average number of production and related workers

Total U.S. employment of workers in the industry producing leather and sheep-lined clothing, as reported in official statistics, increased from 5,100 in 1967 to 8,400 in 1970 and then decreased without interruption to 6,900 in 1973. Production workers account for about 90 percent of total employment in the leather wearing apparel industry, compared with 70 to 75 percent in all manufacturing industries.

Data (shown in the following table) obtained by the Commission in its questionnaire to domestic producers of leather wearing apparel for the years 1973 through 1975 indicate that, on an annual basis, the number of production and related workers for 76 firms and for each "sector" 1/ increased. The total number of production and related workers increased by 3 percent for all the leather wearing apparel firms in January-August 1976 compared with January-August 1975. Between the same periods employment of production and related workers in firms specializing in men's and boys' apparel increased by 6 percent and that in firms not specializing in either men's and boys' or women's and misses' apparel increased by 10 percent. However, between the above-mentioned periods, the number of production and related workers employed by firms making women's and misses' apparel declined by 13 percent.

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1/ A "sector" refers to one of three categories of production: firms specializing in the production of wearing apparel of leather for men and boys, those specializing in the production of such apparel for women and misses, or those not specializing.

Average number of production and related workers engaged in making wearing apparel of leather, in certain U.S. establishments, 1973-75, January-August 1975, and January-August 1976

Item	1973	1974	1975	January-August--	
				1975	1976
Production and related workers in firms producing--					
Apparel for men and boys only-----	1,577	1,635	1,653	1,635	1,739
Apparel for women and misses only--	803	1,065	1,086	1,022	892
All types of apparel-----	1,440	1,832	1,903	1,557	1,706
Total-----	3,820	4,532	4,642	4,214	4,337

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Monthly data were obtained on the average number of production and related workers from January 1975 to August 1976 (see the table on the following page). Employment of production and related workers was greater in each of the first 5 months of 1976 than in the comparable months of 1975, but this pattern was reversed for the months June through August. Employment for 1975 peaked in October at 4,945 workers, following increases in each previous month. In 1976 through August, the highest employment figure for production and related workers was in June (4,478 workers).

#### Man-hours for production and related workers

According to official statistics on the industry producing leather and sheep-lined clothing, the number of man-hours of production workers increased from 8.3 million in 1967 to 14.1 million in 1970 and then decreased without interruption to 11.1 million man-hours in 1973.

The following table on page 33 shows data obtained from the Commission's survey with respect to man-hours worked by production and related workers for the years 1973-75, January-August 1975, and January-August 1976. On the basis of data reported by 70 firms, man-hours of production and related workers in the industry appear to have decreased marginally (1.2 percent) in January-August 1976 compared with January-August 1975. Annual data collected for the period 1973-75 show that man-hours worked by production and related workers rose by approximately 1.1 million hours from 1973 to 1974 and by 1.0 million for the period 1974 to 1975.

Average number of production and related workers in certain U.S. establishments, engaged in making wearing apparel of leather, by months, 1975 and January-August 1976

Month	1975	1976
January-----	3,451	3,671
February-----	3,740	3,912
March-----	3,998	4,133
April-----	4,141	4,177
May-----	4,443	4,470
June-----	4,506	4,478
July-----	4,577	4,118
August-----	4,680	4,155
September-----	4,739	-
October-----	4,945	-
November-----	4,636	-
December-----	4,269	-

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Man-hours worked by production and related workers engaged in making wearing apparel of leather, 1973-75, January-August 1975, and January-August 1976

(In thousands of man-hours)

Item	1973	1974	1975	January-August--	
				1975	1976
Production and related workers in firms producing--					
Apparel for men and boys only---	2,211	2,249	2,355	1,461	1,623
Apparel for women and misses only--	1,065	1,625	2,022	1,076	1,023
All types of apparel-----	2,155	2,661	3,160	2,056	1,893
Total-----	5,431	6,535	7,537	4,593	4,539

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

From 1973 to 1975, man-hours worked in the men's and boys' sector rose by 7 percent and in the women's and misses' sector by 90 percent. For those firms not specializing in either category of apparel, man-hours for production and related workers increased by 47 percent during that period.

Comparing January-August 1975 with January-August 1976, man-hours worked by production and related workers for firms producing only men's and boys' apparel increased by 11 percent, man-hours for firms producing only apparel for women and misses declined by 5 percent, and man-hours for these firms in the "nonspecialization sector" declined by 8 percent.

### Unit Values of U.S. Producers' Shipments

Although the Commission questionnaire contained a specific request for price lists from those firms which were surveyed, the response to that request was not sufficient or in such a form as to permit a determination of price trends. In an attempt to gain some insight into the impact of price changes, the unit values of producers' shipments were calculated. These data show that the average unit value of U.S. producers' shipments of leather wearing apparel has grown by about 7.3 percent per year since 1973 (see table on p. 10). See tables 2, 3, and 4 for average unit values of U.S. producers' shipments of firms producing wearing apparel of leather for men and boys only, for women and misses only, and for both.

### Industry Trends and Economic Indicators

In an effort to compare data collected for the Commission survey with more aggregated economic data, several indicators were constructed from the Commerce Department's Survey of Current Business. In most cases the data are for roughly the same period; in some cases, the periods coincide exactly.

