

NONRUBBER FOOTWEAR

Report to the President on Investigation
No. TA-203-7 Under Section 203
of the Trade Act of 1974



USITC PUBLICATION 1139

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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E R R A T A

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Attached is a revision of page A-57 of the Commission's report on
nonrubber footwear, USITC Publication 1139, issued April 1981.

Since production of footwear is highly labor intensive, large capital outlays are not required to expand production. Therefore, it is likely that both Taiwan and Korea could increase output sufficiently to meet any increase in U.S. demand that would result from the expiration of the OMA's. Although labor shortages which have characterized the industries in Taiwan and Korea in recent years could result in some temporary bottlenecks to expanded output, it is unlikely that this problem would persist for an extended period. Moreover, if those European countries which are also important markets for Korean and Taiwan footwear intensify trade restrictions on footwear imports from these sources, Korea and Taiwan could be faced with excess capacity, which could be used to expand output for meeting additional U.S. footwear demand.

Possible quantitative effects.--Based on recent historical trends, estimates of the likely effects on U.S. imports and production of continuing or discontinuing the OMA's are presented in the following table. A more detailed discussion of the methodology which was used in arriving at these estimates is provided in the following section. The estimates of demand for U.S. production were obtained by subtracting projections of imports from projections of consumption for each restraint period shown.

Projections of apparent consumption, imports and domestic production,
quota years, 1980/81-1983/84 1/

(In millions of pairs)					
	1980/81	1981/82	1982/83	1983/84	
Apparent consumption					
projections-----	763.3	781.4	799.8		806.4
Imports projections:					
OMA's continued-----	368.4	372.8	377.3		381.8
OMA's discontinued-----	368.4	395.7	415.4		432.6
Demand for domestic					
production:					
OMA's continued-----	394.9	408.6	422.5		424.6
OMA's discontinued-----	394.9	385.7	384.4		373.8

1/ A quota year extends from July 1 through June 30 of the following year.

Source: Developed by the staff of the U.S. International Trade Commission from U.S. Department of Commerce data on domestic shipments and imports of nonrubber footwear.

Total U.S. consumption is projected to reach 806.4 million pairs by the final restraint period 1983/84. Since total U.S. demand for nonrubber footwear showed no consistent upward trend during most of the 1970's, averaging 780.4 million over the past 5 years, the projection of an apparent consumption level of over 800 million by 1983/84 may be overly optimistic. However, it is much less optimistic than the petitioner's forecast of a consumption level of 830 million pairs by 1983/84.

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REPORT TO THE PRESIDENT ON
INVESTIGATION NO. TA-203-7

NONRUBBER FOOTWEAR

UNITED STATES INTERNATIONAL TRADE COMMISSION
April 22, 1981

In accordance with sections 203(i)(2) and (i)(3) of the Trade Act of 1974 (19 U.S.C. 2253(i)(2) and (i)(3)), the United States International Trade Commission herein reports the results of an investigation (No. TA-203-7) conducted with respect to nonrubber footwear.

Summary of advice of the Commission

The Commission unanimously advises, on the basis of information obtained in the investigation, that termination of the import relief presently in effect with respect to imports of nonrubber footwear from Taiwan would have a significant adverse economic effect on the domestic nonrubber footwear industry and therefore advises that such relief should be extended for 2 years at the 1980-81 quota year level 1/ on all categories of footwear covered by the present relief except athletic footwear. The Commission further advises that, if import relief with respect to Taiwan is extended, the certificate of origin program concerning imports of footwear from Hong Kong should likewise be extended, since the program is an adjunct to the relief with respect to Taiwan.

Commissioners Alberger, Calhoun, and Stern further advise that termination of the import relief presently in effect with respect to imports

1/ Commissioners differ with respect to the conditions under which relief should be extended.

of nonrubber footwear from the Republic of Korea and athletic footwear from Taiwan would not have a significant adverse economic effect on the domestic nonrubber footwear industry and therefore advise that such relief should not be extended.

Commissioner Bedell further advises that termination of the import relief presently in effect with respect to imports of nonrubber footwear from the Republic of Korea and athletic footwear from Taiwan would have an adverse economic effect on the domestic nonrubber footwear industry and therefore advises that the present relief should be extended for 2 years at the 1980-81 quota year levels.

Commissioners Alberger, Calhoun, and Bedell further advise that any proclamation extending relief should once again refer to the President's residual authority in section 203(e)(3) of the Trade Act in order to make it clear that the extended import relief includes the authority to provide additional relief in the event the initial relief proves ineffective.

Background

The investigation was instituted on December 5, 1980, following receipt on October 23, 1980, of a petition filed by the American Footwear Industries Association, the Amalgamated Clothing and Textile Workers Union, AFL-CIO, and the United Food and Commercial Workers Union, AFL-CIO. Public notice of the investigation and hearing was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of December 11, 1980 (45 F.R. 81688). A public hearing in connection with the investigation

was held on March 9-10, 1981, in Washington, D.C. All interested persons were afforded an opportunity to be present, to present evidence, and to be heard.

The information contained in this report was obtained from fieldwork, from questionnaires sent to domestic manufacturers and importers, from responses to Commission questionnaires sent in connection with the annual nonrubber footwear reports (investigation No. 332-93), from the Commission's files, from other Government agencies, from information received at the hearing, from briefs filed by interested parties, and from other sources.

STATEMENT OF CHAIRMAN BILL ALBERGER, VICE CHAIRMAN
MICHAEL J. CALHOUN, AND COMMISSIONER CATHERINE BEDELL

On the basis of the information before the Commission in this investigation, it is our judgment that termination of the import relief presently in effect with respect to nonrubber footwear from Taiwan would have a significant adverse economic effect on the domestic nonrubber footwear industry, and therefore we advise that such relief be extended at the 1980-1981 fourth quota year level for an additional 2 years in order that the domestic industry may have more time in which to complete the process of adjusting to import competition. However, Commissioners Alberger and Calhoun advise that there is no need to extend such relief with respect to athletic footwear from Taiwan.

In addition, Commissioner Bedell is of the judgment that termination of the import relief presently in effect with respect to imports of nonrubber footwear from the Republic of Korea will have an adverse economic effect on the domestic nonrubber footwear industry and therefore advises that such relief should also be extended at 1980-1981 levels for an additional 2 years. However, Commissioners Alberger and Calhoun are of the view that termination of the import relief presently in effect with respect to such imports from Korea will not have a significant adverse economic effect on the domestic industry and therefore advise that it need not be extended.

All three of us are of the judgment that the certificate of origin program presently in effect with respect to nonrubber footwear from Hong Kong

should be extended for such period of time as relief with respect to Taiwan is extended, since this program operates as an adjunct to the relief concerning Taiwan. We further advise that any proclamation extending relief should, to the extent permissible by law, once again refer to the President's residual authority in section 203(e)(3) of the Trade Act of 1974, in order to make clear that the extended import relief includes the authority to provide additional relief in the event this extended relief proves ineffective. 1/ We believe that effective use of this surge mechanism can be invaluable in assuring that the industry receives the necessary relief to continue its adjustment to import competition.

We are in full agreement (except as noted) in our assessment of the health of the domestic industry and its efforts to adjust to import competition. We are also largely in agreement with respect to our advice concerning the impact of termination of relief on the domestic industry and the need to extend relief. Since the bulk of the imports covered by the present relief are from Taiwan, we are in full agreement, with the exception of athletic footwear, 2/ regarding the need to extend the relief now in effect.

The major point of advice on which we differ concerns athletic footwear. Commissioners Alberger and Calhoun are of the view that the athletic footwear segment of the domestic nonrubber footwear industry is quite healthy and not

1/ A question was raised in the hearing and in submissions filed by both the domestic industry and importers as to whether an extension of relief includes the residual authority of the President to impose additional relief when an OMA does not continue to be effective. This issue seems to be one more properly answered by the President than by this Commission.

2/ See the additional statements of Chairman Alberger and Vice Chairman Calhoun and Commissioner Bedell infra.

in need of additional import protection. The bulk of the imports from Korea are in the form of athletic footwear. Commissioner Bedell, on the other hand, does not believe that the facts warrant the carving out of an exception for athletic footwear and further believes that the Korean industry, although smaller than that in Taiwan, has the ability to rapidly increase its exports to the United States and thus jeopardize the domestic industry's adjustment program already under way.

The above advice is based on our assessment of several factors, including the present state of the industry's health, levels and trends of imports during the relief period, particularly from Taiwan and Korea, efforts made by the industry to adjust during the relief period, and the factors set forth in section 202(c) of the Trade Act of 1974.

State of health of the industry and industry efforts to adjust to import competition

During the import relief period, the long-term decline of the domestic industry has slowed, employment and production levels have stabilized to a degree, and some economic factors, such as profits, have even shown modest improvement. However, the industry today is by no means healthy. During the relief period, the industry has made major efforts to adjust to competition by substantially increasing its investment in plant and equipment. The benefits of these investments are just beginning to be felt, but it will be some time before their full impact will be realized.

Domestic production, employment, and the number of firms producing nonrubber footwear continued to decline during the relief period, although at

a slower rate than during the period preceding relief. Thus, between 1976 (the last full year preceding relief) and 1980, domestic nonrubber footwear production declined from 422.5 million pairs to 394.5 million pairs. This represented a decline of 8 percent, as compared with a 20 percent decline in production between 1972 and 1976, the period immediately preceding the OMA relief. Similarly, the number of nonrubber footwear production workers continued to decline from 149,600 in 1974 to 137,000 in 1977, the year in which relief was first provided, to 129,000 in 1980. Further, the number of firms producing nonrubber footwear has continued to decline, from 409 in 1974 to 334 in 1977, the year in which relief was granted, and to 307 in 1980. Despite this continued decline in number of producers, the industry has continued to have considerable unused productive capacity--23.8 percent in 1980 versus 23.3 percent in 1978 and 28.7 percent in 1977. 1/

The one area where there seems to have been some improvement in the state of health of the industry is that involving operating profit margins. Operating profit margins for the 68 firms furnishing usable data increased from 5.8 percent in 1977 to 6.5 percent in 1978, declined to 6.4 percent in 1979, and increased to 8.5 percent in 1980. However, the number of firms in the industry operating at a loss has remained relatively constant during the relief period (13 in 1977, 15 in both 1978 and 1979, and 14 in 1980). While

1/ Chairman Alberger and Vice Chairman Calhoun note that all of the declines must be read against a general decline in apparent consumption and a slight increase in import market penetration. Moreover, some part of the decline in employment and in the number of producing firms must be viewed as part of the industry's adjustment process. For instance, the decline in producing firms tends to have come from the smaller producers. The decline in employment has been at a faster rate than the decline in production, alluding to an improvement in productivity. The impact of these factors is evident in operating profit margins, the one area in which there seems to have been clear improvement in the health of the industry.

profits were clearly better in 1980 than in some earlier years, one satisfactory year does not necessarily signify a trend.

The industry has made a considerable effort to improve its competitive position vis-a-vis imports during the relief period. First, annual new plant and equipment expenditures increased by about one-third between 1976 and 1979, with more than half of this investment dedicated to new machinery, equipment, and fixtures. Second, major technological innovations have been introduced or more widely used to reduce labor input. Such innovations have included laser cutting, flow molding, computer tape stitching, better lasting machinery, injection molding, and unit bottoms. Third, with the help of programs funded by the Department of Commerce, the industry has undertaken efforts to improve its marketing, designing, and responsiveness to style changes.

Imports during the relief period

Import restrictions during the period of relief applied to imports from only two countries, Taiwan and the Republic of Korea. The restrictions were in the form of import quotas based on orderly marketing agreements which the United States had negotiated with each of the two countries. The certificate of origin program with Hong Kong was established during the relief period in order to stem the alleged flow from Hong Kong of footwear assembled there with parts made in Taiwan. The certificate program has functioned as a valuable adjunct to the Taiwan quota and thus should be maintained if import restraints with respect to footwear from Taiwan are extended.

Taiwan filled all three elements of its quota in the first 3 years of the relief period and will fill all three elements in the fourth year if trends through the first three quarters of the fourth year continue. Korea filled

both parts of its quota in the first year of the relief period, but filled only the larger of the two categories (athletic and footwear other than leather) in the second and third years. In the fourth year, Korea seems likely again to fill only its athletic footwear category, which was 86 percent full at the end of the first 9 months of the quota year.

The quotas on imports from both countries have clearly restricted imports from the two countries during the quota year. Imports from Taiwan totalled 166.5 million pairs for calendar year 1977, but only 122 million pairs, the maximum permitted, during the first quota year (June 28, 1977-June 30, 1978). Imports from Taiwan were permitted to increase slowly to 130.7 million pairs in the present quota year (a level not yet but likely to be reached). Imports from Korea totalled 58.6 million pairs in calendar 1977, but were limited to 33 million pairs in the first quota year (July 1, 1977-June 30, 1978). The fourth year quota permits Korean imports to increase to 38 million pairs.

Imports from all countries other than Taiwan and Korea have increased by an average of about 10 percent per year during the calendar years covered by the quotas (1977-1980). In 1978 and 1979, imports from Italy more than doubled, due to demand for a particular style of shoe, the "Candie." Imports from Italy declined to half the 1979 level in 1980. It is our view that the surge mechanism is appropriate for dealing with such increases and may be useful in looking at increasing imports from other countries not under restraint.

Extension of relief for 2 years

Relief in the form of quantitative restrictions at present levels (i.e., July 1980-June 1981 levels) on imports of footwear from Taiwan (except, in the

opinion of Commissioners Alberger and Calhoun, restrictions on athletic footwear) should be continued for an additional 2 years for several reasons.

First, the industry needs added time to adjust. Four years is a short adjustment period when viewed in the context of the length of time required to devise and implement new technology, marketing approaches, and other adjustment efforts. The recent recession and high inflation rate have made it more difficult to invest in new plants and equipment or to modernize old plants and equipment, which is a very important part of the adjustment process. Further, the quotas did not have much of an impact on imports until well into the first quota year because of large importer inventories built up in anticipation of some kind of presidential action. In view of the anticipated slowness of this adjustment process, the Commission recommended at the time it found the requisite serious injury in early 1977 that relief be provided for the full 5-year initial period. 1/

Second, the overall industry is not "healthy" at this time, even though many of the key economic indicators which together show its overall condition have stabilized. Better profits for 1 year, 1980, are not necessarily indicative of a trend. Import penetration during the relief period has increased from 44 percent to 49 percent, which means that the domestic industry is giving up nearly one half of its home market to imports and remains vulnerable to increased penetration and injury in the absence of additional protection. However, in view of efforts presently being made by the industry, there is good reason to believe that the industry, with another

1/ In the earlier investigation, No. TA-201-18, Commissioner Bedell found the industry to be seriously injured and recommended the provision of relief for a 5-year period.

2 years of relief, will be more demonstrably on its way to recovery and better able to withstand import competition.

Third, Taiwan, with its export-oriented production and competitive prices, remains a serious threat to the domestic industry. Taiwan has consistently filled all three categories of its quota, indicating that imports from Taiwan would be appreciably higher, perhaps as high as or higher than pre-quota levels, in the absence of an extension of relief. The domestic industry has raised its prices only moderately since the beginning of relief, by about 9 percent annually, primarily in response to rising raw material (especially leather) and labor costs. Termination of relief at this time would exert downward pressure on industry prices and increase the vulnerability of the industry.

Fourth, the domestic nonrubber footwear industry is one that has been long beset with import problems. It has sought import relief since the late 1960's but only received relief since 1977, although many firms and workers in the industry had received adjustment assistance prior to that time. Congress clearly had the well-being of this industry in mind when it passed the Trade Act of 1974 and when it subsequently made some minor changes to provisions relating to section 201 investigations. 1/ The industry provides employment.

1/ For example, Congress provided in sec. 503(c)(1) of the Trade Act (19 U.S.C. 2463(c)(1)) that most nonrubber footwear articles are by law "import-sensitive articles" and are therefore not eligible for duty-free treatment under the Generalized System of Preferences (GSP); and in 1976 Congress amended sec. 330(d) of the Tariff Act of 1930 (19 U.S.C. 1330(d)) to redefine the concept of "remedy finding" of the Commission in view of Congress' inability to require the President to provide relief as a result of the first affirmative Commission footwear determination under sec. 201 of the Trade Act (investigation No. TA-201-7)--sec. 1801(a) of the Tax Reform Act of 1976 (Pub. L. 94-455, 1976).

to thousands of low-skilled persons, mostly located in small towns, a majority of them women, a large proportion of whom are older, and many of them of minority groups. They are among our lowest paid industrial workers, earning an average of \$4.42 per hour in 1980. Alternative employment generally is not available. Many are secondary wage earners for whom relocating is out of the question because it would require relocation on the part of their spouses or other family members. We believe that the industry is on the threshold of recovery and that extension of the present relief should make it possible to preserve many of these jobs after extended relief expires.

In deciding what advice we would give, we reviewed the various considerations set forth in section 202(c) of the Trade Act and have touched upon many of these considerations in the discussion above. While we subscribe to the comments regarding these considerations set forth beginning on p. A-87 of the attached report, we would like briefly to comment further on several of them. First, the information before the Commission clearly shows that the United States is the focal point for exports of nonrubber footwear from Taiwan. The United States is and has been the most open large market in the world for footwear imports despite the recent restrictions. Most of the production facilities in Taiwan remain geared to serving the U.S. market. Second, we do not believe that relief has had or that the extension of relief will have a significant impact on U.S. consumers. During the relief period prices have risen only modestly and sufficient quantities of all types and styles of footwear have remained available. Third, we believe that the relief presently in effect has been generally effective in promoting adjustment by

the industry to import competition. However, as indicated above, we believe that the relief can be more effectively implemented and that extension as indicated is essential for sufficient adjustment to occur. Finally, we believe, for reasons articulated above, that significant economic and social costs may be incurred by taxpayers, communities, and workers if the present relief is not extended.

Additional statement of Chairman Alberger and Vice Chairman Calhoun

As stated above, it is our advice that relief with respect to all nonrubber footwear imports from Korea, which is primarily in the form of athletic footwear, and athletic footwear imports from Taiwan can be terminated without adversely affecting the domestic industry to any significant degree.

It is our judgment, based on the best information available to us, that the segment of the domestic nonrubber footwear industry producing athletic footwear is healthy and has been for the duration of the relief. This judgment was confirmed by testimony of the only domestic industry official to appear at the hearing urging extension of relief; no other producer of athletic footwear supplied information to the contrary. ^{1/} While most categories of nonrubber footwear experienced continuous declines in production during the period of import relief, production of athletic footwear increased 56 percent, from 16 million pairs in 1977 to 25 million pairs in 1980. This significant increase occurred despite an equally significant overall increase in the level of imports of athletic footwear. The relative shares of the market held by domestic producers and by importers remained essentially

^{1/} See the testimony of Jerry Turner, Executive Vice President of Brooks Shoe Manufacturing Co., in the transcript of the Mar. 9, 1981, public hearing, pp. 125-322, especially p. 190.

unchanged throughout the period. The net effect, therefore, is that both domestic producers and importers have benefitted equally in the growing market for athletic footwear. Further, the best available financial data concerning domestic firms producing athletic footwear 1/ indicate that such firms have had an average operating profit margin during the relief period which is considerably higher than the average operating margin of 6.8 percent for the domestic industry during the relief period.

As a further matter, close analysis of the pattern and concentration of imports from Taiwan might suggest the possibility of terminating import restrictions with respect to Taiwan on certain types of shoes. Such a termination of restrictions could be based on information showing that these types of shoes are characterized by low total import penetration from Taiwan, concentration of these imports in the lower price ranges, and concentration of domestically produced shoes in the medium and higher price ranges. A further characteristic of these types of shoes is high import penetration from countries not covered by the OMAs. In this regard, we consider six types of shoes: men's, youths's and boy's leather dress shoes and casuals; men's, youth's, and boy's leather boots; leather work shoes; women's and misses' leather dress shoes and casuals; women's and misses' leather boots; and leather sandals. During the last 2 years, import penetration from Taiwan for all of these types of shoes was less than 7 percent, and in each of these types, imports from Taiwan were concentrated in the two lowest price ranges.

1/ We have based our judgment on questionnaire data received from four firms accounting for 17 percent of total domestic production of nonrubber athletic footwear in 1980.

We have considered this argument and decided to raise it for the President's review. However, we are concerned that, if these items were removed, Taiwan has the ability to shift production into those exempt categories. That would nullify the remaining relief to the domestic industry during the 2-year extension period.

We would terminate all relief with respect to Korea for two reasons. First, the major portion of the nonrubber footwear imports entering under the Korean quota is athletic footwear covered by the category commonly called K-2, which contains vinyl footwear, and footwear not covered by the other Korean category. In our view, the U.S. industry no longer needs protection from such imports.

Second, Korea has failed to fill in 2 of the last 3 years the second part of its quota (the category commonly called K-1, which covers leather footwear other than athletic), and it seems unlikely to fill this second part in the fourth year as well. In the third quota year, Korea filled only 31.7 percent of that part of its quota, and in the first 9 months of the fourth quota year Korea had filled only 23 percent. Imports entering under category K-1 have been negligible, accounting for approximately 1 percent of total apparent U.S. consumption during the relief period. We are persuaded by the Koreans' claim that they have lost their competitive advantage in this field as a result of increased raw material and labor costs. ^{1/} Because imports of such leather footwear from Korea have been far under the level allowed by the quota and because it appears unlikely that a continued quota would have a restraining

^{1/} See, for example, the posthearing brief of the Korean Footwear Exporters Association and the Korean Leather Products Exporters Association, p. 1.

effect on such imports in the near future, we advise that this aspect of the quota be terminated. If such imports suddenly increased again, an event we think most unlikely, the surge mechanism should be used to deal with them.

Finally, it is our view that the extension of import relief with respect to Taiwan may, if certain conditions are met, be further relaxed at the present rate of a 2.4 percent quantitative increase per year. The gradual reduction in the level of relief that was built into the existing OMA with Taiwan theoretically promotes the continuing process of adjustment to import competition during the period of relief. While we generally agree with this mechanism for easing the domestic industry into a more competitive environment, we believe that this orderly transition could be seriously disrupted by surges of imports from other countries not under an agreement. Thus, it is our view that the relaxation of import restraint levels with respect to imports from Taiwan should only be undertaken if the surge mechanism is to be continued as part of the extended relief and if it is effectively utilized to prevent any further erosion of the market share held by the domestic industry.

Additional statement of Commissioner Bedell concerning relief with respect to imports of athletic footwear and imports from Korea

I advise that import relief presently in effect should be extended for 2 years and, more specifically, that the relief applicable to athletic footwear from Taiwan and nonrubber footwear from Korea should not be terminated. My reasons for these conclusions are set forth below.

First, I do not think that there is sufficient information to permit us to draw separate conclusions concerning the athletic footwear segment of the

domestic industry. My colleagues have based their conclusions in large part on financial information supplied by four firms accounting for only about 17 percent of domestic athletic footwear production. These four firms were the only firms to supply us with usable financial information primarily relating to athletic footwear operations. I do not believe that data from four firms accounting for only 17 percent of domestic athletic footwear production is necessarily representative of general conditions concerning such production in the United States. Furthermore, financial data received from other large domestic producers of athletic footwear who make other types of footwear and who could not or did not provide separate financial data on the profitability of their athletic footwear operations show profit margins which closely approximate the average profit margin of the whole industry and therefore indicate that the profit margins of the four firms may well not be representative of profit margins for athletic footwear operations. Thus, while it is possible that some domestic producers of athletic footwear may be doing well, there is no body of information which convinces me that on balance the economic condition of athletic footwear operations differs markedly from nonathletic footwear operations.

Second, I believe that producers of footwear in Taiwan and Korea continue to pose a serious threat to domestic nonrubber footwear producers, including those producing athletic footwear. Korea in particular filled the athletic footwear category of its quota in the first 3 years of the quota period and had filled 86 percent of the fourth year quota in the first 9 months of the quota year. Furthermore, Taiwan, which does not have a separate quota

category for athletic footwear, has filled all three of its quota categories in the first 3 years of the relief period and will do so again in the fourth year if present trends continue. Even with orderly marketing agreements in place, Taiwan and Korea accounted for 65 percent of domestic athletic footwear consumption in 1980. Thus, I believe that in the absence of continued relief imports of athletic footwear from Taiwan and Korea will increase both in absolute terms and as a share of U.S. consumption.

Third, Korean nonrubber footwear exports in general remain a serious threat to the domestic industry. Korean production is highly export oriented, and an average of nearly 60 percent of Korean footwear exports have been shipped to the U.S. market during the period 1977-80. The Korean industry is dominated by four firms which collectively account for over half of total Korean footwear production (including types of footwear not covered by the relief). The industry has shown considerable ability to accommodate to changing market conditions and has upgraded the quality of its exports during the relief period. This adaptability of the Korean industry and knowledge of the rapid rate at which Korean exports to the United States increased prior to the imposition of quotas (Korean exports of nonrubber footwear to the United States increased at an annual rate of 85 percent during 1974-77) lead me to believe that the conditions confronting the U.S. industry with regard to Korean imports in 1977 could readily recur and jeopardize the adjustment process underway if existing relief is allowed to terminate.

STATEMENT OF COMMISSIONER PAULA STERN

Framework for Advice

The purpose of this investigation -- and of this statement -- is to provide advice upon which the President can base his decision to extend or alter the import relief program currently in effect for the domestic nonrubber footwear industry. The Commission's counsel is based on its "judgment as to the probable economic effect on the industry of the extension, reduction, or termination of the import relief" (emphasis added) */ Section 203(i)(4) of the Trade Act directs that such advice take into account all relevant economic factors, including the considerations set out in section 202(c) and the progress and specific efforts made to adjust to import competition. **/

My examination of these factors takes place within the framework of the dual objectives of the escape clause: (1) the prevention or remedy of serious injury to the domestic industry, and (2) adjustment of the industry to import competition. ***/ Essentially, in order to merit extension of import relief under the escape clause, it must be

*/ This investigation was instituted under sections 203(i)(2) and 203(i)(3) of the Trade Act of 1974 (Trade Act).

**/ Section 203(i)(4) of the Trade Act. For statutory background on section 203(i) see Views of Commissioners Alberger and Stern, Stainless Steel and Alloy Tool Steel (Investigation No. TA-203-5).

***/ Section 203(a) of the Trade Act. See also Trade Reform Act: Report of the Committee on Finance S. Rept. No. 93-1298 (93d Cong., 2d Sess.) 128 (Senate Report).

clear that an industry is either still experiencing serious injury or has not adjusted to import competition, or both. */ In either case the probable economic effect of termination would be adverse, assuming that the foreign potential to supply has not shifted significantly since the original investigation.

Section 203(i)(4), however, provides guidance which should take the Commission beyond a simple comparison of the health of the domestic industry in relation to the two goals of the escape clause. For example, by directing the Commission to examine specific efforts made by the industry to adjust, the statute implies that if an industry is not making serious adjustment efforts the Commission need not advise the President to continue relief. The legislative history of the escape clause supports this view: **/

The escape clause is not intended to protect industries which fail to help themselves become more competitive through research and investment efforts, steps to improve productivity and other measures that competitive industries must continually undertake. ***/

*/ To make such a judgment, focus is placed on the current state of the industry. But, the "current" focus is not done with blinders on. The latest data is assessed in relation to industry indicators not only for the relief period, but also in relation to the condition of the industry health prior to the provisions of relief.

**/ Section 203(i)(4) has not been specifically interpreted by the Congress.

***/ Senate Report, at 122.

The framework for my advice regarding the scope of relief in an extension period is derived from section 201(d)(1)(A) which limits the remedy to only such relief as is "necessary to prevent or remedy the injury." This direction applies equally to a 203 investigation. In an investigation instituted under section 203(i)(2) the Commission is instructed to consider "reduction," not simply extension or termination of import relief. Section 203(h) makes clear that Congress's intent is that relief be phased down "to the extent feasible" and if extended, be at a level no greater than that in effect immediately prior to the extension. The petitioner's position in this investigation, that exemption of a particular category of footwear or a particular country from a recommended extension is "impermissible," is not valid. In a 203 investigation, any relief should be tailored to the problems at hand at the time of the investigation.

Condition of the U.S. Nonrubber Footwear Industry */

U.S. workers in the labor-intensive nonrubber footwear industry are not overpaid relative to U.S. wage earners in general. **/ But, they are paid considerably more than their foreign counterparts. In 1978, for example, average hourly earnings in Korea and Taiwan averaged 15 percent of the U.S. rate. This significant wage rate differential has given rise to the view of some that this industry is terminally ill--that for this industry adjustment to import competition consists of an orderly demise. Others point out that competition in the footwear industry encompasses many factors besides wage rates--that appropriate marketing strategies and manufacturing flexibility together with innovative production techniques and proximity to the market could result in adjustment to import competition in carefully selected product lines. Data gathered in this investigation support this more optimistic view.

The domestic nonrubber footwear industry is no longer experiencing serious injury. It is clearly adjusting to import competition; declaring the industry as a whole adjusted to import competition would be premature.

* * *

*/ I do not believe that Commissioners are bound in a 203 investigation, under the escape clause statute or through the principle of res judicata, to the Commission majority's industry definition made at the time of the original 201 investigation. The doctrine of res judicata applies to decisions of administrative agencies only when the agency is acting in a judicial capacity and confronted with a set of static facts (i.e., facts that cannot change). In the present case the Commission is neither acting in a judicial capacity nor confronted with a set of static facts. Nevertheless, I do not find it necessary or feasible to revise the 201 industry definition in this case. Since section 203 is a remedy exercise, it is possible to examine appropriate segments of the industry without formally changing the industry definition.

**/ Workers in plants producing nonrubber footwear were paid substantially lower wages than workers in nondurable manufacturing during the 1974-80 period. See Report, A-36.

Some of the data */ gathered in this investigation show further negative trends since the 201 investigation -- but the magnitude of these trends certainly does not parallel developments prior to the provision of import relief. **/ Though consumption was basically steady from 1977-79, dropping significantly only in 1980, shipments and capacity fell regularly, 10 percent (in quantity) and 6 percent respectively from 1977-80. ***/ Production and employment held nearly steady from 1977-78 but dropped thereafter. From 1978-80 production declined 6 percent and employment dropped 3 percent. Meanwhile inventories rose 4 percent in quantity over the relief period and 53 percent in value.

*/ The Commission staff made strenuous efforts to obtain responses to the questionnaire which was sent to all domestic nonrubber footwear producers. Despite these efforts, the response rate of the petitioning industry was disappointing. Even some companies which undertook the considerable time and expense to send a representative to Washington to testify at the Commission's hearings did not respond to the questionnaire. I do not think it is appropriate to speculate that companies that did not respond were too unprofitable to do so. One could just as easily speculate that such non-respondents are so profitable that they chose not to submit data in order to encourage a recommendation for extension. Fortunately, the questionnaire data for certain indicators can be supplemented in this investigation by Department of Commerce (DOC) data. On factors not available from DOC, e.g., profitability, I must rely on the questionnaire responses alone.

**/ Over the five-year period prior to the provision of import relief (1971-76), data indicate that domestic capacity, production, shipments, and employment all declined by approximately 20 percent.

***/ Though the OMAs began in mid-1977, the data used in this analysis will include all of 1977. Data is not available which precisely coincides with the OMAs. I do not believe that the use of full 1977 data seriously affects my analysis.

Do these negative trends demonstrate continued serious injury? The petitioners certainly think so; those opposed to the petition do not. First, some opponents suggest that these data point to "stabilization" of the industry in a condition which is said to be an improvement over serious injury. Second, other opponents to the petition suggest that, to advise the President that the "reconstituted" industry is still experiencing serious injury, the Commission must, in effect, find a recurrence of serious injury during the relief period. These parties seem to expect the Commission to isolate the data for the relief period alone to ascertain if the negative trends from the beginning of the relief period (1977) to the end of the relief (1980) are of sufficient severity to support a finding of serious injury.

I reject both suggestions of the opponents. The slowing of some negative trends since the 201 does not necessarily indicate "stabilization" in an improved condition; such trends could instead indicate "stabilization" in a condition of serious injury. Examination of all the information available in the investigation is necessary.

The second suggestion is simply not in line with the statute; nowhere does the statute direct the Commission to focus exclusively on the relief period to determine anew if the industry has been seriously injured. */

*/ My reference to the serious injury factors in the Views of Commissioner Alberger and myself in Stainless Steel and Alloy Tool Steel was not intended to imply that an industry must demonstrate existence of serious injury for the relief period exclusively.

Since the aim of import relief is to lessen import competition for a temporary period, it would be illogical to expect a domestic industry to demonstrate serious injury substantially caused by imports during a period when relief from such injury was in effect.

Examination of the additional available data in this investigation reveals that the petitioner's view is equally unconvincing. In particular, the financial data belie the assertion that the industry is still experiencing serious injury. In 1980 the pre-tax profit margin for the non-rubber footwear industry at 7.4 percent was nearly at the level of all manufacturing (7.8 percent). */ Moreover, the strong financial performance in 1980 was not limited to the largest firms. A look at the operating profit margin of firms by range of production reveals that for all categories, except the smallest, the profit margin was 6 percent or above. It is difficult to determine the profitability of these small firms since many are owner-operated and profits are taken out in salaries and other benefits. **/ The largest firms (with production ranges of from 2 million to 4 or more million pairs) which account for roughly 85 percent of U.S. footwear production averaged profit margins of from 8.3 to 9.3 percent in 1980.

*/ Report at A-45.

**/ Ibid., at A-43.

Since the nonrubber footwear industry is not a capital intensive industry, an average profit return on net sales can produce a higher than average return on total assets and stockholders' equity. Still the data for 1980 are striking. Both the ratio of net profits before taxes to total assets and the ratio of net profit before taxes to stockholders' equity rose over 50 percent from 1979 to 1980. While these two ratios were below the rates for all manufacturing in 1979, they were either twice or nearly twice the rate for all manufacturing in 1980.

Given this financial performance, the industry can no longer be said to be experiencing serious injury. The more difficult issue is whether the industry has adjusted to import competition. Neither the statute nor the legislative history provide a definition of such "adjustment." */ A natural measure of "adjustment" is the standard business measure of success -- profitability. In fact, in this case where import levels did not decline over the relief period **/, a good profitability "showing" is more indicative of "adjustment" to open trading conditions than of adjustment to a stringently protected market. The performance of the industry in foreign markets may also be a sign of adjustment. From 1977-80 exports grew some 141 percent. ***/

*/ S. Rept. at 128 and Trade Reform Act of 1973: Report of the Committee on Ways and Means . . . , H. Rept. No. 93-571 (93d Cong., 1st Sess. 1973), 52.

**/ The level of imports remained basically steady over the relief period, except for the "surge" in 1979, as a result of a fleeting but substantial fashion shift to Italian made "Candies." The import/consumption ratio grew two percent over this period. See Report at pp. A-14-15 and C-4. 28

***/ Report at A-32.

Over the relief period the industry, with intensive government support, has made serious efforts to adjust. These efforts are detailed on pp. A-19-25 of the accompanying report. Though increases in capital expenditures (in real terms), and productivity are not particularly impressive, the participation in the Department of Commerce's Footwear Revitalization Program, the results of the Commission questionnaire on efforts to compete, and the data on the spread of use of new technologies in the industry all indicate that the industry is making adjustment attempts.

The record as a whole yields a picture of an industry in the process of restructuring that is beginning to see the fruits of its efforts. The negative trends are in part a reflection of this restructuring. Information on plant closings must be balanced with the fact that a substantial number of new plants opened during the same period. */ The number of small producers -- historically the least profitable according to published data -- has declined dramatically. The number of producers at the upper end -- 1 million to over 4 million pairs -- has increased. The financial data seem to demonstrate that the results of this shifting have only recently become visible. From 1977-79 the net profit

*/ Report at A-27. The usefulness of the available data on openings and closings is limited. The staff was not able to ascertain how many closings were in fact consolidations.

before taxes to net sales ratio for the industry was below that of other manufacturers in each year. During that period, however, the largest producers still made respectable profits. In 1980 profitability for nearly the entire industry increased dramatically. */

It is still too soon to pronounce the industry "adjusted." The recent stronger industry performance -- particularly the 1980 financial data -- has been aided by ephemeral fashion trends (for example, for the "preppie" look and cowboy boots) and by the decline in the record-high 1979 leather prices without a concomitant decline in shoe prices. Without these favorable circumstances, the current condition of the industry might be less rosy. As a whole, the industry is adjusting, but it needs more time to consolidate its position, to assure that its 1980 performance is at least a new plateau if not the beginning of a resurgence.

*/ Report at A-42 and discussion on profit and loss on pp. 27 - 28 of this statement.

Relief Under Proclamation 4510Taiwan

Termination of the Orderly Marketing Agreement with Taiwan in June 1981 would have a significant adverse economic effect on the U.S. industry and therefore the relief should be extended for two additional years. Some adjustments in the level of relief, however, would be advisable.

* * *

Taiwan is by far the largest foreign supplier of nonrubber footwear to the U.S. market. Even with the OMA in place Taiwan's exports to the U.S. in 1980 were more than triple those of the next largest foreign supplier. In that year, imports from Taiwan accounted for 39.4 percent of total U.S. imports. */

Taiwan is capable of substantially increasing its exports. **/
The industry is almost entirely export-oriented, with only three

*/ Report at G-4.

**/ Both the petitioner and the Commission staff have projected the level of import growth if OMAs were discontinued based on historic trends. The validity of extrapolating a trend is based on the assumption that what happened in the past will continue in the future. In the case of footwear imports, there are two good reasons to expect that the future will not be like the past. First, the growth rates of imports in the early 1970's were high because they began from a small base. Second, new competitors have become established over the OMA period. It will be much more difficult for Taiwan and Korea to resume their pre-OMA growth rates if the OMAs are terminated. The Commission staff has tried to take some account of these factors in its projections. Nevertheless, I consider historically-based projections of future import levels without OMAs to be of limited value in assessing the expected impact of termination of OMAs with particular countries. A more reliable estimate of the real potential of a country to supply the U.S. if relief is terminated can be obtained by also considering the current condition of its industry.

percent of production retained for the domestic market. This export performance is important to Taiwan; in 1979 footwear manufacturing ranked as Taiwan's fourth most important export industry in terms of value. Exports to the U.S. already comprise the bulk of Taiwan's total exports (51 percent), and the possibility that even more shipments could be directed to the United States is real since Taiwan faces import restrictions in a number of other countries. */

The nature of Taiwan's shoe industry also demonstrates the potential for increased exports to the United States. Factories in Taiwan are small, with the average factory employing about 200 to 250 workers, and they are capitalized at low levels. In 1979, approximately half of the factories were capitalized at less than \$83,000. As a result, the industry is characterized by much fluidity. The ease with which it can grow has been seen. From 1967 to 1973 the number of shoe factories in Taiwan increased from 30 to 280; by 1979 there were 582 factories.

Developments over the relief period have not significantly altered Taiwan's potential. Though labor is said to be tight, labor turnover in this industry is high, and given recent rapid increases in wage rates it is doubtful that labor availability will seriously affect the growth rate of the industry. Currently, the real limit to Taiwan's growth is the size of the unrestricted world market. Competition from other low cost

*/ Report at A-53 and A-67.

producers (e.g., Hong Kong, Singapore, PRC) is growing, but at least for the near future importers have indicated that Taiwan is still the preferred supplier. */ Taiwan's short-term prospects are particularly good, as its major competitor, Korea, is facing higher costs.

Taiwan's shipments to the United States under the OMA fall into three categories. **/ All three categories have been completely filled throughout the entire relief period. These shipments cover a broad spectrum of shoe categories. Taiwan's U.S. market share increased over the OMA period in women's and misses' leather boots; men's, youth's and boys' plastic dress and casuals; women's and misses' plastic dress and casuals; women's and men's plastic boots; men's, youth's and boys' fiber dress and casuals; and athletic footwear. In two other categories -- women's and misses' plastic sandals and women's and misses' fiber dress and casuals -- its share fell during the OMA period, but it was still substantial, 55.2 percent and 26.8 percent respectively. Clearly, Taiwan's

*/ Hearing Transcript at p. 349, American Importers' Association Prehearing Brief at pp. 21-24, Volume Footwear Retailers of America Posthearing Brief at p. 6.

**/ Report at A-6.

capability creates competitive pressure on the U.S. industry over a broad range of product lines.

In my view the condition of the U.S. industry warrants an extension of the OMA with Taiwan for an additional two years. The domestic industry has presently not adjusted to the point that it would not be adversely affected by termination of the Agreement in June 1981. But the data on the industry are favorable enough that I advise against extending relief for the entire three years permissible under the statute. Continuation of the certificate of origin program instituted with Hong Kong to prevent the transshipment of shoes made in Taiwan is also appropriate. Transshipment could just as easily become a problem during an extension period as it did during the original relief period before the certification process was established.

I further advise two adjustments to the relief. First, in line with the discussion below (see Korea, p. 38), I advise exclusion of athletic footwear. I do not think it would be equitable to terminate the OMA with Korea and yet include athletic footwear in a new OMA with Taiwan.

Second, I think it would be useful to adjust the overall quota levels upward each year as was done under the original OMA. Congress clearly intended that relief under the escape clause be phased down to the extent possible during the relief period. */ Congress's aim was

*/ Trade Act, sections 203(h)(2), 203(h)(3) and 203(h)(4).

to encourage a more orderly adjustment process. Increasing the number of imports each year in the relief period necessitates adjustment decisions by firms and workers thereby preparing them for the legally inevitable time when relief expires. In this industry many workers do not have the skills or mobility that facilitate adjustment. A phase-down of relief would encourage workers to make realistic plans rather than deluding them with an unsustainable sense of security.

The current OMA allows for a yearly increase of 2.4 percent in the overall quota level. I advise that if an OMA with Taiwan is extended that provision also be made for a similar*/ or somewhat higher increase in the quota level each year. In light of the consumption projections made by the Commission staff **/, such an increase would not place an undue burden on the domestic industry, but would encourage further adjustment.

This advice was developed taking into account section 202(c) considerations, some of which have already been addressed. A full discussion of these considerations, which I endorse, is included in the Report (at pp. A-63 through A-67). In these views I want to emphasize that I have closely examined the economic and social costs that may be incurred by taxpayers, communities and workers if the present relief is not extended (section 202(c)(9)) as well as the costs of extension of relief to consumers (section 202(c)(4)). Though the negative effects on consumers were alleviated to some degree over the original OMA period as

*/ I point out that Chairman Alberger and Vice Chairman Calhoun have also discussed a relaxation of relief along the same lines.

**/ Report at A-59.

a number of U.S. importers simply initiated or expanded purchases with non-controlled foreign producers of low-cost footwear, it is clear that the OMA did increase the burden on consumers and that an extension will continue this burden. */ Limiting an extension with Taiwan to two years and including the adjustments I have advised will lessen this burden somewhat. I also considered two further adjustments that were appealing in terms of consumer interests -- exclusion of low value footwear and/or exclusion of children's and infants' footwear. In conclusion, however, I must advise that, based on the information before me, the economic and social costs to the U.S. industry and its workers of these adjustments outweigh the benefits they would provide to U.S. consumers.

It is true that the U.S. industry has not played a key role in supplying the domestic market with low-priced footwear (e.g., \$4-and-under a pair) except in the children's and infants' and athletic categories. **/ But with the adoption of labor-saving devices such as injection molding machines, the industry seems to be developing a new competitive capability in this market. ***/ Exclusion of low-priced footwear from the OMA could stymie these developments. Innovative low-priced producers using the latest technology could use more time to develop their marketing strategies and consolidate their supplier links.

*/ Report at A-56.

**/ Report at A-49.

***/ Hearing Transcript at 152-3.

The existence of a low-value footwear exclusion would also have an adverse impact on domestic producers of medium-priced shoes. Some consumers might shift away from purchases of domestic medium-priced shoes as the supply of cheaper shoes from Taiwan increased. Also, some producers in Taiwan would undoubtedly lower the prices of their shoes to avoid the OMA, particularly since they would no longer have to pay the alleged quota fee. As producers of shoes priced closest to the value-break lower their prices to avoid the OMA, the competitive pressure on U.S. producers of medium-priced footwear would further increase. The relief provided by the extension would thus be nullified. */

I also considered exclusion of children's and infants' footwear. Data available to the Commission, however, indicate that this segment of the domestic industry is particularly weak. Profitability in 1980 was well below the industry average. **/ The probable economic effect of an exclusion would, therefore, argue against excluding this category from relief.

*/ Likewise, I agree with Chairman Alberger and Vice Chairman Calhoun that exemption of certain leather footwear types from the OMA coverage would nullify the remaining relief.

**/ Profitability refers here to operating profit margin. See Report at A-60.

Korea

Termination of the Orderly Marketing Agreement currently in effect with the Republic of Korea would not have a significant adverse effect on the U.S. industry.

* * *

Korean exports to the U.S. that are controlled by the OMA fall into two categories: leather footwear except athletic (K1) and leather athletic footwear (K2). However in 1980, nearly 77 percent of such exports were leather athletic footwear. The quota has been completely filled for this category in each quota year, and in fact adjustments permissible under the Agreement have been made to accommodate maximum allowable exports. Still the OMA has probably been only minimally effective in controlling the level of Korean athletic footwear exports. Korean manufacturers learned early on that with only a minor adjustment to the shoes (substitution of a vinyl for a leather strip) shipments could be made under a TSUS item (700.60 rubber/fabric footwear) that was not covered by the Agreement. */ Shipment of athletic shoes as rubber footwear has not been entirely satisfactory for Korean manufacturers, however. U.S. duties on medium- and lower-priced athletic footwear amount to about \$1.50 to \$2.25 a pair more if the shoes are classified as rubber

*/ See Report at pp. 10-11 and Table 6 at G-18 which show the rapid increase in rubber/fabric exports after the institution of the OMA.

rather than nonrubber footwear. As a result, termination of the OMA, or exclusion of athletic non-rubber footwear, is likely to bring about a reverse shift -- a leather strip would be substituted for a vinyl strip to obtain the duty savings. Overall, I would expect exports to the U.S. to increase only to the extent that this duty savings, if passed on to the customer, creates some additional demand.

In light of the objectives of the escape clause, however, U.S. producers of athletic footwear -- the segment of the industry most fully affected by Korean shipments -- should not be protected from this somewhat intensified competition. These producers have had a robust performance over the relief period despite the limited protection provided. Shipments and production of athletic footwear increased roughly 56 percent from 1977 to 1980 and there has been a substantial increase in U.S. exports of inexpensive mass-produced athletic footwear. Inventories were cut in half over the period, and unfilled orders increased. Capacity utilization, at about 81 percent, was well above the average for other segments of the nonrubber footwear industry. Furthermore, data available to the Commission on the financial performance of U.S. footwear producers with substantial athletic footwear production shows that profits for these producers over the entire OMA period have been higher than the industry average and that for both 1979 and 1980 profit margins were above

the level for all U.S. nondurable goods and for all U.S. manufacturing. */
The opponents of the petition referred to this very favorable view of
the profitability of the domestic athletic producers a number of times
during the hearing and the petitioners never disputed it. **/ The data
show that U.S. athletic producers are healthier than the
industry as a whole. Relief should not be extended.

It is also no longer appropriate to continue controls on Korea's
K1 exports, but for different reasons. Since the first quota year
Korean exports to the U.S. of K1 footwear have been steadily plummeting.
In the third quota year only about 32 percent of the quota was filled.
From 1977-80 combined exports of leather work shoes and other nonathletic
shoes fell regularly from 10.6 million pairs to 4.9 million pairs. Dur-
ing the same period shipments of men's, women's, and children's vinyl
footwear fell to only 1 million pairs. These developments appear to
relate to changed circumstances in the Korean industry.

The structure of Korea's footwear industry is very different from
that of Taiwan. The industry is comprised of a small number of very
large producers which are highly capitalized. These producers use

*/ All statements, except the statement on capacity utilization, are
based on data in the Report. The source for the capacity utiliza-
tion statement is the AFIA data included in the Korean Footwear Exporters
Association and the Korean Leather Products Exporters Association prehearing
brief.

**/ See Hearing Transcript at pp. 487-8.

conveyor machinery */ which staff advises increases considerably the expense of product shifts. Counsel for the Korean footwear exporters testified that the competitive strength of their products has been affected disproportionately by oil price increases (56 percent in 1979 and 100 percent in 1980), by inflation (47 percent in 1980) and by wage increases (up 473 percent from 1978-80). Further testimony was presented indicating that expansion of the Korean industry is not planned and that money is not available to finance an expansion. **/ The performance of the Korean industry has deteriorated over the OMA period (notwithstanding the fact that the OMA did little to control Korean exports). Total production fell 7.1 percent from 1978 to 1980.

It is improbable that Korea will increase its K1 exports to the U.S. over the next few years as rapidly as it did before the OMA was initiated. Projections based on historical trends are particularly distorting for Korea, as circumstances in the Korean industry have changed since the 1970's. Moreover, U.S. imports of K1-type footwear from many other countries are at or above the level of recent Korean shipments. In sum, to take action against Korean K1 exports during an extension period would be discriminatory.

Since protection is no longer justified for K2 exports or necessary for K1 exports, I advise letting the OMA with Korea expire.

*/ Ibid., p. 481.

**/ Hearing Transcript at p. 494.

The Surge Mechanism

Parties to this investigation have disputed whether the President can, as a matter of law, extend the OMAs to additional countries during an extension period. This legal judgment does not come under the purview of the International Trade Commission. If the President concludes that he does have the authority to take action against surge countries during an extension period, I would advise him to exercise such authority in line with the criteria specified in paragraph 4b of the current proclamation (4510). Paragraph 4b provides residual authority for relief in the event that "the quantity of imports of footwear of the types covered" by the existing OMA, from countries not now controlled, "appear likely to disrupt the effectiveness" of the provisions of the orderly marketing agreement(s) (emphasis added). An import surge that meets this criteria is likely to be the focus of consultations under the equity clause */ of the existing OMA(s). Import surges that may occur but do not result in consultations under the equity clause are less likely to be "of the types covered" or be of sufficient quantity to "disrupt" the OMA.

Although an OMA with Taiwan may technically cover all nonrubber footwear other than athletic, there are categories of nonrubber footwear

*/ Report at B-9, paragraph 10 of the Orderly Marketing Agreement Between the United States of America and the Republic of China.

which simply are not produced in Taiwan or are not competing with Taiwan's footwear production. A surge in such imports from a third country is not likely to "disrupt the effectiveness" of the provisions of an OMA with Taiwan and is also unlikely to result in consultations under the equity clause. If the President should, however, decide to consider taking relief action in these circumstances, I suggest that he (1) examine the product-scope of the surging imports to assess their potential to affect adversely the domestic industry; and (2) review the economic condition of producers of the products most directly competitive with the surging imports to determine if, in keeping with the limited purposes for which relief is appropriate under the escape clause, this particular group of producers warrants relief. In short, a refined approach to the remedy question is appropriate during an extension period.

If the President has residual authority during an extension period, I strongly urge him to utilize it to deal with surges that would indeed nullify the relief I have recommended. Import surges can be expected in a fashion-oriented, labor-intensive industry like footwear and there is also the distinct possibility that such future surges will come from competitors of Taiwan. Footwear produced in Taiwan competes with footwear produced in many countries. Moreover, the growth potential of other footwear producers has been demonstrated. From 1977-80 U.S. imports from Hong Kong, the Philippines, Thailand, Singapore, the PRC and Hungary all increased by nearly 150 percent or more. During this

period imports from Brazil also rose substantially. Imports from Italy are sizeable, and the sharp increase in shipments of "Candies" in 1979 demonstrates the Italian industry's capability to create a surge. Given this vigorous competition, if the President has residual authority during an extension period, it is incumbent upon him to exercise this authority as appropriate to assure that the U.S. industry has the respite it requires.

Conclusion

Many commentators wrote off the domestic nonrubber footwear industry as a "loser" long ago. The escape clause process has provided another perspective on the adaptive capability of this industry in the face of shifting international competitive conditions. The nonrubber industry has shown itself to be more resilient than anticipated. The process of adjustment has had positive results thus far, and with some further limited protection these results should solidify.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On December 5, 1980, the U.S. International Trade Commission instituted the present investigation under section 203(i)(2) and (i)(3) of the Trade Act of 1974 (19 U.S.C. 2253(i)(2) and (i)(3)) for the purpose of gathering information in order that it might advise the President of its judgment as to the probable economic effect on the industry concerned of the extension, reduction, or termination of import relief presently in effect with respect to nonrubber footwear, provided for in items 700.05 through 700.95, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and 700.90), of the Tariff Schedules of the United States (TSUS). Import relief presently in effect with respect to such articles is scheduled to terminate at the close of June 30, 1981, unless extended by the President. The relief, in the form of quantitative limitations described in TSUS items 923.90 through 923.94, is provided against imports from Taiwan and the Republic of Korea (Korea) in Presidential Proclamation No. 4510 of June 24, 1977 (42 F.R. 32430). 1/

This relief was proclaimed following an investigation completed by the Commission in February 1977 (No. TA-201-18) under section 201 of the Trade Act of 1974. 2/ In that investigation, the Commission determined by a unanimous vote that footwear, provided for in TSUS items 700.05 through 700.85, 3/ inclusive (except items 700.51, 700.52, 700.53, 700.54, 4/ and 700.60, and disposable footwear designed for one-time use provided for in item 700.85), was being imported into the United States in such increased quantities as to be a substantial cause of serious injury 5/ to the domestic industry producing articles like or directly competitive with the imported articles. 6/

The Commission instituted the present investigation upon its own motion and after receipt of a petition on October 23, 1980, filed by the American Footwear Industries Association (AFIA), the Amalgamated Clothing & Textile Workers Union, AFL-CIO, and the United Food & Commercial Workers Union, AFL-CIO. 7/ Public notice of the investigation and hearing was given by

1/ A copy of Proclamation No. 4510, copies of the orderly marketing agreements entered into with Taiwan and Korea, and related Presidential statements are presented in app. A.

2/ A description of previous Commission investigations involving nonrubber footwear is presented in app. B.

3/ TSUS item 700.85 was subdivided into items 700.90 and 700.95 in 1980. Item 700.90 provides for disposable footwear designed for one-time use and is not subject to this investigation.

4/ Commissioners Leonard and Ablondi dissented with respect to item 700.54. Commissioner Ablondi dissented regarding disposable footwear provided for in item 700.85.

5/ Commissioners Moore and Bedell found both serious injury and the threat thereof with respect to the domestic industry concerned.

6/ Footwear: Report to the President on Investigation No. TA-201-18 . . . , USITC Publication 799, 1977.

7/ The industry filed its petition under sec. 203(i)(3), which requires the Commission to advise the President of its judgment as to the probable economic effect on such industry of the termination of the import relief. The Commission, on its own initiative, also instituted the investigation under sec. 203(i)(2), in order that it might provide advice concerning its judgment as to the probable economic effect on the industry of the extension or reduction of import relief.

posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of December 11, 1980 (45 F.R. 81688). 1/

A public hearing in connection with the investigation was held on March 9 and 10, 1981, in the Commission's Hearing Room in Washington, D.C. 2/ The Commission made its determination on the investigation on April 9, 1981; the administrative deadline for reporting its advice to the President was April 22, 1981.

The information contained in this report was obtained from fieldwork, questionnaires sent to domestic manufacturers and importers, responses to Commission questionnaires sent in connection with the annual nonrubber footwear reports (Investigation No. 332-93), the Commission's files, other Government agencies, information received at the hearing, briefs filed by the interested parties, and other sources.

Description and Uses

The imported articles which are the subject of this investigation cover a wide variety of footwear, including dress, athletic, and work shoes, boots, sandals, clogs, and other casual shoes. For purposes of the orderly marketing agreements (OMA's) and this report, such footwear has been collectively described as nonrubber footwear.

The imported footwear not covered by the OMA's and not covered by this investigation includes (1) protective footwear, such as hunting boots, galoshes, and rainwear; (2) zoris (thonged sandals); (3) certain footwear with uppers of fabric and soles of rubber or plastics, such as sneakers, certain joggers, and other casuals; (4) footwear with soles and uppers of wool felt; 3/ and (5) disposable footwear designed for one-time use.

Nonrubber footwear is produced by establishments included in industry Nos. 3142, 3143, 3144, and 3149 of the Standard Industrial Classification (SIC). SIC No. 3142 consists of establishments primarily engaged in manufacturing house slippers, and SIC No. 3143 consists of establishments engaged in manufacturing men's footwear (other than athletic footwear). Establishments manufacturing women's footwear (other than athletic footwear) are included in SIC No. 3144, and establishments manufacturing athletic footwear and footwear for misses, infants, and children are included in SIC No. 3149.

1/ A copy of the Commission's notice of investigation and hearing is presented in app. C.

2/ A list of witnesses appearing at the hearing is presented in app. D.

3/ Imports entered under TSUS item 700.75 are subject to control under textile agreements.

It should be noted that descriptive terms for footwear (e.g., "dress," "work," "casual," "slippers," and "sandals") as used by the footwear industry may have different meanings in general, commercial, or TSUS usage. For example, although some types of footwear are specifically defined for tariff purposes in the headnotes to part 1A, schedule 7, of the TSUS, these definitions (e.g., slippers and casuals) apply to only a small portion of the footwear for which such terms are currently used by the footwear industry.

Footwear can be classified by construction, type of material, or end use. There are basically three types of construction used in shoemaking, which describe the method by which the sole is attached to the upper: (1) cemented, (2) sewn, and (3) molded. Although newer techniques have eliminated many steps in certain construction processes, most nonrubber footwear produced in the United States still requires, depending upon the type of shoe, approximately 45 to 120 individual operations to complete a finished shoe.

Cement construction describes the process where the sole or sole and heel of a shoe are attached with glue. Cemented footwear is characterized by an absence of stitching, tacking, or other visible fixing in the bottom assembly. This method makes possible a close, small edge and an appearance of lightness in the shoe bottom. Because this process lends itself to various types of constructions and styles, approximately half the nonrubber footwear currently produced in the United States is manufactured by the cement process.

A sewn construction is the attachment of the sole of a shoe to the upper by means of a stitched seam using thread of cotton or manmade fibers. This method of construction is customary in men's quality dress and work shoes and boots.

Molded construction refers to those processes in which the sole and heel are formed, and attached to an upper, within a mold; complete molding of an entire shoe may also be accomplished within a mold. Different combinations of liquids, solids, heat, and pressure are used in molded construction. Because of the advancements in synthetic materials and chemistry, and also the versatility of the process itself, molded construction plays a major role in modern footwear manufacturing. Although molded construction is used primarily in many types of rubber footwear, e.g., sneakers and protective footwear, some manufacturers of specialized athletic footwear and certain casual nonrubber footwear also utilize this process.

New materials, technological developments in production, and new marketing techniques have contributed to a vast range of styles and qualities of footwear available to the consumer. Traditionally, so-called dress shoes have been more important than any other type of nonrubber footwear in terms of retail sales. Although fashion continues to be an important factor in the purchase of footwear, it appears that today's consumer is also interested in price, comfort, and shoes that conform to a casual life style. Accordingly, it seems that the distinction between dress shoes and casual shoes among consumers (both women and men) has become less important.

Today, a large volume of "preppie" and classic footwear--pumps, penny loafers, and moccasins--is also being offered. The trend in the United States

toward recreation and physical fitness has created a large market for sport and leisure-wear shoes. A recent consumer preference seems to be for cowboy boots, which are selling in large volume.

During the past two decades, manmade materials (e.g., plastics) have partly displaced leather in the manufacture of uppers for nonrubber footwear, particularly in women's footwear. In 1979, about half the nonrubber footwear produced domestically had leather uppers, compared with two-thirds of the total in 1970 and about three-fourths in 1965. This shift resulted from the increasingly higher cost of leather, compared with that of plastics, and consumer acceptance of plastic footwear. In recent years, footwear with plastic uppers accounted for more than 25 percent of U.S. production and approximately 40 percent of U.S. imports of nonrubber footwear.

U.S. Tariff Treatment

The imported nonrubber footwear covered by this investigation is provided for under items 700.05 through 700.95, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and 700.90), in schedule 7, part 1, subpart A of the TSUS. 1/ Temporary modifications to the TSUS implementing the OMA's entered into with Korea and Taiwan appear in schedule 9, part 2, subpart A. 2/

The present column 1 rates of duty for these items range from no duty for ski boots classified under item 700.28 to 20 percent ad valorem for huaraches (leather-soled sandals having a woven leather upper laced to the insole and having a heel which is nailed on) classified under item 700.05. 3/

Nonrubber footwear has been designated as an import-sensitive article and therefore cannot be included in the list of articles eligible for duty-free treatment under the provisions of the Generalized System of Preferences

1/ Schedule 7, items 700.05 through 700.95, is presented in app. E.

2/ Schedule 9, pt. 2, subpt. A, is presented in app. E.

3/ The rates of duty in rate of duty column numbered 1 are most-favored-nation (MFN) rates, and are applicable to products imported from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, such rates do not apply to products of developing countries which are granted preferential tariff treatment under the GSP or under the "LDDC" rate of duty column.

The rates of duty in rate of duty column "LDDC" are preferential rates (reflecting the full U.S. MTN concession rate for a particular item without staging) and are applicable to products of the least developed developing countries designated in general headnote 3(d) of the TSUS which are not granted duty-free treatment under the GSP. If no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided in column numbered 1 applies.

The rates of duty in rate of duty column numbered 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

(GSP). ^{1/} The GSP, under title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of November 24, 1975, applies to merchandise imported on or after January 1, 1976, and is to remain in effect until January 4, 1985, unless modified by the President or terminated.

The Orderly Marketing Agreements

The OMA's were entered into by the Governments of the United States and Taiwan on June 14, 1977, and the Governments of the United States and the Republic of Korea on June 21, 1977. Under the OMA's, which became effective on June 28, 1977, Taiwan and Korea agreed to limit their exports to the United States of nonrubber footwear provided for in TSUS items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75 and disposable footwear designed for one-time use provided for in item 700.85). The OMA's, Presidential Proclamation No. 4510 implementing the agreements, and the related Presidential statements are provided in appendix A.

The OMA's contain the following major provisions:

1. Duration. The agreements are to continue in force for 4 years, from June 28, 1977, to June 30, 1981, unless expressly modified or terminated earlier.

2. Quantitative limitations. Limitations were established by category with respect to imports from Taiwan and Korea. The categories are referenced by TSUS items 923.90 through 923.94, and are shown in the following table.

3. Flexibility.

(a) Carryover.--If the restraint level for any item has not been filled for a restraint period, upon request of the foreign government the shortfall may be entered under the same item during the following restraint period. Such carryover may not exceed 11 percent of the restraint level for the restraint period during which the shortfall occurred.

^{1/} Sec. 503(c)(1)(E) of the Trade Act of 1974 states:

The President may not designate any article as an eligible article under subsection (a) if such article is within one of the following categories of import-sensitive articles . . .

(E) footwear articles specified in items 700.05 through 700.27, 700.29 through 700.53, 700.5523 through 700.5575, and 700.60 through 700.80 of the Tariff Schedules of the United States . . .

Nonrubber footwear: Quantitative limitations under the OMA's, by TSUS items and by restraint periods beginning June 28, 1977, and July 1 of 1978-80

TSUS Item No.	Description	Quota quantity for footwear exported on or after--			
		June 28, 1977	July 1, 1978	July 1, 1979	July 1, 1980
		-----1,000 of pairs-----			
1/923.90	Restraints applicable to Taiwan: Leather footwear provided for in items 700.05 through 700.45	9,760	10,000	10,240	10,480
923.91	Plastic footwear provided for in item 700.58	104,680	107,250	109,820	112,400
923.92	Footwear having fiber uppers and all others provided for in items 700.66 through 700.95 2/ (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.90)	7,560	7,750	7,940	8,120
923.93	Restraints applicable to Korea: Leather footwear (except athletic footwear) provided for in items 700.05 through 700.45	11,520	12,740	13,090	13,260
923.94	Leather athletic footwear provided for in items 700.05 through 700.45, and plastic footwear provided for in item 700.58 and footwear having fiber uppers and all others, provided for in items 700.66 through 700.95 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.90)	21,480	23,760	24,410	24,740

1/ Items 923.90 through 923.40 are temporary modifications to the Tariff Schedules of the United States providing for quantitative import limitations in addition to the duties provided for the restraint articles in schedule 7, part 1A (see app. E).

2/ On Jan. 1, 1980, TSUS item 700.85 (other footwear) was replaced by item 700.90 (disposable footwear) and item 700.95 (other).

Source: Compiled from orderly marketing agreements between the United States and Taiwan and the United States and Korea and official U.S. Department of Commerce data.

- (b) Exceeding restraint levels.--This provision, which is sometimes referred to as carryforward, provides that restraint levels for any item may be exceeded by not more than 6 percent during any one restraint period. If a restraint level is exceeded, an equal downward adjustment of the restraint level for the next restraint period will be made.

Carryover and carryforward may not be used in combination to increase the restraint level applicable to any item in any restraint period by more than 11 percent.

- (c) Adjustments.--This provision, which is referred to as swing, provides for adjustment between items. Subject to certain limitations, restraint levels for one item may be increased if accompanied by a decrease of an equal amount in one or more other items in the same restraint period.

Adjustments of up to 10 percent are authorized for items 923.90 (leather footwear), 923.91 (plastic footwear), and 923.93 (leather footwear, except athletic). Adjustments of up to 15 percent are authorized for items 923.92 (footwear having uppers of fibers and all other), and 923.94 (leather athletic footwear, plastic footwear, footwear having uppers of fiber, and all other).

In addition, the United States has the discretion to permit an upward adjustment of up to 50 percent in item 923.92 providing that the restraint levels of items 923.90 and 923.91 are reduced by the same absolute amount in the same restraint period.

4. Equity. The agreements provide that Taiwan or Korea may initiate consultations with the United States should they feel that the OMA's have placed them in an inequitable position vis-a-vis other major exporting countries with respect to shipments of nonrubber footwear to the United States. They further provide that the United States will take appropriate remedial measures in the event it is agreed that imports of nonrubber footwear from other major exporting countries have increased rapidly to the disadvantage of Korean or Taiwan producers. Neither Korea nor Taiwan has, to date, initiated consultations under this provision.

5. Maintenance of normal export patterns. Taiwan and Korea agreed that there will be no major shifts away from their normal pattern of exports of nonrubber footwear to the United States with respect to types, materials, and price ranges, except as such changes reflect market trends in the United States.

6. Import spacing. The Governments of Taiwan and Korea agreed to employ their best efforts to maintain an even distribution of footwear exports to the United States throughout the year, taking into account seasonal factors.

7. Voluntary restraints on other types of footwear. There is a side letter from an official of Korea in which assurance is given that it did not intend to increase exports of footwear uppers, other footwear parts, or rubber footwear to the United States in a way that would undermine the effectiveness of the OMA between the United States and Korea (see app. A).

Initial impact of the OMA's on nonrubber footwear imports from Taiwan and Korea

During July 1977-June 1978, which was the first 12-month period in which the OMA's were in effect, U.S. nonrubber footwear imports from Korea and Taiwan dropped sharply, as shown in the tabulation below:

Source	July 1976- June 1977	July 1977- June 1978	Percentage change, July 1977-June 1978 from July 1976-June 1977
	1,000 pairs		Percent
Taiwan	161,307	135,137	-16
Korea	52,375	42,166	-19
All other	148,926	179,275	20
Total	362,608	356,578	-2

The initial impact of the OMA's may also be evaluated by looking at U.S. footwear imports on a calendar-year basis, as shown in the following tabulation:

Source	1976	1977	1978	1979	1980	Percentage change, 1980 from 1976
	Quantity (1,000 pairs)					
Taiwan	155,704	166,478	117,235	124,865	144,032	-7.5
Korea	44,047	58,650	30,591	24,388	37,054	-15.9
Controlled countries	199,751	225,128	147,826	149,253	181,086	-9.4
Uncontrolled countries	170,250	142,941	225,689	255,310	184,657	8.5
Total	370,001	368,069	373,515	404,563	365,743	-1.2

Since Taiwan and Korea completely filled their overall OMA quotas in the first quota year (table 1 app. F), it may be concluded that the rollbacks in the level of U.S. nonrubber footwear imports from those two countries during 1977-78 were a result of the limitations imposed by the OMA's. Data on OMA limitations, adjustments, and percentage of quota filled for July 1977-March 1981 are found in tables 1 and 2.

OMA problems

U.S. importers, producers, consumers, and retailers, as well as footwear-exporting interests from Taiwan and Korea, have expressed dissatisfaction with certain aspects of the OMA's. Certain of these complaints are discussed below.

Korea and Taiwan.--Korean and Taiwan footwear-exporting interests have alleged that the limits on their exports to the United States caused by the OMA's have resulted in the distortion of normal trade and market patterns. According to these interests, sources which have traditionally had very small shares of the U.S. market, such as Hong Kong, Singapore, and the Philippines, as well as larger suppliers such as Brazil and Italy, have increased their shipments to the United States at the expense of exports from Korea and Taiwan. Therefore, these interests state, the OMA's have not provided relief to the U.S. industry due to increases from the uncontrolled countries and, under such circumstances, it is unfair for Taiwan and Korea to be the only countries under restraint.

U.S. producers.--The major complaint of the U.S. nonrubber footwear producers is that the relief provided by the OMA's was largely negated by surges in imports from uncontrolled countries. Such imports rose from 141 million pairs in 1977 to 225 million in 1978 and to 255 million in 1979 before falling to about 185 million pairs in 1980. Because imports from uncontrolled countries advanced to record levels, domestic producers claim that they did not receive the level of relief anticipated under the OMA's. A large part of the uncontrolled shipments came from low-cost sources, such as Brazil, Hong Kong, the Philippines, Thailand, Singapore, and the People's Republic of China. Imports from these sources rose 169 percent between 1977 and 1980, from 27.9 million pairs to 74.9 million. Similarly, their combined share of domestic consumption more than doubled during the period, from 3.5 to 10.1 percent. In addition, although imports from Italy--the major uncontrolled supplier in 1980--declined 52 percent between 1979 and 1980, its shipments to the United States increased 145 percent between 1976 and 1979, from 39.7 million pairs to 97.1 million.

Several technical problems have been encountered in the operation of the OMA's since their implementation in 1977. In 1978 Taiwan was alleged to be transshipping shoes through Hong Kong in an effort to bypass the OMA limitations. To remedy this, the Governments of the United States and Hong Kong agreed to an administrative action under which Hong Kong would initiate a system for certifying its nonrubber footwear exports as being of Hong Kong origin and the United States would no longer allow imports from Hong Kong to enter unless accompanied by a certificate of origin. 1/ This certificate of origin is still a requirement.

1/ Federal Register, Oct. 27, 1978 (43 F.R. 50394).

According to testimony by the domestic industry at the Commission's public hearing, the importation of certain athletic shoes (joggers) has created a loophole in the OMA program. 1/ Joggers can be classified in terms of imports, exports, and production as either rubber or nonrubber footwear. To be classified as nonrubber footwear, the exterior surface area of the uppers must be over 50 percent (by value) of leather. Most joggers with an upper surface of less than 50 percent of leather are classified as rubber footwear and enter under TSUS item 700.60, which is not subject to the OMA's. The surface area of the upper of most joggers usually includes ornamental stripes and logos. Therefore, by changing the size and material of the decorative features, joggers can readily be shifted from the rubber to the nonrubber classification or vice versa.

The domestic industry indicated that, prior to the OMA's, joggers with leather stripes exported by Korea and Taiwan to the United States were classified as nonrubber footwear. 2/ The domestic industry alleged that when the OMA's were implemented, the controlled countries changed the material of the stripe to vinyl. By making this change, the joggers no longer had uppers with more than 50 percent leather and were accordingly classified as rubber footwear and entered as nonquota shoes under TSUS item 700.60. According to testimony given by the domestic industry, "our knowledge of the athletic market, and U.S. Customs estimates, lead us to believe that as many as 55 million pairs of joggers entered the U.S. through this loophole in 1978." 3/ The posthearing brief on behalf of the Korean Footwear Exporters Association and the Korean Leather Products Exporters Association stated:

Petitioner points out, and we concur in the point, that from a manufacturing standpoint it is relatively easy to convert most--but not all--ASP [American selling price] (TSUS item 700.60) type joggers to the leather type. Thus, both ASP and leather joggers have already been competing against one another in the market, and even a one-for-one switch, which we do not believe will occur, will not change the nature of the competitive situation in the market. 4/

An extension of the domestic industry's complaint about rubber footwear is its allegation that if quotas were removed on nonrubber athletic footwear, importers would switch back to leather athletic footwear to avoid the higher tariff on rubber footwear. Duties on leather athletic footwear range between 5 percent and 15 percent ad valorem. However, the great majority of the imports are dutiable at 8.5 percent and 10 percent ad valorem. Medium-quality and better athletic footwear entering under TSUS item 700.60 is subject to valuation at the American selling price of like or similar U.S.-produced footwear. The effective rate of duty on the majority of such footwear entering from Korea is currently estimated to range from 35 percent to 40

1/ Transcript of the hearing, p. 127.

2/ Ibid.

3/ Ibid.

4/ P. 7.

percent ad valorem. The elimination of ASP valuation on July 1, 1981, is not expected to change this tariff by any large amount. The new rates of duty for cemented joggers valued under \$6.50 per pair will be 37.5 percent ad valorem; for joggers valued between \$6.50 and \$12.00 per pair, the rate will be 90 cents per pair plus 20 percent ad valorem.

Currently, a pair of joggers of the type under consideration from Korea entering under item 700.60 with an f.a.s. value of \$7 is usually subject to duties ranging from \$2.45 to \$3. After ASP is eliminated, the duty for \$7 joggers will be \$2.30. However, under the leather footwear tariff provisions, the duty on an import with the same value would be either 60 cents or 70 cents. A considerable quantity of athletic footwear could be modified to take advantage of the leather footwear duty rates, and the amount of athletic footwear entering as leather would increase. Consequently, the competitive position of those imports that move from the rubber to the nonrubber classification would improve.

Importers, retailers, and consumers.--These groups have stated that the quantitative limitations on footwear imports from Taiwan and Korea have caused extremely rapid increases in prices of such footwear and also scarcity or complete unavailability of certain types of low-priced footwear. During 1977-80, the average unit value of footwear imports from Korea increased from \$3.91 a pair to \$7.09, or by 81 percent, and that of imports from Taiwan increased from \$2.08 a pair to \$4.31, or by 107 percent. By contrast, the average unit value of footwear from all other suppliers during the period increased from \$7.16 a pair to \$7.67, or by 7 percent. Representatives of importers, retailers, and consumers state that the rapid price increases, which result primarily from the OMA's, are a burden to the consumer. As a corollary to the price increases, the same groups have alleged that the availability of certain types of low-priced footwear from Korea and Taiwan, such as sandals and children's shoes, has greatly diminished as a result of Korean and Taiwan exporters' actions to maximize dollar returns by filling the quotas to the extent possible with higher priced footwear at the expense of low-priced shoes.

U.S. monitoring of the OMA's

The ad hoc Interagency Committee To Monitor Imports of Nonrubber Footwear under Presidential Proclamation No. 4510 was established on June 27, 1977, pursuant to a directive from the Special Representative for Trade Negotiations. The purpose of the committee is to consider and solve administrative, technical, and statistical problems arising from the implementation of the OMA's. It is chaired by a U.S. Department of Commerce representative, and its membership is made up of representatives from the Department of Commerce (including the Bureau of the Census), the Department of the Treasury (including the U.S. Customs Service), the Department of Labor, and the U.S. International Trade Commission (in an advisory capacity). ^{1/} This committee is scheduled to remain in operation until the restraint program ends.

^{1/} Other agencies having a specific interest in the committee's work are invited to participate when matters concerning their areas of interest are A-11 considered.

U.S. Imports

U.S. imports of all nonrubber footwear increased from 368 million pairs in 1977 to an all-time high of 405 million pairs in 1979, and then declined to 366 million pairs in 1980 (table 3), the lowest level since 1975, when 288 million pairs were imported. The value of these imports increased annually during 1977-79, from \$1.6 billion to \$2.4 billion, or by 44 percent, and then declined to \$2.3 billion in 1980. Data on imports of certain nonrubber footwear by types and TSUSA items, in 1977-80, are shown in table 4.

Imports from OMA-controlled countries

In 1977, Korea and Taiwan together accounted for 61 percent of the total quantity and 36 percent of the total value of U.S. imports of nonrubber footwear. In 1980, they accounted for 50 percent of the total quantity and 38 percent of the total value of imports. The quantity of imports from Taiwan declined from 166 million pairs in 1977 to 144 million pairs in 1980, or by 13 percent; imports from Korea declined by 37 percent during the period, from 59 million pairs to 37 million pairs. However, in terms of value, imports from both countries increased from 1977 to 1980, as shown in the following table.

Nonrubber footwear: U.S. imports for consumption, by controlled sources, 1977-80

(Quantity in thousands of units; value in thousands of dollars;
unit value per pair)

Source	1977	1978	1979	1980	Percentage change, from 1977-1980
Quantity					
Taiwan-----	166,478	117,235	124,865	144,032	-13
Korea-----	58,650	30,591	24,388	37,054	-37
Total-----	225,128	147,826	149,253	181,086	-20
Value					
Taiwan-----	346,990	387,144	436,111	620,143	79
Korea-----	229,365	171,321	166,610	262,849	15
Total-----	576,355	558,465	602,721	882,992	53
Unit value					
Taiwan-----	\$2.08	\$3.30	\$3.49	\$4.31	107
Korea-----	3.91	5.60	6.83	7.09	81
Average-----	2.56	3.78	4.04	4.88	91

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

As shown in figures 1 and 2 in appendix G, a significant increase has occurred in the average unit value of imports from the OMA-controlled countries. In 1978, over 86 percent of imports from Taiwan were valued at \$5 or less per pair but a gradual shift toward higher priced footwear began occurring in 1979. By 1980, 27 percent of Taiwan's footwear entering the United States was valued at \$5 or over per pair. Although the average unit value of imports of Korean footwear has been higher than that of footwear from Taiwan, Korea has shown a similar pattern of increasing unit values since the implementation of the OMA's. In 1978, 44 percent of U.S. imports of nonrubber footwear from Korea were valued at \$5 or less per pair, while in 1980 only 9 percent of Korean nonrubber footwear was so valued. Korean footwear valued at \$5.01 to \$8.00 per pair showed the largest gain, accounting for 60 percent of nonrubber footwear imports from Korea in 1980, compared with 22 percent in this value bracket in 1977. Total imports during 1978-80, by value brackets, are presented in figure 3.

Composition of total imports and imports from Taiwan and Korea

U.S. producers' shipments, total imports, imports from Taiwan and Korea and apparent consumption, by types, during 1977-80 are shown in table 5.

Footwear for women and misses.--U.S. imports of nonrubber footwear for women and misses is the largest category of U.S. imports, accounting for approximately 58 percent of all imports. Imports of nonrubber footwear for women and misses increased from 201 million pairs in 1977 to 273 million pairs in 1979, but declined to 213 million pairs in 1980. The import penetration in this footwear category was over 50 percent during 1977-80, reaching 63 percent in 1979. U.S. imports of women's and misses' nonrubber footwear from Taiwan--the largest U.S. import category for that country--amounted to 111 million pairs in 1977, or 30 percent of the U.S. market. Such imports from Taiwan declined to 75 million pairs in 1978, but rose to 103 million pairs in 1980, again capturing approximately 30 percent of the domestic market. U.S. imports of women's and misses' shoes from Korea are relatively insignificant compared with imports in the same category from Taiwan, amounting to 6 million pairs in 1977 and declining to 1 million pairs in 1980. Imports of women's and misses' nonrubber footwear from Korea accounted for less than .5 percent of apparent consumption in 1980.

Footwear for men, youths, and boys.--U.S. imports of nonrubber footwear for men, youths, and boys declined during 1977-79, from 78 million pairs to 61 million pairs, and then rose slightly to 62 million pairs in 1980. Footwear for men, youths, and boys is the second largest category of U.S. imports. In 1977, the ratio of such imports to consumption was 50 percent, dropping to 42 percent in 1979 and 1980. Imports of men's, youths', and boys' footwear from Taiwan declined steadily from 32 million pairs in 1977 to 17 million pairs in 1979, but increased to 21 million pairs in 1980, when they accounted for 14 percent of the domestic market. Imports of such footwear from Korea decreased from 12 million pairs in 1977, to 4 million pairs in 1980--accounting for only 2 percent of the U.S. market.

Footwear for children and infants.--The import penetration has been somewhat less for children's and infants' footwear. In 1979 and 1980, the^{A-13}

ratio of these imports to apparent consumption was 40 percent. Total U.S. imports in this category have remained constant in recent years at 23 million pairs, with the exception of a decline of 3 million pairs in 1978. Imports from Taiwan decreased from 11 million pairs in 1977, to 6 million pairs in 1978 and 1979, but increased to 8 million pairs in 1980, or 13 percent of the domestic market. Imports from Korea in this category have been small, amounting to approximately 1 million pairs or less during 1977-80.

Athletic footwear.--Total U.S. imports of athletic footwear decreased from 43.7 million pairs in 1978 to 40.7 million pairs in 1979, and then increased to 53.6 million pairs in 1980, capturing 68 percent of the U.S. market. In recent years, this category of footwear has had the highest import penetration rate. Athletic footwear is also Korea's largest nonrubber footwear export category. In 1978, imports of such shoes from Korea were 19.2 million pairs--or about 30 percent of U.S. consumption of athletic footwear. Imports of athletic footwear from Korea declined in 1978, but reached 29 million pairs in 1980, claiming over 37 percent of the domestic market. U.S. imports of athletic footwear from Taiwan were 11.3 million pairs in 1978, declined to 11.1 million pairs in 1979, and reached 12.7 million pairs in 1980. In 1980, the ratio of imports from Taiwan to apparent consumption was 16 percent, down from 18 percent in 1979.

Work footwear.--Total U.S. imports of work footwear increased from 5 million pairs in 1977, to 7 million pairs in 1978, and then declined to 5 million pairs in 1980. Imports of footwear in this category have accounted for a much smaller share of the U.S. market than the previously mentioned categories. In 1977, imported work shoes represented 17 percent of U.S. apparent consumption, increasing to a little over 20 percent in 1978 and 1979, and then declining to 19 percent in 1980. Work shoes from Korea, which made up approximately half of the total imports of this category in 1977-80, accounted for 9 percent of the U.S. market each year during the period, except in 1978, when imports from Korea were 11 percent of the domestic market. U.S. imports of work shoes from Taiwan have been small, amounting to 1 million pairs or less during 1977-80.

Other supplying countries

In 1980, Taiwan, Italy, Korea, Brazil, and Spain were the principal sources of U.S. imports of nonrubber footwear, accounting for 78 percent of the total value and 76 percent of the total quantity of U.S. imports (table 3).

During 1977-80, the quantity of nonrubber footwear imported from Taiwan and Korea, the controlled countries, decreased by 13 percent and 37 percent, respectively. The quantity of imports of nonrubber footwear from Italy increased from 40 million pairs in 1977 to 63 million pairs in 1978, and reached a high of 97 million pairs in 1979. Popular low-priced shoes for women known as Candies or candie-types 1/ were the principal factor leading to

1/ This footwear consists of an inexpensively constructed one-piece, molded plastic platform bottom with uppers of leather, plastic or fabric, stapled or tacked to the sides. In 1979, Candies were a high-heeled, slide-type women's sandal which became a "fad" fashion shoe for much of the year. Currently, Candies or candie-types are available in a variety of heel and closure styles. A-14

the sharp increase in Italian imports. However, in 1980, as the popularity of Candies declined, imports from Italy dropped to 46 million pairs, or 53 percent below the 1979 level.

Imports from Brazil increased by 78 percent between 1977 and 1980, from 18 million pairs to 31 million pairs, making Brazil the fourth largest foreign supplier in 1980. In addition to low labor costs, 1/ Brazil has one of the largest cattle inventories in the world, which provides easy access to leather. Rising Italian and Spanish footwear prices have also contributed to the shift to Brazilian footwear. 2/

The quantity of imports from Spain in 1980 was 18 million pairs, declining by 42 percent since 1977. According to trade sources, "Spanish producers have priced themselves out of the market." 3/ In 1980, the unit value of imports from Spain averaged \$9.64 a pair, compared with \$6.81 a pair in 1977; increasing labor costs in Spain contributed to the higher footwear prices.

In 1980, newer suppliers showing marked increases were Hong Kong, the Philippines, Singapore, and Thailand (referred to as the New Four by several of the parties to this investigation), and China. U.S. imports from Hong Kong increased from 9 million pairs, valued at \$13 million, in 1977, to 28 million pairs, valued at \$39 million, in 1978, and then declined to 21 million pairs, valued at \$36 million, in 1980. Imports from the Philippines increased from 624,000 pairs, valued at \$3 million, in 1977, to 14 million pairs, valued at \$34 million, in 1980. Imports from the PRC increased sharply between 1977 and 1980, from 791,000 pairs, valued at \$4.2 million, to 2 million pairs, valued at \$7 million. U.S. imports from Singapore were virtually nil in 1977, less than 500 pairs. By 1979, imports from Singapore amounted to 6 million pairs, valued at \$8 million. Such imports declined however, in 1980, to 3 million pairs, valued at \$4 million. Thailand also emerged as a U.S. supplier of nonrubber footwear. Imports from Thailand increased from 124,000 pairs, valued at \$164,000 in 1977 to 3.4 million pairs, valued at \$4 million, in 1980.

The following tabulation indicates the share of total imports of nonrubber footwear in 1980 from the above-mentioned newer suppliers:

Source	Percent of total quantity	Percent of total value
Hong Kong-----	5.7	1.6
Philippines-----	3.9	1.5
Thailand-----	.9	.2
Singapore-----	.8	.2
China-----	.6	.3

1/ Footwear News, Nov. 24, 1980, and Dec. 1, 1980.

2/ Ibid. Dec. 28, 1980.

3/ Ibid. Nov. 24, 1980, and Dec. 1, 1980.

During 1977-80, the unit value of U.S. imports of nonrubber footwear from Taiwan increased by 107 percent, from Korea by 81 percent, and from all other supplying countries by 7 percent. Significant increases in unit value also occurred in U.S. imports of rubber footwear from Korea and Taiwan, which is not under restraint. During 1977-80, the unit value of U.S. imports from Taiwan of rubber footwear, entering under TSUS item 700.60, increased by 143 percent and, from Korea, by 75 percent, while the unit value of imports from all other sources declined by 12 percent (table 6).

Producers' Efforts To Compete

The manufacture of nonrubber footwear tends to be highly labor intensive. Estimates developed from 1978 data indicate that it required 12.1 production worker-hours per \$100 of value added in nonrubber footwear production compared with 4.5 production worker-hours per \$100 of value added for all nondurable manufacturing in the United States. ^{1/} Although domestic wages in the footwear industry are below the average for all nondurable manufacturing, they are significantly higher than the wages paid by competitors in Asia. As a result, these competitors often have an important cost advantage over domestic producers.

Although reducing the amount of labor required to produce footwear through automation offers an important long-term opportunity for the domestic industry, two factors have inhibited progress in this area. One factor is that leather and other materials are not readily adaptable to automated process; the other is that frequent style changes often result in short production runs which diminish the benefits to be gained by investment in automated equipment.

The remainder of this section examines the ability and efforts of U.S. producers to compete with imports in light of these problems. Innovations in nonrubber footwear production technology, trends in capital spending, the use of provisions of TSUS item 807.00, ^{2/} and joint efforts by the industry and Government to improve the industry's competitive performance are considered.

Technological changes

A significant amount of the research and development affecting footwear is conducted by the machinery and chemical companies supplying the footwear industry. A large proportion of the machinery innovations have come from the United Shoe Machinery Corp. (USM). Large chemical companies such as Du Pont and B. F. Goodrich Chemical Co. also have extensive ongoing research programs.

^{1/} These figures were estimated by the staff of the Commission from data compiled by the U.S. Departments of Commerce and Labor. Labor costs were based on wages of production workers and labor hours were based on the average weekly hours of production workers. Hence, these figures are estimates and should be used with caution.

^{2/} Footwear imported under TSUS item 807.00 is assembled in foreign countries with materials that have been cut into parts in the United States.

The major technological changes in the footwear industry have generally been aimed at reducing labor input at different stages of the production process, with much of this reduction directed at skilled operators. These innovations are (1) laser cutting, (2) flow molding, (3) computer-tape stitching, (4) new lasting machinery, (5) injection molding, and (6) unit bottoms. Each of these process changes is described more extensively in the following table. The introduction of flow molding has had a mixed impact on labor reduction since it reduces labor requirements for uppers but creates a need for skilled technicians to prepare molds. Also, except for laser cutting, there appears to be significant potential for additional utilization of these innovations by the U.S. footwear industry.

Although information is not adequate for fully assessing the effects of these innovations on U.S. nonrubber footwear producers, information indicates that productivity rose by only 1 percent between 1975 and 1979. While it is generally agreed that the industry would benefit from a greater use of these innovations, the AFIA and the Department of Commerce have both suggested that the industry could improve its performance by placing less emphasis on production processes and more on improving management systems, product styling, and marketing and business strategies.

Major technology changes in footwear manufacture

Technology	Average price per machine	Description	Labor impact	Diffusion
				As of 1977
Laser cutting	350	Computer-controlled laser for pattern cutting; considerably faster than conventional methods.	Unit labor requirement for pattern cutters greatly reduced.	Used by about 6 or 7 shoe companies plus several suppliers; not expected to increase substantially.
Flow molding	35	Automatically molds designs in thermoplastic uppers resembling stitching, pinking, perforations, etc. Permits rapid fashion changes.	Reduces labor requirements for uppers by 20 percent, eliminating stitching and other operations, but requires skilled technicians to prepare molds.	Introduced about 5 years ago; now used for less than 10 percent of vinyl shoes. Growth depends on material and labor savings.
Computer-tape stitching	20	Numerically controlled sewing system; permits rapid style changes but is economically feasible only with long production runs.	Greatly reduces unit labor of skilled sewing operators.	Available commercially only 1 to 2 years; used primarily by bootmakers.
New lasting machinery	1/ 18-100	String lasting requires sewing a string around the upper, which is pulled to shape around the last. Also, improvements in flat lasting machinery reduce the number of operations.	String lasting eliminates need for skilled lasting operations. Generally reduces unit labor needs for lasting.	About 7 percent of nonrubber shoes are string lasted. Newest flat lasting is very widely used.
Injection molding	55	Automatically molds thermoplastic bottoms to either synthetic or leather uppers.	Requires little or no hand skill; eliminates many operations in most plants requiring skilled workers, including edge trimmers, sole attachers, shankers, etc. One operator may replace 6 for conventional cement soles.	Introduced in the 1960's; now applied to about 7 percent of nonrubber shoes. Growth may be affected by rapid diffusion of premolded unit bottoms.
Unit bottoms	20-35	Molded unit bottoms purchased by the shoe factory.	Eliminates highly skilled operators required in conventional bottoming.	Diffusion very rapid.

1/ Depending on the degree of complexity.

Source: U.S. Bureau of Labor Statistics.

Note: This table was produced for a 1977 Bureau of Labor Statistics study on technological change in the U.S. footwear industry.

Specific efforts of the domestic manufacturers
to compete against imports

The Commission requested that the domestic manufacturers of footwear provide detailed information on the efforts they made to compete more effectively against imports in the U.S. market from 1977 to 1980. The firms were provided with a list of specific factors which could be significant and were asked to indicate which of the items on the list were factors assisting their firm to be more competitive.

The specific efforts reported by the firms in response to the Commission's request are ranked in the following table in order of the frequency with which they were cited. Of the 67 firms that responded, 55, accounting for approximately 38.7 percent of 1980 U.S. production, named at least one specific effort that they had made in order to compete more effectively. An average of 4.2 efforts were listed per firm. The efforts listed in the table are categorized as (1) marketing efforts, (2) efforts requiring increased investment, (3) efforts to reduce costs, or (4) efforts involving management and organizational changes.

Efforts related to marketing were emphasized by the domestic manufacturers. The three efforts named most frequently involve changes in marketing philosophy and procedures; four out of the six marketing items included on the list were named as efforts undertaken by at least 28 percent of the firms. Shifts in product mixes and development of new styles were the most frequently cited item (50 percent), followed closely by development of new marketing strategies (48 percent). Many firms indicated that they had made changes in product mixes and marketing strategies in an effort to respond to fluctuations in style. A number of firms reported that they had introduced more casually styled lines of footwear. Other marketing efforts included increases in the number of salesmen, improved salesmen compensation plans, and consolidation of separate sales forces. A number of companies reported providing better service to their customers by installing WATS lines or 24-hour phone service for orders, by using computers to improve their ability to track customers' orders, or by upgrading their distribution facilities.

Increased investment in new plants and machinery and adoption of labor-saving devices or processes were reported by 34 percent and 31 percent of the firms, respectively. A number of firms reported buying or leasing computers, whose uses range from implementing management information systems to controlling production machines to processing orders. In contrast to such investment, less than 10 percent of the firms reported investment in vertical expansion, development of a capital base, branching out into nonfootwear items, and plant relocation--the four remaining investment-related items on the Commission's list.

Efforts to compete with imports by reducing the cost of producing and marketing footwear were listed by a number of the firms. Although only one of the five reduction-of-cost items on the list was named by 28 percent or more of the firms, each of the four remaining reduction-of-cost items was cited as an effort that had been undertaken by at least 10 percent of the firms. Among the efforts made by companies to better manage their cash flow were reduction

Specific efforts of domestic firms to compete more effectively against imports, by types, by firm sizes, and by profitability

Specific efforts to compete	(In percent)					
	Type of specific effort	Share of firms reporting use of specific effort to compete				
		All firms 1/	Firms producing-- Under 1 million : 1 million : more 3/	Firms describing sales profits as-- Excellent : Unsatisfactory 5/	or satis- factory 4/	factory 5/
Shift in product mix/new style development	Marketing	50	44	58	48	57
Development of new marketing strategy	do	48	44	52	43	57
Improved sales force operations	do	40	47	33	41	39
Increased investment in new plants and machinery	Investment	40	47	33	41	39
Adoption of labor-saving equipment and/or processes	do	31	18	45	34	26
Better cash-flow management	Reduction of costs	28	27	30	32	22
Improved and/or expanded service to customers	Marketing	28	32	24	36	13
Improvements in material use	Reduction of costs	19	21	18	23	13
Change in upper management	Organizational	18	24	12	16	22
Increased use of imported components	Reduction of costs	15	9	21	14	17
Adoption of latest management tools and techniques	Organizational	15	6	24	18	9
Change in pricing policies	Not classified	13	15	12	14	13
Taking a lead in development of new products	Marketing	12	12	12	14	9
Improved training for workers	Reduction of costs	10	9	12	11	9
Divestiture of unprofitable operations	do	10	9	12	11	9
Vertical expansion of company operations	Investment	9	0	18	14	0
Increased exports of products	Marketing	9	9	9	9	8
Development of a substantial capital base	Investment	8	3	12	7	9
Successful branching out into nonfootwear items	do	5	0	9	5	4
Relocation of plants	do	5	3	6	5	4
Change in company organization	Organizational	3	0	6	0	9

1/ 67 firms.
2/ 34 firms.
3/ 33 firms.
4/ 44 firms.
5/ 23 firms.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

of bad debts and idle inventories and improvement in the turnover of accounts receivable. Other efforts to reduce costs included the institution of scrap-control programs and the purchase of raw materials in bulk or unfinished form.

In order to assess the relationship between the number and type of competitive efforts and profitability, the domestic producers were asked by the Commission to indicate which of the following statements best described the present state of their firm:

Healthy growing business--excellent sales/profits
 Acceptable-satisfactory sales/profits
 Unsatisfactory record of sales/profits.

Of the 67 firms that responded, 15 percent indicated that they had excellent sales and profits, 51 percent described their sales and profits as satisfactory, and 34 percent reported an unsatisfactory record.

There was no relationship shown between the profitability of a firm and the total amount of effort made to compete against imports. Businesses that described their sales and profits as excellent or satisfactory reported an average of 4.3 efforts per firm; businesses with an unsatisfactory record reported an average of 4.2 efforts per firm. However, the data provided by the firms indicate that firms with excellent or satisfactory sales and profits focus on different types of efforts than firms with unsatisfactory records.

Firms with excellent or satisfactory sales and profits reported making more efforts which require an investment of capital. A higher percentage of profitable firms than unprofitable firms reported increased investment in new plants and machinery, adoption of labor-saving equipment or processes, and vertical expansion of company operations. Similarly, better cash-flow management and improvements in material use were reported by proportionally more firms with excellent or satisfactory sales and profits. Efforts relating to marketing were ranked highest for both profitable and unprofitable firms. Only in the category of management and organizational changes did firms with unsatisfactory sales and profits report a higher amount of effort than profitable firms.

The data reported by the domestic producers were also grouped by the number of pairs produced in order to compare the relationship between the number and type of competitive efforts made and the firm size. Half the firms produced less than 1 million pairs, and half produced 1 million or more pairs. Those firms producing less than 1 million pairs reported an average of 3.7 efforts per firm; the larger firms reported an average of 4.9 efforts per firm.

Efforts to compete which required increased investment were reported by a higher percentage of large producers than small producers for each of the investment items. Firms producing 1 million or more pairs also reported a proportionally higher use of the latest management tools and techniques. For most of the items included in the two remaining categories--marketing and cost-reduction efforts--similar reporting patterns were demonstrated for firms of all sizes.

While 60 percent of the large firms producing 1 million or more pairs described their business condition as healthy, only 40 percent of the small firms producing less than 1 million pairs replied in a similar manner. Additionally, 61 percent of the small firms reported unsatisfactory business conditions, compared with 39 percent of the large firms.

Capital expenditures

Growth of capital expenditures in the nonrubber footwear industry lagged behind that for all nondurable manufacturing for the 6-year period 1974 to 1979 (the latest year for which comparable data are available). Nonrubber footwear industry expenditures for new plant and equipment fluctuated over this period, growing 1.1 percent, from \$45.1 million in 1974 to \$45.6 million in 1979. However, due to inflation, real expenditures decreased 31.6 percent over the 6-year period. In contrast, new plant and equipment expenditures for all nondurable manufacturing increased steadily from \$23.4 billion in 1974 to \$47.6 billion in 1979, or 103.4 percent for the period. In real terms these expenditures increased 37.6 percent for the same 6-year period.