Production of leather wearing apparel, according to the Commission survey, decreased by 3.5 percent between January-August 1975 and January-August 1976. At the same time, for a roughly comparable period, overall apparel production in the United States increased by 16 percent. Man-hours worked by production and related workers in the leather wearing apparel firms surveyed decreased by 1 percent from

January-August 1975 to January-August 1976, while man-hours worked in producing nonagricultural, nondurable goods in manufacturing increased by 6 percent for an approximately comparable period.

For shipments and for employment of production and related workers, data from directly comparable periods are available. The value of shipments of nondurable goods not seasonally adjusted grew by 16 percent from January-August 1975 to January-August 1976, and the value of shipments of leather wearing apparel (by the firms surveyed) grew by 3 percent over the same period. From January-July 1975 to January-July 1976, civilian labor force employment grew by 2.1 percent. Between the same periods, employment of production and related workers by the surveyed firms producing leather wearing apparel increased by 0.4 percent.

APPENDIX A  
STATISTICAL TABLES

Table 1.--Number of U.S. companies producing leather and sheep-lined clothing, total value of shipments, and percent of shipments accounted for by specified groups of companies, specified years 1963 to 1972

Year	Number of companies	Total value	Shipments <u>1/</u>			
			Percent of total accounted for by--			
			4 largest companies	8 largest companies	20 largest companies	50 largest companies
		<u>Million</u> <u>dollars</u>				
1963-----	114	56.4	28	43	66	92
1967-----	135	98.8	24	37	61	87
1970-----	<u>2/</u>	140.8	<u>3/</u>	27	<u>2/</u>	<u>2/</u>
1972-----	185	172.1	19	32	57	82

1/ General shipments.

2/ Not available.

3/ Because some of the largest companies were approximately the same size as others not included in the sample, a reliable numerator could not be computed.

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

Table 2.--Wearing apparel of leather: Shipments by certain U.S. producers specializing in men's and boys' apparel, by types, 1973-75, January-August 1975, and January-August 1976

Type	1973	1974	1975	January-August--	
				1975	1976
Quantity (units)					
Coats-----	84,844	67,653	71,271	34,291	37,570
Jackets-----	732,313	793,261	802,961	409,268	432,908
All other-----	-	-	2,571	1,725	1,747
Total-----	817,157	860,914	876,803	445,284	472,225
Value (1,000 dollars)					
Coats-----	6,189	4,309	5,437	2,687	3,284
Jackets-----	36,512	41,215	44,219	22,971	25,752
All other-----	-	-	190	138	166
Total-----	42,701	45,524	49,846	25,796	29,202
Unit value					
Coats-----	\$72.95	\$63.69	\$76.29	\$78.36	\$87.41
Jackets-----	49.86	51.96	55.07	56.13	59.49
All other-----	-	-	73.90	80.00	95.00
Average-----	52.26	52.88	56.35	57.93	61.84

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Table 3.--Wearing apparel of leather: Shipments by certain U.S. producers specializing in women's and misses' apparel, by types, 1973-75, January-August 1975, and January-August 1976

Type	1973	1974	1975	January-August--	
				1975	1976
Quantity (units)					
Coats-----	131,663	239,918	292,083	175,340	152,521
Jackets-----	95,308	156,753	210,810	119,198	106,954
All other <u>1</u> /----	* * *	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *	* * *
Value (1,000 dollars)					
Coats-----	8,215	15,807	20,316	12,881	12,098
Jackets-----	6,250	9,509	12,284	7,189	6,359
All other <u>1</u> /----	* * *	* * *	* * *	* * *	* * *
Total-----	* * *	* * *	* * *	* * *	* * *
Unit value					
Coats-----	\$62.39	\$65.89	\$69.56	\$73.46	\$79.32
Jackets-----	65.58	60.66	58.27	60.31	59.46
All other <u>1</u> /----	* * *	* * *	* * *	* * *	* * *
Average-----	* * *	* * *	* * *	* * *	* * *

1/ Business confidential data representing 1 firm only.

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Table 4.--Wearing apparel of leather: Shipments by certain U.S. producers not specializing in either men's and boys' or women's and misses' apparel, by types, 1973-75, January-August 1975, and January-August 1976

Type	1973	1974	1975	January-August--	
				1975	1976
Quantity (units)					
Coats-----	246,141	300,899	305,170	188,712	193,519
Jackets-----	585,859	727,275	786,383	490,180	405,899
All other-----	17,435	16,811	11,258	8,672	9,876
Total-----	849,435	1,044,985	1,102,811	687,564	609,294
Value (1,000 dollars)					
Coats-----	11,822	15,705	16,948	10,001	11,360
Jackets-----	30,154	39,289	43,500	28,641	27,689
All other-----	178	218	253	186	202
Total-----	42,154	55,212	60,701	38,828	39,251
Unit value					
Coats-----	\$48.03	\$52.19	55.54	\$53.00	\$58.70
Jackets-----	51.47	54.02	55.32	58.43	68.22
All other-----	10.21	12.97	22.47	21.45	20.45
Average-----	49.63	52.84	55.04	56.47	64.42

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Table 5.--Wearing apparel of leather: Shipments by certain U.S. producers, by months, 1975 and January-August 1976

(In thousands of dollars)

Month	1975	1976
January-----	5,404	6,112
February-----	5,589	6,668
March-----	6,711	7,968
April-----	8,181	8,524
May-----	9,746	9,985
June-----	12,145	13,103
July-----	12,176	11,288
August-----	15,120	14,265
September-----	15,641	-
October-----	17,860	-
November-----	14,076	-
December-----	11,377	-

Source: Compiled from data submitted to the U.S. International Trade Commission by domestic producers of leather wearing apparel.