Data provided by the U.S. Department of Commerce show new plant and equipment expenditures in current and constant (1972) dollars from 1974 to 1979 for both the nonrubber footwear industry and all nondurable manufacturing to have been as follows:

Year	Nondurable manufacturing		Nonrubber footwear	
	Current dollars Billions	Constant dollars 1/ Billions	Current dollars Millions	Constant dollars 1/ Millions
1974-----	23.4	20.2	45.1	38.9
1975-----	26.1	19.8	35.3	26.6
1976-----	28.8	20.8	34.5	24.9
1977-----	35.2	24.0	38.5	26.3
1978-----	39.3	24.9	36.5	23.1
1979-----	47.6	27.8	45.6	26.6

1/ Constant dollar valuation (1972 dollars), by discounting for inflation, is a more accurate measure of the trend in spending for new plant and equipment. It is obtained by dividing the current dollar figure by the implicit price deflator for nonresidential fixed investment.

Because leased machinery is used extensively in the nonrubber footwear industry, omission of leased items in the preceding tabulation is considered to cause an understatement of that industry's expenditures for new plant and equipment. However, the annual change in lease payments probably would not significantly alter the observed growth rates for new plant and equipment expenditures in the industry.

Capital expenditures and expenditures for research and development reported by U.S. producers of nonrubber footwear are shown in the following table.

Nonrubber footwear: Capital expenditures and research and development expenditures, by types, 1977-80

(In thousands of dollars)

Type	1977	1978	1979	1980
Capital expenditures for--:				
New plants ^{1/} -----:	274	1,709	2,102	1,881
Additions to existing plants ^{1/} -----:	4,774	3,912	3,733	5,570
Machinery, equipment, and fixtures ^{2/} -----:	19,463	20,725	21,232	27,298
Leased machinery and equipment-----:	7,939	8,378	8,505	10,574
Environmental improve- ments-----:	339	88	106	33
Total-----:	32,789	34,812	35,678	45,356
Research and development expenditures-----:	5,386	6,429	6,616	7,030

^{1/} Includes land and land improvements.

^{2/} Excludes leased items.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The data shown above were compiled from responses of firms representing about 54 percent of domestic production in 1980. Accordingly, these figures may be more indicative of trends than absolute comparisons for any 1 year. Reported capital expenditures increased from \$32.8 million in 1977 to about \$45.4 million in 1980, or by 38.3 percent. However, in real terms (1972 dollars) capital expenditures increased only 8.3 percent over this period. Similarly, reported expenditures for research and development increased from \$5.4 million in 1977 to \$7.0 million in 1980, or by 30.5 percent for the period and 2.2 percent in real terms.

Footwear imports entered under TSUS item 807.00

Footwear imported under TSUS item 807.00 is assembled in foreign countries with materials that have been cut into parts in the United States. These articles are subject to a duty upon the full value of the imported product less the value of U.S.-fabricated components contained therein.

In the case of footwear, the imported item would be assessed for duty purposes only on the value of the foreign labor used to assemble the shoe. Thus U.S. producers which use the provisions of TSUS item 807.00 are able to benefit from lower foreign labor costs and also pay less duty than if the shoes were entirely of foreign origin.

Imports of nonrubber footwear under item 807.00 have been small. The following tabulation shows the value of all footwear entered under item 807.00 for the years 1977 to 1980:

	<u>Item 807.00</u> <u>footwear imports</u> <u>(million dollars)</u>
1977-----	23.3
1978-----	28.3
1979-----	32.6
1980-----	31.1

Even though these imports generally increased throughout the period and included rubber as well as nonrubber footwear, in no year did they exceed 2 percent of total annual imports of nonrubber footwear. Most item 807.00 imports come from areas in close proximity to the United States, such as Mexico and other Latin American countries.

Federal programs assisting the nonrubber footwear industry

Federal assistance to the nonrubber footwear industry in recent years has been primarily in the form of trade adjustment assistance, the footwear industry revitalization program, and partial Federal funding of the American Shoe Center. Trade adjustment assistance to footwear firms affected by imports decreased in fiscal year 1980. Technical assistance declined 77 percent, from \$2.6 million in fiscal year 1979 to \$0.6 million in fiscal year 1980, and financial assistance declined 30 percent, from \$17.3 million to \$12.1 million in the same years. Officials of the U.S. Department of Commerce report that the decline in technical assistance in fiscal year 1980 was due primarily to a comparable decrease in the number of firms petitioning for relief since fiscal year 1978. These decreasing trends are expected to continue since many of the footwear firms which the Commerce Department projected to be eligible for trade adjustment assistance have already been certified.

In mid-1980, the U.S. Department of Commerce concluded the Footwear Industry Revitalization Program--a \$56.3 million, 3-year program of assistance for the import-injured segment of the nonrubber footwear industry. The program's principal features included:

- * An outreach program to inform all footwear manufacturing firms injured by imports about the benefits available under the trade adjustment assistance provisions of the Trade Act of 1974 and about all aspects of the special Footwear Industry Revitalization Program.

- * A streamlined trade adjustment assistance program, which includes technical and management assistance from footwear specialist teams organized to help companies modernize and achieve greater operating efficiency.
- * An export promotion program to assist the industry in developing its foreign trade potential.
- * A domestic retailer participation program to gain the voluntary cooperation of a number of retailers which would make their styling and merchandizing experience available to manufacturers certified for trade adjustment assistance.
- * A program to identify and develop new technologies which could significantly improve the competitive position of the entire industry.
- * An effort to establish a footwear center which would promote industry wide adoption of new technology, support employee and management training opportunities, and offer product/materials testing programs.
- * A Research and Development Requirements Board to evaluate and recommend priorities for potential Federal support of specific technological developments that would provide competitive advantages for the domestic footwear industry.

In June 1978 the Department of Commerce conducted a footwear technology symposium designed to evaluate key technologies, outline the goals of the footwear industry revitalization program, and elicit ideas from sources both inside and outside the industry. The symposium, entitled "Manufacturing a Competitive Advantage," also studied the establishment of a footwear center that would provide education, technology evaluation and transfer, technical services, and certain kinds of research.

The U.S. Department of Commerce provided about \$2 million in startup money for the American Shoe Center (ASC), which began operations in late 1980. The ASC, which will be self-supporting through dues and income from special projects, will offer technical, managerial, and information services to its member companies in an effort to improve the manufacturing efficiency and productivity of the U.S. footwear industry.

Domestic Producers

Structure

The nonrubber footwear industry consists of firms ranging in financial structure and size from family-owned operations to large, publicly held corporations. Although the footwear industry does include approximately 50 publicly owned corporations, 4 of which ranked among the nation's 500 largest

companies in sales during 1979, the industry is composed primarily of a large number of smaller firms, many of which are privately owned. This is borne out in the following table, which shows that producers making less than 1 million pairs in 1979 constituted 70 percent of all producers but accounted for only 17 percent of total production. However, 22 producers with annual production levels of 4 million or more pairs accounted for 49 percent of total production. This reflects the fact that a relatively small number of large producers account for a large share of annual production.

Nonrubber footwear: U.S. producers and their share of total U.S. production, by ranges, 1974-79

Year	Total	Producers manufacturing--					
		Less than 200,000 pairs	200,000 to 499,999 pairs	500,000 to 999,999 pairs	1,000,000 to 1,999,999 pairs	2,000,000 to 3,999,999 pairs	4,000,000 pairs and over
Number of producers							
1974-----	409	139	105	65	57	22	21
1975-----	378	129	92	71	42	23	21
1976-----	341	120	80	60	37	21	23
1977-----	334	113	79	58	34	24	26
1978-----	301	86	70	61	35	26	23
1979-----	307	84	81	50	41	29	22
Percent of total production							
1974-----	100	2	8	10	17	13	50
1975-----	100	2	7	12	14	15	50
1976-----	100	2	6	10	13	13	56
1977-----	100	2	6	10	12	16	53
1978-----	100	2	5	11	11	17	54
1979-----	100	2	6	9	14	20	49

Source: Compiled from unpublished data of the U.S. Department of Commerce.

Note.--Does not include firms employing generally less than 10 workers. Because of rounding, figures may not add to the totals shown.

The data also show that as the total number of firms declined from 334 in 1977 to 307 in 1979, the number of firms producing 1 million pairs or more decreased from 100 to 92, while the number of firms producing less than 1 million pairs decreased from 309 to 215. Firms producing 1 million pairs or more accounted for 80 percent of U.S. production in 1974, and 83 percent in 1979. Firms producing less than 1 million pairs represented 20 percent of U.S. production in 1974, and 17 percent in 1979.

Nonrubber footwear is produced in 38 States, but about three-fourths of the production occurs in 11 States: Maine, Missouri, Pennsylvania, New York, Massachusetts, Tennessee, New Hampshire, Arkansas, Ohio, Texas, and New Jersey. Although about 25 percent of production is still concentrated in New England, about 40 percent of nonrubber footwear is produced in the Midwest and Atlantic States and approximately 30 percent, in the South and West, with states such as California, Florida, and Texas becoming increasingly significant.

Capacity and capacity utilization

According to AFIA data, U.S. capacity to produce nonrubber footwear declined significantly between 1971 and 1980, from 695.8 million pairs to 517.9 million pairs, or by 26 percent (table 7).

From 1971 to 1976, capacity fell by 139.3 million pairs or 20 percent. During 1977-80, domestic capacity fell by 32.6 million pairs, or 6 percent. The decline in capacity may be attributed primarily to plant closings. United Shoe Machine Co. reported that 200 plants in the industry closed between 1971 and 1980. Of these, 28 plants were closed between 1977 and 1980. 1/ Net plant openings exceeded net plant closings in only 1 year, 1978, and during that year capacity showed its only increase over the period, rising 2 percent from the 1977 level. Although net plant closings exceeded net plant openings between 1977 and 1980, new firms continued to enter the industry. Between 1977 and 1980, 105 new plants opened, while 133 plants closed. 2/

Capacity utilization in the nonrubber footwear industry decreased slightly between 1971 and 1980, from 77 percent to 76.2 percent. During this period, the yearly capacity utilization levels ranged from a low of 69.1 percent in 1975 to a high of 78.3 percent in 1972, representing a variance of 9.2 percent. However, from 1977 to 1980, capacity utilization levels remained fairly stable, averaging 76.0 percent annually. The 1980 capacity utilization figure was 0.2 percent above the average for the period.

In response to the Commission's questionnaires, 81 firms, accounting for 50.8 percent of officially reported industry production in 1980, provided data on capacity, production, and capacity utilization for the years 1977-80. Capacity utilization levels varied from AFIA reported figures for 1977-79, but corresponded exactly to the 1980 figures, as shown in the following tabulation:

<u>AFIA industry data</u>		<u>Questionnaire responses</u>	
	<u>Percent</u>		<u>Percent</u>
1977-----	76.0		71.3
1978-----	75.2		76.7
1979-----	75.6		73.5
1980-----	76.2		76.2

1/ Data on net openings and closings are from different data bases, and may not add up for all years.

2/ USM official statistics.

U.S. production

Production of nonrubber footwear, as reported by the U.S. Department of Commerce, declined 26.4 percent from 1971 to 1980, from 535.8 million pairs to 394.6 million pairs and closely followed trends in capacity (fig. 4 and table 8). Between 1971 and 1975, production declined continuously, from 535.8 million pairs to 413.1 million pairs, or by 23 percent. In 1976, the year before the OMA's were implemented, production rose slightly to 422.5 million pairs. Thereafter production continued its downward trend, declining 7 percent between 1976 and 1980 to 394.6 million pairs.

Both production data as reported by the U.S. Department of Commerce for 1977-80 and data obtained from the Commission's questionnaires are presented in the following tabulation:

	<u>Official Commerce</u> <u>statistics</u>	<u>Questionnaire</u> <u>response</u>
	<u>1,000 pairs</u>	<u>1,000 pairs</u>
1977-----	418,120	208,839
1978-----	418,942	213,464
1979-----	398,480	202,274
1980-----	394,588	200,151

According to the Commerce data, production increased from 418.1 million pairs in 1977 to 418.9 million pairs in 1978, declined to 398.5 million pairs in 1979, and declined further to 394.6 million pairs in 1980. From 1977 to 1980, production declined by 5.7 percent. The questionnaire data indicate that production increased from 208.8 million pairs in 1977 to 213.5 million pairs in 1978, then declined to 202.3 million pairs in 1979 and 200.2 million pairs in 1980, a 4.2 percent decline over the period. Following the declining trend in total production, most footwear categories experienced declines in production during 1977-80 according to Commerce data (table 8). The only exceptions are athletic shoes and men's and misses' nonrubber footwear, which together accounted for one-third of all U.S. footwear production in 1980. Production of athletic shoes increased 56 percent, from 16 million pairs in 1977 to 25 million pairs in 1980. Production of men's nonrubber footwear increased from 78.1 million pairs in 1977 to 92 million pairs in 1980, or by 18 percent. Production of misses shoes rose 2.3 percent, from 13.2 million pairs in 1977 to 13.5 million pairs in 1980.

Domestic shipments

Total domestic shipments, as reported by the U.S. Department of Commerce, fell by 10 percent from 1977 to 1980, from 430.9 million pairs to 387.9 million pairs. However, the value of shipments increased from 3.8 billion dollars in 1978 ^{1/} to 4.5 billion dollars in 1980. Of the various types of nonrubber footwear shown in table 9, the quantity of shipments of only three

^{1/} The Department of Commerce did not collect data on value of shipments for 1977. A-28

types (athletic, men's, and infants') increased from 1977 to 1979. ^{1/} Shipments of all others fell, by as much as 18.8 percent (as in youths' and boys').

More detailed information on shipments was gathered from the Commission's questionnaires, in which producers were asked to provide data on shipments by 15 categories and in selected value brackets. This information is discussed in the section on analysis of market share based on questionnaire data.

Both official data on shipments and the questionnaire responses show a decline in domestic shipments from 1978 to 1979, but official statistics show a further decrease in 1980 while data derived from the questionnaires show a slight increase, as shown in the following tabulation:

Year	Official Commerce statistics		Questionnaire responses	
	Quantity	Value	Quantity	Value
	<u>1,000 pairs</u>	<u>1,000 dollars</u>	<u>1,000 pairs</u>	<u>1,000 dollars</u>
1977-----	430,900	^{1/}	^{1/}	^{1/}
1978-----	412,904	3,799	212,223	3,419
1979-----	402,581	4,266	206,553	2,601
1980-----	387,908	4,533	209,442	2,782

^{1/} Not available.

Both official statistics and questionnaire data show increases in the value of shipments over the period. However, while 1980 questionnaire data show an increase in both quantity and value of shipments, official statistics show rising value despite declining quantity.

Producers were also requested to specify the amount of nonrubber footwear they import and then ship domestically. Domestic shipments and shipments of nonrubber footwear imported by domestic producers in 1978-80 are shown in the following tabulation:

Year	Quantity			Ratio of im- ported shipments to total shipments <u>Percent</u>
	Domestically produced shipments	Imported shipments	Total shipments	
	<u>1,000 pairs</u>			
1978-----	212,223	23,180	235,403	9.9
1979-----	206,553	22,287	228,840	9.8
1980-----	209,422	10,127	219,549	4.7

^{1/} 1980 data on value of shipments by individual product lines are not yet available from the Department of Commerce.

As shown, shipments by domestic producers of imported nonrubber footwear fell by 57 percent, from 23.2 million pairs to 10.1 million pairs. These shipments as a percentage of total shipments also fell, from 9.9 percent in 1978 to 4.7 percent in 1980.

The following tabulation shows the quantity of domestic producers' shipments of footwear produced with imported uppers, by types:

Year	With leather uppers	With plastic uppers	With fiber uppers	Total
	-----1,000 pairs-----			
1977-----	540	0	924	1,464
1978-----	1,481	100	1,459	3,040
1979-----	2,841	81	1,560	4,482
1980-----	2,603	223	1,805	4,631

According to the questionnaire responses, shipments of this type have increased yearly since 1977, or by 216 percent between 1977 and 1980. In 1978, shipments of footwear produced with imported leather uppers represented 1.5 percent of total domestic shipments, and in 1980 shipments of this type increased to 2.3 percent of total domestic shipments. Shipments of footwear produced with imported leather uppers made up 56.3 percent of total shipments of footwear produced with imported uppers over the period. This is due to producers' attempts to lessen production costs by having the cutting done offshore, where costs are lower, and to obtain types of leather (fancy goat, kidskin and buffalo) that are not widely available in the United States.

Finally, data obtained from domestic producers of nonrubber footwear indicated that more than 80 percent of the quantity of footwear produced during 1977-80 was sent directly to retail outlets. Approximately 20 percent of producers' sales were made through retail outlets owned or leased by either their firm or their parent company, while about 60 percent were made through retail outlets owned or leased by other firms as shown in the following table.

Nonrubber footwear: Percentage distribution of U.S. producers' shipments,
by types of market outlets, 1977-80

Market outlet	1977	1978	1979	1980
Owned or leased by own firm or parent firm-----	24.3	21.7	20.7	21.0
Owned or leased by other firms-----	58.1	60.5	62.5	60.9
Retail stores, total <u>1</u> ----	82.4	82.2	83.2	81.9
Jobbers or wholesalers----	12.9	12.8	11.4	11.4
Other-----	4.7	5.0	5.4	6.7
Total-----	100.0	100.0	100.0	100.0

1/ Includes shoe departments of chain and department stores.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Domestic consumption

Apparent U.S. consumption of nonrubber footwear decreased from 818.6 million pairs in 1971 to 740.6 million pairs in 1980, or by 9.5 percent, as shown in the following table. On a yearly basis, consumption showed a declining trend from 1972 to 1975, when it fell by 16.6 percent, from 842.7 million pairs to 702.4 million pairs. Consumption increased 12.3 percent to 788.9 million pairs in 1976 and continued to rise in 1977 to 793.6 million pairs. Consumption decreased to 779.5 million pairs in 1978, increased to 797.9 million pairs in 1979, and then declined to 740.6 million pairs in 1980, the lowest level since the recession years 1974-75. Market penetration by imports increased from 32.8 percent in 1971 to 49.4 percent in 1980. Since the institution of the OMA's in 1977, apparent consumption has fallen by 6.7 percent. Market penetration by imports increased from 46.4 percent in 1977, to 47.9 percent in 1978, to 50.7 percent in 1979, and then declined slightly to 49.4 percent in 1980.

Nonrubber footwear: U.S. production, domestic shipments, exports,
imports, and apparent consumption, 1971-80

Year	Production	Domestic shipments	Exports	Imports	Apparent consump- tion	Ratio of imports to consumption
-----Million pairs-----						Percent
1971-----	535.8	552.1	2.1	268.6	818.6	32.8
1972-----	526.7	548.3	2.3	296.7	842.7	35.2
1973-----	490.0	488.2	3.6	307.5	792.1	38.8
1974-----	453.0	453.1	4.0	266.4	715.5	37.2
1975-----	413.1	419.2	4.6	287.8	702.4	41.0
1976-----	422.5	424.9	6.0	370.0	788.9	46.9
1977-----	418.1	430.9	5.4	368.1	793.6	46.4
1978-----	418.9	412.9	6.9	373.5	779.5	47.9
1979-----	398.5	402.6	9.3	404.6	797.9	50.7
1980-----	394.6	387.9	13.0	365.7	740.6	49.4

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

U.S. exports

U.S. exports of nonrubber footwear have increased 141 percent between 1977 and 1980, from 5.4 million pairs (\$35 million) to 13.0 million pairs (\$112 million) (table 10). U.S. exports of nonrubber footwear to Argentina, the principal foreign market in terms of quantity in 1980, rose from less than 500 pairs in 1977, to 2.5 million pairs in 1980. This growth can be attributed to the liberalization of Argentina's tariff and nontariff barriers and the tremendous increase in U.S. exports of inexpensive mass-produced athletic footwear. Such exports composed almost 80 percent of U.S. exports to Argentina in 1980, and were primarily from one domestic manufacturer.

Historically, U.S. exports of nonrubber footwear have been negligible compared with producers' domestic production. ^{1/} The reasons for this include marketing and transportation costs, foreign barriers to imports, and competition from the same countries that compete in the U.S. market.

In 1977, the domestic industry began an aggressive export-marketing program in conjunction with the U.S. Department of Commerce. The program includes trade missions and shows in foreign countries, and is designed to help U.S. producers learn to compete in foreign markets. To date, U.S. firms seem to have found an overseas market for shoes that promote the "American lifestyle," as well as for specialized shoes that certain U.S. companies excel in manufacturing. ^{2/}

^{1/} Exports represented 1.3 percent of domestic production in 1977, and increased to 3.4 percent of domestic production in 1980.

^{2/} * * *

In December 1980, the Carter administration approved funds to continue the export program through 1981. The Commerce Department will provide \$350,000 to continue the export program in Europe and to establish possible trade missions in Central and South America.

Inventories

U.S. producers.--Yearend inventories of producers which responded to the Commission's questionnaire increased 4 percent since 1977, from 25.4 million pairs to 26.2 million pairs in 1980, and the value of inventories rose 53 percent, from 213.9 million dollars to 325.7 million dollars, as shown in the following tabulation:

	<u>Quantity</u> (1,000 pairs)	<u>Value</u> (1,000 dollars)
1977-----	25,435	213,901
1978-----	27,049	253,517
1979-----	25,055	301,256
1980-----	26,233	325,657

The increase in value may be due to the rising unit values of footwear. Producers' inventories by type are presented in table 11.

U.S. importers.--Yearend inventories of U.S. importers which responded to the Commission's questionnaires have increased by 23 percent since 1977, as shown in the following tabulation:

	<u>Quantity</u> (1,000 pairs)	<u>Value</u> (1,000 dollars)
1977-----	21,795	127,654
1978-----	35,927	218,062
1979-----	32,876	215,112
1980-----	26,765	227,426

Inventories increased from 21.8 million pairs in 1977 to 36.0 million pairs in 1978, declined to 32.9 million pairs in 1979, and then decreased further to 26.8 million pairs in 1980. The value of these inventories increased from 127.7 million dollars in 1977 to 227.4 million dollars in 1980. Details on inventories by type are presented in table 12.

Unfilled orders

Orders for nonrubber footwear are usually submitted to producers months in advance of the delivery date. The volume of orders may assist in predicting the trend of industry shipments for the current year.

U.S. producers.-- Unfilled orders decreased from 36.6 million pairs as of January 1, 1978, to 35.6 million pairs as of January 1, 1981, or by 3 percent, as shown in the following tabulation:

Jan. 1--	<u>Unfilled orders</u> <u>(million pairs)</u>
1978-----	36.6
1979-----	35.1
1980-----	37.6
1981-----	35.6

U.S. importers.--Unfilled orders of U.S. importers decreased from 27.0 million pairs as of January 1, 1978, to 22.2 million pairs as of January 1, 1981, or by 18 percent, as shown in the following tabulation:

<u>As of Jan. 1</u>	<u>Unfilled orders</u> <u>(million pairs)</u>
1978-----	27.0
1979-----	29.5
1980-----	24.0
1981-----	22.2

Data on unfilled orders by type of shoe are presented in tables 13 and 14.

Employment

The principal skills employed in the footwear industry are required in cutting and stitching operations. The major exception to this is in the manufacture of injection-molded plastic footwear, in which operators are chiefly required to monitor computerized machinery and to load and unload materials. Most segments of the industry are labor intensive. In 1980 production workers constituted 85 percent of all nonrubber footwear employees; by comparison, the corresponding average for nondurable manufacturing was 71 percent. The large number of sewing-machine operators required for producing most footwear accounts for the high labor content of production. Women make up a substantially greater proportion of employees (about 65 percent in 1978) than the average among nondurable manufacturing industries (about 40 percent). However, minority workers in the nonrubber footwear industry account for about 12 percent of the total labor force, compared with about 18 percent of the labor force for all nondurable manufacturing. The minority workers are mostly blacks (5.9 percent) and Hispanics (4.2 percent).

Employment trends.--Data presented in table 15 for the period, 1974 to 1980, indicate that total employment in establishments producing nonrubber footwear fluctuated from year to year, but declined 13 percent, from 172,000 in 1974 to 152,000 in 1980. By contrast, total employment in nondurable manufacturing increased steadily, from 7.6 million in 1975 to 8.3 million in 1979, before falling to 8.1 million in 1980, about the same level as in 1974 (8.2 million).

The decline in employment is accounted for primarily by the closing of many footwear firms. The AFIA 1/ reports that in 1972 there were 917 footwear-producing establishments, and in 1977 there were 772 such establishments. AFIA estimates that there were about 741 such establishments in 1980.

The average number of production and related workers in U.S. establishments producing nonrubber footwear declined irregularly, from 149,000 workers in 1974 to 129,000 workers in 1980. Hours worked by production and related workers also decreased. Hours worked and overtime hours worked per employee both peaked in 1976 and declined irregularly thereafter. The average number of hours worked by production workers in nonrubber footwear establishments were significantly below the full-time level of 40 hours per week during 1974-80, as shown in the tabulation below, which presents average weekly hours and average overtime hours worked by production and related workers in footwear manufacturing:

Year	: Average weekly hours : per worker	: Average weekly over-time : hours per worker
1974-----	36.70 :	1.60
1975-----	36.72 :	1.66
1976-----	37.29 :	1.80
1977-----	36.65 :	1.62
1978-----	36.93 :	1.59
1979-----	36.17 :	1.31
1980-----	36.50 :	1.30

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

1/ AFIA establishment figures, USM plant figures, and Census of Manufactures establishment figures are presented in table 16.

Wages.--As shown in the following table, the average wages of production workers in plants producing nonrubber footwear were substantially lower than those received by workers in nondurable manufacturing during 1974-80. Moreover, wages paid to footwear-producing workers increased less rapidly during this timespan. The average hourly wages of workers producing nonrubber footwear rose 52 percent from \$2.90 in 1974 to \$4.42 in 1980; in comparison, average wages paid to workers in nondurable manufacturing rose 60 percent from \$4.01 in 1974 to \$6.54 in 1980.

Average weekly and hourly wages received by production workers in nondurable manufacturing and in the production of nonrubber footwear, 1974-80

Year	Nondurable manufacturing	Nonrubber footwear
Average weekly wages		
1974-----	\$157	\$106
1975-----	170	113
1976-----	185	122
1977-----	201	127
1978-----	218	138
1979-----	236	148
1980-----	255	161
Average hourly wages		
1974-----	\$4.01	\$2.90
1975-----	4.37	3.08
1976-----	4.70	3.27
1977-----	5.11	3.48
1978-----	5.53	3.75
1979-----	6.00	4.09
1980-----	6.54	4.42
Index of average hourly wages (1974=100)		
1974-----	100	100
1975-----	109	106
1976-----	117	113
1977-----	127	120
1978-----	138	129
1979-----	150	141
1980-----	163	152

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

Although relatively low in comparison with other U.S. industries, the average wage rates of U.S. production workers engaged in nonrubber footwear production are generally considerably above foreign wage rates in related

industries (table 17). In 1979 (the latest year for which data are available) hourly earnings in Korea and Taiwan averaged 19 percent of the U.S. rate, while hourly earnings in Italy averaged 78 percent.

Analysis of Market Share based on Questionnaire Data

Questionnaires sent by the Commission to 179 domestic producers and 310 importers requested data on their shipments of 15 types of nonrubber footwear during 1978-80. Usable data were received from 81 producers, which accounted for 54 percent of the total quantity of producers' shipments in 1980, and from 126 importers, accounting for 68 percent of the total quantity imported. Importers that responded accounted for 88 percent of the nonrubber footwear imported from Taiwan and 78 percent of the total from Korea in 1980.

The data obtained in response to the Commission's questionnaires should be used with caution since the trends shown for producers' shipments and imports differ from official statistics of the U.S. Department of Commerce. As shown in the following table, official statistics show a steady decline in producers' shipments from 1978 to 1980, while the questionnaire data show an increase from 1979 to 1980. In addition, official data indicate that, during the period, imports peaked in 1979 and reached a low in 1980, whereas the questionnaire data show the opposite. Thus, it is emphasized that the questionnaire data are representative of trends for only those producers and importers responding to the Commission's questionnaires. Moreover, it should be noted that due to the higher coverage of imports than of producers' shipments, import penetration will invariably appear higher than it actually was.

Nonrubber footwear: Official statistics and questionnaire responses for domestic shipments, imports, and apparent consumption, 1978-80

Year	Domestic shipments ^{1/}		Imports		Apparent consumption		Ratio of imports to apparent consumption	
	Official statistics	Questionnaire data	Official statistics	Questionnaire data	Official statistics	Questionnaire data	Official statistics	Questionnaire data
	Million pairs						Percent	
1978-----	412.9	212.2	373.5	238.7	786.4	450.9	47.5	53.0
1979-----	402.6	206.6	404.6	233.1	807.2	439.7	50.2	53.1
1980-----	2/387.9	209.8	365.7	253.3	753.6	463.2	48.6	54.7

^{1/} Includes exports.

^{2/} Based on preliminary data.

Source: Official statistics are based on official Department of Commerce data; questionnaire data are responses to questionnaires of the U.S. International Trade Commission.

There are, however, certain definitive trends in imports' market share in several of the 15 nonrubber footwear categories. The market share of imports of leather, plastic, and fiber dress and casual shoes (including men's, youths' and boys') increased, while imports' share of the markets for men's and women's (including misses') leather boots and children's and infants' nonrubber footwear declined irregularly.

Although imports of nonrubber footwear from the OMA countries comprised a wide variety of items, a sizable share of the shipments consisted of only a few types, as shown in the following table. Athletic footwear was by far the most important type of nonrubber footwear imported from Korea, accounting for 59 percent of total imports from Korea in 1980. Virtually all the athletic footwear from Korea was made chiefly of leather. An additional 26 percent of the imports from Korea consisted of men's and women's leather dress and casual shoes and men's leather work shoes. On the other hand, the principal nonrubber footwear items imported from Taiwan during 1978-80 consisted of plastic footwear, especially women's dress and casual shoes and sandals, which accounted for 47 percent of its shipments in 1980. Other major types of nonrubber footwear imported from Taiwan include athletic footwear, 57 percent of which was chiefly of leather and the remainder of which was chiefly of plastics; men's plastic dress and casual shoes; slippers; children's and infants' shoes; and women's fiber dress and casual shoes. Some of the more important categories, in terms of imports and producers' shipments, are discussed below.

Athletic footwear

Questionnaire data show that imports from the OMA countries, after declining from 1978 to 1979, more than doubled in 1980. Domestic producers' shipments, on the other hand, rose 8 percent from 1978 to 1979 and then fell 1 percent in 1980. Thus, when apparent U.S. consumption of athletic footwear declined in 1979, the OMA countries lost market share to domestic producers; however, when consumption picked up in 1980, the foreign suppliers increased their market share at the expense of the U.S. producers.

Women's and misses' plastic dress and casual footwear

Taiwan is the only significant foreign supplier of women's plastic dress and casual shoes, accounting for 85 percent of the import market in 1980 according to the questionnaire data. Imports of such footwear from Taiwan during 1978-80 increased at an average annual rate of 38 percent, compared with 8.6 percent for domestic producers' shipments. Thus, in spite of increased shipments during 1978-80, domestic producers lost market share to imports, especially those from Taiwan, whose market penetration advanced from 32 percent to 46 percent during the period.

Nonrubber footwear: U.S. producers' shipments, imports from the controlled countries and total, and apparent consumption, by types, 1978-80

Type and year	Producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption		
	From Korea	From Taiwan	Total	From Korea	From Taiwan	Total		From Korea	From Taiwan	Total
Men's, youth's and boys leather dress and casuals:										
1978	39,801	2,367	15,986				55,787	2.0	4.2	28.7
1979	33,503	1,782	14,653				48,156	4.1	3.7	30.4
1980	34,317	3,020	15,762				50,079	6.1	6.1	31.5
Men's, youth's and boys leather boots, except work:										
1978	10,986	730	1/				1/	1/	1/	1/
1979	10,954	633	2,344	236			13,298	4.8	1.8	17.6
1980	12,040	290	1,848	291			13,888	2.1	2.1	13.3
Men's, youth's and boys leather work shoes:										
1978	19,460	3,089	5,097				24,557	12.6	0.5	20.8
1979	17,673	1,647	3,874	1,061			21,547	7.6	4.9	18.0
1980	16,878	2,592	4,606	1,036			21,484	12.1	4.8	21.4
Women's and misses leather dress and casuals:										
1978	36,530	2,005	23,545	1,164			60,075	3.3	1.9	39.2
1979	34,520	925	28,761	1,130			63,281	1.5	1.8	45.4
1980	35,208	2,044	25,439	1,314			60,647	3.4	2.2	41.9
Women's and misses leather boots:										
1978	5,747	82	3,267	8			9,014	0.9	0.1	36.2
1979	6,093	67	2,215	20			8,308	0.8	0.2	26.7
1980	4,863	22	2,018	233			6,881	0.3	3.4	29.3
Women's and misses leather sandals:										
1978	4,344	30	27,492	555			31,836	0.1	1.7	86.4
1979	4,981	20	29,459	942			34,440	0.1	2.7	85.5
1980	6,177	0	30,532	790			36,709	0	2.2	83.2
Childrens and infants non-rubber footwear:										
1978	17,047	568	11,050	5,996			28,097	2.0	21.4	39.3
1979	21,774	391	8,045	4,917			29,819	1.3	16.5	27.0
1980	19,772	756	9,503	5,926			29,275	2.6	20.2	32.5
Men's, youth's and boys plastic dress and casuals:										
1978	13,083	780	6,400	4,747			19,483	4.0	24.4	32.9
1979	10,711	444	5,780	4,685			16,491	2.7	28.4	35.0
1980	11,760	831	11,512	9,807			23,272	3.6	42.1	49.5

Nonrubber footwear: U.S. producers' shipments, imports from the controlled countries and total, and apparent consumption, by types, 1978-80--Continued

Type and year	Producers' shipments		Imports		Apparent consumption	Ratio of imports to consumption	
	From Korea	From Taiwan	From Korea	From Taiwan		From Korea	From Taiwan	Total
	1,000 pairs					Percent	
Women's and misses plastic dress and casuals:							
1978-----	26,447	16,486	41	24,663	51,110	0.1	32.3
1979-----	29,479	25,441	46	38,964	68,443	0.1	37.2
1980-----	31,208	31,289	132	36,846	68,054	0.2	46.0
Women's and misses plastic sandals:							
1978-----	5,353	30,465	37	38,417	43,770	0.1	69.6
1979-----	6,279	22,763	-	33,185	39,464	-	57.7
1980-----	5,377	28,752	46	46,743	52,120	0.1	55.2
Women's and misses plastic boots:							
1978-----	2,654	5,339	184	7,651	10,365	1.8	51.8
1979-----	2,027	3,847	148	5,681	7,708	1.9	48.2
1980-----	1,963	5,494	282	5,943	7,906	3.6	69.5
Men's, youths, and boys fiber dress and casuals:							
1978-----	3,691	1,467	787	3,268	6,959	11.3	21.1
1979-----	3,023	2,444	1,803	4,870	7,893	22.3	31.0
1980-----	3,028	2,811	1,121	4,784	7,812	14.3	36.0
Women's and misses fiber dress and casuals:							
1978-----	8,117	8,586	954	14,118	22,235	4.3	38.6
1979-----	6,098	6,521	1,040	12,270	18,368	5.7	35.5
1980-----	7,736	4,614	607	9,505	17,241	3.5	26.8
Slippers:							
1978-----	4,565	6,727	380	11,147	15,712	2.4	42.8
1979-----	3,830	7,313	347	12,792	16,622	2.1	44.0
1980-----	4,134	6,246	255	12,070	16,210	1.6	38.5
Athletic footwear:							
1978-----	14,390	8,026	7,884	33,605	47,995	16.4	16.7
1979-----	15,608	8,254	6,971	29,994	45,602	15.3	18.1
1980-----	15,380	15,539	17,054	36,229	51,609	33.0	30.1
Total:							
1978-----	212,215	103,102	18,641	238,702	450,917	4.1	22.9
1979-----	206,553	91,359	16,443	233,149	439,702	3.7	20.8
1980-----	209,841	127,162	29,062	253,340	463,181	6.3	27.5

1/ Data received in response to this question are statistically unacceptable for use.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Women's and misses' plastic sandals

The questionnaire data show that imports, especially those from Taiwan, account for the major part of apparent U.S. consumption of women's plastic sandals. Although imports from Taiwan in 1980 were 26 percent higher than in 1979, they were still 6 percent lower than in 1978. Nevertheless, Taiwan's market share fell steadily during 1978-80, from about 70 percent to 55 percent, as imports from uncontrolled suppliers rose 72 percent from 1979 to 1980. The data in the table show that the domestic producers' share of this market segment was the lowest of the 15 categories.

Men's, youths', and boys' plastic dress and casual footwear

The questionnaire data show apparent U.S. consumption of men's plastic dress and casual footwear roughly divided between domestic producers' shipments and imports, with Taiwan accounting for the major part of the import market. Imports from Taiwan in this category showed the sharpest percentage increase of the major footwear categories in 1980, more than doubling that in 1979. Producers' shipments, although rising 10 percent from 1979 to 1980, remained about 10 percent below the 1978 level.

Men's, youths', and boys' leather dress and casual footwear

This category represented the most important types of nonrubber footwear manufactured by the responding domestic producers in 1978. Shipments declined 16 percent in 1979 before rising 2 percent in 1980; nevertheless, in 1980 they remained 14 percent below the 1978 level. During this period, imports of such footwear from Korea rose 178 percent; imports from Taiwan declined 25 percent in 1979 and then rose 69 percent to a high of 3 million pairs in 1980. The bulk of the imports of men's leather dress and casual shoes during 1978-80 originated in uncontrolled countries, but such shipments to the United States fell steadily from 12.5 million pairs to 9.7 million pairs.

Women's and misses' leather dress and casual footwear

Women's leather dress and casual footwear constituted the largest category of domestic producers' shipments in 1980 according to the questionnaire data. Although such shipments in 1980 were 2 percent higher than in 1979, they were still 4 percent lower than in 1978. Owing to the sharp decline in imports from Korea, shipments from the OMA countries declined 35 percent from 1978 to 1979 before rising 63 percent in 1980 to more than 3.3 million pairs, 6 percent higher than the 1978 level. Uncontrolled imports rose 31 percent from 1978 to 1979 before falling 17 percent in 1980. Nevertheless, uncontrolled countries accounted for 87 percent of the reported imports of women's leather dress and casual shoes in 1980.

Profit-and-Loss Experience of U.S. Producers

Overall footwear operations, including manufacturing, purchasing, and retailing operations, by ranges of production

Usable profit-and-loss data on their overall footwear operations (including manufacturing, purchasing, and retailing) were received from 68 U.S. producers. These producers accounted for approximately 42 percent of the total U.S. production of nonrubber footwear in 1980 and, in the aggregate, they derived about 80 percent of their 1980 sales revenue from the sale of manufactured footwear.

Net sales and profit for all categories combined increased yearly during 1977-80 (table 19). Net sales rose 34 percent--from \$2.2 billion to \$2.9 billion--and net profit before taxes rose 96 percent--from \$123 million to \$242 million. A good share of the increase in net profit before taxes (68 percent) occurred in 1980. Aggregate profit margins for the 68 producers are shown in the following tabulation:

	<u>Operating profit margin</u> (percent)	<u>Pretax margin</u> (percent)
1977-----	5.8	5.6
1978-----	6.5	6.2
1979-----	6.4	6.1
1980-----	8.5	8.2

For each of the years 1977-80, profit margins were lower than the aggregate average for those firms producing less than 1 million pairs of shoes a year and higher than the aggregate average for those firms producing 2 million pairs or more a year (table 19). For the category of 1,000,000 to 1,999,999 pairs, profit margins were equal to or higher than the aggregate average in 1977 and 1978, and less than the aggregate average in 1979 and 1980.

Nonrubber footwear manufacturing operations, by ranges of production

Sixty-seven U.S. producers, accounting for approximately 42 percent of total 1980 U.S. production of nonrubber footwear, submitted usable profit-and-loss data on their nonrubber-footwear-manufacturing operations (table 20). For all categories combined, net sales and net profit increased yearly during 1977-80. Net sales rose from \$1.8 billion to \$2.3 billion, representing an increase of \$566 million or 32 percent. Net profit (before taxes) increased at a more rapid rate (97 percent) than net sales during 1977-80, rising from \$93 million in 1977 to \$183 million in 1980. About 83 percent of the increase occurred in 1980.

Profit margins by ranges of production were as follows:

Range of production	1977	1978	1979	1980
	-----Percent-----			
200,000 to 499,999 pairs:				
Operating profit margin-----	2.9	2.8	2.4	0.6
Pretax profit margin-----	2.4	1.9	1.2	(.9)
500,000 to 999,999 pairs:				
Operating profit margin-----	2.3	2.3	3.7	7.8
Pretax profit margin-----	1.7	1.4	1.8	6.4
1,000,000 to 1,999,999 pairs:				
Operating profit margin-----	6.8	6.4	4.1	6.1
Pretax profit margin-----	5.9	5.9	2.9	4.9
2,000,000 to 3,999,999 pairs:				
Operating profit margin-----	6.3	7.2	7.5	9.3
Pretax profit margin-----	6.1	7.0	7.0	8.5
4,000,000 pairs or more:				
Operating profit margin-----	5.6	5.8	6.4	9.0
Pretax profit margin-----	5.7	5.7	6.3	9.1
Total, all categories:				
Operating profit margin-----	5.4	5.6	5.7	8.3
Pretax profit margin-----	5.3	5.3	5.2	7.8

Profit margins were smaller than the combined averages for firms producing less than 1 million pairs of shoes a year and higher than average for those firms producing 2 million pairs or more. ^{1/} For the category of 1,000,000 to 1,999,999 pairs, profit margins were higher than average in 1977 and 1978 but lower than average in 1979 and 1980.

The cost of goods sold (material cost, direct labor, and overhead) and selling, administrative, and general expenses increased 26 percent and 40 percent, respectively, compared with the 32-percent increase in net sales during 1977-80.

The number of firms reporting losses during 1977-80, by ranges of production, are shown in the following tabulation.

Year	Production ranges				
	200,000 to 499,999 pairs	500,000 to 999,999 pairs	1,000,000 to 1,999,999 pairs	2,000,000 to 3,999,999 pairs	4,000,000 to: pairs or more
1977-----	2	4	4	2	1
1978-----	4	5	3	2	1
1979-----	5	5	2	0	3
1980-----	6	4	2	0	2

^{1/} It is difficult to determine the profitability of small firms, as many are owner operated and profit is taken out in salaries and other benefits.

Total assets, stockholders' equity, and net investment and their relationship to net profit before taxes

Fifty-eight firms which are solely or primarily manufacturers of nonrubber footwear furnished usable data applicable to their investment in total assets, stockholders' equity, and net investment (stockholders' equity plus long-term debt) ^{1/}. For all production ranges combined, total assets increased \$240 million, or by 42 percent, during 1977-80; stockholders equity increased \$136 million, or by 38 percent; and net investment increased \$150 million, or by 36 percent (table 21). The relationship of pretax profit to total assets, stockholders' equity, and net investment are summarized in the following tabulation for all production ranges combined:

Year	Ratio of pretax profit to--		
	Total	Stockholders'	Net
	assets	equity	investment
	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
1977-----	12.2	19.3	16.4
1978-----	12.9	20.5	17.2
1979-----	11.1	18.5	15.5
1980-----	17.2	28.3	24.2

A comparison of nonrubber footwear profit margins with those of other industries are shown in the following table.

^{1/} The 58 firms accounted for approximately 32 percent of total 1980 U.S. production of nonrubber footwear.

Comparison of nonrubber footwear profit margins with those of other industries, 1977-80

(In percent)

Item	1977	1978	1979	1980 ^{1/}
Ratio of net profit before taxes to net sales:				
Nonrubber footwear-----	5.3	4.9	4.7	7.4
Textile mill products-----	5.5	6.0	5.5	4.2
All U.S. nondurable goods-----	8.5	8.5	9.4	9.0
All U.S. manufacturing-----	8.7	8.9	8.9	7.8
Ratio of net profit before taxes to total assets:				
Nonrubber footwear-----	12.2	12.9	11.1	17.2
Textile mill products-----	10.0	11.2	10.4	6.0
All U.S. manufacturing-----	12.0	12.3	12.4	8.1
Ratio of net profit before taxes to stockholders' equity:				
Nonrubber footwear-----	19.3	20.5	18.5	28.3
Textile mill products-----	19.3	21.1	20.2	12.0
All U.S. manufacturing-----	22.5	23.6	24.8	16.3

^{1/} Data applicable to all U.S. manufacturing, all U.S. nondurable goods, and textile mill products are based on 9-month figures for 1980.

Source: Federal Trade Commission quarterly financial reports and data submitted in response to questionnaires of the U.S. International Trade Commission.

As a share of net sales, nonrubber footwear profit margins were less than those for textile mill products during 1977-79 and less than those for all U.S. manufacturing and all U.S. nondurable goods in each of the years 1977-80. The ratio of net profit before taxes to total assets for nonrubber footwear exceeded that for textile mill products in each of the years 1977-80 and that for all U.S. manufacturing in the years 1977, 1978, and 1980. As a share of stockholders' equity, nonrubber footwear profit margins were less than those for textile mill products and all U.S. manufacturing during 1977-79, but substantially higher in 1980. Nonrubber footwear is not a capital-intensive industry. ^{1/} Hence, an average profit return on net sales can produce a higher than average return on total assets and stockholders' equity.

U.S. Shoe Corp., the largest U.S. nonrubber footwear producer, did not supply profit-and-loss data in the form requested by the Commission's questionnaire. Some profit-and-loss data applicable to nonrubber footwear are included in the firm's annual reports to stockholders and are summarized below:

^{1/} As shown in table 21, U.S. nonrubber footwear producers' net sales averaged about \$2.10 for each dollar of total assets during 1977-80. In some capital-intensive industries, \$1 of total assets might only generate about \$1 in net sales.

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Net sales---1,000 dollars----	402,980	451,545	537,137	594,027
Operating profit <u>1/</u> ----do-----	24,301	27,580	34,763	35,933
Operating profit margin percent-----	6.0	6.1	6.5	6.0

* * *

Prices

Prices of nonrubber footwear in 1974-80 are presented in tables 22-26 and figures 5-9. For comparison purposes, prices of related commodities and important raw materials, such as leather, have been included. Trends in prices are represented by price indexes regularly prepared by the Bureau of Labor Statistics. Because more disaggregate price data or indexes are not available for specific footwear categories, questionnaire responses on the distribution of footwear sales by wholesale price ranges are presented for 15 categories of footwear.

Price trends

Wholesale prices of nonrubber footwear increased relatively rapidly at an average annual rate of 9 percent during the period 1974-80 (table 22 and figure 6). 2/ The prices of all commodities increased at approximately the same rate as footwear prices, while the price of wearing apparel increased significantly less rapidly at an average annual rate of 4 percent. 3/

The price of nonrubber footwear increased most rapidly between January-March 1978 and July-September 1979. The rapid increase in prices at an annual rate approaching 20 percent coincides with a similar escalation of the price of leather, an important input to footwear manufacture. The price of leather

1/ Excludes corporate overhead expense, interest expense, and other income.

2/ The Producer Price Index, formerly called the Wholesale Price Index, is compiled and published monthly by the Bureau of Labor Statistics, and includes data on footwear prices from a sample of major producers in the United States and across a representative range of footwear types.

3/ Similarities in industry structure and conditions of production and consumption between the nonrubber footwear and apparel industries suggest ready comparison. These include (1) easy entry and exit of firms, (2) a few large conglomerates producing a significant share of industry output accompanied by a large competitive fringe of generally small, privately held firms, (3) channels of distribution where producers generally sell directly to retail outlets, (4) a stable, labor-intensive production technology, (5) similar work-force characteristics, and (6) a stable per capita consumption trend.

increased much more rapidly during this period than did the price of other materials used in nondurable manufacturing (table 23 and figure 6). According to industry sources, leather prices are not expected to increase in a similar manner for the foreseeable future. 1/

Consumer prices increased more slowly than wholesale prices over 1974-80 (table 24 and fig. 7). 2/ Consumer prices of nonrubber footwear increased more slowly than consumer prices of all commodities but more rapidly than prices of wearing apparel, as had been the case for wholesale prices. The upsurge in leather and wholesale nonrubber footwear prices in 1978 and 1979 is not reflected in consumer footwear prices in that period.

Wholesale price indexes of domestic and imported shoes for 1974-80 are presented in table 25 and figure 8. 3/ Prices of imported footwear increased more rapidly than prices of domestic footwear over the period, by 10.4 percent compared with 8.7 percent.

Wholesale price indexes for specific types of footwear are presented in table 26 and figure 9. Wholesale prices for men's and boys' footwear increased at an average annual rate of 9.5 percent from January-March 1974 through October-December 1980. This was slightly greater than the industry average rate of 8.7 percent annually and that for women's and misses' footwear of 8.4 percent. Wholesale prices of children's and infants' footwear increased much more slowly at an annual rate of 5.8 percent during the same period.

Wholesale price ranges

Wholesale price ranges for domestic producers and importers of nonrubber footwear which were developed from responses to questionnaires are presented in tables 27 and 28. 4/ Only minimal shifting appears to have occurred across the 15 footwear categories between 1978 and 1980. Questionnaire responses indicated that domestic production tended to be concentrated in the medium- and high-price ranges, while imports were concentrated in the low- and medium-price ranges.

1/ Footwear News, March 23, 1981; also, staff interview with the American Association of Hides, Skins, and Leather Merchants, April 10, 1981.

2/ The Consumer Price Index is also compiled and published monthly by the Bureau of Labor Statistics.

3/ The Import Price Index is compiled and published quarterly by the Bureau of Labor Statistics and includes data on footwear values (c.i.f.) from a sample of importers in the United States and across a representative range of footwear types.

4/ It was not feasible to collect wholesale price data for specific types of nonrubber footwear because of the great number of types and styles produced. As an alternative, the questionnaires asked for quantities of nonrubber footwear sold at specified ranges of wholesale prices for 15 types of footwear. The price ranges were based on current prices and were designed to identify low-, medium-, and high-value categories. The 15 types of nonrubber footwear constituted a majority of U.S. consumption, as determined from similar data collected in the nonrubber footwear annual reports from 1977 to 1979.

For athletic footwear, the reverse occurs, as sales in the low-price range account for a significant share of domestic footwear, increasing from 21 percent in 1978 to 26 percent in 1980. Imports of athletic footwear in this range are much lower and even decreased from 13 percent in 1978 to 9 percent in 1980. Both domestic and imported athletic shoes were predominantly concentrated in the medium range but showed some shift toward the high-price bracket between 1978 and 1980--from 10 to 30 percent for domestic athletic footwear and from 7 to 23 percent for imported footwear.

In the category of children's and infants' nonrubber footwear, domestic footwear was concentrated in the middle-price range in 1978. Two shifts occurred between 1978 and 1980: there was a slightly increased domestic concentration in the upper price range, possibly the result of inflationary effects, and, more noteworthy, there was a significant increase in domestic sales in the lower price ranges--from 29 percent in 1978 to 37 percent in 1980. Although imported children's and infants' footwear continued to be heavily concentrated in the low end, sales declined from 75 percent of all imports in that category in 1978 to 65 percent in 1980.

In the category of women's and misses' plastic dress and casuals, excluding sandals and slippers, imports exhibited a slight increase in concentration in the low-price ranges, rising from 49 percent in 1978 to 51 percent in 1980. Imported women's and misses' leather sandals also showed increased concentration in the low-price ranges, rising from 48 percent in 1978 to 55 percent in 1980.

Reported imports of nonrubber footwear from Taiwan, Korea, and all other countries followed different patterns within certain footwear categories than did total imports (table 28). Imports of nonrubber footwear from Taiwan and Korea tended to be more concentrated in the medium-price ranges than were total imports. Imports from Taiwan, and, to a lesser extent, Korea, showed greater movement into high-price ranges than did total imports. Price trends of imports from all other sources were generally similar to those of total imports. One exception is athletic footwear, for which prices of imports from all other sources, which had been concentrated in the middle-price range, made a dramatic shift to the high-price range--from 10 percent in 1978 to 52 percent in 1980. Almost 30 percent of athletic shoe imports from all other sources were priced at \$22.01 and over in 1980, compared with only 3 percent in 1978. Imports of athletic footwear from Korea, however, remained concentrated in the middle-price range between 1978 and 1980.

Low-priced footwear.--Questionnaire data on quantities of imports and domestic production of nonrubber footwear by wholesale price ranges for 11 different footwear categories ^{1/} indicated that the availability of low-value footwear (priced \$4 or less) increased irregularly from 81.5 million pairs in

^{1/} These 11 nonrubber footwear categories accounted for at least 82 percent of reported domestic production and 95 percent of reported imports in 1980. The remaining four categories (men's, youths', and boys' leather boots, except work; men's, youths', and boys' leather work shoes; women's and misses' leather boots; and women's and misses' plastic boots) had initial price breaks at levels exceeding \$4, suggesting that footwear of these types priced \$4 or less was not produced in significant quantities.

1978 to 83.3 million pairs in 1980. Such footwear as a share of reported domestic production and imports combined was about 18 percent in 1980, the same as in 1978. In addition, imports supplied about 82 percent of the reported U.S. supply of such footwear in 1980, about the same as in 1978, while the domestic industry continued to supply the other 18 percent. However, reported imports disaggregated by source indicate that in 1980 Taiwan accounted for only 44 percent of the reported U.S. supply of nonrubber footwear priced \$4 or less, down from 52 percent in 1978. Korea continued to account for about 3 percent of this type of footwear, while the share from all other countries, excluding Taiwan and Korea, increased from 29 percent in 1978 to 35 percent in 1980.

According to questionnaire data, seven footwear categories accounted for about 94 percent of the reported U.S. supply of nonrubber footwear priced \$4 or less in 1980. This was true for the previous 2 years as well. U.S. production in the 11 nonrubber footwear categories for which it was possible to obtain data on footwear priced \$4 or less in 1980, and the categories' relative shares of the total were as follows:

	<u>Quantity</u> (1,000 pairs)	<u>Share of total</u> (percent)
Women's and misses' plastic dress and casuals-----	20,863	25
Children's and infants' nonrubber footwear-----	13,532	16
Slippers-----	11,715	14
Women's and misses' plastic sandals-----	9,978	12
Women's and misses' leather sandals-----	10,058	12
Athletic footwear-----	7,282	9
Women's and misses' fiber dress and casuals-----	4,889	6
Men's, youths', and boys' fiber dress and casuals-----	2,267	3
Men's, youths', and boys' leather dress and casuals-----	1,361	2
Men's, youths', and boys' plastic dress and casuals-----	1,054	1
Women's and misses' leather dress and casuals-----	308	1/
Total-----	<u>83,307</u>	<u>100</u>

1/ Less than 0.5 percent.

Reported U.S. production of nonrubber footwear priced \$4 or less was significant in only 2 of the above 11 nonrubber footwear categories--children's and infants' footwear and athletic footwear. Such production accounted for about 55 percent of the total reported U.S. supply in each of these categories. In each of the other nine nonrubber footwear categories shown above, imports accounted for at least 90 percent of the total reported U.S. supply of foot-

wear priced at \$4 or less. In addition, imports from Taiwan accounted for a majority of the reported U.S. supply of low-value imports in 3 of the 11 categories and for a significant share in 5 other categories. The ratios of imports to production for the eight nonrubber footwear categories for which Taiwan was reported to be an important supplier of footwear priced \$4 or less are shown below:

	<u>Ratio of imports to production (percent)</u>
Women's and misses' plastic dress and casuals-----	80
Men's, youths', and boys' plastic dress and casuals-----	77
Women's and misses' plastic sandals-----	56
Slippers-----	48
Children's and infants' nonrubber footwear-----	30
Men's, youths', and boys' fiber dress and casuals-----	30
Women's and misses' fiber dress and casuals-----	26
Athletic footwear-----	25

Imports from Korea in 1980 accounted for less than 3 percent of the reported U.S. supply of nonrubber footwear priced \$4 or less. In addition, these imports were not significant in any of the 11 categories for which such data were obtainable.

Foreign Potential to Supply

Taiwan 1/

The number of shoe factories in Taiwan increased rapidly from 1967 to 1973, from 30 to 280. In 1979, there were a reported 582 factories which employed a total of 94,000 workers. These factories are relatively small, with the average employing about 200 to 250 workers. In 1979, 48 percent of the factories employed fewer than 100 workers, and only 3 percent had more than 500 workers. Approximately half the factories were capitalized at less than \$83,000. Because of the relatively small amount of capital required to start a factory, the industry is characterized by ease of entry and exit. A large number of factories close down each year. Most firms are family-owned; there is little foreign investment, although some of the larger manufacturers have licensing agreements with major foreign buyers, principally West German and Japanese.

1/ This section is based primarily on information received from the American Institute in Taiwan, in airgrams dated Aug. 22, 1980 and Feb. 3, 1981.

Taiwan's footwear industry is almost entirely export oriented, with only 3 percent of production retained for the domestic market. In 1979, footwear manufacturing ranked as Taiwan's fourth most important export industry in terms of value, with exports reaching \$945 million. While the value of footwear exports increased 22 percent over those in 1978, the quantity was up by only 5 percent--an occurrence attributable to the rising quality of Taiwan's footwear, increasing material and labor costs, and global restrictions. In 1980, ^{1/} the value of exports reached \$1.4 billion, or 50 percent more than the 1979 level, and the quantity rose 19 percent to 413.2 million pairs.

Plastic footwear is the most important segment of the industry in Taiwan; it accounted for over 50 percent of the export value in 1979. More than 60 percent of such footwear exports consisted of sandals, slippers, and sport shoes. The trend toward higher quality shoes has led to greater production of higher value women's plastic sandals, boots, and casual shoes rather than low-value sandals, slippers, and children's shoes. The desire to produce higher quality shoes has led to more production of leather shoes. In 1979, leather shoes, the fastest growing category, accounted for 11 percent of total footwear exports in terms of value and 5 percent in terms of quantity.

Partly in response to the OMA with the United States, Taiwan's manufacturers have had some success in diversifying their markets and are reportedly making inroads in Japan and a few Middle Eastern countries. However, the United States remained by far their largest market, accounting for 53 percent of Taiwan's footwear exports in 1979 and 51 percent in 1980. As shown in the following table, exports to the next largest market, West Germany, accounted for only 7.3 percent of total exports by quantity.

^{1/} 1980 export data are based on information received from the Taiwan Footwear Manufacturers Association.

Footwear: 1/ Exports from Taiwan, by principal markets, 1980

Market	Quantity	Share of total quantity	Value	Share of total value
	Million pairs	Percent	Million dollars	Percent
USA-----	<u>2/</u> 211.5	51.2	813.1	57.7
West Germany-----	29.9	7.3	110.7	7.9
Japan-----	22.6	5.5	67.8	4.9
Australia-----	15.9	3.9	45.7	3.3
Canada-----	14.7	3.6	44.5	3.2
France-----	10.6	2.6	31.1	2.3
Netherlands-----	8.4	2.1	33.3	2.4
Italy-----	7.7	1.9	22.8	1.7
United Kingdom-----	7.3	1.8	27.4	2.0
Belgium-----	4.0	1.0	11.8	1.0
All other-----	80.6	19.6	203.3	14.5
Total-----	413.2	100.0	1,411.5	100.0

1/ Includes rubber footwear.

2/ Official U.S. Department of Commerce statistics indicate that about 35 percent is rubber footwear.

Source: Compiled from data supplied by the Taiwan Footwear Manufacturers Association.

The marketing links between Taiwan manufacturers and U.S. wholesalers and retailers have not changed as a result of the OMA. Two-thirds of the total footwear exports are sold through trading firms. About half are handled by local trading firms and the other half, by foreign trading agents. Approximately 40 percent of the trading agents are Japanese and another 40 percent are American. * * *

One of the major problems faced by the industry in recent years has been a shortage of labor, preventing some plants from reaching full capacity. Although manufacturers have increased the amount and sophistication of machinery in their factories, the industry is still highly labor intensive. Labor turnover remains high, a fact which may be attributed to the relatively young labor force (the average age is 26 years). Approximately 80 percent of the workers are women. In 1979, the average monthly wage was \$167 for women and \$222 for men. Wage rates in the Taiwan footwear industry have increased rapidly in recent years, increasing an estimated 12 percent in 1979 over 1978.

In 1977, Taiwan investors reportedly began establishing footwear plants in Hong Kong and Singapore. These plants were established to assemble semi-finished shoe components made in Taiwan for export to the United States. As a result, exports to the United States from these two countries increased in 1978. When the United States began requiring certificates of origin on

footwear exported from Hong Kong, most of the Taiwan shoe companies reportedly withdrew because high labor costs in Hong Kong made it uneconomical to manufacture footwear there instead of only assembling it. In late 1979, the Singapore Government ordered Taiwan-owned footwear companies to close down. Taiwan investors also faced problems with unskilled labor forces and weak supporting industries in other Southeast Asian countries. With the closing of factories in Hong Kong and Singapore, and the difficulties faced in other countries, the possibility of Taiwan footwear companies circumventing the OMA through foreign investment seemed to have ended by the close of 1979.

Taiwan's footwear industry faces import restrictions in the United States and certain other important markets (Australia, Canada, and the United Kingdom). For example, the British Footwear Manufacturers Federation recently signed an agreement with the Taiwan Footwear Exporters Association setting a limit of 7.9 million pairs on shipments of leather footwear to the United Kingdom in 1981. Nevertheless, short-term prospects for Taiwan's footwear industry appear good due to the upgrading of its product and the higher costs of its major competitor, Korea. In the longer term, Taiwan's footwear manufacturers face the possibility of additional countries restricting footwear imports and increased competition from lower cost producers in Southeast Asia, China, and other areas.

Korea 1/

The performance of the Korean footwear industry in 1980 was below that of recent years. Total footwear production in Korea dropped from 290 million pairs in 1978 to 288 million pairs in 1979, and then fell by 6.5 percent to 269.3 million pairs in 1980. 2/ In 1979, the latest year for which official information is available, more than half of Korea's total footwear production was accounted for by four firms, three of which have had declining production levels in recent years. Canvas shoes, most of which are not subject to this investigation, remained the principal product of Korean footwear production accounting for about 50 percent of total production in 1979. Other leading items were rubber boots, also not subject to the OMA's (13 percent); slippers (9 percent); plastic footwear (8 percent); and leather shoes (7 percent).

Like that in Taiwan, Korea's footwear industry is almost entirely export oriented. Total exports of footwear, both rubber and nonrubber, declined from 267 million pairs in 1978 to 206 million pairs in 1979, or by 23 percent. This trend continued in 1980, when exports of all footwear fell to 193.6 million pairs. 3/ Exports of nonrubber footwear declined from 66.5 million pairs in 1978 to 53.5 million pairs in 1979. However, 1980 exports of nonrubber footwear increased to 66.5 million pairs, equaling the 1978 level.

1/ This section is based primarily on information received from the Department of State, "Industrial Outlook Report", April 25, 1980, from Seoul, Korea.

2/ Data provided by Korean Footwear Exporters Association, transcript of the hearing, p. 480.

3/ Transcript of the hearing, p. 480.

As shown in the following table, the United States, Japan, France, and West Germany were the primary markets for Korean nonrubber footwear exports in 1980.

Nonrubber footwear: Exports from Korea by principal markets, 1977-80

Market	1977	1978	1979	1980	Percent of total 1980 exports
----- Million pairs -----					
United States	58.7	30.6	24.4	37.1	55.8
Japan	2.6	3.1	6.0	3.6	5.4
France	.5	1.2	2.5	2.9	4.4
West Germany	.4	.8	1.8	2.8	4.2
United Kingdom	1.0	2.3	3.1	2.6	3.9
Netherlands	.7	2.8	2.2	2.0	3.0
Panama	-	2.1	1.3	1.4	2.1
Canada	2.2	2.2	2.2	1.1	1.7
Sweden	.4	2.2	1.3	1.1	1.7
Australia	.4	.8	.5	.7	1.0
All other	2.2	18.4	8.2	11.2	16.8
Total	69.1	66.5	53.5	66.5	100.0

Source: Compiled from official statistics of the U.S. Department of Commerce and information provided by the Korean Footwear Exporters Association.

The United States, Korea's principal export market, accounted for 55.8 percent of the total quantity exported in 1980. Exports to the United States as a share of total exports of nonrubber footwear declined from 85 percent in 1977 to 46 percent in 1978 and to 45.6 percent in 1979, and then increased to 55.8 percent in 1980.

For 2 years after the establishment of the OMA with the United States, Korean footwear manufacturers went through a difficult period, finding themselves with a backlog of unsold footwear, almost all of which was originally produced for the U.S. market. In addition, there was an 8-percent loss of skilled manpower during 1977-79. However, by 1979 Korea had developed about 15 new markets, including Sudan, Cameroon, and Iceland. Additionally, existing markets in France, Japan, and West Germany doubled between 1977 and 1979. By 1980, however, this trend of expanding markets had slowed, with the majority of exports being shipped to the United States, and only France and West Germany showing increased export levels.

As with Taiwan's industry, the trend in the Korean industry in recent years has been toward quality improvement in footwear. Manufacturers are trying to produce more attractive shoes to supply fashion-conscious consumers in footwear-importing countries. The average unit value of Korean exports increased between 1977 and 1980, a trend which the Korean Footwear Exporters A-54

Association attributes to both the upgrading in quality and rising production cost. The average unit value of U.S. imports from Korea was \$7.09 per pair in 1980, compared with \$3.91 in 1977, \$5.60 in 1978, and \$6.83 in 1979. The Korean Footwear Exporters Association reported that industrial oil prices rose 56 percent in 1979 and 100 percent in 1980, 1/ the inflation rate in 1980 was about 47 percent, 2/ and workers' wages, by the end of 1980, had risen 473 percent over the 1975 level. 3/

Except for selective replacement of older facilities, no footwear manufacturer planned to expand its production runs in 1979, according to a report by the U.S. Embassy in Seoul. Although workers' wages are increasing, the increase has not been sufficient to attract and hold a worker population which wants higher salaries, better job safety conditions, and improved pollution controls.

The rising costs of production in Korea has forced some manufacturers to begin operations in other Asian countries. At the hearing, the president of the Samuha Co., Ltd., the second largest footwear producer in Korea, testified that rising costs led him to open a plant in the Philippines. 4/

Korean footwear manufacturers feel that they are under the double burdens of increasing production costs and the need to find additional or expanded markets. Accordingly, manufacturers indicated that unless significant sales are generated in new markets and current global restrictions are not eased, the future of the Korean footwear industry will not be profitable. 5/

Probable Economic Effects

The levels of imports and domestic production of nonrubber footwear that would result from extending the orderly marketing agreements or allowing them to lapse will depend upon various factors such as total U.S. consumption of nonrubber footwear, changes in prices of Taiwan and Korean footwear relative to domestic prices and those of other suppliers, and the ability of the industries in Taiwan and Korea to maintain or expand production levels in response to U.S. demand for footwear. Each of these factors will be briefly discussed below before the probable effects of continuing or terminating the agreements are estimated.

Apparent U.S. consumption of nonrubber footwear showed no clear trend during the 1970's, as is shown in the following tabulation:

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- 1/ Transcript of the hearing, p. 509.
2/ Ibid., p. 491.
3/ Ibid., p. 482.
4/ Ibid., p. 514.
5/ Department of State airgram, April 25, 1980.

Year	Imports	Production	Apparent consumption	Ratio of imports to consumption
	Million pairs	Million pairs	Million pairs	Percent
1971-----	268.6	535.8	802.3	33
1972-----	296.7	526.7	821.1	36
1973-----	307.5	490.0	793.9	39
1974-----	266.4	453.0	715.4	37
1975-----	287.8	413.1	696.3	41
1976-----	370.0	422.5	786.5	47
1977-----	368.1	418.1	786.2	47
1978-----	373.5	418.9	785.5	48
1979-----	404.6	398.1	793.4	51
1980-----	365.7	394.6	760.3	49

After rising to a peak of 821.1 million pairs in 1972, consumption fell sharply during each of the following 3 years and then recovered significantly during the next 4 years, reaching 793.4 million pairs in 1979 before turning downward again in 1980. The sharp down turn in consumption during each of the recession years 1974 and 1975 suggests that consumption is influenced to some extent by the overall health of the U.S. economy, though this influence is probably less pronounced for footwear than for many other classes of consumer goods. 1/

If the orderly marketing agreements with Taiwan and Korea are not renewed, the elimination of restrictions on nonrubber footwear imports from these countries could be expected to exert downward pressure on footwear prices. Since evidence indicates that the U.S. demand for imported footwear is fairly price elastic, imports from both countries could rise significantly. 2/ These increased imports would probably displace some domestic shipments and production, and it is likely that they would also displace some U.S. imports from Hong Kong, the Philippines, and other sources which have become more established in the U.S. market during the OMA period. The degree of substitution that will take place and the potential increase in total imports as a result of increased supplies make it difficult to forecast the effect of higher levels of imports from Taiwan and Korea. 3/

1/ Estimates of the income elasticity of demand for footwear have consistently been less than 1.

2/ Relatively recent estimates by Szenberg indicate a price elasticity of about -1.5 for all U.S. footwear imports.

3/ Testimony at the public hearing ranged from statements that elimination of the OMA's would allow a return by Korea and Taiwan to the status quo ante entirely at the expense of other suppliers to concern that total import penetration would increase to 60 percent or more.

Since production of footwear is highly labor intensive, large capital outlays are not required to expand production. Therefore, it is likely that both Taiwan and Korea could increase output sufficiently to meet any increase in U.S. demand that would result from the expiration of the OMA's. Although labor shortages which have characterized the industries in Taiwan and Korea in recent years could result in some temporary bottlenecks to expanded output, it is unlikely that this problem would persist for an extended period. Moreover, if those European countries which are also important markets for Korean and Taiwan footwear intensify trade restrictions on footwear imports from these sources, Korea and Taiwan could be faced with excess capacity, which could be used to expand output for meeting additional U.S. footwear demand.

Possible quantitative effects.--Based on recent historical trends, estimates of the likely effects on U.S. imports and production of continuing or discontinuing the OMA's are presented in the following table. A more detailed discussion of the methodology which was used in arriving at these estimates is provided in the following section. The estimates of demand for U.S. production were obtained by subtracting projections of imports from projections of consumption for each restraint period shown.

Projections of apparent consumption, imports and domestic production,
quota years, 1980/81-1983/84 1/

(In millions of pairs)				
	1980/81	1981/82	1982/83	1983/84
Apparent consumption				
projections-----	763.3	731.4	799.8	806.4
Imports projections:				
OMA's continued-----	368.4	374.9	381.7	388.9
OMA's discontinued-----	368.4	395.7	451.4	432.1
Demand for domestic				
production:				
OMA's continued-----	394.9	406.5	418.1	417.5
OMA's discontinued-----	394.9	385.7	384.4	374.5

1/ A quota year extends from July 1 through June 30 of the following year.

Source: Developed by the staff of the U.S. International Trade Commission from U.S. Department of Commerce data on domestic shipments and imports of nonrubber footwear.

Total U.S. consumption is projected to reach 806.4 million pairs by the final restraint period 1983/84. Since total U.S. demand for nonrubber footwear showed no consistent upward trend during most of the 1970's, averaging 780.4 million over the past 5 years, the projection of an apparent consumption level of over 800 million by 1983/84 may be overly optimistic. However, it is much less optimistic than the petitioner's forecast of a consumption level of 830 million pairs by 1983/84.

If the OMA's are continued at their present level of relief, total imports are projected to be 381.8 million pairs by 1983/84. This represents an average rate of increase of 1.2 percent annually, and is greater than the total import growth rate during the initial OMA-period of about 1 percent. The projection assumes that Taiwan will continue to fill its quota, that Korea will be slightly more effective in filling its quota, and that nonrubber footwear imports from the uncontrolled countries will also continue to grow. Under these assumptions, domestic production will increase steadily over the period to a level of 424.6 million pairs in 1983/84.

If the OMA's are discontinued, the estimates assume that imports from all sources would grow 5.5 percent annually during the period. The effect would be a decline in demand for domestic nonrubber footwear from 394.9 million pairs during 1980/81 to 373.8 million pairs by 1983/84.

Methodology and assumptions used to estimate probable effects.--U.S. consumption of nonrubber footwear was projected to increase at an average annual rate of 1.8 percent from 1980/81 to 1983/84. This was based upon an annual population increase of 0.87 percent and a slow increase in per capita consumption of nonrubber footwear from 3.4 pairs per person in 1980/81 to 3.5 pairs per person in 1982/83 and 1983/84. The population growth rate reflects the trend from 1977 to 1980, while the consumption figure of 3.5 pairs per capita represents the average for the same period. The initial 3.4 pairs per person was the per capita consumption level recorded during 1980.

For the final OMA year, 1980/81, total nonrubber footwear imports are projected to continue the trend of the preceding year--declining almost 4 percent. Imports from Taiwan and Korea are assumed to increase at the maximum rates allowed under the initial OMA's (compounded annually, these were 2.4 percent and 4.8 percent, respectively). These rates are believed to be consistent with recent trends in imports from the two countries. Taiwan filled its quota each year, and Korea increased its exports over the last 2 years, including the first half of 1980/81.

If the OMA's are continued, total imports of nonrubber footwear are projected to grow 1.2 percent annually over the extended OMA period 1981/82 to 1983/84. This growth assumes that imports from Taiwan will increase at the same rate experienced under the initial OMA, while Korean exports are projected to grow somewhat more rapidly than they have to date. Except for the first year, Korea has not filled its quota in the nonathletic footwear category and its exports of such footwear to the United States have declined during the last three years of the OMA. Imports from Korea of 19.3 million pairs in July-December 1981 were larger than in any other 6-month period since July-December 1977, when the initial OMA restraint was exceeded. Another consideration is the possible diversion from third-country markets such as the EEC. In addition, the total import growth rate assumes that uncontrolled countries would increase their exports of nonrubber footwear to the United States by about 1 percent annually over the 1980/81 level.

Imports of nonrubber footwear from all sources are projected to increase at an average annual rate of 5.5 percent from 1980/81 to 1983/84 if the OMA's are terminated. This growth rate is based upon higher annual rates of increase in the first 2 years following elimination of the OMA's. The average annual growth rate of 7.4 percent during 1971-76 was used as the basis for forecasting a surge in imports in the first year after OMA termination and a more moderate rate of 5 percent was used for import growth in the second year. Imports are projected to increase 4 percent annually after the first 2 years. The reduction in the rate of increase of imports over time assumes that there would be a nonsustainable surge of imports after the OMA's are terminated and that the nonrubber footwear industry will be able to compete more effectively with imports after the 4-year relief period. In addition, these rates assume that Taiwan and Korea, while accounting for the temporary surge in imports, would each experience a similar reduction in their rates of expansion to about 7 percent annually by 1983/84.

Reduction considerations.--The effects of reducing or terminating the agreements--on the volume of imports and on the U.S. industry--are likely to depend upon the categories being considered. In addition, it is possible that the effects of a reduction in an OMA involving a particular footwear category may vary from the effects of termination of the entire OMA. The possibility exists that a country could focus its exporting efforts on the excepted product line or lines in the event of a reduction, while under a termination the country may not necessarily feel the need to alter its balance of production. In the following sections, these effects are examined separately for several categories, including women's and misses' footwear from Taiwan, children's and infants' footwear from Taiwan, Korean athletic footwear, other classes of Korean leather and vinyl footwear, and low-valued footwear from both countries.

Women's and misses' footwear from Taiwan.--Women's and misses' nonrubber footwear accounted for over 70 percent of Taiwan's total nonrubber footwear exports to the United States in 1980. Taiwan has remained the largest supplier of these imports; in 1980 imports from Taiwan accounted for 30 percent of U.S. apparent consumption of women's and misses' footwear.

It is possible that the price of these imports would decline if the agreements were terminated, since quotas in Taiwan are currently being sold at a premium. If the price reduction were substantial, it could lead to a sharp increase in imports. Estimates developed by the ITC staff during the footwear investigation in 1977 indicate that a one percent decrease in the price of imported women's and misses' footwear relative to the U.S. price would result in a 1.9 percent increase in imports. The full extent of a possible increase in imports resulting from the termination of the OMA's is difficult to measure, since it is likely that an increase in imports from Taiwan would also displace imports from other important foreign suppliers in some part. Women's and misses' footwear is the largest category of nonrubber footwear produced in the United States. Although U.S. production of such footwear declined slightly, from 160 million pairs in 1977 to 157 million pairs in 1980, this decline is partially attributable to the economic downturn in 1980.

Children's and infants' footwear from Taiwan.--Taiwan is the largest foreign supplier of this class of footwear. During 1980, imports from Taiwan reached 7.8 million pairs, an amount equal to about 13 percent of U.S. apparent consumption. Imports from Korea have been relatively insignificant throughout the OMA period--in 1980 they amounted to only 1 million pairs.

Although it is unlikely that the termination of the OMA would result in an increase in children's and infants' footwear from Korea, it is likely that imports from Taiwan would increase. However, it is possible that much of this increase could be at the expense of imports from Hong Kong, which was the second largest foreign supplier of children's and infants' footwear in 1980.

Between 1977 and 1980, U.S. output decreased from 41 million pairs to only 35 million pairs. Profit rates in this segment of the industry have been lower than the industry average, as shown in the following table.

Year	Profit margin (pre-tax profit to net sales)	
	Domestic producers who only produce children's or infants' shoes 1/	All domestic producers
	-----Percent-----	
1977-----	***	5.3
1978-----	***	5.3
1979-----	***	5.2
1980-----	***	7.8

1/ The data shown above is for four domestic producers which represent 9 percent of total children's and infants' production in 1980.

Source: Compiled from data received in response to questionnaires of the U.S. International Trade Commission.

Athletic footwear from Korea.--Nonrubber athletic footwear is the largest single category of footwear imported from Korea. During 1980, these imports reached 29.3 million pairs, an amount equal to more than 50 percent of U.S. apparent consumption. Since quotas on this class of footwear have consistently been filled during the OMA period, it is likely that U.S. imports would increase if the agreement were terminated. Moreover, it is possible that a termination of the OMA's would induce Korean manufacturers to convert some types of footwear that are currently being shipped to the United States as rubber footwear, at high tariff rates, to leather athletic footwear, in order to take advantage of the lower tariff rates (see discussion on pages A- 9 through A-11 of this report).

U.S. production of athletic footwear has expanded in recent years, and there is evidence that U.S. producers have turned increasingly to automated methods. Between 1976 and 1980 U.S. production of athletic footwear rose from 16 million pairs to 25 million pairs, a 56 percent increase. Additionally, profit performances have been stronger than in other segments of the industry, as shown in the following table.

Year	Profit margin (pre-tax profit to net sales)	
	Domestic producers whose production mix consists of 51 percent or more athletic shoes 1/:	All domestic producers
	Percent	
1977	***	5.3
1978	***	5.3
1979	***	5.2
1980	***	7.8

1/ The above data on athletic footwear producers is from 4 producers representing 16.7 percent of total nonrubber athletic footwear production in 1980.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

For the four firms for which athletic footwear accounts for 51 percent or more of total production, questionnaire results show that profit margins amounted to * * * percent of sales in 1980. The improved performance of this segment of the industry may be partly a result of their increased production of vinyl footwear by injection molding. Between 1977 and 1980 vinyl athletic footwear increased from only 14 percent of total U.S. nonrubber athletic footwear production to more than 60 percent.

Nonathletic footwear imports from Korea.--Imports of footwear from Korea in the nonathletic category have fallen sharply during the OMA period. The combined exports of leather work shoes and other nonathletic leather shoes fell steadily from 10.6 million pairs in 1977 to 4.9 million pairs in 1980. In the case of men's, women's, and children's vinyl footwear, Korean imports declined from 6.97 million pairs in 1977 to only 430,000 pairs in 1978 before increasing to 1.1 million pairs in 1980.

Since these classes of Korean footwear have declined sharply during the OMA period and have consistently fallen far short of their allotted quotas, it is possible that the OMA on these products could be terminated with no increase in imports from Korea.

Low-valued footwear.--During the OMA period the amount of low-valued footwear supplied by Taiwan and Korea has steadily declined. In the case of Taiwan, 80 percent of its shipments to the U.S. were valued at less than \$5.00 per pair in 1978. However, by 1980, only 25 percent of the imports were valued at less than \$5.00 per pair. Similarly, in the case of Korea, the percentage of imports valued at less than \$5.00 per pair declined from 44 percent in 1978 to only 9 percent in 1980.

Although it is likely that the elimination of the OMA's would increase the percentage of low-valued footwear from both countries, the percentages are unlikely to again approach the 1978 levels because of the sharp increases in Korean and Taiwanese wage rates and the intensified competition from other low cost Asian suppliers whose share of this market has increased in recent years. U.S. output tends to be concentrated in the medium- and higher-priced categories for most classes of footwear.

Responses to the Commission's questionnaire indicate that there has been a steady rise in the adoption of labor-saving equipment, such as injection molding machinery by U.S. producers of nonrubber footwear. This type of machinery enables U.S. producers to manufacture low-valued footwear at more competitive prices. 1/ Increased investment in new plants and machinery and adoption of labor-saving devices were reported by over 30 percent of the firms responding to the Commission producers' questionnaire.

1/ Transcript of the hearing, p. 134.

Considerations under section 202(c) of the Trade Act of 1974

Sections 202(c)(1) and (2) direct that consideration be given to--

information and advice from the Secretary of Labor on the extent to which workers in the industry have applied for, are receiving, or are likely to receive adjustment assistance under chapter 2 or benefits from other manpower programs;

information and advice from the Secretary of Commerce on the extent to which firms in the industry have applied for, are receiving, or are likely to receive adjustment assistance under chapters 3 and 4 . . .

The U.S. Department of Labor has granted trade adjustment assistance to most of the unemployed workers in the footwear industry. Between April 1975 and December 1980, the Department certified a total of 323 petitions, making an estimated 61,064 workers eligible for trade adjustment assistance, while 133 petitions, affecting an estimated 12,275 workers, were denied. As of September 30, 1980, the unemployed workers had received \$68,053,390. In 1980, the Department of Labor certified 20 petitions for trade adjustment assistance, enabling an additional estimated 2,825 workers to receive benefits. During the same period, 36 petitions, affecting an estimated 4,174 workers, were denied.

Since April 3, 1975, the U.S. Department of Commerce has instituted 133 investigations in response to petitions for adjustment assistance from firms producing nonrubber footwear. In all 133 of these cases Commerce has certified the firms eligible. Certifications reached a peak of 50 in 1977 and then declined significantly during the next 2 years before leveling off at 17 during 1980, as shown in the following tabulation:

	<u>Number of firms certified</u>
1975-----	8
1976-----	9
1977-----	50
1978-----	33
1979-----	16
1980-----	<u>17</u>
Total-----	133

Of the 133 firms certified as eligible, only 52 have received assistance through the Department of Commerce. To obtain assistance a firm must submit a plan for its economic recovery which must show that the firm has a clear, credible, and rational strategy for recovery, has given consideration to the interests of its workers, and is making all reasonable efforts to use its own resources for economic development. Commerce assists the firm in developing its economic adjustment proposal. As of September 30, 1980, \$71.4 million in adjustment assistance had been provided to eligible footwear-producing firms,

Section 202(c)(3) directs that consideration be given to--

the probable effectiveness of import relief as a means to promote adjustment, the efforts being made or to be implemented by the industry concerned to adjust to import competition, and other considerations relative to the position of the industry in the Nation's economy . . .

Evidence indicates that U.S. nonrubber footwear producers have made efforts to compete with imports during recent years by increasing capital spending and research and development outlays, by attempting to improve marketing efforts and product mixes, by adopting labor-saving innovations, and by taking part in various Government programs designed to improve the competitiveness of the domestic industry.

Although capital spending and research and development outlays increased between 1977 and 1980, the actual increases were relatively small when adjustments are made for inflation. Data obtained from questionnaire responses indicate that capital expenditures by nonrubber footwear producers increased by only 8.3 percent in real terms between 1977 and 1980, and outlays for research and development rose by only 2.2 percent in real terms during this period.

Specific efforts to compete with imports by firms that responded to questionnaires, were focused on improved product mixes and marketing efforts. Of the 70 firms responding, 46 percent reported that they had shifted their product mix or styling, 44 percent indicated that they had developed a new marketing strategy, and 37 percent said that they had improved their sales operations between 1977 and 1980. However, the adaptation of process innovations received less emphasis. Only 27 percent of the firms stated that they had adopted new labor-saving equipment or processes during 1977-80.

There is evidence that joint efforts by the industry and the Commerce Department have helped some domestic producers develop new markets for their products outside the United States. Partly as a result of assistance by Commerce in sponsoring trade missions and shows in foreign countries and in teaching U.S. producers how to compete in foreign markets, U.S. exports of nonrubber footwear rose from \$35 million in 1977 to \$112 million in 1980.

The overall effectiveness of the OMA's in helping producers adjust to import competition is difficult to assess. Even though the industry's efforts to compete as measured by its capital and research and development outlays have been modest, it is possible that its performance would have been even weaker if the orderly marketing agreements with Korea and Taiwan had not been in effect. However, the industry's recent successful efforts to develop new foreign markets cannot be readily attributed to the relief afforded by the OMA's.

Section 202(c)(4) directs that consideration be given to--

the effect of import relief on consumers (including the price and availability of the imported article and the like or directly competitive article produced in the United States) and on competition in the domestic markets for such articles . . .

Since the OMA's have restricted the supply of nonrubber footwear imports from Taiwan and Korea, they have probably contributed to the sharp rise in prices of imports from these countries. During 1977-80, the average unit value of nonrubber footwear from Taiwan rose by 107 percent, from \$2.08 to \$4.31 per pair, and the average unit value of footwear from Korea rose by 81 percent, from \$3.91 to \$7.09 per pair. In contrast, the average unit value of imports from all other countries increased by only 7 percent, from \$7.16 to \$7.67 per pair, during this period.

A major difficulty in determining the total cost to consumers that has resulted from the OMA's is estimating the imports of nonrubber footwear from Taiwan and Korea which would have occurred in the absence of these agreements. A possible approach is to assume that Taiwan and Korea would have maintained their 1976 import market shares during 1977-80 in the absence of OMA's. During 1976 Taiwan accounted for 42.3 percent of nonrubber footwear imports, and Korea accounted for 11.4 percent. If these shares had prevailed during 1980, Taiwan's imports would have amounted to 154.7 million pairs (the actual quantity was 144 million), and Korea's projected imports would have reached 41.7 million pairs (the actual quantity was 37.1 million).

Combining this information with the 1980 unit value data for imports from Taiwan and Korea described earlier, and further assuming that an import price elasticity for nonrubber footwear of -1.5 is reasonable, it can be estimated that prices of imports from Taiwan were 4.6 percent higher and those from Korea were 7.3 percent higher than they would have been without the OMA's. Therefore, in the absence of the OMA's, the unit value of imports from Taiwan would have been only \$4.12 instead of \$4.31, and that of imports from Korea would have been \$6.60 rather than \$7.09. Using the standard welfare triangle approach, total costs of the OMA's to consumers during 1980 can be estimated at \$48 million. 1/

A possible shortcoming in these estimates, as well as in the more elaborate estimates developed by the Federal Trade Commission and by Dr. Charles Pearson for the Taiwan Footwear Manufacturers Association, which were

1/ The estimated consumer costs can be broken into two components, the windfall gains accruing to foreign manufacturers and the deadweight losses to consumers. The windfall gains were calculated for each country by subtracting the estimated unit values for 1980 from the actual values and multiplying the difference by the actual quantity of imports during 1980. The deadweight loss is equal to half the quantity obtained by multiplying the difference between actual and estimated unit values by the difference between actual and estimated imports.

discussed in the briefs and at the public hearing, is that they assume that the product mix offered by Taiwan and Korea remained reasonably constant during the OMA period. If these countries substantially upgraded their product mix, as some information suggests, the consumer cost estimates are not reliable. Unfortunately, conclusive evidence relating to the extent of this upgrading of products is not available. However, if major changes did occur, then the OMA's have caused a significant distortion of the import mix, which in turn has reduced the amount of low-cost footwear that would otherwise have been available. Although the cost to the consumer of such a distortion is indeterminate, it could easily be substantial.

Sections 202(c)(5) and (6) directs that consideration be given to--

the effect of import relief on the international economic interests of the United States;

the impact on United States industries and firms as a consequence of any possible modification of duties or other import restrictions which may result from international obligations with respect to compensation . . .

Since OMA's are negotiated outside the General Agreement on Tariffs and Trade (GATT), the GATT rules relating to compensation do not apply, even though compensation could be a part of a particular OMA package. Compensation was not requested by either Korea or Taiwan when the OMA's were negotiated; it is not known if compensation would be requested by either country if a renewal of the agreements was sought by the United States. However, since Taiwan and Korea are both strongly opposed to a continuation of these agreements, the possibility of compensation rising as an issue cannot be ruled out. Since both are major U.S. trading partners, many different U.S. industries could be affected by duty reductions if compensation was agreed upon.

Section 202(c)(7) directs that consideration be given to--

the geographic concentration of imported products marketed in the United States . . .

There is no geographic concentration of imports at the retail level. After entering the United States through all the major coastal ports, non-rubber footwear imports are marketed to consumers primarily through department stores and footwear retail outlets. Therefore, if relief is continued, costs to consumers in all regions of the country would be roughly equivalent.

Section 202(c)(8) directs that consideration be given to--

the extent to which the United States market is the focal point for exports of such article by reason of restraints on exports of such article to, or on imports of such article into, third country markets . . .

An examination of the worldwide pattern of tariffs, quotas, taxes, and other barriers to trade in nonrubber footwear suggests that the United States is one of the most open markets in the world, despite its current import restrictions. Tariffs in other industrial countries are generally as high as or higher than those in the United States, and many of these countries have imposed formidable nontariff barriers to footwear imports. The U.S. import duties of 6 to 20 percent ad valorem are equal to EEC duties, are generally lower than Japanese duties, which range from 8 to 30 percent, and are well below Canadian duties, which range from 22.5 to 40 percent. At the same time, Japan and Canada both maintain quotas on nonrubber footwear imports from all sources, while the Benelux countries, Denmark, West Germany, Italy, Ireland, and the United Kingdom impose quotas on selected nonrubber footwear items from various Eastern European countries and China. In addition, the United Kingdom applies a quota to leather footwear imports from Taiwan and also enforces voluntary restraint agreements which apply to nonrubber footwear imports from Korea, Poland, Czechoslovakia, and Romania.

Developing nations also impose extensive restrictions on footwear imports. Except for Singapore and Hong Kong, which allow free trade in nonrubber footwear, Asian countries generally impose high tariffs and restrictions or outright bans on imports of these articles. Korea imposes import duties of 60 percent, and duties in Taiwan range from 25 to 85 percent. Similarly, with the exception of Argentina and Chile, duties in Latin American countries are high, and most of these countries impose prior deposit restrictions, import licenses, or other types of nontariff barriers.

In view of the formidable array of high tariffs and import restrictions on footwear imports that apply in most countries, it is not surprising that the United States is still the largest single outlet for exports of Korean and Taiwan footwear, despite the orderly marketing agreements. The other principal shoe-exporting countries also regard the United States as an important market for their products.

According to information presented during the hearing, pressures are mounting within the EEC to further tighten restrictions on shoe imports from Taiwan and Korea. If more members of the EEC impose quotas or voluntary restraint agreements on these Asian suppliers, the U.S. market could become an even more important market for them in the future. At present, the United States absorbs between 50 and 60 percent of all exports from Korea and Taiwan.

Section 202(c)(9) directs that consideration be given to--

the economic and social costs which would be incurred by taxpayers, communities and workers, if import relief were or were not provided . . .

Despite the OMA's, domestic shipments, production, and employment have generally trended downward since these agreements have been in effect. In turn, outlays for firms and workers under the trade adjustment assistance program and the Footwear Industry Revitalization Program have been substantial, as noted in other sections of the report. It is possible that these outlays would have been even greater and the decline in employment in major producing States such as New York, Pennsylvania, and Massachusetts even more severe in the absence of import relief.

APPENDIX A

PRESIDENTIAL PROCLAMATION NO. 4510 AND ANNEX, COPIES OF THE
ORDERLY MARKETING AGREEMENTS WITH TAIWAN AND KOREA,
RELATED PRESIDENTIAL STATEMENTS, AND RELATED CORRESPONDENCE

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B. The modifications of subpart A of part 2 of the Appendix to the TSUS, made by this proclamation, shall be effective as to articles entered, or withdrawn from warehouse, for consumption on and after the date of publication of this proclamation in the FEDERAL REGISTER.

IN WITNESS WHEREOF, I have hereunto set my hand this fifteenth day of June in the year of our Lord nineteen hundred and seventy seven, and of the Independence of the United States of America the two hundred and first.

JIMMY CARTER

Proclamation 4510

June 22, 1977

Implementation of Orderly Marketing Agreements—and the Temporary Quantitative Limitation on the Importation Into the United States of Certain Footwear

By the President of the United States

A Proclamation

1. On February 8, 1977, the United States International Trade Commission (USITC) reported to the President (USITC Publication 799) the results of its investigation under section 201(b) of the Trade Act (19 U.S.C. 2251(b)) (the Trade Act). The USITC determined that footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, and 700.60, and disposable footwear designed for one-time use provided for in item 700.85) of the Tariff Schedules of the United States (TSUS), are being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry producing articles like or directly competitive with the imported articles. The USITC recommended the imposition of certain tariff rate quotas on imports of the above specified articles.

2. On April 1, 1977, pursuant to section 202(b)(1) of the Trade Act (19 U.S.C. 2252(b)(1)), and after taking into account the considerations specified in section 202(c) of the Trade Act (19 U.S.C. 2252(c)), I determined to remedy the injury found to exist by the USITC through the negotiation of orderly marketing agreements with appropriate suppliers of footwear, as authorized by section 203(a)(4) of the Trade Act (19 U.S.C. 2253(a)(4)); and announced my intention to negotiate such agreements calling for limits on the export from certain foreign countries, and the import into the United States, of certain footwear. On April 1, 1977, in accordance with section 203(b)(1) of the Trade Act (19 U.S.C. 2253(b)(1)), I transmitted a report to the Congress setting forth my determination and intention to negotiate orderly marketing agreements and stating the reasons why my decision differed from the action recommended by the USITC.

3. Section 203(e)(1) of the Trade Act (19 U.S.C. 2253(e)(1)) requires that import relief be proclaimed and take effect within 90 days after a Presidential determination to negotiate orderly marketing agreements.

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4. Pursuant to the authority vested in the President by the Constitution and the statutes of the United States, including section 203(a)(4) of the Trade Act (19 U.S.C. 2253(a)(4)), orderly marketing agreements were concluded on June 14, 1977, between the Government of the United States of America and the Government of the Republic of China, and on June 21, 1977, between the Government of the United States of America and the Government of the Republic of Korea, limiting the export from the Republics of China and Korea, respectively, and the import into the United States, of footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and disposable footwear designed for one-time use provided for in item 700.85) of the TSUS.

5. Pursuant to section 203(k)(1) of the Trade Act (19 U.S.C. 2253(k)(1)), I have considered the relation of such actions to the international obligations of the United States.

6. In accordance with section 203(d)(2) of the Trade Act (19 U.S.C. 2253(d)(2)), I have determined that the level of import relief hereinafter proclaimed permits the importation into the United States of a quantity or value of articles which is not less than the average annual quantity or value of such articles imported into the United States from the Republic of Korea, and from the Republic of China, in the 1974-1976 period, which I have determined to be the most recent representative period for imports of such articles.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, acting under the authority vested in me by the Constitution and statutes of the United States, including section 203 of the Trade Act (19 U.S.C. 2253), and section 301 of title 3, United States code, do hereby proclaim:

(1) Orderly marketing agreements were entered into on June 14, 1977, and June 21, 1977, between the Government of the United States of America and the Government of the Republic of China and the Government of the Republic of Korea, respectively, with respect to trade in certain footwear, effective June 28, 1977. The orderly marketing agreements account for a major part of the United States imports of the articles covered by the agreements. Said orderly marketing agreements are to be implemented according to their terms and as directed in this proclamation, including the Annex thereto.

(2) Subpart A, part 2 of the Appendix to the TSUS is modified as set forth in the Annex to this proclamation.

(3) The President's authority under section 203(e)(2) of the Trade Act (19 U.S.C. 2253(e)(2)), to negotiate orderly marketing agreements with other foreign suppliers after import relief goes into effect is hereby delegated to the Special Representative for Trade Negotiations (hereinafter referred to as the "Special Representative"). The President's authority under section 203(e)(3) of the Trade Act (19 U.S.C. 2253(e)(3)) to determine that any agreement negotiated pursuant to section 203(a)(4) or 203(e)(2) of the Trade Act (19 U.S.C. 2253(a)(4) and (e)(2)) is no longer effective is hereby delegated to the Special Representative, to be exercised in conformity with paragraph (4)(a) below. In the event of such a determination, the Special Representative shall prepare any proclamations that may be appropriate to implement import relief authorized by section 203(e)(3) of the Trade Act (19 U.S.C. 2253(e)(3)). The President's authority in section 203(g)(1) and (2) of the Trade Act (19 U.S.C. 2253(g)(1) and (2)) to prescribe regulations governing the entry,

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or withdrawal from warehouse, for consumption of articles covered by the orderly marketing agreements and to issue rules and regulations governing the entry, or withdrawal from warehouse, for consumption of like articles which are the product of countries not parties to such agreements, has been delegated to the Secretary of the Treasury pursuant to section 5(b) of Executive Order No. 11846. Such authority shall be exercised by the Secretary of the Treasury, upon direction by the Special Representative in consultation with representatives of member agencies of the Trade Policy Staff Committee.