Table 6.--Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption, by principal sources and by months, 1974

(In thousands of dollars)							
Source	January	February	March	April	May	June	
Republic of Korea--	51	351	62	66	261	235	
Republic of China--	1,062	620	568	543	953	1,791	
Canada-----	1,196	1,145	1,343	1,184	1,755	1,983	
Hong Kong-----	428	386	387	636	799	1,001	
Spain-----	849	460	415	699	1,130	682	
Mexico-----	573	594	667	807	942	1,007	
Uruguay-----	223	129	247	178	423	462	
Israel-----	487	164	290	241	261	489	
Brazil-----	150	146	222	242	177	315	
Italy-----	398	185	281	250	169	144	
United Kingdom----	249	182	212	230	276	366	
Argentina-----	365	238	541	511	739	596	
Yugoslavia-----	12	117	11	21	57	90	
Poland-----	50	-	15	302	7	115	
Turkey-----	488	157	160	132	39	197	
All other-----	247	300	197	162	153	559	
Total-----	6,828	5,174	5,618	6,204	8,121	10,032	
	July	August	September	October	November	December	Total
Republic of Korea--	548	790	619	1,007	563	926	5,479
Republic of China--	1,711	2,134	1,501	2,211	1,923	1,280	16,297
Canada-----	2,432	2,859	2,377	1,943	1,914	1,611	21,742
Hong Kong-----	1,522	1,466	1,296	1,605	1,437	883	11,826
Spain-----	1,047	2,182	999	1,537	1,275	1,018	12,293
Mexico-----	1,140	1,279	1,271	1,546	1,557	1,436	12,819
Uruguay-----	349	776	835	702	794	485	5,603
Israel-----	701	838	716	556	752	463	5,958
Brazil-----	187	476	540	513	584	327	3,879
Italy-----	299	756	427	569	647	405	4,530
United Kingdom----	479	351	597	431	383	259	4,015
Argentina-----	369	644	791	755	683	240	6,472
Yugoslavia-----	292	322	195	774	161	207	2,259
Poland-----	183	147	374	90	257	167	1,707
Turkey-----	182	377	447	356	109	102	2,746
All other-----	621	958	677	913	509	467	5,441
Total-----	12,062	16,355	13,662	15,186	13,548	10,276	123,066

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

Table 7.--Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption, by principal sources and by months, 1975

(In thousands of dollars)							
Source	January	February	March	April	May	June	
Republic of Korea--	851	789	940	930	1,033	1,961	
Republic of China--	1,324	1,370	915	1,529	1,907	2,540	
Canada-----	799	818	996	986	1,139	1,403	
Hong Kong-----	393	565	358	462	839	1,141	
Spain-----	589	713	496	412	356	1,215	
Mexico-----	497	535	724	572	757	742	
Uruguay-----	228	276	252	324	431	788	
Israel-----	375	217	292	190	429	764	
Brazil-----	314	268	202	300	210	279	
Italy-----	304	170	262	154	154	166	
United Kingdom-----	176	99	114	206	239	498	
Argentina-----	235	177	33	73	99	68	
Yugoslavia-----	75	132	58	71	122	226	
Poland-----	163	35	109	290	278	125	
Turkey-----	148	5	73	36	39	94	
All other-----	290	193	264	170	99	180	
Total-----	6,761	6,362	6,088	6,705	8,131	12,190	
	July	August	September	October	November	December	Total
Republic of Korea--	2,567	3,175	3,662	5,015	4,409	4,406	29,738
Republic of China--	2,866	2,929	3,172	3,149	2,251	2,499	26,451
Canada-----	1,783	1,462	1,942	2,128	1,787	2,279	17,522
Hong Kong-----	1,699	1,511	1,661	1,858	1,609	989	13,085
Spain-----	1,307	1,336	1,082	1,857	1,265	870	11,498
Mexico-----	955	914	1,579	1,577	1,359	1,275	11,486
Uruguay-----	1,053	1,135	1,382	1,098	1,673	1,314	9,954
Israel-----	1,037	844	1,113	753	689	696	7,399
Brazil-----	490	553	642	624	834	477	5,193
Italy-----	381	731	247	477	429	224	3,699
United Kingdom-----	338	279	479	436	406	382	3,652
Argentina-----	292	370	400	363	687	616	3,413
Yugoslavia-----	152	460	207	339	199	52	2,093
Poland-----	155	148	125	64	210	110	1,812
Turkey-----	240	338	97	134	218	236	1,658
All other-----	793	922	528	614	848	709	5,609
Total-----	16,108	17,107	18,318	20,486	18,873	17,134	154,262.

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

Table 8.--Wearing apparel not specially provided for, of leather (except reptile leather): U.S. imports for consumption, by principal sources and by months, January-August 1976

(In thousands of dollars)					
Source	January	February	March	April	
Republic of Korea-----	3,458	4,036	1,699	3,473	
Republic of China-----	2,032	1,334	1,510	3,044	
Canada-----	1,180	821	1,578	1,082	
Hong Kong-----	952	451	571	397	
Spain-----	818	988	1,094	798	
Mexico-----	792	901	1,055	856	
Uruguay-----	1,135	1,118	1,040	1,048	
Israel-----	257	371	246	190	
Brazil-----	294	206	285	211	
Italy-----	136	219	340	237	
United Kingdom-----	212	117	300	243	
Argentina-----	369	270	469	515	
Yugoslavia-----	71	26	171	128	
Poland-----	97	12	183	30	
Turkey-----	152	72	93	145	
All other-----	201	227	446	417	
Total-----	12,156	11,169	11,080	12,814	
	May	June	July	August	Total
Republic of Korea-----	4,992	7,363	9,965	10,571	45,558
Republic of China-----	2,478	3,858	4,735	4,008	22,990
Canada-----	1,052	1,564	1,027	898	9,204
Hong Kong-----	907	1,647	1,908	1,991	8,825
Spain-----	746	941	1,425	1,234	8,044
Mexico-----	906	524	550	1,295	6,533
Uruguay-----	1,685	1,809	2,086	1,941	11,862
Israel-----	614	841	1,017	870	4,407
Brazil-----	267	292	386	978	2,919
Italy-----	165	195	364	832	2,489
United Kingdom-----	225	319	423	397	2,237
Argentina-----	783	651	1,280	1,108	5,444
Yugoslavia-----	119	440	297	540	1,792
Poland-----	146	147	124	355	1,096
Turkey-----	356	556	379	593	2,346
All other-----	294	1,298	1,934	1,257	6,421
Total-----	15,735	22,445	27,900	28,868	142,167

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

APPENDIX B  
ADVICE ON PROBABLE ECONOMIC EFFECTS

47 through 48

Advice on probable economic effects

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APPENDIX C

GENERAL HEADNOTE 3(c) OF THE TARIFF SCHEDULES  
OF THE UNITED STATES ANNOTATED

GENERAL HEADNOTES AND RULES OF INTERPRETATION

1. Tariff Treatment of Imported Articles. All articles imported into the customs territory of the United States from outside thereof are subject to duty or exempt therefrom as prescribed in general headnote 1.

2. Customs Territory of the United States. The term "customs territory of the United States", as used in the schedules, includes only the States, the District of Columbia, and Puerto Rico.

3. Rates of Duty. The rates of duty in the "Rates of Duty" columns numbered 1 and 2 of the schedules apply to articles imported into the customs territory of the United States as hereinafter provided in this headnote:

(a) Products of Insular Possessions.

(i) Except as provided in headnote 6 of schedule 7, part 2, subpart E, [and] except as provided in headnote 4 of schedule 7, part 7, subpart A, articles imported from insular possessions of the United States which are outside the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules, except that all such articles the growth or product of any such possession, or manufactured or produced in any such possession from materials the growth, product, or manufacture of any such possession or of the customs territory of the United States, or of both, which do not contain foreign materials to the value of more than 50 percent of their total value (or more than 70 percent of their total value with respect to watches and watch movements), coming to the customs territory of the United States directly from any such possession, and all articles previously imported into the customs territory of the United States with payment of all applicable duties and taxes imposed upon or by reason of importation which were shipped from the United States, without remission, refund, or drawback of such duties or taxes, directly to the possession from which they are being returned by direct shipment, are exempt from duty.

(ii) In determining whether an article produced or manufactured in any such insular possession contains foreign materials to the value of more than 50 percent, no material shall be considered foreign which, at the time such article is entered, may be imported into the customs territory from a foreign country, other than Cuba or the Philippine Republic, and entered free or duty.

(iii) Subject to the limitations imposed under section 503(b) and 504(c) of the Trade Act of 1974, articles designated eligible articles under section 503 of such Act which are imported from an insular possession of the United States shall receive duty treatment no less favorable than the treatment afforded such articles imported from a beneficiary developing country under title V of such Act.

(b) Products of Cuba. Products of Cuba imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. Preferential rates of duty for such products apply only as shown in the said column 1. 1/

1/ By virtue of section 401 of the Tariff Classification Act of 1962, the application to products of Cuba of either a preferential or other reduced rate of duty in column 1 is suspended. See general headnote 3(e), *infra*.

(c) Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP).

(i) The following countries and territories are designated beneficiary developing countries for purposes of the Generalized System of Preferences, provided for in Title V of the Trade Act of 1974 (58 Stat. 2065, 19 U.S.C. 2461 *et seq.*):

Independent Countries:

Afghanistan Angola Argentina Bahamas Bahrain Bangladesh Barbados 1 Benin 1 Bhutan 1 Bolivia Botswana Brazil Burma 1 Burundi Cameroon Cape Verde Central African Republic Chad 1 Chile Colombia Congo (Crazzaville) Costa Rica 1 Cyprus 1 Dominican Republic Egypt El Salvador Equatorial Guinea Ethiopia Fiji 1 Gambia 1 Ghana Grenada Guatemala Guinea 1 Guine-Bissau Guyana Haiti Honduras India 1 Israel Ivory Coast Jamaica Jordan Kenya 1 Korea, Republic of Lebanon Lesotho Liberia Malagasy Republic	Malawi Malaysia Maldives Islands Mali Malta Mauritania Mauritius Mexico Monaco Mozambique Neauru Niagi Nicaragua Niger Oman Pakistan Panama Papua New Guinea Paraguay Peru Philippines Portugal 1 Republic of China Romania Rwanda Sao Tome and Principe Senegal Sierra Leone Singapore Somalia Sri Lanka Sudan Surinam Swaziland 1 Syria 1 Tanzania Thailand Togo Tonga Trinidad and Tobago Tunisia Turkey Upper Volta Uruguay 1 Western Samoa Yemen Arab Republic Yugoslavia Zaire Zambia
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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1976)