(4) In exercising the authority delegated in paragraph (3) above, the Special Representative shall, in addition to other necessary actions, institute the following actions:

(a) Should the export restraint levels specified in the orderly marketing agreements described in paragraph (1) above, and in the Annex to this proclamation be exceeded, or should imports from countries not parties to such agreements increase in such quantities as to disrupt the effectiveness of the orderly marketing agreements, the Special Representative, after consultation with representatives of member agencies of the Trade Policy Staff Committee, may make a determination that for the purposes of section 203(e) (3) of the Trade Act the orderly marketing agreements do not continue to be effective.

(b) Beginning on June 28, 1977, if during any restraint period the quantity of imports of footwear of the types covered by the agreements, from countries other than the Republic of China and the Republic of Korea, appear likely to disrupt the effectiveness of the provisions of the orderly marketing agreements described in paragraph (1) above, the Special Representative may initiate consultations with those countries responsible for such disruptions and may prevent further entry of such articles for the remainder of that restraint period or may otherwise moderate or restrict imports of such articles from such countries pursuant to section 203(g) (2) of the Trade Act. Before exercising this authority, the Special Representative shall consult with representatives of the member agencies of the Trade Policy Staff Committee.

(c) Should the Special Representative determine, pursuant to this proclamation, to institute import restrictions on articles entered, or withdrawn from warehouse, for consumption from countries other than the Republic of China or the Republic of Korea pursuant to this proclamation, such action shall become effective not less than eight days after such determination and any necessary changes in the TSUS have been published in the FEDERAL REGISTER.

(5) The Special Representative shall take such actions and perform such functions for the United States as may be necessary concerning the administration, implementation, modification, amendment or termination of the agreements described in paragraph (1) of this proclamation, and any actions and functions necessary to implement paragraphs (3) and (4) of this proclamation. In carrying out his responsibilities under this paragraph the Special Representative is authorized to delegate to appropriate officials or agencies of the United States authority to perform any functions necessary for the administration and implementation of the agreements or actions. The Special Representative is authorized to make any changes in Part 2 of the Appendix to the TSUS which may be necessary to carry out the agreements or actions. Any such changes in the agreements shall be effective on or after their publication in the FEDERAL REGISTER.

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(6) The Commissioner of Customs shall take such actions as the Special Representative shall determine are necessary to carry out the agreements described in paragraph (1) of this proclamation, and to implement any import relief implemented pursuant to paragraphs (3) and (4) of this proclamation, or any modification thereof, with respect to the entry, or withdrawal from warehouse, for consumption into the United States of products covered by such agreements or by such other import relief.

(7) This proclamation shall be effective as of June 28, 1977, and shall continue in force through June 30, 1981, unless the period of its effectiveness is earlier expressly modified or terminated.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-second day of June in the year of our Lord, nineteen hundred and seventy seven, and of the Independence of the United States of America the two hundred and first.

JIMMY CARTER

ANNEX

Subpart A, part 2 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is modified—

(a) by adding the following new headnote:

"3. *Quantitative limitation on certain footwear.*—The provisions of this headnote apply to items 923.90 through 923.94, inclusive, of this subpart. The quantitative import limitations imposed are in addition to the duties provided for the restrained articles in schedule 7, part 1A. The import restrictions provided for in this subpart do not apply to footwear with an aggregate value not over \$100 in any shipment, if imported for the personal use of the importer.

(a) *Definitions.*—For the purposes of this subpart—

(i) the term "*footwear*" means all the footwear provided for in schedule 7, part 1A, except the following: footwear provided for in items 700.51 through 700.54, item 700.60, item 700.75, and disposable footwear, designed for one-time use, provided for in item 700.85;

(ii) the term "*athletic footwear*" means footwear of special construction for baseball, football, soccer, track, skating, skiing, and other athletic games, or sports; and

(iii) the term "*restraint period*" refers to the period beginning June 28, 1977, and ending June 30, 1978, and thereafter to the three subsequent 12-month periods beginning July 1 in one year and ending at the close of June 30 of the following year.

(b) *Export visa.*—None of the footwear provided for herein exported on or after June 28, 1977, from the foreign countries involved may be entered unless such footwear is accompanied by an appropriate export visa issued by the government of the exporting country.

(c) *Footwear in bonded warehouse.*—All footwear exported from the Republic of China that is in bonded warehouse as of May 14, 1977, and all footwear exported from the Republic of Korea that is in bonded warehouse as of May 16, 1977, may be withdrawn for consumption without an export visa on or before the 20th day following the date of publication in the FEDERAL REGISTER of the orderly marketing agreements concerning footwear negotiated with such countries. Thereafter such footwear may be withdrawn for consumption only if it is accompanied by an appropriate export visa issued by the government of the exporting country.

(d) *Footwear exported prior to June 28, 1977.*—All footwear not covered by paragraph (c), which was exported from the foreign country involved prior to June 28, 1977, may be entered prior to September 1, 1977, without the requirement of export visas, provided that all such footwear entered on or after June 1, 1977, in excess of 33 million pairs from the Republic of China and 9 million pairs from the Republic of Korea shall be counted against the respective restraint levels for the first restraint period by pro-rating such imports among the respective

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TSUS items for each country as follows: For the Republic of China, item 923.90, 8 percent, item 923.91, 86 percent, and item 923.92, 6 percent; and for the Republic of Korea, item 923.93, 35 percent, and item 923.94, 65 percent. No such footwear may be entered on or after September 1, 1977, unless accompanied by an appropriate export visa issued by the exporting country and such footwear shall be counted against the applicable restraint levels.

(e) *Footwear exported and entered in different restraint periods.*—Footwear which is exported from the foreign country during one restraint period, but is entered more than 90 days following the beginning of the subsequent restraint period, shall be counted against the restraint levels for that subsequent restraint period. Footwear, which is exported from the foreign country during one restraint period in excess of the restraint level for such item for such period, may be entered after the beginning of the next restraint period and shall be counted against the restraint level for such item for such subsequent restraint period.

(f) *Carryover.*—Except as provided for in paragraph (h), if the restraint level for any item has not been filled for a restraint period, upon appropriate request of the foreign government involved, the shortfall may be entered under the same item during the following restraint period provided that the amount of shortfall so entered does not exceed 11 percent of the restraint level for the restraint period during which the shortfall occurred. If, in accordance with the provisions of paragraph (ij), all or part of a restraint level of any item has been reallocated to the restraint level of one or more of the other items, such amount will not be considered a shortfall, and therefore is not available for carryover.

(g) *Exceeding restraint levels.*—Upon appropriate request of the foreign government involved, restraint levels for each item may be exceeded by not more than 6 percent during any one restraint period, except as provided for in paragraph (h). If a restraint level is exceeded during a restraint period, the Special Representative for Trade Negotiations shall make a downward adjustment of the restraint level for the next succeeding restraint period in the absolute amount the preceding restraint level was exceeded.

(h) *Limitation on paragraphs (f) and (g).*—Paragraphs (f) and (g) may not be used in combination to increase the restraint level applicable to any item in any restraint period by more than 11 percent.

(ij) *Adjustments.*—Upon appropriate request of the foreign government involved for an adjustment of the restraint levels between items as provided for herein, the Special Representative for Trade Negotiations shall adjust the restraint level accordingly, such adjustments to be effective on and after the date of their publication in the FEDERAL REGISTER. Except as provided for later in this paragraph, an upward adjustment in a restraint level for exports from a foreign country shall not exceed the percentage of the respective base limit shown below and must be accompanied by a downward adjustment in the same absolute amount of the restraint level applicable to one or more of the other items set forth in the table below for exports during the same restraint period from the foreign country involved. The Special Representative for Trade Negotiations may, in his discretion, permit an upward adjustment of not over 50 percent of any restraint level applicable to item 923.92 in any restraint period provided that the restraint levels applicable to items 923.90 or 923.91 in the same restraint period are reduced by the same absolute amount.

Item	Restraint periods							
	June 28, 1977– June 30, 1978		July 1, 1978– June 30, 1979		July 1, 1979– June 30, 1980		July 1, 1980– June 30, 1981	
	Base limit	Maximum increase	Base limit	Maximum increase	Base limit	Maximum increase	Base limit	Maximum increase
	<i>1,000 pairs</i>	<i>Percent</i>	<i>1,000 pairs</i>	<i>Percent</i>	<i>1,000 pairs</i>	<i>Percent</i>	<i>1,000 pairs</i>	<i>Percent</i>
923.90	9,760	10	10,000	10	10,240	10	10,480	10
923.91	104,680	10	107,250	10	109,820	10	112,400	10
923.92	7,560	15	7,750	15	7,940	15	8,120	15
923.93	11,520	10	12,740	10	13,090	10	13,260	10
923.94	21,400	15	23,760	15	24,410	15	24,740	15"

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(k) *United States International Trade Commission (USITC) reports and surveys.*—The USITC shall issue reports and conduct surveys with respect to footwear as follows:

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(i) *Quarterly*.—Reports by calendar quarter showing monthly data on U.S. production, imports for consumption, apparent U.S. consumption, employment and prices. The initial report shall cover 1975, 1976 and the first two quarters of 1977; the last such report shall cover the quarter which ends not less than 60 days prior to the termination of the import relief. The reports shall be published within 60 days of the end of a quarter.

(ii) *Annually*.—Annual surveys to obtain from domestic producers data on profits, orders, capacity, inventories, prices, capital expenditures, and research and development expenditures; and to obtain from importers data on prices, orders, and inventories. The initial survey shall cover the calendar year 1976 and the calendar year 1977, and the results shall be published by May 31, 1978. The results of subsequent surveys shall be published by May 31 of each year thereafter so long as the import relief is in effect.

(b) by inserting in numerical sequence the following new provisions:

"Item"	Articles	Quota Quantity (in 1,000 pairs)			
		Exported on or after—			
		June 28, 1977	July 1, 1978	July 1, 1979	July 1, 1980
	Whenever the respective aggregate quantity of footwear specified below for items 923.90 through 923.94, inclusive, the product of a specified foreign country, has been exported in any restraint period from that country and has been entered, no article in such item the product of such country exported during such restraint period may be entered, except as provided in headnote 3:				
	Republic of China:				
923. 90	Footwear provided for in items 700.05 through 700.45.....	9, 760	10, 000	10, 240	10, 480
923. 91	Footwear provided for in item 700.58.....	104, 680	107, 250	109, 820	112, 400
923. 92	Footwear provided for in items 700.66 through 700.85 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.85).....	7, 560	7, 750	7, 940	8, 120
	Republic of Korea:				
923. 93	Footwear (except athletic footwear) provided for in items 700.05 through 700.45.	11, 520	12, 740	13, 090	13, 260
923. 94	Athletic footwear provided for in items 700.05 through 700.45, and footwear provided for in item 700.58 and items 700.66 through 700.85 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.85).....	21, 480	23, 760	24, 410	24, 740"

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OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

NON-RUBBER FOOTWEAR

Orderly Marketing Agreements Between the United States of America and the Republic of China and the Republic of Korea

Set forth below are texts of the orderly marketing agreements that were signed by the Special Representative for Trade Negotiations, on behalf of the Government of the United States, and by representatives of the Governments of the Republics of China and Korea, limiting the export from those two countries and the import into the United States of certain non-rubber footwear. The agreement with the Republic of China was signed on June 14, 1977, and the agreement with the Republic of Korea was signed on June 21, 1977.

Attention is directed particularly to paragraph 2(d)(1) of each agreement, and to the corresponding new paragraph 3(c) added to Subpart A, part 2 of the Appendix to the Tariff Schedules of the United States by the Annex to the proclamation set forth above. Those provisions specify that non-rubber footwear articles covered by the agreement that were exported from the Republic of China and were in bonded warehouse as of May 14, 1977, and those that were exported from the Republic of Korea and were in bonded warehouse as of May 16, 1977, may be withdrawn from consumption on or before the 20th day following the date of this publication without an export visa and without being counted against any import restraint levels. After the 20th day following the date of this publication, such articles can be entered for consumption only if they are accompanied by an appropriate export visa, issued by the government of the exporting country, and will be counted against the appropriate restraint level applicable to the restraint period in which they are withdrawn.

EMBASSY OF THE REPUBLIC OF CHINA
EMBASSY OF THE REPUBLIC OF KOREA
Washington, D.C., June 14, 1977.

EXCELLENCY:

I have the honor to refer to the recent discussions between representatives of the Government of the Republic of China and the Government of the United States of America with respect to exports from the Republic of China of non-rubber footwear. I have further the honor to confirm that the Government of the Republic of China will implement the measures and obligations to which it has agreed, under the following provisions:

1. The Government of the Republic of China will administer its control over exports to the United States from the Republic of China of non-rubber footwear as defined in Annex A (hereinafter referred to as "non-rubber footwear"), at the levels set forth in Annex B, for the period from June 28, 1977, through June 30, 1978, and thereafter from July 1, 1978 through June 30, 1981.

2. The Government of the United States of America will assist the Government of the Republic of China in implementing its control over exports of non-rubber footwear to the United States at the levels set forth in Annex B as follows:

His Excellency, ROBERT S. STRAUSS,
The Special Representative for Trade Negotiations, Washington, D.C.

(a) All non-rubber footwear articles exported from the Republic of China to the United States on or after June 28, 1977, will be counted against the restraint levels applicable to the restraint period in which they are exported.

(b) Except as provided in paragraphs 4 and 5, in the event that the restraint level set forth in Annex B is reached for a category prior to the end of a restraint period, the Government of the United States of America will delay further importation in the category affected until after the end of that restraint period.

(c) All non-rubber footwear articles exported from the Republic of China on or after June 28, 1977, will be denied importation for consumption by the United States unless such articles have been issued an export visa by the Government of the Republic of China.

(d) (1) All non-rubber footwear articles exported from the Republic of China that are in bonded warehouses as of May 14, 1977, may be withdrawn from warehouse for consumption on or before the 20th day following the date of publication of the Agreement embodied in these Notes. Thereafter, such articles may be withdrawn from warehouse for consumption only if they have been issued export visas by the Government of the Republic of China.

(2) All other non-rubber footwear articles exported from the Republic of China prior to June 28, 1977, may be entered for consumption in the United States prior to September 1, 1977, provided that all such articles entered for consumption on or after June 1, 1977, in excess of 33 million pairs will be counted against the restraint levels for the first restraint year by pro-rating them among the categories specified in Annex B according to the percentages of the total annual restraint level comprised by each category.

(e) Exceptions to the specification in subparagraph (a) above that imports are to be counted against restraint levels for the restraint period in which they are exported may be made in order to (1) permit imports that are exported in one restraint period, but that are not imported for consumption until more than 90 days following the beginning of the subsequent restraint period, to be counted against the restraint levels for that subsequent restraint period; and (2) permit imports that were exported in one restraint period, but that were denied entry in that restraint period pursuant to subparagraph (b) above, to be counted against the restraint levels for the subsequent restraint period.

3. The Government of the Republic of China will use its best efforts to space exports of non-rubber footwear to the United States within each category evenly throughout the restraint period, taking into consideration normal seasonal factors.

4. (a) In the event a shortfall occurs with respect to a restraint level for a category during a restraint period, carryover may be made to the next annual restraint period of up to 11 percent of that restraint level in the previous period, but not in excess of the actual shortfall. Shortfalls in one category may not be applied to any other category.

(b) If, in accordance with paragraph 5, part of a restraint level of any category has been reallocated to the restraint level of another category, such amount will not be considered a shortfall and hence would not be available for carryover.

(c) The restraint levels for each category may be exceeded by not more than 6 percent

in any one restraint period. Any restraint level that is exceeded in one restraint period will be reduced for the subsequent restraint period by the amount by which it was exceeded.

(d) Subparagraph (a) and (c) may not be used in combination to increase the restraint level applicable to any category in any restraint period by more than 11 percent.

(e) The Government of the Republic of China will provide timely notice to the Government of the United States of America of its intention to exercise the rights provided in subparagraphs (a) or (c) above, and the Government of the United States of America will endeavor to make appropriate adjustments in the applicable restraint levels.

5. (a) The restraint level specified in Annex B for leather footwear and for plastic footwear may be exceeded in a restraint period by no more than 10 percent of the total restraint level applicable to that category for that period, and the restraint level specified in Annex B for the category designated "Other" may be exceeded in a restraint period by no more than 15 percent of the total restraint level applicable to that category for that period, provided that the restraint level applicable to one or more other categories in the same restraint period is reduced by the same absolute amount.

(b) Following notification by the Government of the Republic of China at the earliest possible date of its intention concerning subparagraph (a) above, the Government of the United States of America will make appropriate adjustments of the applicable restraint levels.

6. The Government of the United States of America will notify the Government of the Republic of China as soon as possible should it become necessary for the Government of the United States of America to delay importation in any category due to filing of the applicable restraint level.

7. Commencing three months prior to the end of the second restraint period, and annually thereafter, the Government of the Republic of China and the Government of the United States of America may consult with respect to the possibility of adjusting upward, for the latter part of the second and subsequent restraint periods, the restraint levels specified in Annex B. In any consultations conducted pursuant to this paragraph, the Government of the United States of America shall take into account, inter alia, the state of its domestic footwear industry.

8. The Government of the Republic of China will promptly supply the Government of the United States of America with data on monthly exports to the United States of non-rubber footwear as such data become available. The Government of the United States of America will supply the Government of the Republic of China with data on monthly imports of non-rubber footwear, by principal countries of origin, as such data become available. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government. In accordance with current practice, United States data will be used in determining the necessity for delay by the Government of the United States of America of any imports pursuant to these Notes.

b. (a) Consultations between the Government of the Republic of China and the Government of the United States of America with respect to the implementation of these Notes will be held at least once annually.

(b) Either Government may request consultations at any time on any matters arising from the provisions of these Notes, including, inter alia, any problems that may arise relating to circumventions of the Agree-

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ment embodied in these Notes. Such consultations will take place at a mutually convenient time not later than thirty days from the date on which such request is made, unless otherwise mutually agreed.

(c) Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising in the implementation of these Notes, including differences in points of procedure or operation.

10. (a) If the Government of the Republic of China considers that, as a result of the application of the provisions of these Notes, the Republic of China is placed in an inequitable position vis-a-vis other major exporting countries in respect of exports to the United States of non-rubber footwear, the Government of the Republic of China may initiate consultations with the Government of the United States of America.

(b) The Government of the United States of America will take appropriate remedial measures in the event that it is agreed that United States imports of non-rubber footwear from other major exporting countries have increased rapidly to the disadvantage of producers in the Republic of China.

11. Any rights of trade retaliation that the Government of the Republic of China may have under existing treaties or commercial arrangements will not be exercised with respect to measures taken by the Government of the United States of America pursuant to these Notes.

12. The two Governments may amend the provisions of these Notes if such amendments are mutually agreeable.

13. No provision of these Notes will be construed as applying to prices or production of non-rubber footwear, or allocation of shipments among firms selling (except that it is recognized that such allocations may be deemed necessary and therefore directed by the Government of the Republic of China in its implementation of the provisions of these Notes) or buying non-rubber footwear.

14. Either Government may terminate the provisions of these Notes by giving sixty days prior written notice to the other Government.

15. The foregoing provisions of these Notes will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

I have further the honor to request Your Excellency to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions, and to propose that this Note and Your Excellency's Note in reply will constitute an agreement between the two Governments as characterized by the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.

JAMES C. H. SHEN,
Ambassador of the
Republic of China.

ANNEX A

The following items from the Tariff Schedules of the United States Annotated (as revised May 1, 1978) are covered by the provisions of the Agreement:

Footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and disposable footwear designed for one-time use provided for in item 700.85), of the Tariff Schedules of the United States (TSUS).

ANNEX B

The Government of the Republic of China will apply restraints on exports to the United States of non-rubber footwear as defined in Annex A during the period specified at the levels indicated.

Exports for period

[In million pairs]

Category	Period 1	Period 2	Period 3	Period 4
T1 leather ¹	9.76	10.0	10.24	10.48
T2 plastic ²	104.68	107.25	109.82	112.40
T3 other ³	7.56	7.75	7.94	8.12
Total.....	122.00	125.00	128.00	131.00

¹ Category T1 consists of leather footwear provided for in TSUS item Nos. 700.05 through 700.45, inclusive.

² Category T2 consists of plastic footwear provided for in TSUS item No. 700.58.

³ Category T3 consists of footwear of other materials provided for in TSUS item Nos. 700.66, 700.68, 700.70, 700.80, 700.83, and 700.85 (except 700.8510).

THE SPECIAL REPRESENTATIVE FOR

TRADE NEGOTIATIONS

Washington, D.C., June 14, 1977.

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows: . . .

[EDITORIAL NOTE: The text of the preceding Note from the Ambassador of the Republic of China, including Annexes A and B, follows.]

I have further the honor to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions and to agree that your Excellency's Note and this Note will constitute an agreement between the two Governments as characterized in the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.

ROBERT S. STRAUSS,
The Special Representative
for Trade Negotiations.

AGREED MINUTES

The representatives of the Government of the Republic of China and the Government of the United States of America wish to record the following understanding concerning the Notes exchanged on June 14, 1977.

1. It is understood that paragraph 10 includes countries that agree to limit exports of non-rubber footwear to the United States at approximately the same time that the Republic of China undertakes such an agreement.

2. In accordance with assurances that have been received by the Government of the United States of America, it is understood that there will not, as a result of this Agreement, be major shifts away from the normal pattern of exports to the United States in non-rubber footwear by type, material, or price range. It is further understood that shifts in exports of non-rubber footwear among types, materials, and price ranges that reflect market trends in the United States will not be considered major shifts in the sense of this paragraph.

3. It is understood that in the event that the Government of the United States of America considers that major shifts of the type described in the preceding agreed minutes have occurred, it may initiate consultations with a view toward the prompt resolution of such problems.

4. In the technical administration of the Agreement embodied in these Notes, the Government of the United States of America will be guided generally by the procedures used to implement the Agreement between the United States of America and the Republic of China Regarding International Trade in Textiles.

5. It is understood that nothing in this agreement shall affect the unilateral right of the Government of the United States of America, acting in accordance with its domestic law, to take actions affecting imports of non-rubber footwear from countries other than the Republic of China.

6. It is understood that the Government of the United States of America may, in its discretion, permit shifts into the category "Other" greater than those provided for in paragraph 5(a), up to a total of 50 percent of that category, provided that the restraint levels applicable to one or more other categories in the same restraint period are reduced by the same absolute amount.

For the Government of the United States of America:

ROBERT S. STRAUSS,
The Special Representative
for Trade Negotiations.

For the Government of the Republic of China:

JAMES C. H. SHEN,
Ambassador of the
Republic of China.

Washington, D.C., June 14, 1977.

EMBASSY OF THE REPUBLIC OF KOREA,

Washington, D.C., June 21, 1977.

His Excellency ROBERT S. STRAUSS,
The Special Representative for Trade Negotiations, Washington, D.C.

EXCELLENCY: I have the honor to refer to the recent discussions between representatives of the Government of the Republic of Korea and the Government of the United States of America with respect to exports from the Republic of Korea of non-rubber footwear. I have further the honor to confirm that the Government of the Republic of Korea will implement the measures and obligations to which it has agreed, under the following provisions:

1. The Government of the Republic of Korea will administer its control over exports to the United States from the Republic of Korea of non-rubber footwear as defined in Annex A (hereinafter referred to as "non-rubber footwear"), at the levels set forth in Annex B, for the period from June 28, 1977, through June 30, 1978, and thereafter from July 1, 1978, through June 30, 1981.

2. The Government of the United States of America will assist the Government of the Republic of Korea in implementing its control over exports of non-rubber footwear to the United States at the levels set forth in Annex B as follows:

(a) All non-rubber footwear articles exported from the Republic of Korea to the United States on or after June 28, 1977, will be counted against the restraint levels applicable to the restraint period in which they are exported.

(b) Except as provided in paragraphs 4 and 5, in the event that a restraint level set forth in Annex B is reached for a category prior to the end of a restraint period, the Government of the United States of America will delay further importation of the category affected until after the end of that restraint period.

(c) All non-rubber footwear articles exported from the Republic of Korea on or after June 28, 1977, will be denied importation for consumption by the Government of the United States of America unless such articles have been issued an export visa by the Government of the Republic of Korea.

(d) (i) All non-rubber footwear articles exported from the Republic of Korea that are in bonded warehouses as of May 18, 1977, may be withdrawn from warehouse for consumption on or before the 20th day follow-

ing the date of publication of the Agreement embodied in these Notes. Thereafter, such articles may be withdrawn from warehouse for consumption only if they have been issued export visas by the Government of the Republic of Korea.

(ii) All other non-rubber footwear articles exported from the Republic of Korea prior to June 28, 1977, may be entered for consumption in the United States prior to September 1, 1977, provided that all such articles entered for consumption on or after June 1, 1977, in excess of 9 million pairs will be counted against the restraint levels for the first restraint year by pro-rating them among the categories specified in Annex B according to the percentages of the total annual restraint level comprised by each category.

(e) Exceptions to the specification in subparagraph (a) above that imports are to be counted against restraint levels for the restraint period in which they are exported may be made in order to (1) permit imports that are exported in one restraint period, but that are not imported for consumption until more than 90 days following the beginning of the subsequent restraint period, to be counted against the restraint levels for that subsequent restraint period; and (2) permit imports that were exported in one restraint period, but that were denied entry in that restraint period pursuant to subparagraph (b) above, to be counted against the restraint levels for the subsequent restraint period.

3. The Government of the Republic of Korea will use its best efforts to space exports of non-rubber footwear to the United States within each category evenly throughout the restraint period, taking into consideration normal seasonal factors.

4. (a) In the event a shortfall occurs with respect to a restraint level for a category during a restraint period, carryover may be made to the next annual restraint period of up to 11 percent of that restraint level in the previous period, but not in excess of the actual shortfall. Shortfalls in one category may not be applied to any other category.

(b) If, in accordance with Paragraph 5, part of a restraint level of any category has been reallocated to the restraint level of another category, such amount will not be considered a shortfall and hence would not be available for carryover.

(c) The restraint levels for each category may be exceeded by not more than 6 percent in any one restraint period. Any restraint level that is exceeded in one restraint period will be reduced for the subsequent restraint period by the amount by which it was exceeded.

(d) Subparagraphs (a) and (c) may not be used in combination to increase the restraint level applicable to any category in any restraint period by more than 11 percent.

(e) The Government of the Republic of Korea will provide timely notice to the Government of the United States of America of its intention to exercise the rights provided in subparagraphs (a) or (c) above, and the Government of the United States of America will make appropriate adjustments in the applicable restraint levels.

5. (a) The restraint level specified in Annex B for leather footwear other than athletic may be exceeded in a restraint period by no more than 10 percent of the total restraint level applicable to that category for that period, and the restraint level specified in Annex B for other footwear may be exceeded in a restraint period by no more than 15 percent of the total restraint level

applicable to that category for that period, provided that the restraint level applicable to the other category in the same restraint period is reduced by the same absolute amount.

(b) Following notification by the Government of the Republic of Korea at the earliest possible date of its intention concerning subparagraph (a) above, the Government of the United States of America will make appropriate adjustments of the applicable restraint levels.

6. The Government of the United States of America will notify the Government of the Republic of Korea as soon as possible should it become necessary for the Government of the United States of America to delay importation in any category due to filling of the applicable restraint level.

7. Commencing three months prior to the end of the second restraint period, and annually thereafter, the Government of the Republic of Korea and the Government of the United States of America may consult with respect to the possibility of adjusting upward, for the latter part of the second and subsequent restraint periods, the restraint levels specified in Annex B. In any consultations conducted pursuant to this paragraph, the Government of the United States of America shall take into account, *inter alia*, the state of its domestic footwear industry.

8. The Government of the Republic of Korea will promptly supply the Government of the United States of America with data on monthly exports to the United States of non-rubber footwear as such data become available. The Government of the United States of America will supply the Government of the Republic of Korea with data on monthly imports of non-rubber footwear, by principal countries of origin, as such data become available. Each Government agrees to supply promptly any other pertinent and readily available statistical data requested by the other Government. In accordance with current practice, United States data will be used in determining the necessity for delay by the Government of the United States of America of any imports pursuant to these Notes.

9. (a) Consultations between the Government of the Republic of Korea and the Government of the United States of America with respect to the implementation of these Notes will be held at least once annually.

(b) Either Government may request consultations at any time on any matters arising from the provisions of these Notes, including, *inter alia*, any problems that may arise relating to circumventions of the Agreement embodied in these Notes. Such consultations will take place at a mutually convenient time not later than thirty days from the date on which such request is made, unless otherwise mutually agreed.

(c) Mutually satisfactory administrative arrangements or adjustments may be made to resolve problems arising in the implementation of these Notes, including differences in points of procedure or operation.

10. (a) If the Government of the Republic of Korea considers that, as a result of the application of the provisions of these Notes, the Republic of Korea is placed in an inequitable position *vis-a-vis* other major exporting countries in respect of exports to the United States of non-rubber footwear, the Government of the Republic of Korea may initiate consultations with the Government of the United States of America.

(b) The Government of the United States of America will take appropriate remedial measures in the event that it is agreed that United States imports of non-rubber footwear from other major exporting countries have increased rapidly to the disadvantage of producers in the Republic of Korea.

11. The rights under Article XIX(3) (a) of the General Agreement on Tariffs and Trade, if invoked by the Government of the Republic of Korea after the termination of the effectiveness of these Notes, will not be exercised with respect to measures taken by the Government of the United States of America pursuant to these Notes prior to such termination.

12. The two Governments may amend the provisions of these Notes if such amendments are mutually agreeable.

13. No provision of these Notes will be construed as applying to prices or production of non-rubber footwear, or allocation of shipments among firms selling (except that it is recognized that such allocations may be deemed necessary and therefore directed by the Government of the Republic of Korea in its implementation of the provisions of these Notes) or buying non-rubber footwear.

14. Either Government may terminate the provisions of these Notes by giving sixty days prior written notice to the other Government.

15. The foregoing provisions of these Notes will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

I have further the honor to request Your Excellency to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions, and to propose that this Note and Your Excellency's Note in reply will constitute an agreement between the two Governments as characterized by the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.

YONG SHIK KIM,
Ambassador.

ANNEX A

The following items from the Tariff Schedules of the United States Annotated (as revised May 1, 1976) are covered by the provisions of the Agreement:

Footwear provided for in items 700.05 through 700.85, inclusive (except items 700.51, 700.52, 700.53, 700.54, 700.60, 700.75, and disposable footwear designed for one-time use provided for in item 700.85), of the Tariff Schedules of the United States (TSUS).

ANNEX B

The Government of the Republic of Korea will apply restraints on exports to the United States of non-rubber footwear as defined in Annex A during the period specified at the levels indicated.

Exports for period

(In million pairs)

Category	Period 1	Period 2	Period 3	Period 4
K1 leather other than athletic ¹	11.52	12.74	13.09	13.26
K2 other ²	21.48	23.76	24.41	24.74
Total.....	33.00	36.50	37.50	38.00

¹ Category K1 consists of leather footwear, other than athletic, provided for in TSUS item Nos. 700.06 through 700.45, except TSUSA item Nos. 700.2800, 700.2920, 700.3505, 700.3515, 700.4305, and 700.4505.

² Category K2 consists of leather athletic footwear provided for in TSUSA item Nos. 700.2800, 700.2920, 700.3505, 700.3515, 700.4305, and 700.4505, and footwear of other materials provided for in TSUS item Nos. 700.58, 700.68, 700.69, 700.70, 700.80, 700.83, and 700.85 (except 700.8510).

NOTICES

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS, Washington, June 21, 1977.

HIS EXCELLENCY YONG SHIK KIM, Ambassador of the Republic of Korea, Washington, D.C.

EXCELLENCY,

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date which reads as follows: . . .

[EDITORIAL NOTE.—The text of the preceding Note from the Ambassador of the Republic of Korea, including Annexes A and B, follows.]

I have further the honor to confirm on behalf of the Government of the United States of America that it will implement its measures and obligations under the above provisions and to agree that Your Excellency's Note and this Note will constitute an Agreement between the two Governments as characterized in the above provisions.

Accept, Excellency, the renewed assurances of my highest consideration.

ROBERT S. STRAUSS, The Special Representative for Trade Negotiations.

AGREED MINUTES

The representatives of the Government of the Republic of Korea and the Government of the United States of America wish to record the following understanding concerning the Notes exchanged on June 21, 1977.

1. It is understood that paragraph 10 includes countries that agree to limit exports of non-rubber footwear to the United States at approximately the same time that the Republic of Korea undertakes such an Agreement.

2. In accordance with assurances that have been received by the Government of the United States of America, it is understood that there will not, as a result of this Agreement, be major shifts away from the normal pattern of exports to the United States in non-rubber footwear by type, material, or price range. It is further understood that shifts in exports of non-rubber footwear among types, materials, and price ranges that reflect market trends in the United States will not be considered major shifts in the sense of this paragraph.

3. It is understood that in the event that the Government of the United States of America considers that major shifts of the type described in the preceding agreed minute have occurred, it may initiate consultations with a view toward the prompt resolution of such problems.

4. In the technical administration of the Agreement embodied in these Notes, the Government of the United States of America will be guided generally by the procedures used to implement the Agreement between the United States of America and the Republic of Korea Regarding International Trade in Textiles.

For the Government of the United States of America.

ROBERT S. STRAUSS, The Special Representative for Trade Negotiations.

For the Government of the Republic of Korea.

YONG SHIK KIM, Ambassador of the Republic of Korea.

Washington, D.C., June 21, 1977.

DIRECTIVES TO THE UNITED STATES CUSTOMS SERVICE REGARDING IMPLEMENTATION OF THE ORDERLY MARKETING AGREEMENTS

The following letters are being furnished to the U.S. Customs Service re-

garding the implementation and administration of the orderly marketing agreements set forth above:

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS Washington, June 21, 1977

COMMISSIONER OF CUSTOMS, Department of the Treasury, Washington, D.C. 20229

DEAR MR. COMMISSIONER:

I would like to draw your attention to paragraph 2(d) (1) of the orderly marketing agreements on non-rubber footwear recently concluded between the Government of the United States and the Governments of the Republics of China and Korea, and to the corresponding new paragraph 3(c) added to Subpart A, part 2 of the Appendix to the Tariff Schedules of the United States by the Annex to the Proclamation implementing those agreements.

Those provisions specify that non-rubber footwear articles covered by the agreement that were exported from the Republic of China and were in bonded warehouse as of May 14, 1977, and those that were exported from the Republic of Korea and were in bond warehouse as of May 16, 1977, may be withdrawn for consumption on or before the 20th day following the date of publication of the orderly marketing agreements in the FEDERAL REGISTER without an export visa and without being counted against any import restraint levels. After the 20th day following the date of such publication, such articles can be withdrawn for consumption only if they are accompanied by an appropriate export visa, issued by the government of the exporting country, and will be counted against the appropriate restraint level applicable to the restraint period in which they are withdrawn.

The Customs Service is requested to take appropriate steps to implement these provisions.

Sincerely,

ROBERT S. STRAUSS.

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Washington, June 21, 1977

COMMISSIONER OF CUSTOMS, Department of the Treasury, Washington, D.C. 20229

DEAR MR. COMMISSIONER:

Pursuant to the Presidential Proclamation implementing import relief on non-rubber footwear, effective June 28, 1977, non-rubber footwear exported on or after June 28, 1977, from the Republic of China and the Republic of Korea shall not be entered, or withdrawn from warehouse, for consumption unless such footwear is accompanied by an appropriate export visa. Also, warehouse withdrawals for consumption of non-rubber footwear exported from the Republic of China that is in bonded warehouse as of May 14, 1977, and non-rubber footwear exported from the Republic of Korea that is in bonded warehouse as of May 16, 1977, will require an export visa if withdrawn for consumption on or after the 21st day following the date of publication in the FEDERAL REGISTER of the orderly marketing agreements negotiated with such countries.

You are directed to enforce the export visa requirements specified in the Presidential Proclamation, including the annex thereto. These requirements apply to that non-rubber footwear imported for consumption into the United States manufactured or produced in Korea or Taiwan, regardless of the country of exportation, and defined in the annex to the Proclamation.

The export visa shall be an original stamp on the special customs invoice showing the correct category and (a) signed by the Chief, Quota Management Division for exports from the Republic of Korea or (b) having an adjacent red seal (stamp) by the Board of Foreign Trade for exports from the Republic of China. Samples of the export visas from these countries are enclosed. The export visa shall also show one of the following category numbers as appropriate:

Table with 2 columns: Country and Category Number. Republic of China: 923.90, Do: 923.91, Do: 923.92, Republic of Korea: 923.93, Do: 923.94

If the category number on the export visa is not correct, entry shall be denied.

Importers whose shipments are denied entry because they are not accompanied by a visa or because of a discrepancy between the actual merchandise and the category indicated on the visa may obtain a visa or get a corrected visa from the seller in the particular country involved.

In the case of shipments from the Republic of Korea, which are denied entry for the reasons cited in the preceding paragraph, the importer may seek assistance from the Commercial Attache, Embassy of Korea, 2320 Massachusetts Avenue, N.W., Washington, D.C. 20008, telephone number 202-483-7383. You are directed to permit entry into the United States for consumption and withdrawal from warehouse for consumption of designated shipments of footwear produced or manufactured in the Republic of Korea and exported to the United States, notwithstanding that the designated shipment or shipments do not meet the aforementioned visa requirements, whenever requested to do so in writing by the embassy of the Republic of Korea. Such shipments shall be charged against the appropriate restraint level.

This letter will be published in the FEDERAL REGISTER.

Sincerely,

ROBERT S. STRAUSS.



SAMPLE

韓國皮革製品輸出組合 理事長 具 滋 斗

韓國皮革製品輸出組合 理事長 金 允 基

American Non-Rubber Footwear Industry

Statement by the President on His Decision To Reject a Tariff Rate Quota and To Grant Import Relief to the Industry. April 1, 1977

I am very reluctant to restrict international trade in any way. For 40 years, the United States has worked for the reduction of trade barriers around the world, and we are continuing to pursue this goal because this is the surest long-range way to create jobs here and abroad. Only problems as extreme as those faced by the American shoe industry could force me to seek even modest mandatory limits on imports. I have seen those special problems firsthand during visits to many shoe plants throughout the country.

The number of firms in the shoe industry dropped from 600 in 1968 to 380 today—a 40% decline. Employment in that same period fell by 30%, which represents a loss of 70,000 jobs. Imports from our two major overseas suppliers have increased by more than 100% in the last 2 years and seem to be increasing even more rapidly in recent months.

I have decided to reject the restrictive tariff rate quota recommended by the International Trade Commission because that recommendation did not fairly balance our concerns for domestic jobs and production, inflationary pressures, and expanded world trade.

But I have also decided to grant import relief to our domestic shoe industry and have therefore instructed Special Trade Representative Robert Strauss to negotiate orderly marketing agreements with the appropriate foreign suppliers of shoes.

Over the long haul, the solution to difficulties in the shoe industry lies not in the restriction of imports but elsewhere—in innovation and modernization of our own production facilities and the financing to make these possible.

The American shoe industry needs an expanded and more effective program of assistance to help it meet foreign competition. I have directed the Secretary of Commerce to work directly with the Secretary of Labor and Ambassador Strauss in developing such a program. Toward this end, these officials will see that existing assistance programs work better.

In addition, I will recommend to Congress within 90 days any legislation which may be needed to provide:

—Technological aid to increase production efficiency and develop new production methods.

—Data and market research to pinpoint new marketing opportunities.

—Assistance for affected communities and workers.

—Help with promotion and marketing services.

—Financial assistance to support these initiatives.

NOTE: On the same day, the President transmitted to the Congress, a report setting forth the reasons for his decision with respect to import relief for the American non-rubber footwear industry.

American Non-Rubber Footwear Industry

The President's Memorandum for the Special Representative for Trade Negotiations. April 1, 1977

MEMORANDUM FOR THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS

SUBJECT: Decision on Non-rubber Footwear Under Section 202(b) of the Trade Act of 1974

Pursuant to section 202(b) of the Trade Act of 1974 (PL 93-618, 88 Stat. 1978), I have determined the action I will take with respect to the report of the U.S. International Trade Commission (USITC) dated February 8, 1977, concerning the results of its investigation on non-rubber footwear. This investigation was undertaken at the request of the Senate Finance Committee.

I have determined that the import relief remedy recommended by the USITC does not provide a balance among the various interests involved. Therefore, I am directing you to negotiate and conclude the necessary agreements with the appropriate foreign exporting countries to moderate the problems caused to our domestic footwear manufacturers, workers, and communities by rapid shifts in foreign exports of non-rubber footwear to the United States. This should be a short term program sufficient to allow the domestic industry to become more competitive.

In seeking these agreements you should remain mindful of the interests of American consumers and the difficult economic problems faced by a number of our trading partners, in particular the developing country suppliers with serious balance of payments deficits.

I am also asking the Secretaries of Commerce and Labor to work closely with you to ensure effective use of the resources available under existing law for the benefit of the shoe industry and the communities in which shoe plants are located.

In addition, I am ordering a full review of the Government's trade adjustment assistance program and will recommend to the Congress within the next 90 days any legislation which may be warranted. This will coincide with your negotiating effort, and in accordance with the

law, I will present a program of relief to the Congress no later than 90 days from today.

This determination is to be published in the *Federal Register*.

JIMMY CARTER

NOTE: The memorandum was not issued in the form of a White House press release.

American Non-Rubber Footwear Industry

*The President's Memorandum for the Heads of Certain
Departments and Agencies. April 1, 1977*

MEMORANDUM FOR:

SECRETARY OF STATE
SECRETARY OF THE TREASURY
SECRETARY OF DEFENSE
SECRETARY OF AGRICULTURE
SECRETARY OF COMMERCE
SECRETARY OF LABOR
SECRETARY OF HOUSING AND URBAN DEVELOPMENT
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS
ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

I have today decided upon a program to assist the domestic non-rubber footwear industry to become more efficient. The goals of the program are threefold: to help the industry become more competitive; to support the industry in the development of new business opportunities; and to provide jobs for affected workers.

I am charging the Secretary of Commerce, in coordination with the Secretary of Labor and the Special Trade Representative, with the responsibility of ensuring effective use of the resources available under existing law for the benefit of the non-rubber footwear industry, its workers and the communities in which non-rubber footwear plants are located, including, where necessary, developing alternative employment opportunities for the affected workers. It is imperative that your Department or Agency give its full assistance to these efforts.

I am also ordering the Secretaries of Commerce and Labor and the Special Trade Representative to conduct a full review of the Government's trade adjustment assistance programs. This review will examine the means by which Government can encourage the revitalization of trade-impacted industries through technological support and guidance, data and market research, and marketing and promotion services.

The review should also focus on the improvements in the administration and organization of adjustment assist-

ance; the removal of impediments to effective adjustment assistance that can be accomplished under existing law; and the exploration of new legislative initiatives. Within the next 90 days, I will present a comprehensive trade adjustment assistance program, including any legislation which may be warranted.

This effort will require your Department or Agency's full cooperation and support if effective proposals are to be developed.

JIMMY CARTER

NOTE: The memorandum was not issued in the form of a White House press release.

Department of Commerce

*Announcement of Intention To Nominate
Jordan J. Baruch To Be Assistant Secretary for Science
and Technology. April 1, 1977*

The President today announced that he will nominate Jordan J. Baruch, of Hanover, N.H., to be Assistant Secretary of Commerce (Science and Technology). Baruch is a professor of business administration at the Amos Tuck School of Business Administration, Dartmouth University, and of engineering at the Thayer School of Engineering at Dartmouth.

He was born in New York City on August 21, 1923. He received a B.S. and an S.M. in electrical engineering in 1948 and an Sc.D. in electrical instrumentation in 1950 from Massachusetts Institute of Technology.

Baruch was an assistant professor at M.I.T. from 1950 to 1955, and a lecturer there from 1955 to 1971. He has also served as a director of Bolt, Beranek and Newman, Inc., since 1953, and as a consultant since 1966. From 1966 to 1968, he was also general manager of the Medinet department of General Electric.

Baruch was a lecturer in business administration at Harvard University Graduate School of Business Administration from 1970 until 1974, when he joined the faculties of the graduate schools of business administration and engineering at Dartmouth.

From 1968 to 1970, Baruch was president of Educom, a consortium of 100 colleges and universities. He was a consulting member of the Committee on Technology in the Service Industries, Federal Council on Science and Technology, from 1970 to 1973, and a member of the ad hoc planning panel of the National Center for Health Care Delivery Systems of the Department of Health, Education, and Welfare, in 1971.

Since 1971, he has been a member of the Experimental Technology Incentives Program and the Institute for Comparative Science and Technology of the National Academy of Sciences Advisory and Evaluation Panel, Na-



MINISTRY OF COMMERCE AND INDUSTRY
REPUBLIC OF KOREA
SEOUL, KOREA

June 21, 1977

Mr. Stephen Lande
Assistant Special Trade Representative
Executive Office of the President
Washington, D.C. 20506

Dear Mr. Lande

As you know, the affirmative injury finding of the United States International Trade Commission with respect to imports of non-rubber footwear did not include footwear uppers, other footwear parts, or rubber footwear. Accordingly, we have neither formally nor informally discussed restraints on the export of those articles in our recent negotiations leading toward an agreement covering our exports of non-rubber footwear.

I understand, however, your concern that negotiated restraints on exports of non-rubber footwear could theoretically lead to dramatic increases in exports of footwear uppers, other footwear parts, and rubber footwear, which in turn could tend to undermine the effectiveness of the negotiated restraints. I do not believe that this will occur in our case. Nevertheless, because we wish to demonstrate our sincerity and good faith in implementing the agreement that you and I have worked hard to complete, I would like to assure you that it is not the intention of the Republic of Korea to increase exports of footwear uppers, other footwear parts, or rubber footwear in a way that would undermine the effectiveness of the agreement between our Governments regarding trade in non-rubber footwear.

With best wishes, I am

Sincerely yours,

Sun Kil Kim
Assistant Minister for B-14
International Cooperation

APPENDIX B

**PREVIOUS COMMISSION INVESTIGATIONS INVOLVING
NONRUBBER FOOTWEAR**

In recent years, the Commission has conducted a number of investigations on the footwear industry. On January 15, 1969, the Commission issued a report on an investigation (No. 332-56) instituted at the request of the President under section 332 of the Tariff Act of 1930, in which it gathered information on the economic condition of the domestic nonrubber footwear industry, and the effects of imports upon the industry. 1/

In December 1969, the Commission issued a report on an investigation (No. 332-62) supplementing the previous section 332 investigation. This investigation was instituted by the Commission on its own motion to provide a current assessment of trends in domestic production and imports. 2/

On January 15, 1971, the Commission reported to the President on an investigation (No. TEA-I-18) conducted under section 301(b)(1) of the Trade Expansion Act of 1962 at the request of the President. Section 301(b)(1), an escape-clause provision, required the Commission to determine whether, "as a result in major part of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article." The Commission was equally divided on the question of injury to the industry, and the President took no action as a result of the Commission's report. 3/

1/ Nonrubber Footwear: Report to the President on Investigation No. 332-56 . . . , TC Publication 276, 1969.

2/ Nonrubber Footwear: Report on Investigation No. 332-62 . . . , TC Publication 307, 1969.

3/ Nonrubber footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971.

The Commission reported to the President on February 20, 1976, the results of its industry investigation made under section 201(b)(1) of the Trade Act of 1974. The investigation (No. TA-201-7) was instituted on September 17, 1975, following receipt of a petition for import relief filed by the American Footwear Industries Association, the Boot Shoe Workers' Union, and the United Shoe Workers of America. The Commission found unanimously that increased imports were a substantial cause of serious injury to the domestic industry; Commissioners Leonard, Moore, and Bedell recommended tariff increases, Commissioners Minchew and Parker recommended tariff-rate quotas, and Commissioner Ablondi recommended adjustment assistance as the appropriate relief to remedy the injury. 1/

On April 16, 1976, President Ford determined that adjustment assistance was the most effective remedy for the injury to the U.S. footwear industry. The President directed the Secretaries of Commerce and Labor to give expeditious consideration to any petitions for adjustment assistance and directed the Special Representative for Trade Negotiations (STR) to monitor U.S. footwear trade.

On February 3, 1977, the Commission reported to the President the results of its second investigation (No. TA-201-18) under section 201(b)(1) of the Trade Act of 1974. 2/ The investigation was instituted on October 5, 1976, following receipt on September 28, 1976, of a resolution of the Senate Committee on Finance directing the Commission to conduct such an investigation, and advising that it was the consensus of the committee that

1/ Footwear: Report to the President on Investigation No. TA-201-7 . . . ,
USITC Publication 758, 1976.

2/ Footwear: Report to the President on Investigation No. TA-201-18 . . . ,
USITC Publication 799, 1977.

there was "good cause" within the meaning of section 201(e) of the Trade Act to reinvestigate the same subject matter within 1 year of reporting to the President on the results of a like investigation. The Commission subsequently determined that the domestic footwear industry was seriously injured by increased imports, and a majority of the Commission (Commissioners Minchew, Parker, Moore, and Bedell) recommended that tariff-rate quotas be imposed to remedy the injury.