General Headnotes and Rules of Interpretation

Non-Independent Countries & Territories

Afars and Issas, French Territory of the	Hong Kong
Antigua	Macao
Belize	Montserrat
Bermuda	Netherlands Antilles
British Indian Ocean Territory	New Caledonia
British Solomon Islands	New Hebrides Condominium
Brunei	Niue
Cayman Islands	Norfolk Island
Christmas Island (Australia)	Pitcairn Island
Cocos (Keeling) Islands	Portuguese Timor
Comoro Islands	Saint Christopher-Nevis-Anguilla
Cook Islands	Saint Helena
Dominica	Saint Lucia
Falkland Islands (Malvinas) and Dependencies	Saint Vincent
French Polynesia	Seychelles
Gibraltar	Spanish Sahara
3 Gilbert Islands	Tokelau Islands
Heard Island and McDonald Islands	Trust Territory of the Pacific Islands
	Turks and Caicos Islands
	3 Tuvalu
	Virgin Islands, British
	Wallis and Futuna Islands

(ii) Articles for which the designations "A" or "A\*" appear in the column entitled "GSP" of the schedules are those designated by the President to be eligible articles for purposes of the GSP pursuant to Section 503 of the Trade Act. The designation "A" signifies that all beneficiary developing countries are eligible for preferential treatment with respect to all articles provided for in the designated TSUS item, while the designation "A\*" indicates that certain beneficiary developing countries, specifically enumerated in subdivision (c)(iii) of this headnote, are not eligible for such preferential treatment with regard to any article provided for in the designated TSUS item. Whenever an eligible article is imported into the customs territory of the United States directly from a country or territory listed in subdivision (c)(i) of this headnote, it shall receive duty-free treatment, unless excluded from such treatment by subdivision (c)(iii) of this headnote, provided that, in accordance with regulations promulgated by the Secretary of the Treasury:

(A) the sum of (1) the cost or value of the materials produced in the beneficiary developing country plus (2) the direct costs of processing operations performed in such country is not less than 35 percent of the appraised value of such article at the time of its entry into the customs territory of the United States; or

(B) the sum of (1) the cost or value of the materials produced in two or more beneficiary developing countries which are members of the same association of countries which is treated as one country under Section 502(a)(3) of the Trade Act, plus (2) the direct cost of processing operations performed in such countries is not less than 50 percent of the appraised value of such article at the time of its entry into the customs territory of the United States; and provided further that, for the purposes of (A) above, the term "country" does not include an association of countries which is treated as one country under Section 502(a)(3) of the Trade Act, but does include a country which is a member of any such association.

(iii) The following designated eligible articles provided for in TSUS item numbers preceded by the designation "A\*", if imported from a beneficiary developing country set opposite the TSUS item numbers listed below, are not entitled to the duty-free treatment provided for in subdivision (c)(ii) of this headnote:

TSUS Item Number	Country or territory	TSUS item Number	Country or territory
107.45...	Brazil	3 176.15...	Brazil
110.45...	Argentina	176.33...	Malaysia
121.52...	India	186.40...	Republic of China 3
121.54...	India	192.85...	Mexico
130.40...	Mexico	202.60...	Thailand
130.63...	Mexico	202.62...	Mexico
131.35...	Hong Kong	203.20...	Singapore
132.55...	Mexico	206.45...	Philippine Republic
135.80...	Nicaragua	206.60...	Mexico
135.90...	Mexico	206.95...	Haiti
135.94...	Mexico	3 220.10...	Portugal
136.00...	Dominican Republic	3 220.15...	Portugal
136.80...	Mexico	3 220.20...	Portugal
136.98...	Dominican Republic	3 220.25...	Portugal
136.99...	Republic of China 3	3 220.35...	Portugal
137.75...	Costa Rica	3 220.37...	Portugal
138.05...	Mexico	3 220.41...	Portugal
140.09...	Thailand	3 220.48...	Portugal
140.14...	Thailand	3 220.50...	Portugal
141.35...	Turkey	222.10...	Hong Kong
141.55...	Dominican Republic	222.32...	Republic of China 3
141.70...	Republic of China 3	222.42...	Hong Kong
145.09...	Dominican Republic	240.02...	Philippine Republic
145.24...	Mexico	240.10...	Republic of Korea
3 145.52...	Portugal	240.12...	Brazil
145.53...	Turkey	240.38...	Philippine Republic
145.60...	Republic of China 3	240.40...	Philippine Republic
146.12...	Argentina	251.30...	Mexico
146.44...	Philippine Republic	256.60...	Republic of Korea
3 146.66...	Portugal	256.85...	Mexico
147.33...	Jamaica	304.40...	Thailand
147.80...	Mexico	304.48...	Republic of China 3
147.85...	Brazil	304.58...	India
147.92...	India	305.20...	India
148.72...	Chile	305.22...	India
148.77...	Republic of Korea	305.28...	India
149.15...	Dominican Republic	305.40...	Philippine Republic
149.50...	Dominican Republic	3 305.50...	Portugal
152.43...	Dominican Republic	306.53...	Peru
152.58...	India	308.80...	Thailand
152.72...	Honduras	319.01...	India
153.02...	Dominican Republic	319.03...	India
3 153.28...	Portugal	319.05...	India
154.40...	Republic of China 3	319.07...	India
	Argentina	335.50...	India
	Brazil	347.28...	Hong Kong
	Republic of China 3	347.30...	India
	Colombia	360.35...	India
	Dominican Republic	364.18...	Republic of China 3
	El Salvador	416.10...	Turkey
155.20...	Guyana	419.60...	Chile
	India	420.24...	Israel
	Jamaica	420.78...	Argentina
	Nicaragua	420.84...	Romania
	Panama	421.06...	Colombia
	Peru	422.76...	Mexico
	Philippine Republic	425.74...	Brazil
	Thailand	425.84...	Netherlands Antilles
155.35...	Barbados	426.78...	Israel
161.83...	Mexico	437.16...	India
162.11...	India	437.51...	Brazil
166.30...	Israel	437.64...	Brazil
166.40...	Mexico	455.16...	Mexico
168.15...	Trinidad	455.30...	Mexico
3 168.23...	Peru	460.60...	India
175.51...	Romania	460.70...	Republic of China 3