On April 1, 1977, President Carter rejected the Commission's recommendation and determined that a major new Federal Trade Adjustment Assistance Program was the most effective remedy for the injury to the U.S. footwear industry. The President also directed the Special Representative for Trade Negotiations to "negotiate and conclude the necessary agreements with the appropriate foreign exporting countries to moderate the problems caused . . . by rapid shifts in foreign exports of non-rubber footwear to the United States." 1/ The STR negotiated orderly marketing agreements (OMA's) with Taiwan and Korea, which became effective in June 1977. The President also delegated authority to the STR to control surges of imports of footwear of the types covered by the two OMA's from other countries, if those increased imports "appear likely to disrupt the effectiveness of the provisions of the orderly marketing agreements" 2/

Under sections 301(c)(1) and 301(c)(2) of the Trade Expansion Act of 1962, the Commission conducted 155 firm and worker adjustment assistance investigations between 1963 and 1974. Of these, 128 were worker cases and 27 were firm cases. The Commission made affirmative findings in 23 of the worker cases and 7 of the firm cases and was equally divided in 26 of the worker

1/ Presidential memorandum of Apr. 1, 1977 (see app. A).

2/ Presidential Proclamation No. 4510, June 22, 1977 (app. A).

cases and 6 of the firm cases. The Trade Act of 1974 transferred the authority for such firm and worker investigations to the Departments of Commerce and Labor, respectively.

The Commission has conducted two investigations on footwear under the Antidumping Act, 1921. The first, in 1966, involved leather work shoes from Czechoslovakia and resulted in a unanimous negative injury determination. 1/ The second, in 1975, involved welt work shoes from Romania and also resulted in a negative injury determination. 2/

In July 1976, the Commission completed a countervailing duty investigation under section 303(b) of the Tariff Act of 1930 with respect to footwear known as zoris, imported from Taiwan. 3/ Zoris are provided for under TSUS item 700.54 and are accorded duty-free treatment under the Generalized System of Preferences (sec. 501 of the Trade Act of 1974). On the basis of its investigation, the Commission made a unanimous determination of no injury.

1/ Leather Work Shoes From Czechoslovakia: Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-48 . . . , TC Publication 185, 1966.

2/ Welt Work Shoes From Romania: Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-144 . . . , USITC Publication 731, 1975.

3/ Certain Zoris From the Republic of China (Taiwan): Determination of No Injury or Likelihood Thereof or Prevention of Establishment in Investigation No. 303-TA-1 . . . , USITC Publication 787, 1976.

APPENDIX C

COMMISSION'S NOTICE OF INVESTIGATION AND HEARING

By order of the Commission,
Kenneth R. Mason,
 Secretary.
 (FR Doc. 80-36445 Filed 12-10-80; 8:45 am)
 BILLING CODE 7020-02-M

(Investigation No. 337-TA-98)

Certain Spring Assemblies and Components Thereof, and Methods of Their Manufacture; Notice to All Parties

Notice is hereby given that a prehearing conference will be held in this case at 9:00 a.m. January 16, 1981, in Dodge Center, Room 201, 1010 Wisconsin Avenue, N.W., Washington, D.C.

Notice is also given that the hearing in this proceeding will commence at 8:00 a.m. on February 2, 1981, in the Dodge Center, Room 201, 1010 Wisconsin Avenue, N.W., Washington, D.C.

The Secretary shall publish this notice in the Federal Register.

Issued: December 2, 1980.

Janet D. Saxon,
 Administrative Law Judge.
 (FR Doc. 80-36435 Filed 12-10-80; 8:45 am)
 BILLING CODE 7020-02-M

(Investigation No. 603-TA-8)

Certain Steel Jacks From Canada; Termination

AGENCY: U.S. International Trade Commission.

ACTION: Termination of investigation and issuance of consent order.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has approved and issued a consent order in the above-entitled investigation, thereby terminating the investigation.

AUTHORITY: The authority for Commission disposition of this investigation is contained in section 603 of the Trade Act of 1974 (19 U.S.C. 2482).

SUPPLEMENTARY INFORMATION: In connection with a complaint filed under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) and a preliminary investigation by the Commission under section 603 of the Trade Act of 1974 (19 U.S.C. 2482) of alleged unfair acts and methods of competition in the importation into and sale in the United States of certain steel jacks, the complainant, Bloomfield Manufacturing Co., the Commission investigative attorney, and three companies named in the complaint as respondents, J. C. Hallman Manufacturing Co., American Gage and Manufacturing Co., and A. H.

Botterff Co., entered into a consent order agreement. Notice of the proposed consent order and a request for public comment thereon were published on October 8, 1980 (45 FR 69928). By the terms of the notice, all comments were to be received by the Secretary to the Commission no later than November 7, 1980. The thirty-day period has expired, and the Commission has received no comments opposed to issuance of the proposed consent order.

Copies of the Commission's Action and Order and all other non-confidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436, telephone 202-523-0161.

FOR FURTHER INFORMATION CONTACT: Michael P. Mabile, Esq., Office of the General Counsel, U.S. International Trade Commission, telephone 202-523-0155.

Issued: December 3, 1980.
 By Order of the Commission,
Kenneth R. Mason,
 Secretary.

(FR Doc. 80-36457 Filed 12-10-80; 8:45 am)
 BILLING CODE 7020-02-M

(TA-203-7)

Nonrubber Footwear; Investigation and Hearing

AGENCY: United States International Trade Commission.

ACTION: Upon its own motion and on the basis of a petition filed on October 23, 1980, on behalf of the American Footwear Industries Association, Amalgamated Clothing and Textile Workers Union, AFL-CIO, and United Food and Commercial Workers International Union, AFL-CIO, the Commission on December 4, 1980, instituted investigation No. TA-203-7 under sections 203(i)(2) and 203(i)(3) of the Trade Act of 1974 (19 U.S.C. 2253(i)(2) and (i)(3)) for the purpose of gathering information in order that it might advise the President of its judgment as to the probable economic effect on the industry concerned of the extension, reduction, or termination of import relief presently in effect with respect to footwear, provided for in items 700.05 through 700.95, inclusive [except items 700.51, 700.52, 700.53, 700.54, 700.80, 700.75, and 700.90], of the Tariff Schedules of the United States (TSUS). The relief in the form of quantitative limitations described in TSUS items 923.90 through 923.94 is

provided against imports from Taiwan and Korea in Proclamation 4310 (issued June 24, 1977, 42 FR 32490). Import relief presently in effect with respect to such articles is scheduled to terminate at the close of June 30, 1981, unless extended by the President.

EFFECTIVE DATE: October 23, 1980.

FOR FURTHER INFORMATION CONTACT: Vera Libeau, Senior Investigator (202-523-0368).

SUPPLEMENTARY INFORMATION: *Public hearing ordered.* A public hearing in connection with this investigation will be held in Washington, D.C., at 10 a.m., e.s.t., on Monday, March 9, 1981, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW. Requests for appearances at the hearing should be received in writing by the Secretary to the Commission at his office in Washington no later than the close of business Thursday, February 19, 1981.

Prehearing procedures. To facilitate the hearing process, it is requested that persons wishing to appear at the hearing submit prehearing briefs enumerating and discussing the issues which they wish to raise at the hearing. Ninety copies of such prehearing briefs should be submitted to the Secretary of the Commission no later than the close of business Friday, February 27, 1981. Copies of any prehearing briefs submitted will be made available for public inspection in the Office of the Secretary. While submission of prehearing briefs does not prohibit submission of prepared statements in accordance with section 201.12(d) of the Commission's *Rules of Practice and Procedure* (19 CFR 201.12(d)), it would be unnecessary to submit such a statement if a prehearing brief is submitted instead. Any prepared statements submitted will be made a part of the transcript. Oral presentations should, to the extent possible, be limited to issues raised in the prehearing briefs.

A prehearing conference will be held on Friday, February 20, 1981, at 10:00 a.m., e.s.t., in Room 117 of the U.S. International Trade Commission Building.

Persons not represented by counsel or public officials who have relevant matters to present may give testimony without regard to the suggested prehearing procedures outlined above.

Inspection of petition. The petition filed in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

Issued: December 3, 1980.

APPENDIX D
WITNESSES APPEARING AT THE HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing on:

Subject : Nonrubber Footwear

Inv. No. : TA-203-7

Date and time: March 9, 1981 - 10:00 a.m., e.s.t.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

Congressional appearances:

Honorable Thomas F. Eagleton, United States Senator, State of Missouri

Honorable John Heinz, United States Senator, State of Pennsylvania

Honorable Brian Donnelly, United States Congressman, State of
Massachusetts

In support of the petition:

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

The American Footwear Industries Association,
Amalgamated Clothing and Textile Workers Union, AFL-CIO, and
United Food & Commercial Workers International Union, AFL-CIO

Lane Kirkland, President, AFL-CIO

Arnold Hiatt, President, The Stride-Rite Corporation

Murray H. Finley, President, Amalgamated Clothing and
Textile Workers Union, AFL-CIO

Angelo Georgian, Vice President and Director, Shoe Division,
Amalgamated Clothing and Textile Workers Union
AFL-CIO

- more -

Art Gundersheim, Assistant to the President and Director,
International Trade Affairs, Amalgamated Clothing and
Textile Workers Union, AFL-CIO

William H. Wynn, President, United Food & Commercial
Workers Union, AFL-CIO

William J. Olwell, Vice President, United Food &
Commercial Workers Union, AFL-CIO

John E. Mara, Vice President and Director, Footwear
Division, United Food & Commercial Workers Union,
AFL-CIO

Economic Consulting Services, Washington, D.C.

Stanley Nehmer, President

Mark Love, Vice President

Julie Solomon, Economist

Rita A. Cavanagh, Senior Economist, American Foot-
wear Industries Association

Richard W. Shomaker, President, Brown Shoe Company

C. Leonard Richardson, Chairman and President,
Walker Shoe Company

Thomas Gleason, Chairman, Wolverine World Wide

Jerry Turner, Executive Vice President, Brooks Shoe
Manufacturing Company

Injection Footwear, Inc.

Albert Barrocas, President

Charles Barrocas

Raymond A. DeVita, Vice-President-North American Area,
USM Corporation

Richard Antonoff, Vice President, Phoenix Footwear

F. A. Meister, Jr., President, American Footwear
Industries Association

Thomas F. Shannon)
Ms. Lauren R. Howard) --OF COUNSEL
Paul D. Cullen)
Robert L. Meuser)

Abrams, Kovacs, Westermeier & Goldberg--Counsel
Washington, D.C.
on behalf of

The National Shoe Retailers Association

Joseph J. Shell, President

James M. Goldberg--OF COUNSEL

In opposition to the petition:

Busby, Rehm and Leonard--Counsel
Washington, D.C.
on behalf of

The Volume Footwear Retailers of America (VFRA)

Alvin E. Levine, Chairman of the Board, Pic 'n Pay
Stores, Inc.

Cameron I. Anderson, President, Kinney Shoe Corp.

Shaol Pozez, President, Volume Shoe Corporation

Robert Kuhn, Executive Vice President, Melville
Corporation and President, Meldisco, Inc.

Julian I. Edison, Chairman of the Board, Edison
Brothers Stores, Inc.

Dr. Andrew F. Brimmer, President, Brimmer
& Company, Inc.

John B. Rehm--OF COUNSEL

K Mart Corporation, International Headquarters, Troy, Michigan

John F. Ward, Vice President of Meldisco Division of
Melville Corporation

James C. Tuttle, Antitrust and International Counsel

- more -

Cole, Corette & Bradfield--Counsel
Washington, D.C.
on behalf of

Korean Footwear Exporters Association

Young Joo Kim, Representative of the Korean Footwear
Exporters Association

Michael Bradfield) --OF COUNSEL
David A. Gantz)

Kaplan, Russin & Vecchi--Counsel
Washington, D.C.
on behalf of

Taiwan Footwear Manufacturers Association

T. W. Hu, President, United Friends, Inc.

Dr. Charles Pearson, Economic Consultant, John
Hopkins University School of Advanced International
Studies

Dennis James, Jr.)
Julius Kaplan) --OF COUNSEL
Ms. Kathleen F. Patterson)

Arter, Hadden & Hemmendinger--Counsel
Washington, D.C.
on behalf of

American Importers' Association (Footwear Group)

Paul J. Beispel, American African Exporter Co.

Harvey Levy, Pagoda Training Co.

Herbert Rothstein, Meridian Footwear, Ltd.

Mel Twersky, Bellini Imports, Ltd.

Judy Cook, Pagoda Trading Company

Mort Hoicowitz, International Seaway Company

Noel Hemmendinger)
William H. Barringer }--OF COUNSEL
Christopher A. Dunn)

NIKE, Inc., Washington, D. C.

David H. Smith--East Coast Counsel

APPENDIX E

SCHEDULE 7, TSUS ITEMS 700.05-700.95, AND SCHEDULE 9,
TSUS ITEMS 923.79-925.13

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS Page 613
 Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,
 Handbags, Billfolds, and Other Flat Goods 7 - 1 - A

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			<p>PART 1. - FOOTWEAR; HEADWEAR AND HAT BRAIDS; GLOVES; LUGGAGE, HANDBAGS, BILLFOLDS, AND OTHER FLAT GOODS</p> <p>Subpart A. - Footwear</p> <p><u>Subpart A headnotes:</u></p> <p>1. This subpart covers boots, shoes, slippers, sandals, moccasins, slipper socks (socks with applied soles of leather or other material), scuffs, overshoes, rubbers, arctics, galowhes, and all allied footwear (including athletic or sporting boots and shoes) of whatever material composed, and by whatever method constructed, all the foregoing designed for human wear except --</p> <p>(i) footwear with permanently attached skates or snowshoes (see part 5D of this schedule),</p> <p>(ii) hosiery (see part 6C of schedule 3), and</p> <p>(iii) infants' knit footwear (see part 6F of schedule 3).</p> <p>2. For the purposes of this subpart --</p> <p>(a) the term "<u>huaraches</u>" (item 700.05) means a type of leather-soled sandal having a woven-leather upper laced to the insole, with the insole machine stitched to the outsole, and having a heel which is nailed on;</p> <p>(b) the term "<u>McKay-sewed footwear</u>" (item 700.10) means footwear the soles of which are sewed to the upper by means of a McKay chainstitch, with the stitching passing through the outsole, upper, lining, and insole;</p> <p>(c) the term "<u>moccasins</u>" (item 700.15) means footwear of the American Indian handicraft type, having no line of demarcation between the soles and the uppers;</p> <p>(d) the term "<u>welt footwear</u>" (items 700.25 through 700.29) means footwear constructed with a welt, which extends around the edge of the tread portion of the sole, and in which the welt and shoe upper are sewed to a lip on the surface of the insole, and the outsole of which is sewed or cemented to the welt;</p> <p>(e) the term "<u>slippers</u>" (item 700.32) means footwear of the slip-on type without laces, buckles, zippers, or other closures, the heel of which is of underwedge construction, and (1) having a leather upper permanently trimmed with a real or imitation fur collar, or (2) having a leather upper and a split leather tread sole (including heel) held together by a blown sponge-rubber midsole created and simultaneously vulcanized thereto;</p>				

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

Page 614

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

7 - 1 - A

Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage, Handbags, Billfolds, and Other Flat Goods

C S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			<p>(f) the term "footwear for men, youths, and boys" (item 700.35) covers footwear of American youths' size 11-1/2 and larger for males, and does not include footwear commonly worn by both sexes; and</p> <p>(g) the term "fibers" means unspun fibrous vegetable materials, vegetable fibers, wool, silk, or other animal fibers, man-made fibers, paper yarns, or any combination thereof.</p> <p>3.(a) For the purposes of items 700.51 through 700.58, the rubber or plastics forming the exterior surface area specified, if supported by fabric or other material, must coat or fill the supporting material with a quantity of rubber or plastics sufficient to visibly and significantly affect the surface otherwise than by change in color, whether or not the color has been changed thereby.</p> <p>(b) Subject to the provisions of section 336(f) of this Act, the merchandise in item 700.60 shall be subject to duty upon the basis of the American selling price, as defined in section 402 or 402a of this Act, of like or similar articles manufactured or produced in the United States.</p> <p><u>Subpart A statistical headnote:</u></p> <p>1. For the purposes of this subpart —</p> <p>(a) the term "athletic footwear" covers footwear of special construction for baseball, football, soccer, track, skating, skiing, and other athletic games, or sports;</p> <p>(b) the term "work footwear" covers footwear having outsoles 1/4 inch or over in thickness (measured at the ball of the foot) and having uppers of grain leather extending above the ankle;</p> <p>(c) the term "oled 'moccasins'" covers footwear in which the vamp extends completely under the foot, whether or not seamed, forming both the bottom and the sides to which an outsole is attached;</p> <p>(d) the term "cement footwear" covers footwear in which the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing, but not including footwear having vulcanized soles or injection molded soles;</p> <p>(e) the term "casual footwear" covers footwear constructed with a wedge heel, or with an open toe and so constructed that the heel of the foot is not over 1 inch above the ball of the foot;</p> <p>(f) the term "boots" covers footwear (other than footwear of oxford height) designed to be worn next to the sock rather than over the shoe;</p> <p>(g) the term "footwear for men" covers footwear of American men's size 6 and larger for males, and does not include footwear commonly worn by both sexes;</p> <p>(h) the term "footwear for youths and boys" covers footwear of American youths' size 11-1/2 and larger but not as large as American men's size 6, and does not include footwear commonly worn by both sexes;</p>				

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS Page 815

Part 1. - Footwear; Headwear and Hat Bands; Gloves; Luggage,
Handbags, Billfolds, and Other Flat Goods

7 - 1 - A
700.05 - 700.32

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			(i) the term "footwear for women" covers footwear of American women's size 4 and larger, whether for females or of types commonly worn by both sexes; (j) the term "footwear for misses" covers footwear of American misses' size 12-1/2 and larger but not as large as American women's size 4, whether for females or of types commonly worn by both sexes; (k) the term "footwear for children" covers footwear of American children's size 8-1/2 and larger but not as large as the footwear described in statistical headnotes (i) and (j); (l) the term "footwear for infants" covers all footwear not included in the foregoing statistical headnotes (g), (h), (i), (j), and (k); and (m) the term "oxford height" covers footwear the upper of which does not extend above the ankle.				
			Footwear, of leather (except footwear with uppers of fibers):				
	700.05	00 1/	Muaraches.....	Prs.....	20% ad val.		20% ad val.
	700.10	00 1/	McKay-sewed footwear.....	Prs.....	10% ad val.		30% ad val.
	700.15	00 1/	Moccasins.....	Prs.....	10% ad val.		20% ad val.
	700.20	1/	Turn or turned footwear.....	.....	2.5% ad val.		10% ad val.
		20	For men, youths, and boys.....	Prs.			
		45	For women.....	Prs.			
		50	For misses.....	Prs.			
		60	For children and infants.....	Prs.			
			Welt footwear:				
	700.25	00 1/	Valued not over \$2 per pair.....	Prs.....	17% ad val.		20% ad val.
	700.26	1/	Valued over \$2 but not over \$5 per pair.....	.....	17¢ per pair		20% ad val.
		10	Work footwear.....	Prs.			
			Other:				
		30	For men.....	Prs.			
		50	Other.....	Prs.			
	700.27	1/	Valued over \$5 but not over \$6.80 per pair....	.....	5% ad val.		20% ad val.
		18	Work footwear.....	Prs.			
			Other:				
		38	For men.....	Prs.			
		48	Other.....	Prs.			
			Valued over \$6.80 per pair:				
	700.28	00 1/	Ski boots.....	Prs.....	Free		20% ad val.
	700.29	1/	Other.....	.....	5% ad val.		20% ad val.
		20	Athletic footwear other than ski boots.....	Prs.			
			Work footwear.....	Prs.			
			Other:				
		60	For men.....	Prs.			
		80	Other.....	Prs.			
	700.30	00 1/	Footwear with molded soles laced to uppers.....	Prs.....	5% ad val.		20% ad val.
	700.32	00 1/	Slippers.....	Prs.....	5% ad val.		20% ad val.

1/ Certain imports of footwear are subject to temporary quotas. See items 923.90, 923.93 and 923.94 in part 2A, Appendix to Tariff Schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

Page 616

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,
Handbags, Billfolds, and Other Flat Goods

7 - 1 - A
700.35 - 700.43

G S P	Item	Stat. Suf- fix	Articles	Units of Quantit.	Rates of Duty		
					1	LDDC	2
	700.35	<u>1/</u>	Footwear, of leather, etc. (con.): Other: For men, youths, and boys.....	.....	8.5% ad val.		20% ad val.
		05	Athletic footwear:				
		15	Ski boots.....	Prs.			
			Other athletic footwear.....	Prs.			
		27	Work footwear:				
		29	For men.....	Prs.			
			For youths and boys.....	Prs.			
		30	Soled "moccasins":				
		35	For men.....	Prs.			
			For youths and boys.....	Prs.			
			Other:				
		40	With soles vulcanized to uppers or				
		45	with soles simultaneously molded				
			and attached to uppers:				
			For men.....	Prs.			
			For youths and boys.....	Prs.			
		50	Cement footwear:				
		55	For men.....	Prs.			
			For youths and boys.....	Prs.			
		75	Other:				
		80	For men.....	Prs.			
			For youths and boys.....	Prs.			
	700.41	<u>1/</u>	For other persons: Sandals of buffalo leather, the uppers of which consist primarily of straps across the instep and big toe.....	.....	10% ad val.		20% ad val.
		10	For women.....	Prs.			
		20	For misses.....	Prs.			
		30	For children.....	Prs.			
		40	For infants.....	Prs.			
			Other:				
	700.43	<u>1/</u>	Valued not over \$2.50 per pair.....	.....	15% ad val.		20% ad val.
		06	Athletic footwear:				
		07	For women and misses.....	Prs.			
			Other.....	Prs.			
		10	Casual footwear:				
		15	For women.....	Prs.			
			Other.....	Prs.			
		20	Soled "moccasins":				
		25	For women.....	Prs.			
			Other.....	Prs.			
		30	Other:				
		35	With soles vulcanized to				
			uppers or with soles				
			simultaneously molded				
			and attached to uppers:				
			For women.....	Prs.			
			Other.....	Prs.			
		40	Cement footwear:				
		45	For women.....	Prs.			
		50	For misses.....	Prs.			
		55	For children.....	Prs.			
			For infants.....	Prs.			
		60	Other:				
		65	For women.....	Prs.			
		70	For misses.....	Prs.			
		75	For children.....	Prs.			
			For infants.....	Prs.			

1/ Certain imports of footwear are subject to temporary quotas. See items 923.90, 923.93 and 923.94 in part 2A, Appendix to Tariff Schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS Page 617
 Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,
 Handbags, Billfolds, and Other Flat Goods

7 - 1 - A
 700 45 - 700.51

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.45	1/ 06 07 10 15 20 25 30 35 40 45 50 55 60 65 70 75	Footwear, of leather, etc. (con.): Other (con.): For other persons (con.): Other (con.): Valued over \$2.50 per pair..... Athletic footwear: For women and misses..... Other..... Casual footwear: For women..... Other..... Soled "moccasins": For women..... Other..... Other: With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers: For women..... Other..... Cement footwear: For women..... For misses..... For children..... For infants..... Other: For women..... For misses..... For children..... For infants.....		10% ad val.		20% ad val.
	700.51	00	Footwear (whether or not described elsewhere in this subpart) which is over 50 percent by weight of rubber or plastics or over 50 percent by weight of fibers and rubber or plastics with at least 10 percent by weight being rubber or plastics: Hunting boots, galoshes, rainwear, and other footwear designed to be worn over, or in lieu of, othe. footwear as a protection against water, oil, grease, or chemicals or cold or inclement weather, all the foregoing having soles and uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear with uppers of nonmolded construction formed by sewing the parts thereof together and having exposed on the outer surface a substantial portion of functional stitching): Having soles and uppers of which over 90 percent of the exterior surface area is polyvinyl chloride, whether or not supported or lined with polyvinyl chloride but not otherwise supported or lined.....	Prs.....	11% ad val.	6.6% ad val.	25% ad val.

1/ Certain imports of footwear are subject to temporary quotas. See items 923.90, 923.93 and 923.94 in part 2A, Appendix to Tariff Schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

Part 1. - Footwear; Headwear and Hat Braid; Gloves; Luggage, Handbags, Billfolds, and Other Flat Goods

7 - 1 - A

700.52 - 700.58

C S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.52	00	Footwear (whether or not described elsewhere in this subpart) which is over 50 percent by weight of rubber or plastics or over 50 percent by weight of fibers and rubber or plastics with at least 10 percent by weight being rubber or plastics (con.): Hunting boots, galoshes, rainwear, etc. (con.): Footwear (except footwear provided for in item 700.51), the uppers of which do not extend above the ankle, designed for use without closures, whether or not supported or lined.....	Prs.....	25% ad val.		50% ad val.
	700.53	20	Other.....	Prs.....	37.5% ad val.		75% ad val.
		40	Boots.....	Prs.			
			Other.....	Prs.			
			Other footwear (except footwear having uppers of which over 50 percent of the exterior surface area is leather): Having uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear having foxing or a foxing-like band applied or molded at the sole and overlapping the upper): Zoris (chonged sandals).....	Prs.....	5.1% ad val.	2.4% ad val.	35% ad val.
A	700.54	00	Other.....	Prs.....	6% ad val.		35% ad val.
	700.58	1/					
		05	Athletic footwear: Ski boots.....	Prs.			
			Other:				
		10	For men.....	Prs.			
		15	For youths and boys.....	Prs.			
		20	For women and misses.....	Prs.			
		25	For children and infants..	Prs.			
		30	Sandals and similar footwear of plastic, produced in one piece by molding.....	Prs.			
			Other:				
			Footwear having supported vinyl uppers:				
		36	For men.....	Prs.			
		37	For youths and boys.....	Prs.			
		46	For women.....	Prs.			
		48	For misses.....	Prs.			
		56	For children.....	Prs.			
		58	For infants.....	Prs.			
			Other:				
		68	For men.....	Prs.			
		69	For youths and boys.....	Prs.			
		70	For women.....	Prs.			
		71	For misses.....	Prs.			
		72	For children.....	Prs.			
		73	For infants.....	Prs.			

1/ Certain imports of footwear are subject to temporary quotas. See items 923.91 and 923.94 in part 2A, Appendix to Tariff Schedules.

Note: For explanation of the symbol "A" or "A*" in the column entitled "CSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS
 Part 1. - Footwear; Headwear and Hat Bands; Gloves; Luggage,
 Handbags, Billfolds, and Other Flat Goods

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7 - 1 - A

700.60 - 700.75

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.60		Footwear (whether or not described elsewhere in this subpart) which is over 50 percent by weight of rubber or plastics or over 50 percent by weight of fibers and rubber or plastics with at least 10 percent by weight being rubber or plastics (con.): Other footwear (except footwear having uppers of which over 50 percent of the exterior surface area is leather) (con.): Other.....			20% ad val.	35% ad val.
			Like or similar to U.S. footwear:				
			Oxford height:				
		05	For men, youths, and boys.....	Prs.			
		15	For women and misses.....	Prs.			
		25	For children and infants.....	Prs.			
		30	Other.....	Prs.			
			Not like or similar to U.S. footwear:				
			Oxford height:				
		35	For men, youths, and boys.....	Prs.			
		45	For women and misses.....	Prs.			
		55	For children and infants.....	Prs.			
		60	Other.....	Prs.			
	700.66		Footwear, with uppers of fibers: With soles of leather:				
		1/	Valued not over \$2.50 per pair.....			15% ad val.	35% ad val.
		20	Slipper socks.....	Prs.			
			Other:				
		40	For men, youths, and boys.....	Prs.			
		60	Other.....	Prs.			
	700.68		Valued over \$2.50 per pair.....			10% ad val.	35% ad val.
		1/	Slipper socks.....	Prs.			
		20	Other:				
		40	For men, youths, and boys.....	Prs.			
		60	Other.....	Prs.			
	700.70		With soles of material other than leather:				
		1/	With uppers of vegetable fibers.....			7.5% ad val.	35% ad val.
		20	For men, youths, and boys.....	Prs.			
		65	For women.....	Prs.			
		70	For misses.....	Prs.			
		75	For children.....	Prs.			
		80	For infants.....	Prs.			
	700.75		With soles and uppers of wool felt.....			6% ad val.	35% ad val.
		10	For men.....(459)	Prs. v			
			<u>Lb.</u>				
		20	For youths and boys.....(459)	Prs. v			
			<u>Lb.</u>				
		30	For women.....(459)	Prs. v			
			<u>Lb.</u>				
		40	For misses.....(459)	Prs. v			
			<u>Lb.</u>				
		50	For children.....(459)	Prs. v			
			<u>Lb.</u>				
		60	For infants.....(459)	Prs. v			
			<u>Lb.</u>				

1/ Certain imports of footwear (except disposable footwear, designed for one-time use provided for in item 700.90) are subject to temporary quotas. See items 923.92 and 923.94 in part 2A, Appendix to Tariff Schedules.

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage, Handbags, Billfolds, and Other Flat Goods

7 - 1 - A, B
700.80 - 700.95

C S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.80	1/ 20 65 70 75 80	Footwear, with uppers of fibers (con.): With soles of material other than leather (con.): Other.....	.....	12.5% ad val.		35% ad val.
			For men, youths, and boys.....	Prs.			
			For women.....	Prs.			
			For misses.....	Prs.			
			For children.....	Prs.			
			For infants.....	Prs.			
	700.83	1/ 10 20 30 40 50 60	Other footwear: Of wood.....	.....	8% ad val.		33-1/3% ad val.
			For men.....	Prs.			
			For youths and boys.....	Prs.			
			For women.....	Prs.			
			For misses.....	Prs.			
			For children.....	Prs.			
			For infants.....	Prs.			
	700.90	00	Other: Disposable footwear, designed for one-time use.....	Prs.....	11.3% ad val.	7.5% ad val.	35% ad val.
	700.95	1/ 15 25 30 35 45	Other.....	.....	12.5% ad val.		35% ad val.
			For men, youths, and boys.....	Prs.			
			For women.....	Prs.			
			For misses.....	Prs.			
			For children.....	Prs.			
			For infants.....	Prs.			
Subpart B. - Headwear and Hat Braids							
Subpart B headnote:							
1. For the purposes of this subpart --							
(a) the term "headwear" includes hats, caps, berets, bonnets, hoods, and all other head coverings, of whatever material composed (including bodies, forms, plateaux, manchons, and shapes for headwear), designed for human wear, except infants' knit headwear, but does not include mufflers, scarves, shawls, mantillas, veils, and similar articles; hair nets; hair ornaments; or wigs and similar articles; and							
(b) the term "caps" (items 702.15 and 702.20) means headwear without a brim but with a shade or visor in front.							

1/ Certain imports of footwear (except disposable footwear, designed for one-time use provided for in item 700.90) are subject to temporary quotas. See items 923.92 and 923.94 in part 2A, Appendix to Tariff Schedules.							

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	
		<p style="text-align: center;">PART 2. - TEMPORARY MODIFICATIONS PROCLAIMED PURSUANT TO TRADE-AGREEMENTS LEGISLATION</p> <p><u>Part 2 headnote:</u></p> <p>1. This part contains the temporary modifications of the provisions in the tariff schedules proclaimed by the President pursuant to trade-agreements legislation. Unless otherwise stated, the modified provisions are effective until suspended or terminated.</p> <hr style="width: 10%; margin: 10px auto;"/> <p style="text-align: center;">Subpart A. - Escape-Clause Actions</p> <p><u>Subpart A headnote:</u></p> <p>1. This subpart contains the temporary modifications of the provisions of the tariff schedules proclaimed by the President pursuant to the procedures prescribed in sections 301 and 351 or 352 of the Trade Expansion Act of 1962, and sections 201, 202, 203, and 406 of the Trade Act of 1974.</p> <p>2. [Headnote deleted]</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	
		<p>3. <u>Quantitative limitation on certain footwear.</u>-- The provisions of this headnote apply to items 923.90 through 923.94, inclusive, of this subpart. The quantitative import limitations imposed are in addition to the duties provided for the restrained articles in schedule 7, part 1A. The import restrictions provided for in this subpart do not apply to footwear with an aggregate value not over \$100 in any shipment, if imported for the personal use of the importer.</p> <p>(a) <u>Definitions.</u>--For the purposes of this subpart--</p> <p>(i) The term "<u>footwear</u>" means all the footwear provided for in schedule 7, part 1A, except the following: footwear provided for in items 700.51 through 700.54, item 700.60, item 700.75, and disposable footwear, designed for one-time use, provided for in item 700.90;</p> <p>(ii) the term "<u>athletic footwear</u>" means footwear of special construction for baseball, football, soccer, track, skating, skiing, and other athletic games, or sports; and</p> <p>(iii) the term "<u>restraint period</u>" refers to the period beginning June 28, 1977, and ending June 30, 1978, and thereafter to the three subsequent 12-month periods beginning July 1 in one year and ending at the close of June 30 of the following year.</p> <p>(b) <u>Export visa.</u>--None of the footwear provided for herein exported on or after June 28, 1977, from the foreign countries involved may be entered unless such footwear is accompanied by an appropriate export visa issued by the government of the exporting country.</p> <p>(c) <u>Footwear in bonded warehouse.</u>--All footwear exported from the Republic of China that is in bonded warehouse as of May 14, 1977, and all footwear exported from the Republic of Korea that is in bonded warehouse as of May 16, 1977, may be withdrawn for consumption without an export visa on or before the 20th day following the date of publication in the <u>Federal Register</u> of the orderly marketing agreements concerning footwear negotiated with such countries. Thereafter such footwear may be withdrawn for consumption only if it is accompanied by an appropriate export visa issued by the government of the exporting country.</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

APPENDIX TO THE TARIFF SCHEDULES
Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	
		<p>(d) <u>Footwear exported prior to June 28, 1977.</u>-- All footwear not covered by paragraph (c), which was exported from the foreign country involved prior to June 28, 1977, may be entered prior to September 1, 1977, without the requirement of export visas, provided that all such footwear entered on or after June 1, 1977, in excess of 33 million pairs from the Republic of China and 9 million pairs from the Republic of Korea shall be counted against the respective restraint levels for the first restraint period by pro-rating such imports among the respective TSUS items for each country as follows: For the Republic of China, item 923.90, 8 percent, item 923.91, 86 percent, and item 923.92, 6 percent; and for the Republic of Korea, item 923.93, 35 percent, and item 923.94, 65 percent. No such footwear may be entered on or after September 1, 1977, unless accompanied by an appropriate export visa issued by the exporting country and such footwear shall be counted against the applicable restraint levels.</p> <p>(e) <u>Footwear exported and entered in different restraint periods.</u>--Footwear which is exported from the foreign country during one restraint period, but is entered more than 90 days following the beginning of the subsequent restraint period, shall be counted against the restraint levels for that subsequent restraint period. Footwear, which is exported from the foreign country during one restraint period in excess of the restraint level for such item for such period, may be entered after the beginning of the next restraint period and shall be counted against the restraint level for such item for such subsequent restraint period.</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	
		<p>(f) <u>Carryover</u>.--Except as provided for in paragraph (h), if the restraint level for any item has not been filled for a restraint period, upon appropriate request of the foreign government involved, the shortfall may be entered under the same item during the following restraint period provided that the amount of shortfall so entered does not exceed 11 percent of the restraint level for the restraint period during which the shortfall occurred. If, in accordance with the provisions of paragraph (1j), all or part of a restraint level of any item has been reallocated to the restraint level of one or more of the other items, such amount will not be considered a shortfall, and therefore is not available for carryover.</p> <p>(g) <u>Exceeding restraint levels</u>.--Upon appropriate request of the foreign government involved and to the extent consistent with an orderly marketing agreement existing between the Government of the United States of America and such Government, restraint levels for each item may be exceeded by not more than 20 percent during the first restraint period, at the discretion of the Special Representative for Trade Negotiations, and by not more than 6 percent during any subsequent restraint period, except as provided for in paragraph (h). If a restraint level is exceeded during a restraint period, the Special Representative for Trade Negotiations shall make a downward adjustment of the restraint level for the next succeeding restraint period in the absolute amount by which the preceding restraint level was exceeded.</p> <p>(h) <u>Limitation of paragraphs (f) and (g)</u>.--Except at the discretion of the Special Representative for Trade Negotiations in the first restraint period, paragraphs (f) and (g) may not be used in combination to increase the restraint level applicable to any item in any restraint period by more than 11 percent.</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	
		<p>(1j) <u>Adjustments</u>.—Upon appropriate request of the foreign government involved for an adjustment of the restraint levels between items as provided for herein, the Special Representative for Trade Negotiations shall adjust the restraint level accordingly, such adjustments to be effective on and after the date of their publication in the <u>Federal Register</u>. Except as provided for later in this paragraph, an upward adjustment in a restraint level for exports from a foreign country shall not exceed the percentage of the respective base limit shown below and must be accompanied by a downward adjustment in the same absolute amount of the restraint level applicable to one or more of the other items set forth in the table below for exports during the same restraint period from the foreign country involved. The Special Representative for Trade Negotiations may, in his discretion, permit an upward adjustment of not over 50 percent of any restraint level applicable to item 923.92 in any restraint period provided that the restraint levels applicable to items 923.90 or 923.91 in the same restraint period are reduced by the same absolute amount.</p>		
		<p>Restraint periods</p>		
		<p>: June 28, : July 1, : July 1, : July 1, : 1977-June : 1978-June : 1979-June : 1980-June : 30, 1978 : 30, 1979 : 30, 1980 : 30, 1981</p>		
		<p>Item : :Max-: :Max-: :Max-: :Max-: : :inum: :inum: :inum: :inum: : Base :inc.: Base :inc.: Base :inc.: Base :inc. : limit : 1/ : limit : 1/ : limit : 1/ : limit : 1/</p>		
		<p>: 1,000 :Per-: 1,000 :Per-: 1,000 :Per-: 1,000 :Per-: : pairs :cent: pairs :cent: pairs :cent: pairs :cent:</p>		
		<p>923.90: 9,760: 10 : 10,000: 10 : 10,240: 10 : 10,480: 10</p>		
		<p>923.91:104,680: 10 :107,250: 10 :109,820: 10 :112,400: 10</p>		
		<p>923.92: 7,560: 15 : 7,750: 15 : 7,940: 15 : 8,120: 15</p>		
		<p>923.93: 11,520: 10 : 12,740: 10 : 13,090: 10 : 13,260: 10</p>		
		<p>923.94: 21,480: 15 : 23,760: 15 : 24,410: 15 : 24,740: 15</p>		
		<p>1/ The abbreviation "inc." represents "increase".</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

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APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

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Item	Stat. Suffix	Articles	Units of Quantity	
		<p>(k) <u>United States International Trade Commission (USITC) reports and surveys.</u>—The USITC shall issue reports and conduct surveys with respect to footwear as follows:</p> <p>(1) <u>Quarterly.</u>—Reports by calendar quarter showing monthly data on U.S. production, imports for consumption, apparent U.S. consumption, employment and prices. The initial report shall cover 1975, 1976 and the first two quarters of 1977; the last such report shall cover the quarter which ends not less than 60 days prior to the termination of the import relief. The reports shall be published within 60 days of the end of a quarter.</p> <p>(11) <u>Annually.</u>—Annual surveys to obtain from domestic producers data on profits, orders, capacity, inventories, prices, capital expenditures, and research and development expenditures; and to obtain from importers data on prices, orders, and inventories. The initial survey shall cover the calendar year 1976 and the calendar year 1977, and the results shall be published by May 31, 1978. The results of subsequent surveys shall be published by May 31 of each year thereafter so long as the import relief is in effect.</p> <p>4. <u>United States International Trade Commission (USITC) surveys on certain bolts, nuts and screws of iron or steel.</u>—The USITC shall conduct surveys with respect to products of the types subject to temporary duty increases under items 923.50 to 923.53, inclusive, as follows:</p> <p>(a) <u>Quarterly.</u>—Surveys by calendar quarter to obtain monthly data on U.S. production, U.S. producers' shipments, imports for consumption, U.S. exports, apparent U.S. consumption, employment, man-hours and prices. The initial survey shall cover the third and fourth quarters of 1978 and the first quarter of 1979; the last such survey shall cover the quarter which ends not less than 60 days prior to the termination of the import relief. The results of these surveys shall be published within 60 days of the end of the quarter.</p> <p>(b) <u>Annually.</u>—Annual surveys to obtain from domestic producers data by calendar quarter on profits, unfilled orders, and inventories, and annual data on capital expenditures and capacity; and to obtain from importers data by calendar quarter on prices, unfilled orders and inventories. The initial survey shall cover calendar year 1978, and the results of this and subsequent surveys shall be published by the end of the first quarter of each year thereafter so long as the import relief is in effect.</p>		

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1981)

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Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

Item	Stat. Suffix	Articles	Units of Quantity	Quota Quantity (in units)			
923.79	<u>1/</u>	Whenever the respective aggregate quantity of color television receivers and subassemblies thereof specified below for items 923.74 through 923.83, inclusive, etc. (con.): Taiwan (con.): Printed circuit boards and ceramic substrates with components assembled thereon, etc. (con.): If exported during the period from July 1, 1979, through June 30, 1980, inclusive.....	<u>1/</u>	648,000			
923.81	<u>1/</u>	Republic of Korea: Color television receivers, having a picture tube, provided for in items 685.11 and 685.14; printed circuit boards and ceramic substrates with components assembled thereon for color television receivers and subassemblies containing one or more of such boards or substrates (except tuners or convergence assemblies), all the foregoing not having a picture tube, and entered with components enumerated in headnote 5(a)(1) and with all or part of a chassis frame, provided for in item 685.15: If exported during the period from February 1, 1979, through October 31, 1979, inclusive.....	<u>1/</u>	153,000			
923.83	<u>1/</u>	If exported during the period from November 1, 1979, through June 30, 1980, inclusive.....	<u>1/</u>	136,000			
Rates of Duty							
Effective on or after--							
			1		2		
			April 11, 1978	April 11, 1979	April 11, 1980 <u>2/</u>		
923.85	<u>3/</u>	Citizens Band (CB) radio transceivers (except hand-held) provided for in item 685.27.....	<u>3/</u>	21% ad val.	18% ad val.	15% ad val.	No change
Quota Quantity (in pairs)							
Exported on or after--							
			June 28, 1977	July 1, 1978	July 1, 1979	July 1, 1980 <u>4/</u>	
923.90	<u>1/</u>	Whenever the respective aggregate quantity of footwear specified below for items 923.90 through 923.94, inclusive, the product of a specified foreign country, has been exported in any restraint period from that country and has been entered, no article in such item the product of such country exported during such restraint period may be entered, except as provided in headnote 3: Republic of China: Footwear provided for in items 700.05 through 700.45.....	<u>1/</u>	9,760,000	10,000,000	11,878,400	10,480,000
923.91	<u>1/</u>	Footwear provided for in item 700.58.....	<u>1/</u>	104,680,000	107,250,000	114,490,057	112,400,000
923.92	<u>1/</u>	Footwear provided for in items 700.66 through 700.95 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.90).....	<u>1/</u>	7,560,000	7,750,000	9,607,400	8,120,000
923.93	<u>1/</u>	Republic of Korea: Footwear (except athletic footwear) provided for in items 700.05 through 700.45.....	<u>1/</u>	11,520,000	12,740,000	13,090,000	13,260,000
F-16							
<p><u>1/</u> See Appendix statistical headnote 2. <u>2/</u> Effective period for column 1 rates of duty terminates at the close of April 10, 1981. <u>3/</u> See Appendix statistical headnote 1. <u>4/</u> Effective period for quotas terminates at the close of June 30, 1981.</p>							

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APPENDIX TO THE TARIFF SCHEDULES

Part 2. - Temporary Modifications Proclaimed Pursuant to Trade-Agreements Legislation

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923.94 - 925.13

Item	Stat. Sur-fix	Articles	Units of Quantity	Quota Quantity (in 1,000 pairs)			
				Exported on or after--			
				June 28, 1977	July 1, 1978	July 1, 1979	July 1, 1980 <u>1</u> /
923.94	<u>2</u> /	Whenever the respective aggregate quantity of footwear specified below for items 923.90 through 923.94, inclusive, etc. (con.): Republic of Korea (con.): Athletic footwear provided for in items 700.05 through 700.45, and footwear provided for in item 700.58 and items 700.66 through 700.95 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.90).....	<u>2</u> /	21,480,000	23,760,000	24,410,000	24,740,000
				Quota Quantity (in gross)			
				Entered during the restraint period--			
				February 23, through May 22	May 23, through August 22	August 23, through November 22	November 23, through February 22
925.11	<u>2</u> /	Whenever the respective aggregate quantity of clothespins specified below for items 925.11, 925.12 and 925.13, has been entered in any restraint period, no article in such item may be entered during the remainder of such restraint period, except as provided for in headnote 6: Clothespins, spring type, of wood or plastics, valued not over \$1.70 per gross, provided for in item 790.05, entered on or after February 23, 1979, and before the close of February 22, 1982: Valued not over 80 cents per gross.....	<u>2</u> /	125,000	125,000	125,000	125,000
925.12	<u>2</u> /	Valued over 80 cents but not over \$1.35 per gross.....	<u>2</u> /	150,000	150,000	150,000	150,000
925.13	<u>2</u> /	Valued over \$1.35 but not over \$1.70 per gross.....	<u>2</u> /	225,000	225,000	225,000	225,000

1/ Effective period for quotas terminates at the close of June 30, 1981.
2/ See Appendix statistical headnote 2.

APPENDIX F
STATISTICAL TABLES

Table 1.—Nonrubber footwear: OMA quotas and adjustments for the 1st through 3rd restraint periods, by types

Source and type	Original quota		1st year 1/ adjustments		Amended quota		Actual imports	Balance	Share of quota filled
	Shifts	Borrow	Shifts	Borrow	Shifts	Borrow			
Taiwan:									
Leather	9,760	976	-	-	10,736	976	10,736	-	100
Plastic	104,680	-1,910	-	-	102,770	-1,910	102,770	-	100
Other	7,560	934	-	-	8,494	934	8,494	-	100
Total	122,000	0	-	-	122,000	0	122,000	-	100
Korea:									
Leather (excluding athletic)	11,520	-3,222	+233	-	8,531	-2,989	8,531	-	100
Athletic and other	21,480	3,222	3,175	3,408	27,877	6,397	27,877	-	100
Total	33,000	0	3,408	3,408	36,408	3,408	36,408	-	100
	Adjustment from:	Adjusted quota	2nd year 2/ adjustments		Amended quota	Actual imports	Balance	Share of quota filled	
	1st year	2nd year	Shifts	Borrow	Total	Imports		Percent	
Taiwan:									
Leather	10,000	10,000	1,000	-	1,000	11,000	-	100	
Plastic	107,250	107,250	-2,163	-	2,163	105,088	296	99.7	
Other	7,750	7,750	1,163	-	1,163	8,912	-	100	
Total	125,000	125,000	0	-	0	125,000	296	99.8	
Korea:									
Leather (excluding athletic)	12,740	-233	12,507	-	-	12,507	4,729	62.2	
Athletic and other	23,760	-3,175	20,585	-	-	20,585	0	100	
Total	36,500	-3,408	33,092	-	-	33,092	4,729	85.7	
	Adjustment from:	Adjusted quota	3rd year 4/ adjustments		Amended quota	Actual imports	Balance	Share of quota filled	
	1st year	2nd year	Shifts	Borrow	Total	Imports		Percent	
Taiwan:									
Leather	10,240	10,240	1,024	-	1,024	11,264	0	100	
Plastic	109,820	110,116	-2,215	-	2,215	107,901	0	100	
Other	7,904	7,940	1,191	258	1,667	9,389	0	100	
Total	128,000	128,296	0	7,680	7,680	128,554	0	100	
Korea:									
Leather (excluding athletic)	13,090	13,090	-	-	-	13,090	8,946	31.7	
Athletic and other	24,410	24,410	-	-	-	24,410	1,038	95.7	
Total	37,500	37,500	-	-	-	37,500	9,984	73.4	

1/ From June 28, 1977, to June 30, 1978.
 2/ From July 1, 1978, to June 30, 1979.
 3/ Korea was under quota, and lost 4,729 thousand pairs.
 4/ From July 1, 1978, to June 30, 1979.

Source: Compiled from orderly marketing agreements between the United States and Taiwan and Korea and from U.S. Customs Service news releases, various issues.

Table 2.--Nonrubber footwear: Status of OMA quotas and adjustments for the 4th restraint period, by types, as of Mar. 20, 1981

TSUS item No.	Country and type	Quota quantity for 4th year 1/	Charges from July 1, 1980, to Mar. 20, 1981	Share of quota filled
		1,000 pairs	1,000 pairs	Percent
	Taiwan:			
923.90	Leather footwear-----	2/ 11,528	7,737	67
923.91	Vinyl and plastic footwear--	2/ 111,352	87,871	79
923.92	Other footwear-----	3/ 7,862	4,815	61
	Total-----	130,742	100,423	77
	Korea:			
923.93	Leather footwear, except athletic-----	13,260	3,003	23
923.94	Athletic and other footwear-----	24,740	21,383	86
	Total-----	38,000	24,386	64

1/ July 1, 1980, to June 30, 1981.

2/ Shift of 1,048 thousand pairs from item 923.91 to item 923.90 (45 F.R. 79968).

3/ Due to carryforward provision, deduction made for 258 thousand pairs utilized in 3rd restraint year (45 F.R. 34093).