## General Headnotes and Rules of Interpretation

TSUS item Number	Country or territory	TSUS item Number	Country or territory
461.15	Bermuda	685.90	Mexico
465.65	Brazil	686.50	Republic of China <sup>3</sup>
465.70	Argentina	687.30	Malaysia
470.57	Argentina	688.70	Republic of China <sup>3</sup>
472.44	India	688.12	Mexico
473.36	Cyprus	688.40	Hong Kong
473.38	Cyprus	692.27	Mexico
473.52	Mexico	702.08	Republic of Korea
473.56	Mexico	702.14	Hong Kong
493.21	Republic of China <sup>3</sup>	702.20	Hong Kong
511.31	Mexico	702.45	Mexico
511.41	Mexico	702.45	Mexico
512.31	Mexico	703.65	Mexico
512.44	Mexico	703.75	Mexico
514.11	Dominican Republic	704.34	Republic of China <sup>3</sup>
514.34	Portugal	706.40	Hong Kong
514.54	Mexico	708.41	Hong Kong
515.51	Mexico	709.21	Pakistan
516.24	India	710.30	Mexico
516.71	India	710.68	Republic of China <sup>3</sup>
516.73	India	711.30	Republic of China <sup>3</sup>
516.74	India	713.95	Israel
516.76	India	713.07	Yugoslavia
516.94	India	713.19	Mexico
517.24	Malagasy Republic	722.14	Hong Kong
518.41	Mexico	726.70	Mexico
520.35	Thailand	730.27	Brazil
520.51	Hong Kong	730.41	Brazil
522.71	Somalia	730.77	Yugoslavia
523.61	Mexico	734.10	Republic of China <sup>3</sup>
534.74	Republic of China <sup>3</sup>	734.25	Hong Kong
535.31	Mexico	734.30	Hong Kong
540.47	Mexico	734.34	Hong Kong
545.37	Hong Kong	734.51	Republic of China <sup>3</sup>
545.55	Mexico	734.54	Republic of Korea
545.65	Mexico	734.56	Haiti
546.23	Republic of China <sup>3</sup>	734.60	Republic of China <sup>3</sup>
547.51	Mexico	737.40	Hong Kong
603.45	Republic of Korea	737.50	Hong Kong
610.56	India	737.95	Hong Kong
612.02	Peru	740.30	Hong Kong
612.03	Chile	740.70	Yugoslavia
	Peru	741.20	Hong Kong
612.06	Chile	741.30	Philippine Republic
612.15	Mexico	745.08	Hong Kong
612.41	Mexico	748.12	Haiti
612.45	Mexico	748.25	Brazil
613.15	Mexico	748.40	Republic of China <sup>3</sup>
613.18	Israel	750.05	Hong Kong
620.26	Israel	750.25	Hong Kong
624.02	Mexico	750.35	Republic of China <sup>3</sup>
624.34	Mexico	751.05	Republic of China <sup>3</sup>
624.42	Mexico	751.15	Hong Kong
628.40	Barbados	751.20	Republic of China <sup>3</sup>
644.08	Colombia	760.65	Republic of China <sup>3</sup>
646.86	Hong Kong	772.93	Hong Kong
646.88	Hong Kong	772.95	Republic of China <sup>3</sup>
646.98	Mexico	772.97	Hong Kong
648.57	Republic of China <sup>3</sup>	773.10	Hong Kong
650.87	Hong Kong	773.20	Republic of Korea
651.01	Hong Kong	774.20	India
652.84	Mexico	774.60	Hong Kong
653.70	Hong Kong	790.07	Hong Kong
653.85	Republic of China <sup>3</sup>	790.39	Republic of China <sup>3</sup>
660.44	Mexico	790.70	Republic of Korea
660.80	Hong Kong	791.20	Colombia
668.32	Nicaragua	791.25	Mexico
672.10	Hong Kong	791.35	Mexico
676.20	Mexico	791.70	Republic of Korea
676.52	Mexico	791.75	Republic of Korea
683.70	Hong Kong	792.50	Philippine Republic
683.80	Hong Kong	792.60	Hong Kong
684.50	Hong Kong	792.75	Hong Kong
685.24	Republic of China <sup>3</sup>		
	Hong Kong		
	Singapore		

(d) Products of Canada.

(i) Products of Canada imported into the customs territory of the United States, whether imported directly or indirectly, are subject to the rates of duty set forth in column numbered 1 of the schedules. The rates of duty for a Canadian article, as defined in subdivision (d)(ii) of this headnote, apply only as shown in the said column numbered 1.

(ii) The term "Canadian article", as used in the schedules, means an article which is the product of Canada, but does not include any article produced with the use of materials imported into Canada which are products of any foreign country (except materials produced within the customs territory of the United States), if the aggregate value of such imported materials when landed at the Canadian port of entry (that is, the actual purchase price, or if not purchased, the export value, of such materials, plus, if not included therein, the cost of transporting such materials to Canada but exclusive of any landing cost and Canadian duty) was --

(A) with regard to any motor vehicle or automobile truck tractor entered on or before December 31, 1967, more than 50 percent of the appraised value of the article imported into the customs territory of the United States; and

(B) with regard to any other article (including any motor vehicle or automobile truck tractor entered after December 31, 1967), more than 50 percent of the appraised value of the article imported into the customs territory of the United States.

(e) Products of Communist Countries. Notwithstanding any of the foregoing provisions of this headnote, the rates of duty shown in column numbered 2 shall apply to products, whether imported directly or indirectly, of the following countries and areas pursuant to section 401 of the Tariff Classification Act of 1967, to section 231 or 257(e)(2) of the Trade Expansion Act of 1962, or to action taken by the President thereunder: 1/

Albania  
Bulgaria  
China (any part of which may be under Communist domination or control)  
Cuba 2/  
Czechoslovakia  
Estonia  
Germany (the Soviet zone and the Soviet sector of Berlin)  
Hungary  
Indochina (any part of Cambodia, Laos, or Vietnam which may be under Communist domination or control)  
Korea (any part of which may be under Communist domination or control)  
Kurile Islands  
Latvia  
Lithuania  
Outer Mongolia  
Southern Sakhalin  
Tanna Tuva  
Tibet

Union of Soviet Socialist Republics and the area in East Prussia under the provisional administration of the Union of Soviet Socialist Republics.

(f) Products of All Other Countries. Products of all countries not previously mentioned in this headnote imported into the customs territory of the United States are subject to the rates of duty set forth in column numbered 1 of the schedules.

1/ In Proclamation 4369, dated April 24, 1975, the President, acting under authority of section 404(a) of the Trade Act of 1974 (88 Stat. 1973) amended general headnote 3(e) by deleting "Rumania", effective August 3, 1975, the date on which written notices of acceptance were exchanged, following adoption on July 28, 1975 by the Congress of a concurrent resolution of approval extending nondiscriminatory treatment to the products of the Socialist Republic of Romania.

2/ In Proclamation 3447, dated February 3, 1962, the President, acting under authority of section 620(a) of the Foreign Assistance Act of 1961 (75 Stat. 445), as amended, prohibited the importation into the United States of all goods of Cuban origin and all goods imported from or through Cuba, subject to such exceptions as the Secretary of the Treasury determines to be consistent with the effective operation of the embargo.

## General Headnotes and Rules of Interpretation

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(g) Effective Date; Exceptions - Staged Rates of Duty. 1/ Except as specified below or as may be specified elsewhere, pursuant to section 501(a) of the Tariff Classification Act of 1962 (P.L. 87-456, approved May 24, 1962), the rates of duty in columns numbered 1 and 2 become effective with respect to articles entered on or after the 10th day following the date of the President's proclamation provided for in section 102 of the said Act. If, in column numbered 1, any rate of duty or part thereof is set forth in parenthesis, the effective date shall be governed as follows:

(i) If the rate in column numbered 1 has only one part (i.e., 8¢ (10¢) per lb.), the parenthetical rate (viz., 10¢ per lb.) shall be effective as to articles entered before July 1, 1964, and the other rate (viz., 8¢ per lb.) shall be effective as to articles entered on or after July 1, 1964.

(ii) If the rate in column numbered 1 has two or more parts (i.e., 5¢ per lb. + 50% ad val.) and has a parenthetical rate for either or both parts, each part of the rate shall be governed as if it were a one-part rate. For example, if a rate is expressed as "4¢ (4.5¢) per lb. + 8% (9%) ad val.", the rate applicable to articles entered before July 1, 1964, would be "4.5¢ per lb. + 9% ad val."; the rate applicable to articles entered on or after July 1, 1964, would be "4¢ per lb. + 8% ad val."

(iii) If the rate in column numbered 1 is marked with an asterisk (\*), the foregoing provisions of (i) and (ii) shall apply except that "January 1, 1964" shall be substituted for "July 1, 1964", wherever this latter date appears.