Source: Compiled from official statistics of the U.S. Customs Service.

Table 3.--Nonrubber footwear: 1/ U.S. imports for consumption,
by principal sources, 1977-80

(In thousands of pairs)

Source	1977	1978	1979	1980	Percentage change, 1980 from 1977
Quantity					
Taiwan-----	166,478	117,235	124,865	144,032	-13
Italy-----	39,674	62,934	97,074	46,221	17
Korea-----	58,650	30,591	24,388	37,054	-37
Brazil-----	17,609	27,427	32,026	31,338	78
Hong Kong-----	8,714	28,342	22,133	20,762	138
Spain-----	31,270	37,458	27,292	18,017	-42
Philippines-----	624	8,389	13,237	14,295	2,191
Mexico-----	3,126	5,262	5,804	5,498	76
Japan-----	5,474	7,341	4,536	5,111	-7
Romania-----	3,745	5,967	5,560	4,663	25
Thailand-----	124	1,580	2,710	3,381	2,627
Greece-----	2,723	3,127	5,537	3,301	21
Yugoslavia-----	2,890	2,963	2,342	3,086	7
Singapore-----	<u>2/</u>	1,187	5,610	2,942	<u>3/</u> 148
Poland-----	3,173	4,611	2,975	2,876	-9
France-----	3,399	4,275	2,831	2,767	-19
India-----	3,514	3,603	2,863	2,711	-23
Austria-----	1,536	2,742	2,549	2,614	70
Canada-----	2,595	3,153	3,107	2,277	-12
China-----	791	405	874	2,207	179
Sweden-----	879	1,460	1,510	1,449	65
Czechoslovakia-----	1,016	1,170	770	1,203	18
West Germany-----	1,279	1,464	853	1,048	-18
Hungary-----	282	762	582	967	243
Ireland-----	821	976	664	570	-31
United Kingdom-----	811	1,018	903	539	-34
Switzerland-----	437	444	422	381	-13
All other-----	6,435	7,629	10,546	4,433	-31
Total-----	368,069	373,518	404,563	365,743	-1

See footnotes at end of table.

Table 3.--Nonrubber footwear: 1/ Value of U.S. imports for consumption, by principal sources, 1977-80--Continued

(In thousands of dollars)

Source	1977	1978	1979	1980	:Percentage : change, :1980 from : 1977
Value					
Taiwan-----	346,990	387,144	436,111	620,143	79
Italy-----	360,859	550,325	787,510	506,528	40
Korea-----	229,365	171,321	166,610	262,849	15
Brazil-----	120,723	178,932	237,195	239,596	98
Spain-----	212,861	278,087	274,632	173,744	-18
France-----	34,529	54,930	48,176	49,504	43
Mexico-----	19,725	32,565	37,826	43,549	121
Yugoslavia-----	31,733	37,514	31,649	42,771	35
Romania-----	20,422	35,034	41,059	41,448	103
Hong Kong-----	12,553	39,239	36,927	36,076	187
Philippines-----	3,275	19,224	34,801	34,133	942
Greece-----	18,820	23,515	40,650	25,903	38
Canada-----	23,949	30,205	31,757	22,451	-6
Austria-----	10,910	19,412	19,879	19,260	77
Poland-----	13,625	21,968	16,223	16,210	19
West Germany-----	15,955	19,581	12,668	15,393	-4
Switzerland-----	10,352	14,692	15,033	15,225	47
Sweden-----	7,835	12,624	14,966	14,685	87
India-----	8,103	9,494	9,952	14,591	80
United Kingdom-----	11,210	15,854	15,789	13,295	19
Czechoslovakia-----	6,580	9,485	6,916	13,293	102
Ireland-----	10,290	13,643	11,169	10,865	6
Hungary-----	1,704	6,384	5,436	8,181	380
China-----	2,413	872	2,470	7,297	202
Singapore-----	8	1,917	7,967	4,243	52,938
Thailand-----	164	1,846	3,658	4,169	2,442
All other-----	64,217	71,544	82,255	42,906	-33
Total-----	1,599,170	2,057,351	2,429,284	2,298,308	44

See footnotes at end of table.

Table 3.--Nonrubber footwear: 1/ Average unit value of U.S. imports for consumption, by principal sources, 1977-80--Continued

Source	(Per pair)				Percentage change, 1980 from 1977
	1977	1978	1979	1980	
	Unit value				
Switzerland-----	\$23.66	\$33.09	\$35.62	\$39.94	69
United Kingdom-----	13.82	15.57	17.49	24.66	78
Ireland-----	12.54	13.98	16.82	19.06	52
France-----	10.16	12.85	17.02	17.89	76
West Germany-----	12.48	13.38	14.86	14.69	18
Yugoslavia-----	10.98	12.66	13.52	13.86	26
Czechoslovakia-----	6.47	8.11	8.99	11.05	71
Italy-----	9.10	8.74	8.11	10.96	20
Sweden-----	8.91	8.65	9.91	10.14	14
Canada-----	9.23	9.58	10.22	9.86	7
Spain-----	6.81	7.42	10.06	9.64	42
Romania-----	5.45	5.87	7.38	8.89	63
Hungary-----	6.04	8.38	9.34	8.46	40
Mexico-----	6.31	6.19	6.52	7.92	26
Greece-----	6.91	7.52	7.34	7.85	14
Brazil-----	6.86	6.52	7.41	7.65	12
Austria-----	7.10	7.08	7.80	7.37	4
Korea-----	3.91	5.60	6.83	7.09	81
Poland-----	4.29	4.76	5.45	5.64	31
India-----	2.31	2.64	3.48	5.38	133
Taiwan-----	2.08	3.30	3.49	4.31	107
China-----	3.05	2.15	2.83	3.31	9
Philippines-----	5.25	2.29	2.63	2.39	-54
Hong Kong-----	1.44	1.38	1.67	1.74	21
Singapore-----	-	1.62	1.42	1.44	-
Thailand-----	1.32	1.17	1.35	1.23	-7
All other-----	9.98	9.38	7.80	9.68	-3
Average-----	4.34	5.51	6.00	6.28	45

1/ Excludes zoris and paper slippers; felt footwear (TSUS item 700.75) is included, accounting for approximately 1 percent of total imports.

2/ Less than 500 pairs.

3/ Based on change from 1978.

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

Table 4.—Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80

TSUSA item No.	Description	1977	1978	1979	1980
		Quantity (1,000 pairs)			
	Total	355,319	355,356	400,602	363,578
700.0500	Huaraches	32	35	161	331
700.1000	McKay-sewed footwear	26	48	84	55
700.1500	Moccasins	229	301	279	249
	Turn or turned footwear:				
700.2020	Men, youths, and boys	68	55	32	24
700.2045	Women	402	397	408	335
700.2050	Misses	1/	-	1/	14
700.2060	Children and infants	4	5	10	110
	Welt footwear:				
700.2500	Valued not over \$2 per pair	18	171	44	23
	Valued over \$2 but not over \$5 per pair:				
700.2610	Work footwear	238	67	3	3
	Other:				
700.2630	For men	256	80	9	1
700.2650	Other	35	3	3	1/
	Valued over \$5 but not over \$6.80 per pair:				
700.2718	Work footwear	1,055	630	156	19
	Other:				
700.2738	For men	838	1,079	465	61
700.2748	Other	32	25	4	1
	Valued over \$6.80 per pair:				
700.2800	Ski boots	5	1	4	1/
	Other:				
700.2920	Athletic footwear other than ski boots	85	143	142	175
700.2940	Work footwear	3,023	5,654	4,806	4,208
	Other:				
700.2960	For men	2,257	2,514	2,399	2,531
700.2980	Other	312	175	271	452
700.3000	Footwear with molded soles laced to uppers	1	4	30	1/
700.3200	Slippers	112	47	71	16
	Other:				
	For men, youths and boys:				
	Athletic footwear:				
700.3505	Ski boots	454	507	950	323
700.3515	Other athletic footwear	43,269	32,100	26,920	36,545
	Work footwear:				
700.3527	Men	604	790	758	545
700.3529	Youths and boys	59	34	26	38

See footnotes at end of table.

Table 4.—Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80—Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Quantity (1,000 pairs)			
	Other—Continued				
	For men, youths, and boys—Continued:				
	Soled "moccasins":				
700.3530	For men	611	723	743	1,065
700.3535	For youths and boys	49	23	46	63
	Other:				
	With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
700.3540	For men	1,861	1,898	1,274	1,204
700.3545	For youths and boys	523	316	144	127
	Cement footwear:				
700.3550	For men	20,380	26,542	21,340	16,031
700.3555	For youths and boys	3,366	3,963	1,883	1,402
	Other:				
700.3575	For men	4,805	4,449	3,883	3,062
700.3580	For youths and boys	1,424	905	329	322
	For other persons:				
	Sandals of buffalo leather, the uppers of which consist primarily of straps across the instep and big toe:				
700.4110	For women	364	324	122	56
700.4120	For misses	4	10	14	—
700.4130	For children	4	74	11	3
700.4140	For infants	1	6	—	1/
	Other:				
2/ 700.4305	Valued not over \$2.50 per pair:				
700.4306	Athletic footwear	1,251	—	—	—
700.4307	For women and misses	—	—	9	4
	Other	—	19	9	5
	Casual footwear:				
700.4310	For women	341	691	311	73
700.4315	Other	495	195	86	88
	Soled "moccasins":				
700.4320	For women	15	9	8	1/
700.4325	Other	8	36	59	39
	Other:				
	With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
700.4330	For women	105	152	4	1
700.4335	Other	80	57	256	53
	Cement footwear:				
700.4340	For women	1,781	1,430	1,911	430

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	Quantity (1,000 pairs)			
		1977	1978	1979	1980
	For other persons--Continued				
	Valued not over \$2.50 per pair--Continued				
	Other--Continued				
	Other--Continued				
	Cement footwear--Continued				
700.4345	For misses	301	344	272	60
700.4350	For children	1,095	1,092	668	290
700.4355	For infants	1,125	1,092	972	302
	Other for:				
700.4360	For women	788	1,517	1,072	213
700.4365	For misses	149	50	46	34
700.4370	For children	668	145	142	150
700.4375	For infants	311	132	120	75
	Valued over \$2.50 per pair:				
3/ 700.4505	Athletic footwear	5,318	-	-	-
700.4506	For women and misses	-	2,602	4,805	7,635
700.4507	Other	-	587	798	940
	Casual footwear:				
700.4510	For women	5,010	5,304	5,975	5,645
700.4515	Other	580	377	167	435
	Soled "moccasins":				
700.4520	For women	178	192	121	188
700.4525	Other	21	8	8	5
	Other:				
	With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
	For women	726	900	561	423
700.4530	Other	93	92	256	81
	Cement footwear:				
700.4540	For women	48,352	63,410	69,807	52,308
700.4545	For misses	617	706	905	900
700.4550	For children	1,619	1,797	1,876	1,756
700.4555	For infants	259	364	691	671
	Other:				
700.4560	For women	4,212	5,831	13,839	8,238
700.4565	For misses	141	98	304	309
700.4570	For children	470	284	504	418
700.4575	For infants	66	39	81	79
	Athletic footwear:				
700.5805	Ski boots	-	1,338	1,719	1,100
	Other:				
700.5810	For men	-	2,238	1,615	2,096
700.5815	For youth and boys	-	2,487	1,580	1,884

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Quantity (1,000 pairs)			
	Other--Continued				
	Athletic footwear--Continued				
	Other--Continued				
700.5820	For women and misses	-	1,218	1,426	2,454
700.5825	For children and infants	-	470	389	411
700.5830	Sandals and similar footwear of plastic, produced in one piece by molding	-	797	2,990	3,060
	Other:				
	Footwear having supported vinyl uppers:				
	For soft sole footwear	592	-	-	-
4/ 700.5823	For men	17,464	12,967	13,007	16,256
5/ 700.5836	For youth and boys	11,074	5,019	3,793	5,837
5/ 700.5838	For women	80,152	83,150	98,059	87,506
5/ 700.5846	For misses	6,655	7,189	7,837	8,734
5/ 700.5848	For children	6,393	6,289	6,662	6,566
5/ 700.5856	For infants	3,414	2,854	3,043	3,115
	Other:				
5/ 700.5868	For men	5,397	903	2,339	2,804
5/ 700.5869	For youth and boys	946	311	364	678
5/ 700.5870	For women	20,184	4,562	17,156	21,031
5/ 700.5871	For misses	1,439	304	943	2,022
5/ 700.5872	For children	1,594	256	1,219	1,287
5/ 700.5873	For infants	959	73	415	644
	Footwear, with uppers of fibers:				
	With soles of leather:				
	Valued not over \$2.50 per pair:				
700.6620	Slipper socks	14	14	31	27
	Other:				
700.6640	For men, youths, and boys	3	9	-	-
700.6660	Other	181	94	74	128
	Valued over \$2.50 per pair:				
700.6820	Slipper socks	20	8	28	4
	Other:				
700.6840	For men, youths, and boys	47	87	83	94
700.6860	Other	190	151	138	485
	With soles of material other than leather:				
	With uppers of vegetable fibers:				
700.7020	For men, youths, and boys	155	56	185	161

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Quantity (1,000 pairs)			
	Footwear, with uppers of fibers--				
	Continued				
	With soles of material other than leather--Continued				
	With uppers of vegetable fibers:				
700.7065	For women	4,137	2,230	2,776	1,871
700.7070	For misses	263	33	48	23
700.7075	For children	82	27	27	13
700.7080	For infants	2,095	2,521	3,131	3,635
	Other:				
700.8020	For men, youths, and boys	1,581	866	1,059	745
700.8065	For women	3,631	3,099	4,716	3,733
700.8070	For misses	142	84	131	9
700.8075	For children	363	65	132	83
700.8080	For infants	1,464	1,302	1,338	1,454
	Other footwear:				
	Of wood:				
700.8310	For men	325	266	179	89
700.8320	For youths and boys	50	116	115	102
700.8330	For women	6,151	16,915	19,572	10,987
700.8340	For misses	256	266	477	496
700.8350	For children	77	120	276	191
700.8360	For infants	6	8	6	25
	Other:				
6/ 700.9515	For men, youths and boys	3,377	5,597	5,080	6,891
6/ 700.9525	For women	10,670	14,696	20,791	11,889
6/ 700.9530	For misses	354	266	477	860
6/ 700.9535	For children	365	369	600	778
6/ 700.9545	For infants	76	16	109	78

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Value (1,000 dollars)			
	Total	1,557,512	2,011,946	2,418,853	2,291,824
700.0500	Huaraches	86	99	563	502
700.1000	McKay-sewed footwear	246	293	688	629
700.1500	Moccasins	655	733	1,131	1,246
	Turn or turned footwear:				
700.2020	For men, youths, and boys	532	493	427	382
700.2045	For women	2,524	2,184	2,401	2,089
700.2050	For misses	5	-	9	28
700.2060	For children and infants	11	20	84	289
	Welt footwear:				
700.2500	Valued over \$2 per pair	21	144	10	25
	Valued over \$2 but not over \$5 per pair:				
700.2610	Work footwear	1,057	306	9	10
	Other:				
700.2630	For men	1,155	354	39	5
700.2650	Other	105	21	10	1
	Valued over \$5 but not over \$6.80 per pair:				
700.2718	Work footwear	6,535	3,949	986	125
	Other:				
700.2738	For men	4,908	6,492	2,954	381
700.2748	Other	191	167	23	9
	Valued over \$6.80 per pair:				
700.2800	Ski boots	46	14	110	1
	Other:				
700.2920	Athletic footwear other than ski boots	1,564	2,708	3,355	2,713
700.2940	Work footwear	25,642	51,692	48,927	48,256
	Other:				
700.2960	For men	32,651	39,125	38,910	46,348
700.2980	Other	6,121	3,540	6,769	10,841
700.3000	Footwear with molded soles laced to uppers	12	70	129	12
700.3200	Slippers	197	260	275	103
	Other:				
	For men, youths, and boys:				
	Athletic footwear:				
700.3505	Ski boots	4,399	5,979	11,027	4,949
700.3515	Other athletic footwear	226,116	228,406	208,806	310,052
	Work footwear for:				
700.3527	For men	5,456	8,273	8,881	7,419
700.3529	For youths and boys	415	252	269	392

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA Item No.	Description	1977	1978	1979	1980
		Value (1,000 dollars)			
	Other--Continued				
	For men, youths and boys--Continued				
700.3530	Soled "moccasins:				
	For men	4,539	6,581	9,288	13,551
700.3535	For youths and boys	240	177	330	449
	Other:				
	With soles vulcanized to uppers:				
	or with soles simultaneously:				
	molded and attached to				
	uppers:				
700.3540	For men	11,773	13,388	14,234	12,985
700.3545	For youths and boys	1,724	1,609	886	756
	Cement footwear:				
700.3550	For men	166,390	240,948	261,558	206,007
700.3555	For youths and boys	13,396	18,163	10,635	8,189
	Other:				
700.3575	For men	38,705	42,479	49,215	39,793
700.3580	For youths and boys	5,756	4,556	2,995	2,701
	For other persons:				
	Sandals of buffalo leather, the				
	uppers of which consist				
	primarily of straps across				
	the instep and big toe:				
700.4110	For women	520	488	303	110
700.4120	For misses	13	29	21	-
700.4130	For children	10	208	38	18
700.4140	For infants	2	13	-	1
	Other:				
	Valued not over \$2.50 per pair:				
2/ 700.4305	Athletic footwear--	2,746	-	-	-
700.4306	For women and misses	-	-	15	10
700.4307	Other	-	37	20	10
	Casual footwear:				
700.4310	For women	628	1,384	466	121
700.4315	Other	1,002	357	155	165
	Soled "moccasins":				
700.4320	For women	33	17	17	3/ 21
700.4325	Other	15	21	30	
	Other:				
	With soles vulcanized				
	to uppers or with				
	soles simultaneously				
	molded and attached				
	to uppers:				
700.4330	For women	124	206	9	2
700.4335	Other	148	106	590	125
	Cement footwear:				
700.4340	For women	2,978	2,869	3,808	750

See footnotes at end of table.

Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80—Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Value (1,000 dollars)			
	For other persons—Continued				
	Valued not over \$2.50 per pair—				
	Continued				
	Other—Continued				
	Cement footwear—Continued				
700.4345	For misses	592	631	493	121
700.4350	For children	2,011	1,973	1,319	588
700.4355	For infants	1,806	1,914	1,850	599
	Other:				
700.4360	For women	1,137	2,956	2,168	334
700.4365	For misses	272	91	87	55
700.4370	For children	1,099	259	240	253
700.4375	For infants	489	218	197	148
4/ 700.4503	Valued over \$2.50 per pair:	25,080	-	-	-
	Athletic footwear				
700.4506	For women and misses	-	17,366	30,959	51,537
700.4507	Other	-	2,921	3,845	4,997
	Casual footwear:				
700.4510	For women	38,014	38,291	48,542	45,526
700.4515	Other	2,150	1,753	828	2,170
	Soled "moccasins":				
700.4520	For women	1,254	1,607	1,388	2,383
700.4525	Other	123	85	50	60
	Other:				
	With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
	For women	4,335	5,748	4,121	2,860
	Other	407	538	902	312
	Cement footwear:				
700.4540	For women	408,759	578,464	708,446	544,584
700.4545	For misses	3,440	3,391	4,060	4,623
700.4550	For children	7,855	8,855	10,296	10,919
700.4555	For infants	1,168	1,611	3,336	2,650
	Other:				
700.4560	For women	27,137	38,796	81,861	67,104
700.4565	For misses	612	411	1,303	1,394
700.4570	For children	1,831	1,359	2,394	2,050
700.4575	For infants	199	228	525	289
	Athletic footwear:				
	Ski boots		38,865	53,601	42,824
	Other:				
700.5810	For men	-	8,297	6,884	10,273
700.5815	For youth and boys	-	7,092	6,127	8,250

See footnotes at the end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Value (1,000 dollars)			
	Other--Continued				
	Athletic footwear--Continued				
	Other--Continued				
700.5820	For women and misses	-	4,018	5,113	9,545
700.5825	For children and infants	-	926	1,148	1,497
700.5830	Sandals and similar footwear of plastic, produced in one piece by molding				
	Other:		1,919	4,995	6,336
	Footwear having supported vinyl uppers:				
	For soft sole footwear	871	-	-	-
4/ 700.5823	For men	55,957	40,527	49,424	73,544
5/ 700.5836	For youth and boys	28,519	14,007	12,947	21,392
5/ 700.5838	For women	192,836	279,781	341,191	334,898
5/ 700.5846	For misses	15,543	23,621	25,446	31,350
5/ 700.5848	For children	12,591	16,004	18,183	20,765
5/ 700.5856	For infants	5,192	5,122	5,996	8,245
	Other:				
5/ 700.5868	For men	15,795	2,782	5,888	12,478
5/ 700.5869	For youth and boys	2,210	720	1,240	3,379
5/ 700.5870	For women	46,587	16,758	58,606	84,864
5/ 700.5871	For misses	2,736	1,222	2,644	6,979
5/ 700.5872	For children	2,220	601	2,215	3,653
5/ 700.5873	For infants	1,444	130	753	1,485
	Footwear, with uppers of fibers:				
	With soles of leather:				
	Valued not over \$2.50 per pair:				
	Slipper socks	15	20	33	26
700.6620	Other:				
700.6640	For men, youths and, boys	5	15	-	-
700.6660	Other	130	122	86	136
	Valued over \$2.50 per pair:				
	Slipper socks	153	49	103	20
	Other:				
700.6840	For men, youths, and boys	331	758	892	1,077
700.6860	Other	1,769	1,987	2,251	4,236
	With soles of material other than leather:				
	With uppers of vegetable fibers:				
700.7020	For men, youths, and boys	328	317	527	425

See footnotes at end of table.

Table 4.--Certain nonrubber footwear: U.S. imports for consumption, by types and by TSUSA items, 1977-80--Continued

TSUSA item No.	Description	1977	1978	1979	1980
		Value (1,000 dollars)			
	Footwear, with uppers of fibers--				
	Continued				
	With soles of material other than leather--Continued				
	With uppers of vegetable fibers--Continued				
700.7065	For women-----	12,802	9,226	9,511	8,664
700.7070	For misses-----	406	120	106	49
700.7075	For children-----	108	41	67	15
700.7080	For infants-----	876	977	1,344	1,689
	Other:				
700.8020	For men, youths, and boys-----	2,208	1,349	2,073	1,251
700.8065	For women-----	3,885	6,450	10,740	11,651
700.8070	For misses-----	118	108	202	30
700.8075	For children-----	334	90	203	157
700.8080	For infants-----	632	572	827	787
	Other footwear:				
	Of wood:				
700.8310	For men-----	1,686	1,652	1,431	894
700.8320	For youths and boys-----	430	1,001	1,116	1,272
700.8330	For women-----	26,590	85,569	114,011	65,526
700.8340	For misses-----	1,528	1,078	1,611	1,576
700.8350	For children-----	230	431	1,210	967
700.8360	For infants-----	2	20	15	72
	Other:				
7/ 700.9515	For men, youths, and boys-----	3,809	10,559	12,199	14,330
7/ 700.9525	For women-----	13,458	27,556	53,060	24,057
7/ 700.9530	For misses-----	371	336	1,108	1,765
7/ 700.9535	For children-----	310	421	1,025	1,123
7/ 700.9545	For infants-----	48	54	86	157

1/ Less than 500 pairs.

2/ On Jan. 1, 1978, TSUSA item 700.4305 was replaced by TSUSA items 700.4306 and 700.4307.

3/ Less than \$500.

4/ On Jan. 1, 1978, TSUSA item 700.4305 was replaced by TSUSA items 700.4506 and 700.4507.

5/ On Jan. 1, 1978, TSUSA item 700.5823 was replaced by TSUSA items 700.5825 and 700.5830.

6/ On Jan. 1, 1978, TSUSA items 700.5837-.87 were replaced by TSUSA items 700.5836-.73.

7/ On Jan. 1, 1980, TSUSA items 700.8515-.45 were replaced by TSUSA items 700.9515-.45.

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

Table 5.--Nonrubber footwear: U.S. producers' shipments, imports, total and from Taiwan and Korea, and apparent consumption, by types, 1977-80

Type and year	Producer's shipments		Imports		Apparent consumption		Ratio of imports to consumption		
	Total	From Taiwan	From Korea	Total	From Taiwan	From Korea	Total	From Taiwan	From Korea
Total:									
1977	430.9	166.5	58.7	799.0	46	21	46	21	7
1978	412.9	117.2	30.6	786.4	47	15	47	15	4
1979	402.6	124.9	24.4	807.2	50	15	50	15	3
1980	387.9	144.0	37.0	753.9	49	19	49	19	5
Women's and misses:									
1977	164.6	110.5	5.8	365.9	55	30	55	30	2
1978	157.4	74.8	1.4	374.3	60	20	60	20	2/
1979	160.2	90.5	.7	433.1	63	21	63	21	2/
1980	1/ 144.5	103.2	1.4	357.1	60	29	60	29	2/
Men's, youths, and boys':									
1977	85.1	31.9	12.1	163.5	50	19	50	19	7
1978	157.4	18.4	4.4	158.6	44	12	44	12	3
1979	160.2	60.9	16.7	145.3	42	11	42	11	3
1980	1/ 84.8	20.7	3.5	146.7	42	14	42	14	2
Children's and infants':									
1977	39.4	23.1	11.4	62.5	37	18	37	18	2
1978	38.8	20.1	6.2	58.9	34	11	34	11	1
1979	38.2	23.4	6.3	61.6	40	10	40	10	1
1980	1/ 35.2	23.4	7.8	58.6	40	13	40	13	2
Leather athletic footwear:									
1977	12.2	44.7	7.1	56.9	78	12	78	12	52
1978	10.1	35.7	5.8	45.8	78	13	78	13	41
1979	7.7	33.6	7.3	41.3	81	18	81	18	38
1980	1/ 9.2	45.6	7.2	54.8	83	13	83	13	52
Athletic footwear total:									
1977	16.6	3/ 43.7	3/ 11.3	3/ 64.3	3/ 66	3/ 17	3/ 66	3/ 17	30
1978	20.9	40.4	11.1	61.5	66	18	66	18	26
1979	21.9	53.6	12.7	78.5	68	16	68	16	37
1980	1/ 24.9								
Work footwear:									
1977	25.7	4/ 5.1	4/ .6	30.8	17	2	17	2	9
1978	23.8	7/ 7.2	4/ 1.0	31.0	66	3	66	3	11
1979	20.0	4/ 5.7	4/ 1.0	25.7	66	4	66	4	9
1980	1/ 20.7	4/ 4.8	4/ .6	25.5	68	2	68	2	9

1/ Preliminary, based on U.S. production.

2/ Less than 0.5 percent.

3/ Information is not available.

4/ Included only leather work shoes.

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

Note.--Table does not include U.S. exports, which were 13.0 million pairs in 1980, or approximately 3.4 percent of total domestic production.

Table 6.--U.S. imports of footwear with fabric uppers and soles of rubber or plastic, 1/ from Korea, Taiwan, and total, 1977-80

	1977	1978	1979	1980
Quantity (1,000 pairs)				
Korea-----	24,733	59,470	41,856	42,600
Taiwan-----	61,038	94,770	53,876	58,993
All other-----	20,341	18,466	15,660	19,208
Total-----	106,012	172,706	111,392	120,801
Value (1,000 dollars) 2/				
Korea-----	59,617	193,987	166,073	179,741
Taiwan-----	86,949	188,773	131,242	203,520
All other-----	66,781	73,805	52,695	56,026
Total-----	213,347	456,565	350,010	439,287
Unit value (per pair)				
Korea-----	2.41	3.26	3.97	4.22
Taiwan-----	1.42	1.99	2.44	3.45
All other-----	3.30	4.00	3.36	2.92
Changes in unit values 1977-80 (percent)				
Korea-----		75		81
Taiwan-----		143		107
All other-----		-12		7

1/ Imports entering under TSUS item 700.60.

2/ F.a.s. value.

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

Table 7.--Nonrubber footwear: Plant capacity, actual production, percent utilization of capacity, 1971-80

Year	Plant capacity	Actual production	Ratio of production to capacity
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
1971-----	695.8	535.8	77.0
1972-----	673.0	526.7	78.3
1973-----	653.4	490.0	75.0
1974-----	619.4	453.0	73.1
1975-----	598.2	413.1	69.1
1976-----	556.5	422.5	75.9
1977-----	550.5	418.1	76.0
1978-----	556.8	418.9	75.2
1979-----	520.3	398.5	76.6
1980-----	517.9	<u>2/</u> 394.6	76.2

1/ Figures were based on 3-year moving averages of calculated capacities. For each of the years in the moving average, capacity was calculated by summing across several broad footwear categories the annualized equivalent of that year's highest monthly production level.

2/ Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce and published data of the American Footwear Industries Association.

Table 8.--Nonrubber footwear: U.S. production, by types, 1977-80

(In thousands of pairs)

Type	1977	1978	1979	1980 ^{1/}
Athletic-----:	15,978	20,852	20,529	24,870
Slippers-----:	77,602	79,353	72,779	68,701
Work-----:	26,231	24,243	21,536	20,706
All other:				
Men's-----:	79,003	78,255	70,159	71,268
Youths' and				
boys'-----:	12,093	14,343	12,132	11,648
Women's-----:	147,047	145,436	145,920	143,554
Misses'-----:	13,243	13,090	13,748	13,497
Children's-----:	18,286	16,162	13,899	13,112
Infants'-----:	22,680	23,166	22,801	22,107
Not specified				
by kind-----:	5,957	4,048	4,977	5,125
Total-----:	418,120	418,948	398,480	394,588

^{1/} Preliminary.

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

Table 9.--Nonrubber footwear: U.S. producers' shipments,
by types, 1977-80 ^{1/}

Type	Quantity			Value ^{1/}	
	1977	1978	1979	1978	1979
	-----1,000 pairs-----			--1,000 dollars--	
Athletic-----	16,600	20,887	21,073	156,708	184,973
Slippers-----	78,400	79,014	73,594	194,761	244,961
Work-----	25,700	23,769	20,020	425,064	416,377
All other:					
Men's-----	70,200	73,671	72,077	1,164,925	1,357,142
Youths' and boys'-----	14,900	15,209	12,346	103,040	98,817
Women's-----	150,300	144,551	146,181	1,459,419	1,646,923
Misses'-----	14,300	12,858	13,994	78,248	86,977
Children's-----	17,900	15,805	14,196	98,295	98,243
Infants'-----	21,500	23,023	23,969	93,095	97,511
Not specified by kind--	4,700	4,117	5,131	25,806	34,192
Total-----	430,900	412,904	402,581	3,799,331	4,266,016

^{1/} The Department of Commerce has not yet released data on shipments by type and value for 1980; total quantity and value were 387,908 thousand pairs and \$4,532,954 billion, respectively.

^{2/} The Department of Commerce did not gather data on the value of shipments in 1977.

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

Table 10.--Nonrubber footwear: U.S. exports of domestic merchandise, by principal markets, 1977-80

Market	1977	1978	1979	1980
Quantity (1,000 pairs)				
Argentina-----	<u>1/</u>	5	549	2,532
Canada-----	1,869	1,646	2,000	1,435
Mexico-----	251	498	598	1,031
Japan-----	255	396	496	546
France-----	72	165	232	533
West Germany-----	77	206	265	315
United Kingdom-----	149	207	251	290
All other-----	2,738	3,812	4,871	6,317
Total-----	5,411	6,935	9,262	12,999
Value (1,000 dollars)				
Argentina-----	<u>2/</u>	55	2,440	10,702
Canada-----	10,840	9,052	10,400	12,151
Mexico-----	1,338	2,504	3,255	5,922
Japan-----	4,495	5,906	7,808	12,443
France-----	750	1,473	2,918	7,341
West Germany-----	842	1,614	3,031	3,873
United Kingdom-----	1,014	1,520	2,549	3,982
All other-----	16,007	23,158	38,077	55,589
Total-----	35,286	45,282	70,478	112,003
Unit value (per pair) <u>3/</u>				
Argentina-----	-	\$11.00	\$4.44	\$4.23
Canada-----	\$5.80	5.50	5.20	8.47
Mexico-----	5.33	5.03	5.44	5.74
Japan-----	17.63	14.91	15.74	22.78
France-----	10.42	8.93	12.58	13.77
West Germany-----	10.94	7.84	11.44	12.30
United Kingdom-----	6.81	7.34	10.16	13.73
All other-----	5.85	6.08	7.82	8.80
Total-----	6.52	6.53	7.61	8.62

1/ Less than 500 pairs.

2/ Less than \$500.

3/ Based on unrounded figures.

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

Table 11.--Nonrubber footwear: U.S. producers' yearend inventories by types, 1977-80

Type	Quantity in thousands of pairs; value in thousands of dollars			
	1977	1978	1979	1980
	Total	Total	Total	Total
	Share (per- cent) of total ac- counted for by imports	Share (per- cent) of total ac- counted for by imports	Share (per- cent) of total ac- counted for by imports	Share (per- cent) of total ac- counted for by imports
Quantity				
Athletic	2,329	2,013	1,405	1,200
Work	2,342	2,515	2,943	2,729
Slippers	766	746	753	818
All other nonrubber foot- wear for--				
Men, youths, and boys	7,008	7,649	5,586	4,980
Women and misses	7,870	8,915	9,636	8,072
Children and infants	2,499	1,726	1,914	1,176
Total	25,435	27,049	25,055	26,233
Value				
Athletic	15,680	14,492	14,066	13,929
Work	28,890	34,121	46,352	44,921
Slippers	2,457	2,664	2,983	3,590
All other nonrubber foot- wear for--				
Men, youths, and boys	79,940	93,045	100,782	89,335
Women and misses	58,269	77,245	92,766	92,766
Children and infants	11,951	10,162	13,000	8,619
Total	213,901	253,517	301,256	325,657

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 12.--Nonrubber footwear: U.S. importers' yearend inventories
by types, 1977-80

Type	1977	1978	1979	1980
Quantity (1,000 pairs)				
Athletic-----	3,909	5,594	4,159	4,191
Work-----	553	1,272	1,155	1,193
Slippers-----	847	1,123	1,249	1,256
All other nonrubber--				
Footwear-----	5,909	7,736	6,325	4,150
Womens and misses-----	9,067	18,173	16,648	14,471
Children and infants-----	1,510	2,074	3,340	1,504
Total-----	21,795	35,972	32,876	26,765
Value (1,000 dollars)				
Athletic-----	27,550	45,668	40,406	52,561
Work-----	5,571	7,406	9,954	12,102
Slippers-----	1,911	3,756	8,789	6,287
All other nonrubber--				
Footwear-----	39,641	59,233	43,194	47,059
Womens and misses-----	48,606	94,641	99,675	103,281
Children and infants-----	4,375	7,358	13,094	6,136
Total-----	127,654	218,062	215,112	227,426

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 13.--Nonrubber footwear: Producers' unfilled orders, as of Jan. 1, 1978-81

Type	1978	1979	1980	1981
	(1,000 pairs)			
Men's, youths', and boys' leather dress and casuals-----	5,330	4,910	4,789	4,034
Men's, youths', and boys' leather boots, except work-----	803	1,028	1,316	1,500
Men's, youths', and boys' leather work shoes-----	1,057	1,175	1,564	1,403
Women's and misses' leather dress and casuals-----	10,722	8,022	9,222	8,085
Women's and misses' leather boots-----	685	1,494	1,300	1,263
Women's and misses' leather sandals-----	756	865	1,269	2,125
Children's and infants' nonrubber footwear-----	3,253	3,506	3,537	2,706
Men's, youths', and boys' plastic dress and casuals-----	1,770	2,014	2,167	1,664
Women's and misses' plastic dress and casuals-----	7,216	6,995	7,916	7,622
Women's and misses' plastic sandals-----	969	1,042	2,020	1,707
Women's and misses' plastic boots-----	384	413	409	327
Men's, youths', and boys' fiber dress and casuals-----	840	712	31	347
Women's and misses' fiber dress and casuals-----	1,813	1,930	783	1,489
Slippers-----	351	338	402	572
Athletic footwear-----	623	634	895	785
Total-----	36,622	35,075	37,620	35,629

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 14.--Nonrubber footwear: Importers' unfilled orders, as of Jan. 1, 1978-81

Type	1978	1979	1980	1981
	(1,000 pairs)			
Men's, youths', and boys' leather dress and casuals-----	4,087	3,909	2,959	1,818
Men's, youths', and boys' leather boots, except work-----	1,820	1,454	1,328	894
Men's, youth's, and boys' leather work shoes-----	2,846	2,503	2,241	1,958
Women's and misses' leather dress and casuals-----	2,171	1,796	2,080	1,505
Women's and misses' leather boots-----	60	211	218	156
Women's and misses' leather sandals-----	1,769	2,907	2,945	2,999
Children's and infant's nonrubber footwear-----	1,119	1,908	1,133	464
Men's, youths', and boys' plastic dress and casuals-----	2,355	2,626	1,750	1,402
Womens' and misses' plastic dress and casuals-----	2,538	3,005	2,678	3,331
Women's and misses' plastic sandals-----	3,175	2,829	2,936	2,549
Women's and misses' plastic boots-----	49	114	77	34
Men's, youths', and boys' fiber dress and casuals-----	562	2,330	200	258
Women's and misses' fiber dress and casuals-----	1,682	1,704	1,028	829
Slippers-----	657	656	706	981
Athletic footwear-----	2,098	1,535	1,715	3,031
Total-----	26,988	29,487	23,994	22,209

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 15.--Average number of employees in nondurable manufacturing and average number of employees in U.S. establishments producing nonrubber footwear, 1974-80

Year	Average employment in nondurable manufacturing		Average employment in U.S. establishments producing nonrubber footwear		Production workers		Share of all footwear employees
	All employees	Production workers	All employees	Share of non-durable manufac-turing employment	Number	Percent	
	Thousands	Thousands	Thousands	Percent	Thousands	Percent	
1974-----	8,152	5,976	172	2.1	149	86.6	
1975-----	7,635	5,485	158	2.1	136	86.1	
1976-----	7,920	5,724	164	2.1	144	87.8	
1977-----	8,086	5,828	157	1.9	137	87.3	
1978-----	8,231	5,929	158	1.9	138	87.3	
1979-----	8,290	5,965	151	1.8	130	86.1	
1980-----	8,147	5,809	152	1.9	129	84.9	

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

Table 16.--Nonrubber footwear: AFIA establishment figures, USM plant figures, USM plant openings and closings figures, Census of Manufacturers establishment figures, by years, 1971-80

Year	AFIA establishment figure <u>1/</u>	USM plant figure <u>2/</u>	USM net plant openings and closing figure <u>3/</u>	Census of Manufacturers establishment figure
1971-----	950	838	-27	<u>4/</u>
1972-----	917	811	-37	<u>4/</u>
1973-----	880	774	-18	<u>4/</u>
1974-----	862	756	-44	<u>4/</u>
1975-----	818	712	-44	<u>4/</u>
1976-----	744	671	-2	<u>4/</u>
1977-----	772	669	-3	<u>4/</u>
1978-----	760	658	10	<u>4/</u>
1979-----	770	629	-29	<u>4/</u>
1980-----	741	623	-6	<u>4/</u>

1/ The AFIA establishment figure is based on Bureau of Census figures and is adjusted yearly by adding plant openings and subtracting plant closings, which are provided by USM.

2/ The USM plant figure is based on company records, which have been updated yearly since the founding of USM.

3/ The USM plant openings and closings figure is based on company records, which have been kept yearly since the founding of USM.

4/ Not available.

Note: The above data may not correspond for all years as different data bases were used.

Source: Compiled from statistics of the American Footwear Industries Association (AFIA) and the United Shoe Machine Co., (USM).

Table 17.--Hourly earnings of production workers and estimated total compensation per hour worked in specified industries related to footwear in 8 countries, 1971-79

Country	Industry	(In U.S. dollars)								
		1971	1972	1973	1974	1975	1976	1977	1978	1979
		Published average hourly earnings ^{1/}								
Brazil	Leather footwear 2/	\$0.30	\$0.34	\$0.41	\$0.48	\$0.57	\$0.66	\$0.74	\$0.84	\$0.86
Hong Kong	Rubber footwear 3/	.41	.46	.54	.58	.58	.71	.80	.94	1.05
Italy	Leather footwear 4/	.85	.98	1.21	1.32	1.72	1.71	2.14	2.60	3.18
Japan	Leather and leather products 5/	.86	1.21	1.57	1.81	2.16	2.37	2.88	3.56	3.60
Korea	Leather footwear 6/	.15	.15	.19	.24	.28	.39	.41	.58	.81
	Rubber footwear 7/	.13	.16	.16	.22	.25	.32	.43	.55	.69
Spain	Clothing, footwear, and leather 8/	.35-.39	.42-.47	.55-.62	.69-.78	.85-.98	1.06-1.20	9/ 1.53	1.99	2.74
Taiwan	Leather and leather products	10/	10/	.21	.30	.32	.41	.49	.59	.81
	Rubber and plastic footwear	10/	10/	.38	.35	.40	.52	.63	.71	.75
United States.	Footwear, excluding rubber	2.53	2.62	2.72	2.90	3.08	3.27	3.48	3.75	4.09
		Estimated total hourly compensation ^{11/}								
Brazil	Leather footwear 2/	\$0.38	\$0.43	\$0.51	\$0.61	\$0.72	\$0.82	\$0.93	\$1.06	\$1.07
Hong Kong	Rubber footwear 3/	.45-.47	50-.53	.59-.62	.63-.66	.64-.67	.79-.82	.88-.91	1.03-1.08	1.15-1.20
Italy	Leather footwear 4/	1.52	1.77	2.19	2.46	3.22	3.22	3.96	4.78	5.86
Japan	Leather and leather products 5/	.96	1.35	1.76	2.00	2.44	2.67	3.27	4.04	4.06
Korea	Leather footwear 6/	.17-.18	.17-.18	.21-.22	.28-.29	.32-.34	.45-.47	.48-.50	.67-.69	.93-.98
	Rubber footwear 7/	.16-.16	.18-.19	.18-.19	.26-.27	.29-.31	.36-.38	.49-.51	.63-.66	.80-.83
Spain	Clothing, footwear, and leather 8/	.52-.58	.63-.70	.82-.93	1.04-1.17	1.28-1.46	1.59-1.80	9/ 2.22	2.78	3.84
Taiwan	Leather and leather products	10/	10/	.24-.25	.34-.36	.37-.39	.47-.49	.56-.59	.68-.71	.94-.98
	Rubber and plastic footwear	10/	10/	.44-.46	.41-.48	.46-.48	.60-.62	.72-.75	.82-.85	.87-.91
United States.	Footwear, excluding rubber	3.00	3.11	3.27	3.52	3.75	4.02	4.32	4.69	5.15

^{1/} Published earnings do not represent the same items of labor compensation in each country because of differences in the treatment of various supplementary benefits. Earnings generally refer to gross payments made to the worker before payroll deductions for taxes and employee social security contributions, and include basic time and piece rates, overtime pay and shift differentials, regular bonuses and premiums, and cost-of-living adjustments. Holiday, vacation, and sick leave pay, bonuses not paid regularly each pay period, and other supplementary benefits are included by some countries and excluded by others. Earnings are computed per hour paid for some countries and per hour worked for others. Conversion from the currencies of foreign countries to U.S. dollars was made on the basis of average daily exchange rates, except for Hong Kong.

^{2/} Earnings in the leather footwear industry are estimated on the basis of 1974 leather footwear earnings--estimated from annual earnings by assuming 2080 hours of work per year--and the average earnings trend in all industry.

^{3/} Daily earnings converted to an hourly basis by assuming 8.5 hours of work per day. Excluding overtime pay and shift differentials. Converted to U.S. dollars using end-of-year exchange rates.

^{4/} Data refer to factory workers in establishments of 10 or more employees, and exclude homeworkers, who are paid at a lower rate.

5/ Shoes exported from Japan to the United States are made principally of plastic materials. Data for only the leather and leather products industry, which included leather footwear, are shown in the table, however, because data are not available for plastic footwear. In the Japanese industrial classification system, plastic footwear is combined with rubber products. In 1970, less than one-fifth of the factory workers in the rubber products industry group were in plastic footwear plants and they were paid at a lower rate than most workers in the rubber products portion of the industry. In addition, about half of the workers in the plastic footwear industry were homeworkers, who are paid at a lower rate than factory workers. About half of the workers in the leather footwear industry were also homeworkers.

6/ Earnings in the leather footwear industry are estimated on the basis of average hourly earnings for all employees in leather and leather products industries adjusted for the relative level of production worker leather footwear earnings to all employee leather and leather products earnings in 1972 and 1975-76.

7/ Earnings in the rubber footwear industry are estimated on the basis of average hourly earnings for all employees in rubber products industries adjusted for the relative level of production worker rubber footwear earnings in 1972 and 1975-76.

8/ Production worker estimate (80-90 percent of all employee earnings) for 1970-76. Earnings of production workers with regular employment contracts for 1977 and later years. Homeworkers excluded. About 40 percent of the workers in the Spanish footwear industry are homeworkers, who are paid at a lower rate than factory workers in the industry.

9/ Break in series.

10/ Not available.

11/ Total compensation per hour includes all direct payments made to the worker (pay for time worked, pay for vacations, holidays, and other leave, all bonuses, and pay in kind) before payroll deductions of any kind, plus employer expenditures for legally required insurance programs and contractual and private plans for the benefit of employees. Total compensation per hour worked is estimated by adjusting average hourly earnings for items of compensation not included in earnings; the adjustment factors are the best estimates currently available to the Bureau of Labor Statistics. Conversion from the currencies of the foreign countries to U.S. dollars was made on the basis of annual average daily exchange rates for the listed years.

Source: Brazil—Pasquisa Industrial, 1974, Fundacap Instituto Brasileiro de Geografia e Estatística, Rio de Janeiro, and various economic reports; Hong Kong—Annual Department Report, 1970-73, Commissioner of Labour, Hong Kong, and Wage Statistics, various issues, Census and Statistics Department, Hong Kong; Italy—Hourly Earnings and Hours of Work, various issues, Statistical Office of the European Communities, Luxembourg; Japan—Year Book of Labour Statistics, various issues, and Monthly Labour Statistics and Research Bulletin, various issues, Ministry of Labour, Tokyo; Korea—Report on Mining and Manufacturing Survey, 1972, 1975, and 1976, and Monthly Statistics of Korea, various issues, Economic Planning Board, Seoul, and Year Book of Labour Statistics, various issues, International Labour Office, Geneva; Spain—Year Book of Labour Statistics, 1974, International Labour Office, Geneva, and Boletín Mensual de Estadística, various issues and salaries, Instituto Nacional de Estadística, Madrid; Taiwan—Year Book of Labour Statistics, 1978, and Monthly Bulletin of Labor Statistics, various issues, Directorate-General of Budget, Accounting, and Statistics, Taipei; and United States—Employment and Earnings, various issues, U.S. Bureau of Labor Statistics, Washington, D.C.

Note.—Prepared by U.S. Bureau of Labor Statistics, Office of Productivity and Technology, March 1980.