4. Modification or Amendment of Rates of Duty. Except as otherwise provided in the Appendix to the Tariff Schedules --

(a) a statutory rate of duty supersedes and terminates the existing rates of duty in both column numbered 1 and column numbered 2 unless otherwise specified in the amending statute;

(b) a rate of duty proclaimed pursuant to a concession granted in a trade agreement shall be reflected in column numbered 1 and, if higher than the then existing rate in column numbered 2, also in the latter column, and shall supersede but not terminate the then existing rate (or rates) in such column (or columns);

(c) a rate of duty proclaimed pursuant to section 336 of the Tariff Act of 1930 shall be reflected in both column numbered 1 and column numbered 2 and shall supersede but not terminate the then existing rates in such columns; and

(d) whenever a proclaimed rate is terminated or suspended, the rate shall revert, unless otherwise provided, to the next intervening proclaimed rate previously superseded but not terminated or, if none, to the statutory rate.

5. Intangibles. For the purposes of headnote 1 --

- (a) corpses, together with their coffins and accompanying flowers,
- (b) currency (metal or paper) in current circulation in any country and imported for monetary purposes,
- (c) electricity,
- (d) securities and similar evidences of value, and
- (e) vessels which are not "yachts or pleasure boats" within the purview of subpart D, part 6, of schedule 6,

are not articles subject to the provisions of these schedules.

6. Containers or Holders for Imported Merchandise.

For the purposes of the tariff schedules, containers or holders are subject to tariff treatment as follows:

(a) Imported Empty: Containers or holders if imported empty are subject to tariff treatment as imported articles and as such are subject to duty unless they are within the purview of a provision which specifically exempts them from duty.

(b) Not Imported Empty: Containers or holders if imported containing or holding articles are subject to tariff treatment as follows:

(i) The usual or ordinary types of shipping or transportation containers or holders, if not designed for, or capable of, reuse, and containers of usual types ordinarily sold at retail with their contents, are not subject to treatment as imported articles. Their cost, however, is, under section 402 or section 402a of the tariff act, a part of the value of their contents and if their contents are subject to an ad valorem rate of duty such containers or holders are, in effect, dutiable at the same rate as their contents, except that their cost is deductible from dutiable value upon submission of satisfactory proof that they are products of the United States which are being returned without having been advanced in value or improved in condition by any means while abroad.

(ii) The usual or ordinary types of shipping or transportation containers or holders, if designed for, or capable of, reuse, are subject to treatment as imported articles separate and distinct from their contents. Such holders or containers are not part of the dutiable value of their contents and are separately subject to duty upon each and every importation into the customs territory of the United States unless within the scope of a provision specifically exempting them from duty.

(iii) In the absence of context which requires otherwise, all other containers or holders are subject to the same treatment as specified in (ii) above for usual or ordinary types of shipping or transportation containers or holders designed for, or capable of, reuse.

7. Commixing of Articles. (a) Whenever articles subject to different rates of duty are so packed together or mingled that the quantity or value of each class of articles cannot be readily ascertained by customs officers (without physical segregation of the shipment or the contents of any entire package thereof), by one or more of the following means:

(i) sampling,

(ii) verification of packing lists or other documents filed at the time of entry, or

(iii) evidence showing performance of commercial settlement tests generally accepted in the trade and filed in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, the commingled articles shall be subject to the highest rate of duty applicable to any part thereof unless the consignee or his agent segregates the articles pursuant to subdivision (b) hereof.

(b) Every segregation of articles made pursuant to this headnote shall be accomplished by the consignee or his agent at the risk and expense of the consignee within 30 days (unless the Secretary authorizes in writing a longer time) after the date of personal delivery or mailing, by such employee as the Secretary of the Treasury shall designate, of written notice to the consignee that the articles are commingled and that the quantity or value of each class of articles cannot be readily ascertained by customs officers. Every such segregation shall be accomplished under customs supervision, and the compensation and expenses of the supervising customs officers shall be reimbursed to the Government by the consignee under such regulations as the Secretary of the Treasury may prescribe.

(c) The foregoing provisions of this headnote do not apply with respect to any part of a shipment if the consignee or his agent furnishes, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof --

(i) that such part (A) is commercially negligible, (B) is not capable of segregation without excessive cost, and (C) will not be segregated prior to its use in a manufacturing process or otherwise, and

(ii) that the commingling was not intended to avoid the payment of lawful duties.

Any article with respect to which such proof is furnished shall be considered for all customs purposes as a part of the article, subject to the next lower rate of duty, with which it is commingled.

(d) The foregoing provisions of this headnote do not apply with respect to any shipment if the consignee or his agent shall furnish, in such time and manner as may be prescribed by regulations of the Secretary of the Treasury, satisfactory proof --

(i) that the value of the commingled articles is less than the aggregate value would be if the shipment were segregated;

1/ The purpose of headnote 3(g) was to provide for an effective date for the rates of duty initially contained in the Tariff Schedules of the United States. By Presidential Proclamation 3548 of August 21, 1963, these rates of duty, except as noted in subparagraphs (i), (ii), and

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U.S. International Trade Commission.

Information for use in determining whether to remove leather wearing apparel from the list of articles eligible for the generalized system of preferences. Report to the President on investigation no. 332-79(3) under section 332 of the Tariff act of 1930. Washington, 1976.

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1. Leather goods--U.S. 2. Clothing  
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