Table 18.—Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80—Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption					
	Domestic producers' shipments	From		From		Total		From Korea	From Taiwan	From Total			
		Korea	Taiwan	Korea	Taiwan						Percent		
Men's, youths', and boys' leather boots except work: Less than \$8.01:													
1978	83	0	11,006	11,181	11,264				97.7			99.3	
1979	4	0	6	79	83				7.2			95.2	
1980	0	0	12	66	66				18.2			100.0	
\$8.01-\$10.00:													
1978	279	34	4	302	581				5.9			52.0	
1979	427	229	51	323	750				30.5			43.1	
1980	497	2	48	110	607				.3			18.1	
\$10.01-\$14.00:													
1978	851	333	29	448	1,299				25.6			34.5	
1979	720	255	97	855	1,575				16.2			54.3	
1980	803	23	102	376	1,179				2.0			31.9	
\$14.01-\$18.00:													
1978	2,435	308	5	568	3,003				10.3			18.9	
1979	558	70	65	590	1,148				6.1			51.4	
1980	612	233	13	678	1,290				18.1			52.6	
\$18.01-\$22.00:													
1978	3,636	32	1	111	3,747				.9			3.0	
1979	2,058	45	15	209	2,267				2.0			9.2	
1980	1,341	18	54	175	1,516				1.2			11.5	
\$22.01-\$28.00:													
1978	1,626	23	0	306	1,932				1.2			5.8	
1979	2,730	34	2	148	2,878				1.2			5.1	
1980	4,367	10	2	337	4,704				.2			7.2	
\$28.01-\$34.00:													
1978	890	0	0	7	897							.8	
1979	2,782	0	0	53	2,840							1.9	
1980	2,068	0	0	30	2,098							1.4	
\$34.01 and over:													
1978	1,186	0	0	73	1,259							5.8	
1979	1,164	0	0	87	1,251							7.0	
1980	2,412	4	0	76	2,488				.2			3.1	
Total:													
1978	10,986	730	11,045	12,996	23,982				3.0			54.2	
1979	10,954	633	230	2,344	13,298				4.8			17.6	
1980	12,040	290	291	1,848	13,888				2.1			13.3	

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption					
	Domestic producers' shipments	From		From		Total		From Korea	From Taiwan	From Total			
		From Korea	From Taiwan	From Korea	From Taiwan								
Men's, youths', and boys' leather work shoes:													
Less than \$10.01:													
1978	202	111	89	798	1,000	11.1	9.0	80.8					
1979	195	337	460	857	1,052	32.0	44.7	81.5					
1980	335	278	375	821	1,156	24.1	33.4	71.0					
\$10.01-\$14.00:													
1978	1,323	2,097	35	2,969	4,292	49.8	.8	69.2					
1979	587	803	358	1,806	2,393	34.5	15.0	75.5					
1980	529	1,915	613	3,085	3,614	53.0	17.0	85.4					
\$14.01-\$18.00:													
1978	2,420	769	0	918	3,338	23.0	-	28.5					
1979	1,823	286	199	736	2,559	11.2	7.8	29.7					
1980	2,118	341	48	446	2,564	13.3	1.9	17.4					
\$18.01-\$22.00:													
1978	7,786	28	0	224	8,010	.4	-	3.8					
1979	5,277	212	44	377	5,654	4.7	.8	7.6					
1980	4,863	53	0	170	5,033	1.1	-	3.4					
\$22.01-\$28.00:													
1978	5,511	84	0	88	5,599	1.5	-	1.6					
1979	5,616	9	0	43	5,659	.2	-	.8					
1980	4,589	5	0	71	4,660	.1	-	1.5					
\$28.01-\$34.00:													
1978	2,002	0	0	100	2,102	-	-	4.8					
1979	1,989	0	0	53	2,042	-	-	2.6					
1980	1,756	0	0	9	1,765	-	-	.5					
\$34.01 and over:													
1978	216	0	0	0	216	-	-	-					
1979	2,156	0	0	2	2,158	-	-	.1					
1980	2,688	0	0	4	2,692	-	-	.2					
Total:													
1978	19,460	3,089	124	5,097	24,557	12.6	.5	20.8					
1979	17,673	1,647	1,001	3,874	21,547	7.6	4.9	18.0					
1980	16,878	2,592	1,036	4,606	21,484	12.1	4.8	21.4					

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption		
	Domestic shipments	From Korea		From Taiwan	From Korea	From Taiwan		From Korea	From Taiwan	Total
		From Korea	From Taiwan								Total
Women's and misses' leather dress and casuals:										
Less than \$3.01:										
1978	18	0	25	167			185		13.5	90.3
1979	9	0	65	720			729		8.9	98.8
1980	11	0	48	297			308		15.6	96.4
\$3.01-\$7.00:										
1978	4,103	1,717	363	5,786			9,889	17.4	3.7	58.5
1979	1,155	495	194	3,736			4,891	10.1	4.0	76.4
1980	1,362	576	333	1,526			2,888	19.9	11.5	52.8
\$7.01-\$10.00:										
1978	8,563	203	722	9,148			17,711	1.1	4.1	51.7
1979	7,631	419	466	13,149			20,780	2.0	2.2	63.3
1980	5,054	1,403	380	12,951			18,005	7.8	2.1	71.9
\$10.01-\$13.00:										
1978	7,665	35	37	3,865			11,530	.3	.3	33.5
1979	6,867	3	382	5,660			12,527		3.0	45.2
1980	6,460	64	465	5,232			11,692	.5	4.0	44.7
\$13.01-\$16.00:										
1978	13,160	23	4	3,643			16,803	.1	-	21.7
1979	7,975	4	3	7,068			15,043	-	-	47.0
1980	7,188	0	50	1,789			8,977	-	.6	19.9
\$16.01-\$22.00:										
1978	2,440	24	12	236			2,676	.9	.4	8.8
1979	9,838	4	18	2,506			12,344	-	.1	20.3
1980	13,489	1	35	1,824			15,313	-	.2	11.9
\$22.01 and over:										
1978	571	3	1	700			1,271	.2	.1	5.5
1979	1,045	0	2	922			1,967	-	.1	46.9
1980	1,644	0	3	820			2,464	-	.1	33.3
Total:										
1978	36,530	2,005	1,164	23,545			60,075	3.3	1.9	39.2
1979	34,520	925	1,130	28,761			63,281	1.5	1.8	45.4
1980	35,208	2,044	1,314	25,439			60,557	3.3	2.1	41.3

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments		Imports		Apparent consumption	Ratio of imports to consumption			
	Domestic producers' shipments	From Korea		From Taiwan		From Korea	From Taiwan	Total	
		From Korea	From Taiwan	From Korea					From Taiwan
Women's and misses' leather boots:									
Less than \$7.01:									
1978	1	2	0	100	101	2.0	-	99.0	
1979	0	7	1	98	98	7.1	1.0	100.0	
1980	2	4	0	32	34	11.8	-	94.1	
\$7.01-\$10.00:									
1978	85	67	0	358	443	15.1	-	80.8	
1979	29	4	13	346	375	7.7	3.5	92.3	
1980	89	0	5	468	557	-	.9	84.0	
\$10.01-\$13.00:									
1978	452	10	0	237	689	1.5	-	34.4	
1979	377	36	0	309	686	5.2	-	45.0	
1980	657	3	98	533	1,190	.3	8.2	44.8	
\$13.01-\$16.00:									
1978	613	0	0	148	761	-	-	19.4	
1979	261	0	2	104	365	-	.5	28.5	
1980	312	4	82	171	483	.8	17.0	35.4	
\$16.01-\$22.00:									
1978	1,251	0	8	1,411	2,662	-	.3	53.0	
1979	1,252	10	3	390	1,642	.6	.2	23.8	
1980	486	8	48	291	777	1.0	6.2	37.5	
\$22.01-\$28.00:									
1978	1,884	3	0	764	2,648	.1	-	28.9	
1979	1,499	10	1	694	2,193	.5	-	31.6	
1980	596	3	0	315	911	.3	-	34.6	
\$28.01 and over:									
1978	1,461	0	0	249	1,710	-	-	14.6	
1979	2,075	0	0	274	2,349	-	-	11.7	
1980	2,721	0	0	208	2,929	-	-	7.1	
Total:									
1978	5,747	82	8	3,267	9,014	1.9	.1	36.2	
1979	6,093	67	20	2,215	8,308	.8	.2	26.7	
1980	4,863	22	233	2,018	6,881	.3	3.4	29.3	

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments		Imports			Apparent consumption	Ratio of imports to consumption					
	From Korea	From Taiwan	1,000 pairs		From Korea		From Taiwan	Total				
			From Korea	From Taiwan								
Women's and misses' leather sandals:												
Less than \$4.01:												
1978-----	106	4	238	6,711	6,817	3.5	98.4					
1979-----	113	20	428	8,396	8,509	.2	98.7					
1980-----	21	0	108	10,037	10,058	-	99.8					
\$4.01-\$7.00:												
1978-----	407	0	76	6,396	6,803	1.1	94.0					
1979-----	815	0	243	7,330	8,145	3.0	90.0					
1980-----	775	0	214	6,737	7,512	2.8	89.7					
\$7.01-\$10.00:												
1978-----	1,502	5	30	6,712	8,214	.4	81.7					
1979-----	1,598	0	19	5,365	6,963	.3	77.1					
1980-----	1,398	0	142	4,790	4,167	2.3	77.4					
\$10.01-\$13.00:												
1978-----	762	18	205	3,405	4,204	.4	81.7					
1979-----	828	0	226	3,376	7,057	5.4	80.3					
1980-----	1,142	0	310	5,915	4,537	4.4	83.8					
\$13.01-\$16.00:												
1978-----	1,055	2	0	3,482	4,122	-	76.7					
1979-----	1,004	0	0	3,118	3,677	-	75.6					
1980-----	1,076	0	16	1,597	2,673	.6	59.7					
\$16.01-\$22.00:												
1978-----	512	1	6	209	721	.1	29.0					
1979-----	472	0	26	1,143	1,615	.5	70.8					
1980-----	1,697	0	0	895	2,592	.4	34.5					
\$22.01 and over:												
1978-----	0	0	0	577	577	-	100.0					
1979-----	151	0	0	728	879	-	82.3					
1980-----	68	0	0	561	629	-	89.2					
Total:												
1978-----	4,344	30	555	27,492	31,836	.1	86.4					
1979-----	4,981	20	942	29,459	34,440	-	85.5					
1980-----	6,177	0	790	30,532	36,709	-	83.2					

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption			
	Shipments	From		From		Total		Korea	From		Total
		Korea	Taiwan	Taiwan	Total				Korea	Taiwan		Percent
Children's and infants' nonrubber footwear:											
Less than \$2.01:											
1978	0	0	1,321			1,801				100.0	
1979	66	-	901			1,214				94.6	
1980	48	-	927			1,551				97.0	
\$2.01-\$3.00:											
1978	1,130	6	1,987			3,283				74.4	
1979	2,896	28	1,252			4,834				40.1	
1980	2,420	5	1,316			4,311				43.9	
\$3.01-\$4.00:											
1978	3,704	354	1,481			6,938				46.6	
1979	5,624	274	1,557			8,022				29.9	
1980	5,008	219	1,849			7,625				34.3	
\$4.01-\$5.00:											
1978	1,662	32	439			2,657				37.4	
1979	2,683	22	587			3,639				26.3	
1980	2,855	164	979			4,415				35.3	
\$5.01-\$6.00:											
1978	1,574	48	219			2,255				30.2	
1979	1,600	25	193			2,163				26.0	
1980	1,224	309	402			2,160				43.3	
\$6.01-\$7.00:											
1978	2,913	91	208			3,124				13.2	
1979	1,100	34	187			1,417				22.4	
1980	526	38	146			808				34.9	
\$7.01-\$9.00:											
1978	3,435	5	197			3,703				7.2	
1979	3,955	0	148			4,372				9.5	
1980	3,268	10	224			3,686				11.4	
\$9.01-\$11.00:											
1978	2,359	32	144			2,560				7.9	
1979	3,185	8	58			3,293				3.3	
1980	1,971	11	53			2,088				5.6	
\$11.01 and over:											
1978	470	0	0			646				27.2	
1979	665	0	34			865				23.1	
1980	2,452	0	30			2,583				5.1	
Total:											
1978	17,047	558	5,996			28,097				39.3	
1979	21,774	391	4,917			29,819				27.0	
1980	19,772	756	5,926			29,275				32.5	

Table 18.—Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80—Continued

Type, value brackets, and year	Domestic producers' shipments		Imports		Apparent consumption	Ratio of imports to consumption		
	From Korea	From Taiwan	From Korea	From Taiwan		From Korea	From Taiwan	Total
Men's, youths', and boys' plastic dress and casuals:								
Less than \$3.01:								
1978				1,258	1,454			100.0
1979	63			571	756	4.3		100.0
1980	91			815	1,054	8.6		100.0
\$3.01-\$5.00:								
1978				1,801	3,796			57.0
1979	1,634			876	2,073	-9		45.7
1980	1,125			2,179	3,283	-4		68.3
\$5.01-\$7.00:								
1978				1,170	4,810			33.0
1979	3,222			1,699	3,618	6.5		54.5
1980	1,647			5,429	7,826	4.5		75.2
\$7.01-\$10.00:								
1978				377	7,227			10.7
1979	6,452			969	5,266	4.3		23.2
1980	4,062			927	5,546	3.7		21.2
\$10.01-\$14.00:								
1978				121	1,873			19.4
1979	1,509			524	3,279	1.4		23.2
1980	2,518			428	3,138	-6		30.8
\$14.01-\$18.00:								
1978				20	132			43.2
1979	75			30	856	-5		10.6
1980	765			23	1,161	2.0		11.4
\$18.01 and over:								
1978				0	191			-
1979	191			19	633	-		4.6
1980	604			6	1,668	-		3.4
Total:	1,612							
1978	13,083			4,747	19,488	4.0		32.9
1979	10,711			4,688	16,491	2.7		35.0
1980	11,760			9,807	23,272	3.6		49.5

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments		Imports		Apparent consumption	Ratio of imports to consumption		
	Domestic producers' shipments	From Korea	From Taiwan	Total		From Korea	From Taiwan	Total
Women's and misses' plastic dress and casuals:								
Less than \$3.01:								
1978	9	0	4,404	5,387	5,396	-	81.6	99.8
1979	2	0	5,081	6,803	6,805	-	74.7	100.0
1980	0	42	5,729	7,540	7,540	0.6	76.0	100.0
\$3.01-\$4.00:								
1978	2,510	4	5,451	6,641	9,151	-	59.6	72.6
1979	1,888	0	6,366	8,746	10,634	-	59.9	82.2
1980	1,929	0	10,966	11,394	13,323	-	82.3	85.5
\$4.01-\$7.00:								
1978	5,421	0	6,124	9,242	14,663	-	41.8	63.0
1979	4,606	0	7,449	11,075	15,681	-	47.5	70.6
1980	3,899	67	10,951	11,346	15,245	.4	71.8	74.4
\$7.01-\$10.00:								
1978	11,541	37	394	2,619	14,160	.3	2.8	18.5
1979	12,634	46	6,423	10,881	23,515	.2	27.3	46.3
1980	10,245	0	3,286	5,553	15,789	-	21.0	35.2
\$10.01-\$13.00:								
1978	4,273	0	113	760	5,033	-	2.3	15.1
1979	4,287	0	119	1,386	5,673	-	2.1	24.4
1980	5,847	23	356	1,916	6,763	.4	5.3	14.5
\$13.01 and over:								
1978	2,861	0	0	14	2,875	-	-	.5
1979	6,264	0	3	73	6,337	-	.1	1.2
1980	9,288	0	1	97	9,385	-	-	1.0
Total:								
1978	26,447	41	16,486	24,663	51,110	.1	32.3	48.3
1979	29,479	46	25,441	38,964	68,443	.1	37.2	57.0
1980	31,208	132	31,289	36,864	68,072	.2	46.0	54.2

Table 18.—Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80—Continued

Type, value brackets, and year	Domestic producers' shipments		Imports			Apparent consumption	Ratio of imports to consumption		
	Domestic producers' shipments	From Korea	From Taiwan	From Korea	From Taiwan		From Korea	From Taiwan	Total
Women's and misses' plastic sandals:									
Less than \$3.01:									
1978	0	0	11,364	0	13,907	13,907	81.7	100.0	100.0
1979	0	0	6,515	0	10,803	10,803	60.3	100.0	100.0
1980	0	41	5,582	0	9,978	9,978	56.0	100.0	100.0
\$3.01-\$5.00:									
1978	14	0	7,337	0	9,324	9,338	78.6	99.9	99.9
1979	132	0	9,372	0	11,946	12,078	77.6	98.9	98.9
1980	5	2	14,664	0	16,202	16,207	90.5	100.0	100.0
\$5.01-\$7.00:									
1978	1,606	0	10,467	0	12,248	13,854	75.6	88.4	88.4
1979	1,247	0	5,673	0	7,958	9,205	61.6	86.5	86.5
1980	651	2	12,802	0	13,595	14,246	89.9	93.4	93.4
\$7.01-\$10.00:									
1978	1,737	37	1,286	0	2,707	4,444	29.0	61.0	61.0
1979	1,698	0	1,124	0	1,965	3,663	30.7	53.6	53.6
1980	1,029	1	5,457	0	6,260	7,289	74.9	86.8	86.8
\$10.01-\$13.00:									
1978	116	0	11	0	185	301	3.7	61.5	61.5
1979	2,436	0	79	0	467	2,903	3.7	16.1	16.1
1980	2,697	0	247	0	557	3,254	7.6	17.1	17.1
\$13.01 and over:									
1978	1,880	0	0	0	46	1,926	2.4	2.4	2.4
1979	766	0	0	0	46	8,120	6	6	6
1980	995	0	0	0	151	1,146	13.2	13.2	13.2
Total:									
1978	5,353	37	30,465	0	38,417	43,770	70.6	88.8	88.8
1979	6,279	0	22,763	0	33,185	39,464	58.6	84.1	84.1
1980	5,377	46	38,752	0	46,743	52,120	74.4	90.6	90.6

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments		Imports		Apparent consumption	Ratio of imports to consumption		
	From Korea	From Taiwan	From Korea	From Taiwan		From Korea	From Taiwan	Total
Women's and misses' plastic boots:								
Less than \$5.01:								
1978	0	235	0	265	265	-	88.7	100.0
1979	1	90	0	179	180	-	50.0	99.4
1980	0	85	0	132	132	-	64.4	100.0
\$5.01-\$7.00:								
1978	81	1,107	40	1,510	1,591	2.5	69.6	94.9
1979	0	1,014	30	1,181	1,181	2.6	85.9	100.0
1980	1	1,080	146	1,257	1,257	11.6	85.9	100.0
\$7.01-\$9.00:								
1978	58	1,829	95	3,198	3,256	2.9	56.2	98.2
1979	144	971	70	1,978	2,122	3.3	45.8	93.2
1980	143	1,884	22	1,911	2,054	1.1	91.7	93.0
\$9.01-\$11.00:								
1978	323	379	49	521	844	5.8	44.9	61.7
1979	170	903	28	1,115	1,285	2.2	70.3	86.8
1980	121	1,463	61	1,564	1,685	3.6	86.8	92.8
\$11.01-\$13.00:								
1978	661	1,673	0	1,749	2,410	-	69.4	72.6
1979	338	251	20	368	706	2.8	36.5	52.1
1980	293	852	47	919	1,212	4.8	70.3	76.8
\$13.01-\$16.00:								
1978	541	94	0	290	831	-	11.3	34.9
1979	494	598	0	774	1,268	-	47.2	61.0
1980	341	112	6	121	462	1.3	24.2	26.2
\$16.01 and over:								
1978	990	22	0	118	1,108	-	2.0	10.7
1979	880	20	0	86	966	-	2.1	9.0
1980	1,064	18	0	39	1,103	-	1.6	4.5
Total:								
1978	2,654	5,339	184	7,651	9,816	1.8	52.8	74.3
1979	2,027	3,847	148	5,681	7,708	2.0	50.0	74.7
1980	1,963	5,495	282	5,943	7,906	3.6	70.0	75.2

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption				
	From Korea	From Taiwan	Total	From Korea	From Taiwan	Total		From Korea	From Taiwan	Total		
Men's, youths' and boys' fiber dress and casuals:												
Less than \$2.01:												
1978-----	4	0	816	816			820	-	99.5		99.5	
1979-----	0	0	291	291			316	-	92.1		100.0	
1980-----	0	20	272	272			579	3.5	47.9		100.0	
\$2.01-\$4.00:												
1978-----	4	15	75	75			163	9.2	46.0		98.5	
1979-----	1	0	94	94			184	-	51.1		99.5	
1980-----	0	948	402	402			1,687	56.2	24.8		100.0	
\$4.01-\$6.00:												
1978-----	2,090	105	43	43			2,348	4.5	1.8		10.0	
1979-----	1,399	164	1,206	1,437			2,836	5.8	43.5		51.6	
1980-----	1,928	49	1,102	1,165			3,093	1.6	36.6		38.6	
\$6.01-\$8.00:												
1978-----	1,086	204	435	435			2,010	10.1	22.6		46.9	
1979-----	1,059	735	237	1,099			2,158	34.1	11.9		51.9	
1980-----	942	27	201	404			1,346	2.0	15.9		30.0	
\$8.01-\$10.00:												
1978-----	403	330	74	799			1,202	27.5	6.2		66.5	
1979-----	384	375	528	1,034			1,418	26.4	37.2		73.9	
1980-----	135	57	830	917			1,052	5.4	79.8		87.2	
\$10.01 and over:												
1978-----	104	133	24	312			416	32.9	6.8		75.0	
1979-----	180	529	88	801			981	54.9	9.9		82.6	
1980-----	23	20	4	32			55	36.3	7.2		13.5	
Total:												
1978-----	3,691	787	1,467	3,268			6,959	11.3	21.1		47.9	
1979-----	3,023	1,803	2,444	4,870			7,893	23.8	31.9		62.7	
1980-----	3,023	1,121	2,811	4,784			7,812	14.3	36.9		61.2	

Table 18.—Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80—Continued

Type, value brackets, and year	Domestic producers' shipments		Imports			Apparent consumption	Ratio of imports to consumption			
	Domestic producers' shipments	From Korea		From Taiwan			Total	From Korea	From Taiwan	Total
		From Korea	From Taiwan	From Korea	From Taiwan						Percent
Women's and misses' fiber dress and casuals:										
Less than \$2.01:										
1978	2	0	1,830	2,332	2,334	2,334	—	78.4	99.9	
1979	2	0	935	1,554	1,556	1,556	—	60.1	99.9	
1980	2	1	230	1,152	1,154	1,154	—	20.9	99.8	
\$2.01-\$3.00:										
1978	1,015	0	3,395	4,311	5,326	5,326	—	64.7	81.9	
1979	288	0	1,746	2,273	2,561	2,561	—	68.2	88.8	
1980	236	2	479	732	968	968	0.2	49.5	76.6	
\$3.01-\$4.00:										
1978	1,799	37	612	910	2,709	2,709	1.4	22.6	33.6	
1979	331	51	1,343	3,343	3,674	3,674	1.4	37.5	91.9	
1980	453	96	552	2,314	2,767	2,767	3.5	20.9	84.6	
\$4.01-\$5.00:										
1978	1,132	130	975	1,777	2,909	2,909	4.5	34.5	61.1	
1979	996	135	486	1,338	2,334	2,334	5.8	21.8	57.3	
1980	1,463	225	780	1,648	3,111	3,111	7.2	25.1	53.9	
\$5.01-\$6.00:										
1978	690	151	286	751	1,441	1,441	10.5	20.8	52.1	
1979	1,073	443	536	1,455	2,528	2,528	17.7	21.2	58.5	
1980	1,455	67	768	1,106	2,561	2,561	3.6	30.9	43.2	
\$6.01-\$7.00:										
1978	758	629	413	1,992	2,750	2,750	22.9	15.0	72.4	
1979	1,272	182	288	702	1,974	1,974	9.2	14.6	36.5	
1980	612	175	716	1,085	1,697	1,697	10.3	42.2	64.9	
\$7.01 and over:										
1978	2,721	7	1,075	2,045	4,766	4,766	0.2	22.6	42.9	
1979	2,136	224	1,187	1,605	3,741	3,741	6.0	31.7	42.9	
1980	3,515	41	1,089	1,468	4,983	4,983	0.8	21.9	29.5	
Total:										
1978	8,117	954	8,586	14,118	22,235	22,235	4.3	38.6	63.5	
1979	6,098	1,040	6,521	12,270	18,368	18,368	5.7	35.5	66.8	
1980	7,736	607	4,614	9,505	17,241	17,241	3.5	26.8	55.1	

Table 18.—Nonrubber footwear: Domestic producers' shipments, imports, and apparent consumption, by types and by value brackets, 1978-80—Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption				
	Domestic producers' shipments	From Korea		From Taiwan		Total		From Korea	From Taiwan		Total	
		1,000 pairs	Percent	1,000 pairs	Percent				Percent			
Slippers:												
Less than \$3.01:												
1978	819	55	5,690	8,909	9,728	0.6	58.5	91.6				
1979	650	85	4,319	7,992	8,642	1.9	50.9	92.5				
1980	86	57	4,320	9,137	9,223	.6	47.8	99.1				
\$3.01-\$4.00:												
1978	265	325	927	1,832	2,097	15.5	44.2	87.4				
1979	77	257	1,021	2,447	2,524	11.5	40.5	97.9				
1980	453	198	1,343	2,039	2,492	8.9	54.8	82.8				
\$4.01-\$5.00:												
1978	668	0	110	193	861	—	12.8	22.4				
1979	483	5	1,038	1,197	1,680	.3	61.8	71.3				
1980	523	0	96	204	727	—	13.2	28.1				
\$5.01-\$7.00:												
1978	2,322	0	0	0	2,322	—	—	—				
1979	2,218	0	924	941	3,159	—	29.2	29.8				
1980	695	0	478	503	1,198	—	39.9	42.9				
\$7.01 and over:												
1978	491	0	0	213	704	—	—	30.3				
1979	402	0	11	215	617	—	1.8	34.8				
1980	2,377	0	9	193	2,570	—	.4	8.5				
Total:												
1978	4,565	380	6,727	11,147	15,712	2.4	43.8	71.9				
1979	3,830	347	7,313	12,792	16,622	2.1	44.9	77.9				
1980	4,134	255	6,246	12,076	16,210	1.6	39.5	74.4				

Table 18.--Nonrubber footwear: Domestic producers' shipments, imports, and domestic consumption, by types and by value brackets, 1978-80--Continued

Type, value brackets, and year	Domestic producers' shipments			Imports			Apparent consumption	Ratio of imports to consumption		
	Domestic producers' shipments	From		From		Total		From Korea	From Taiwan	From Total
		Korea	Taiwan	Korea	Taiwan						Percent
Athletic footwear:										
Less than \$4.01:										
1978	3,034	395	798			4,349			5.4	10.8
1979	3,513	149	428			1,852			2.8	8.0
1980	3,957	494	1,815			3,325			6.8	24.9
\$4.01-\$7.00:										
1978	2,468	2,360	3,727			11,341			17.1	27.0
1979	1,250	1,080	4,035			6,749			13.5	50.4
1980	2,657	2,319	7,724			10,275			17.9	59.7
\$7.01-\$10.00:										
1978	5,671	3,121	1,553			10,056			19.8	9.9
1979	5,257	2,559	1,714			13,624			13.6	9.1
1980	2,352	7,690	2,905			10,913			58.0	21.9
\$10.01-\$14.00:										
1978	1,832	1,837	1,474			4,768			27.8	22.3
1979	2,648	1,854	1,212			3,879			28.4	18.6
1980	1,812	2,765	466			3,400			53.1	8.9
\$14.01-\$18.00:										
1978	739	171	208			1,029			9.7	11.8
1979	1,555	1,328	539			2,242			35.0	14.2
1980	2,138	3,717	1,494			5,804			46.8	18.8
\$18.01-\$22.00:										
1978	351	0	214			758			-	19.3
1979	772	0	212			728			-	14.1
1980	1,539	52	502			823			2.2	21.3
\$22.01 and over:										
1978	295	0	52			604			-	5.8
1979	613	1	114			920			0.1	7.4
1980	925	17	633			1,689			0.7	24.2
Total:										
1978	14,398	7,884	8,026			33,605			16.4	16.7
1979	15,608	6,971	8,254			29,994			15.3	18.1
1980	15,380	17,054	15,539			36,229			30.0	30.1

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 19.—Profit-and-loss experience of 68 U.S. producers of nonrubber footwear ^{1/} on their overall footwear operations, including manufacturing, purchasing, and retailing operations, by ranges of production, accounting years 1977-80

Range of production and year	Net sales	Cost of goods sold	Gross profit	Selling, administrative, and general expenses	Net operating profit	Other income or (expense)	Net profit before taxes	Ratio		Ratio of net profit before taxes to net sales
								of net operating profit to net sales	of net profit before taxes to net sales	
-----1,000 dollars-----										
200,000 to 499,999 pairs:										
1977	106,631	82,355	24,276	20,430	3,846	(953)	2,893	3.6	3.6	2.7
1978	114,257	88,592	25,665	22,000	3,665	(735)	2,930	3.2	3.2	2.6
1979	126,215	97,268	28,947	24,120	4,827	(1,665)	3,162	3.8	3.8	2.5
1980	148,991	116,230	32,761	28,072	4,689	(1,693)	2,996	3.1	3.1	2.0
500,000 to 999,999 pairs:										
1977	180,157	144,016	36,141	31,846	4,295	(1,594)	2,701	2.4	2.4	1.5
1978	193,172	154,876	38,296	33,828	4,468	(1,738)	2,730	2.3	2.3	1.4
1979	229,483	182,248	47,235	38,187	9,048	(4,412)	4,636	3.9	3.9	2.0
1980	284,051	215,984	68,067	46,270	21,797	(3,925)	17,872	7.7	7.7	6.3
1,000,000 to 1,999,999 pairs:										
1977	304,404	237,195	67,209	47,283	19,926	(2,921)	17,005	6.5	6.5	5.6
1978	326,406	256,862	69,544	47,599	21,945	(1,544)	20,401	6.7	6.7	6.3
1979	337,537	270,270	67,267	52,622	14,645	(3,715)	10,930	4.3	4.3	3.2
1980	355,898	274,180	81,718	59,940	21,778	(3,894)	17,884	6.1	6.1	5.0
2,000,000 to 3,999,999 pairs:										
1977	156,664	126,282	30,382	20,476	9,906	(386)	9,520	6.3	6.3	6.1
1978	175,453	138,247	37,206	24,573	12,633	(416)	12,217	7.2	7.2	7.0
1979	195,051	151,636	43,415	28,710	14,705	(990)	13,715	7.5	7.5	7.0
1980	240,559	179,694	60,865	38,524	22,341	(1,797)	20,544	9.3	9.3	8.5
4,000,000 pairs or more:										
1977	1,454,156	1,090,173	363,983	274,439	89,544	1,302	90,846	6.2	6.2	6.2
1978	1,601,622	1,205,281	396,341	283,355	112,986	(1,616)	111,307	7.1	7.1	7.0
1979	1,766,531	1,305,250	461,281	333,990	127,291	1,027	128,318	7.2	7.2	7.3
1980	1,919,115	1,372,640	546,475	366,148	180,327	1,994	182,321	9.4	9.4	9.5
Total, all categories:										
1977	2,202,012	1,680,021	521,991	394,474	127,517	(4,552)	122,965	5.8	5.8	5.6
1978	2,410,910	1,843,858	567,052	411,355	155,697	(6,049)	149,648	6.5	6.5	6.2
1979	2,654,817	2,006,672	648,145	477,629	170,516	(9,755)	160,761	6.4	6.4	6.1
1980	2,948,614	2,158,728	789,886	538,954	250,932	(9,315)	241,617	8.5	8.5	8.2

^{1/} Accounting for approximately 42 percent of total production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20.--Profit-and-loss experience of 67 U.S. producers of nonrubber footwear ^{1/} on manufacturing operations, by ranges of production, accounting years 1977-80

Range of production and year	Net sales	Cost of goods sold	Gross profit	Selling, administrative, and general expenses	Net operating profit	Other income or (expense)	Net profit or (loss) before taxes	Ratio		Ratio of net profit (or loss) before taxes to net sales
								of net operating profit to net sales	of net profit (or loss) before taxes to net sales	
-----1,000 dollars-----										
-----Percent-----										
200,000 to 499,999 pairs:										
1977	63,014	50,624	12,390	10,577	1,813	(282)	1,531	2.9	2.9	2.4
1978	66,290	53,635	12,655	10,801	1,854	(570)	1,284	2.8	2.8	1.9
1979	67,924	55,159	12,765	11,142	1,623	(822)	801	2.4	2.4	1.2
1980	68,617	56,531	12,086	11,669	417	(1,005)	(588)	0.6	0.6	(0.9)
500,000 to 999,999 pairs:										
1977	176,397	141,440	34,957	30,980	3,977	(1,050)	2,927	2.3	2.3	1.7
1978	188,901	151,694	37,207	32,867	4,340	(1,606)	2,734	2.3	2.3	1.4
1979	222,445	177,543	44,902	36,574	8,328	(4,270)	4,058	3.7	3.7	1.8
1980	279,556	212,444	66,912	45,128	21,784	(3,881)	17,903	7.8	7.8	6.4
1,000,000 to 1,999,999 pairs:										
1977	275,378	219,216	56,162	37,318	18,844	(2,460)	16,384	6.8	6.8	5.9
1978	294,315	236,894	57,421	38,510	18,911	(1,538)	17,373	6.4	6.4	5.9
1979	301,926	247,759	54,167	41,668	12,499	(3,723)	8,776	4.1	4.1	2.9
1980	319,140	252,924	66,216	46,764	19,452	(3,731)	15,721	6.1	6.1	4.9
2,000,000 to 3,999,999 pairs:										
1977	156,664	126,282	30,382	20,476	9,906	(386)	9,520	6.3	6.3	6.1
1978	175,453	138,247	37,206	24,573	12,633	(416)	12,217	7.2	7.2	7.0
1979	195,051	151,636	43,415	28,710	14,705	(990)	13,715	7.5	7.5	7.0
1980	240,559	179,694	60,865	38,524	22,341	(1797)	20,544	9.3	9.3	8.5
4,000,000 pairs or more:										
1977	1,100,000	895,178	204,822	143,053	61,769	1,137	62,906	5.6	5.6	5.7
1978	1,189,269	968,385	220,884	152,169	68,715	(1,387)	67,328	5.8	5.8	5.7
1979	1,299,778	1,037,459	262,319	179,575	82,744	(1,057)	81,687	6.4	6.4	6.3
1980	1,430,256	1,103,699	326,557	197,249	129,308	491	129,799	9.0	9.0	9.1
Total, all categories:										
1977	1,771,453	1,432,740	338,713	242,404	96,309	(3,041)	93,268	5.4	5.4	5.3
1978	1,914,228	1,548,855	365,373	258,920	106,453	(5,517)	100,936	5.6	5.6	5.3
1979	2,087,124	1,669,556	417,568	297,669	119,899	(10,862)	109,037	5.7	5.7	5.2
1980	2,337,928	1,805,292	532,636	339,334	193,302	(9,923)	183,379	8.3	8.3	7.8

^{1/} Accounting for approximately 42 percent of total production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 21.--Total assets, stockholders' equity, long-term debt and stockholders' equity for the nonrubber manufacturing operations of 56 producers, I/ by ranges of production, accounting years 1977-80

Range of production and year	Total assets	Stockholders' equity	Long-term debt and stockholders' equity	Ratio of net profit or (loss) before taxes to:--		Net sales per dollar of assets	
				Total assets	Stockholders' equity		Long-term debt and stockholders' equity
200,000 to 499,999 pairs:							
1977	23,701	11,454	15,339	6.9	13.4	10.7	
1978	25,322	11,834	15,543	5.6	11.1	9.1	
1979	28,379	12,175	16,398	3.0	7.1	5.3	
1980	27,199	10,367	17,094	(1.9)	(3.9)	(3.0)	
500,000 to 999,999 pairs:							
1977	88,831	53,777	60,908	3.2	5.2	4.6	
1978	97,907	57,178	66,768	4.3	5.4	6.3	
1979	115,703	63,662	69,367	3.6	7.0	6.1	
1980	125,599	66,636	76,522	13.2	26.7	21.6	
1,000,000 to 1,999,999 pairs:							
1977	133,017	84,527	95,423	15.4	24.4	21.7	
1978	146,326	89,399	104,837	12.7	20.9	17.7	
1979	153,085	87,902	106,838	6.6	11.9	9.5	
1980	159,195	104,186	122,874	10.9	16.2	13.8	
2,000,000 to 3,999,999 pairs:							
1977	60,645	42,009	46,450	15.7	22.7	20.5	
1978	70,567	46,770	52,876	17.3	26.1	23.1	
1979	85,937	57,731	65,043	16.0	23.8	21.1	
1980	102,370	57,409	64,073	20.1	35.8	32.1	
4,000,000 pairs or more:							
1977	259,631	165,606	201,617	13.4	20.8	17.0	
1978	289,777	184,754	230,402	15.6	24.2	19.4	
1979	328,230	204,386	245,687	15.3	24.1	20.1	
1980	391,843	254,283	289,122	21.7	33.2	29.2	
Total, all categories:							
1977	565,825	357,373	419,737	12.2	19.3	16.4	
1978	629,899	389,935	470,426	12.9	20.5	17.2	
1979	711,334	425,856	503,333	11.1	18.5	15.5	
1980	806,206	492,881	569,685	17.2	28.3	24.2	

I/ Accounting for approximately 32 percent of total production.

Note: The above data include manufacturing operations only, and exclude some firms for which such data were not provided.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 22.--Indexes of U.S. producer prices for nonrubber footwear and other selected commodity categories, by quarters, January 1974-December 1980

(January-March 1974=100)

Period	All commodities	Wearing apparel <u>1/</u>	Nonrubber footwear
1974:			
January-March-----	100.0	100.0	100.0
April-June-----	103.6	103.0	102.9
July-September-----	110.9	106.0	104.9
October-December-----	114.7	107.2	107.2
1975:			
January-March-----	114.7	107.3	108.1
April-June-----	116.0	106.5	108.9
July-September-----	118.4	106.7	109.8
October-December-----	119.7	108.0	111.4
1976:			
January-March-----	120.3	110.1	113.9
April-June-----	122.1	111.5	116.6
July-September-----	123.5	113.3	119.7
October-December-----	124.7	114.6	120.9
1977:			
January-March-----	127.4	117.0	122.6
April-June-----	130.5	117.9	124.4
July-September-----	130.6	118.7	126.0
October-December-----	132.2	119.7	127.1
1978:			
January-March-----	135.4	120.6	129.7
April-June-----	139.4	121.5	134.0
July-September-----	141.6	123.1	136.3
October-December-----	144.8	124.5	142.6
1979:			
January-March-----	150.1	126.7	150.6
April-June-----	155.4	128.4	160.5
July-September-----	160.3	129.4	166.6
October-December-----	165.9	130.6	168.9
1980:			
January-March-----	173.6	134.0	170.2
April-June-----	177.1	137.3	171.9
July-September-----	182.8	140.3	173.5
October-December-----	186.7	141.5	175.8

1/ Excludes footwear.

Source: Compiled from official statistics of the United States Bureau of Labor Statistics.

Table 23.--Indexes of U.S. producers' prices for leather and all intermediate goods used in nondurable manufacturing, by quarters, January 1974-December 1980

(January-March 1974=100)

Period	Leather	All intermediate goods, nondurable manufacturing
1974:		
January-March-----	100.0	100.0
April-June-----	101.5	110.4
July-September-----	99.5	120.6
October-December-----	95.1	125.2
1975:		
January-March-----	90.2	126.5
April-June-----	98.0	127.3
July-September-----	98.0	128.6
October-December-----	102.8	131.2
1976:		
January-March-----	110.5	133.1
April-June-----	123.7	134.8
July-September-----	125.4	135.9
October-December-----	123.3	135.9
1977:		
January-March-----	128.8	136.6
April-June-----	132.0	139.8
July-September-----	128.2	140.0
October-December-----	127.0	139.8
1978:		
January-March-----	136.5	140.6
April-June-----	139.5	142.7
July-September-----	159.6	144.6
October-December-----	177.1	147.5
1979:		
January-March-----	208.3	151.1
April-June-----	264.8	158.9
July-September-----	231.3	165.4
October-December-----	211.4	171.5
1980:		
January-March-----	213.7	179.4
April-June-----	186.6	187.3
July-September-----	194.0	189.6
October-December-----	208.5	196.1

Source: Compiled from official statistics of the United States Bureau of Labor Statistics.

Table 24.--Indexes of U.S. consumer prices for footwear and other selected commodity categories, by quarters, January 1974-December 1980

(January-March 1974=100)

Period	All commodities	Wearing apparel ^{1/}	Footwear
1974:			
January-March-----	100.0	100.0	100.0
April-June-----	103.0	103.6	102.4
July-September-----	106.0	105.9	104.1
October-December-----	109.2	109.2	106.3
1975:			
January-March-----	110.9	106.9	107.0
April-June-----	112.7	107.8	107.8
July-September-----	115.3	108.4	107.5
October-December-----	116.6	110.8	109.0
1976:			
January-March-----	116.7	109.2	109.2
April-June-----	118.0	110.9	111.7
July-September-----	119.7	112.3	112.9
October-December-----	120.6	115.0	114.6
1977:			
January-March-----	122.6	113.7	115.3
April-June-----	125.3	115.4	117.1
July-September-----	126.7	116.6	117.4
October-December-----	127.7	119.1	119.2
1978:			
January-March-----	129.7	116.2	119.3
April-June-----	133.4	119.1	121.8
July-September-----	136.2	119.1	122.4
October-December-----	138.7	121.7	126.2
1979:			
January-March-----	142.5	119.5	126.8
April-June-----	148.0	121.8	131.0
July-September-----	152.6	122.1	133.1
October-December-----	156.4	125.5	137.2
1980:			
January-March-----	161.9	125.8	138.3
April-June-----	166.4	128.7	141.2
July-September-----	170.1	129.8	142.8
October-December-----	174.2	133.6	146.8

^{1/} Excludes footwear.

Source: Compiled from official statistics of the United States Bureau of Labor Statistics.

Table 25.--Indexes of U.S. producer prices for domestic footwear and prices for imported footwear, by quarters, January 1974-December 1980 ^{1/}

(January-March 1974=100)

Period	Domestic footwear	Imported footwear
1974:		
January-March-----	100.0	100.0
April-June-----	102.8	107.8
July-September-----	104.8	108.6
October-December-----	107.2	112.6
1975:		
January-March-----	108.1	115.5
April-June-----	108.8	117.6
July-September-----	109.8	117.6
October-December-----	111.3	119.1
1976:		
January-March-----	113.8	120.9
April-June-----	116.5	126.6
July-September-----	119.7	128.9
October-December-----	120.9	131.1
1977:		
January-March-----	122.6	130.4
April-June-----	124.4	133.1
July-September-----	125.9	136.4
October-December-----	127.0	139.8
1978:		
January-March-----	129.6	146.5
April-June-----	133.9	148.1
July-September-----	136.2	155.3
October-December-----	142.5	161.8
1979:		
January-March-----	150.5	169.8
April-June-----	160.4	180.1
July-September-----	166.5	184.1
October-December-----	168.7	187.3
1980:		
January-March-----	170.1	190.6
April-June-----	171.8	193.6
July-September-----	173.4	193.5
October-December-----	175.7	195.6

^{1/} Import prices are based on C.I.F. values.

Source: Compiled from official statistics of the United States Bureau of Labor Statistics.

Table 26.--Indexes of U.S. producers' prices for selected categories of nonrubber footwear, by quarters, January 1974-December 1980

(January-March 1974=100)

Period	Men's and boys'	Women's and misses'	Children's and infants'
1974:			
January-March-----	100.0	100.0	100.0
April-June-----	104.0	102.1	102.2
July-September-----	106.0	104.2	103.6
October-December-----	108.1	106.8	104.9
1975:			
January-March-----	108.8	107.8	105.6
April-June-----	109.8	108.5	106.2
July-September-----	111.0	109.4	106.2
October-December-----	113.2	110.5	108.0
1976:			
January-March-----	116.5	112.4	109.1
April-June-----	120.6	113.9	110.5
July-September-----	123.1	117.7	112.2
October-December-----	124.7	118.8	111.3
1977:			
January-March-----	127.1	120.1	111.6
April-June-----	130.0	121.1	112.7
July-September-----	131.8	122.2	114.5
October-December-----	133.7	122.9	115.0
1978:			
January-March-----	137.8	124.1	117.6
April-June-----	142.3	128.5	117.6
July-September-----	145.2	130.6	119.0
October-December-----	151.5	137.3	122.1
1979:			
January-March-----	159.7	145.4	126.3
April-June-----	173.0	153.0	131.2
July-September-----	180.0	158.6	134.3
October-December-----	182.8	160.4	136.2
1980:			
January-March-----	180.9	164.5	139.8
April-June-----	180.3	168.2	141.6
July-September-----	181.8	169.8	144.2
October-December-----	184.1	172.2	146.3

Source: Compiled from official statistics of the United States Bureau of Labor Statistics.

Table 27.--Nonrubber footwear: Percentage distribution of domestic and imported footwear, by selected types and by wholesale price ranges, 1978-80

Type and price range	Domestic production			Imports		
	1978	1979	1980	1978	1979	1980
Women's and misses' leather dress and casuals, excluding sandals and slippers-----	17	17	18	10	12	10
Less than \$4.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	1	3	1
\$4.01-\$7-----L--	11	3	4	24	13	10
\$7.01-\$10-----L--	23	22	14	40	45	51
\$10.01-\$13-----M--	21	20	18	16	20	21
\$13.01-\$16-----M--	36	23	25	15	7	7
\$16.01-\$22-----H--	7	29	34	1	9	7
\$22.01 and over-----H--	2	3	5	3	3	3
Total-----	100	100	100	100	100	100
Men's, youths' and boys' leather dress and casuals, except slippers-----	20	16	17	7	6	6
Less than \$4.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	5	4	9
\$4.01-\$6-----L--	2	1	<u>1/</u>	25	4	8
\$6.01-\$10-----M--	19	20	21	41	49	48
\$10.01-\$14-----M--	24	19	18	15	16	16
\$14.01-\$18-----M--	25	17	16	4	6	7
\$18.01-\$22-----H--	11	17	18	4	5	5
\$22.01-\$28-----H--	10	12	10	3	5	3
\$28.01 and over-----H--	9	14	17	3	6	4
Total-----	100	100	100	100	100	100
Women's and misses' plastic dress and casuals, excluding sandals and slippers-----	12	14	15	10	18	14
Less than \$3.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	22	17	20
\$3.01-\$5-----L--	9	6	6	27	22	31
\$5.01-\$7-----M--	21	16	12	37	29	32
\$7.01-\$10-----M--	43	43	33	11	28	15
\$10.01-\$13-----H--	16	14	19	3	4	2
\$13.01 and over-----H--	11	21	30	<u>1/</u>	<u>1/</u>	<u>1/</u>
Total-----	100	100	100	100	100	100

See footnote at end of table.

Table 27.--Nomrubber footwear: Percentage distribution of domestic and imported footwear, by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Domestic production			Imports		
	1978	1979	1980	1978	1979	1980
Children's and infants' nomrubber footwear, except slippers-----	8	11	9	5	3	4
Less than \$2.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	16	14	16
\$2.01-\$3-----L--	7	11	10	30	24	20
\$3.01-\$4-----L--	25	26	24	29	31	29
\$4.01-\$5-----M--	11	8	12	9	12	16
\$5.01-\$6-----M--	10	5	5	6	7	10
\$6.01-\$7-----M--	11	6	3	4	4	3
\$7.01-\$9-----M--	20	20	20	2	5	4
\$9.01-\$11-----H--	14	20	12	2	1	1
\$11.01 and over-----H--	2	4	14	2	2	1
Total-----	100	100	100	100	100	100
Athletic footwear, all types-----	7	8	7	14	13	14
Less than \$4.01-----L--	22	23	27	13	6	9
\$4.01-\$7-----M--	17	8	18	34	23	28
\$7.01-\$10-----M--	39	33	14	32	46	31
\$10.01-\$14-----M--	12	17	11	14	13	9
\$14.01-\$18-----H--	5	10	14	3	7	16
\$18.01-\$22-----H--	3	5	10	2	2	2
\$22.01 and over-----H--	2	4	6	2	3	5
Total-----	100	100	100	100	100	100
Men's, youths', and boys' leather work shoes-----	9	8	8	2	2	2
Less than \$10.01-----L--	1	1	2	16	22	18
\$10.01-\$14-----L--	6	3	1	58	47	66
\$14.01-\$18-----M--	9	7	7	18	19	10
\$18.01-\$22-----M--	42	29	32	4	10	4
\$22.01-\$28-----H--	28	33	28	2	1	2
\$28.01-\$34-----H--	13	12	11	2	1	<u>1/</u>
\$34.01 and over-----H--	1	15	19	<u>1/</u>	<u>1/</u>	<u>1/</u>
Total-----	100	100	100	100	100	100

See footnote at end of table.

Table 27.--Nonrubber footwear: Percentage distribution of domestic and imported footwear, by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Domestic production			Imports		
	1978	1979	1980	1978	1979	1980
Men's, youths', and boys' leather boots, except work-----	5	5	5	5	1	1
Less than \$8.01-----L--	1	<u>1/</u>	<u>1/</u>	87	3	4
\$8.01-\$10-----L--	3	5	5	2	14	6
\$10.01-\$14-----M--	10	8	8	3	37	20
\$14.01-\$18-----M--	27	6	6	4	25	37
\$18.01-\$22-----H--	35	21	11	1	9	9
\$22.01-\$28-----H--	10	22	36	2	6	18
\$28.01-\$34-----H--	<u>1/</u>	25	12	<u>1/</u>	2	2
\$34.01 and over-----H--	14	13	22	1	4	4
Total-----	100	100	100	100	100	100
Men's, youths', and boys' plastic dress and casuals-----	5	5	5	3	2	5
Less than \$3.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	16	22	18
\$3.01-\$5-----L--	16	13	12	58	47	66
\$5.01-\$7-----M--	19	15	15	18	19	10
\$7.01-\$10-----M--	50	31	28	4	10	4
\$10.01-\$14-----M--	14	27	22	2	1	2
\$14.01-\$18-----M--	1	9	11	2	1	<u>1/</u>
\$18.01 and over-----H--	<u>1/</u>	5	12	<u>1/</u>	<u>1/</u>	<u>1/</u>
Total-----	100	100	100	100	100	100
Women's and misses' fiber dress and casuals-----	4	3	4	6	5	4
Less than \$2.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	17	13	12
\$2.01-\$3-----L--	13	5	3	31	19	8
\$3.01-\$4-----L--	24	6	6	6	26	25
\$4.01-\$5-----M--	15	17	20	13	11	17
\$5.01-\$6-----M--	9	19	20	5	12	12
\$6.01-\$7-----M--	8	22	8	14	6	11
\$7.01 and over-----H--	31	31	43	14	13	15
Total-----	100	100	100	100	100	100

See footnote at end of table.

Table 27.--Nonrubber footwear: Percentage distribution of domestic and imported footwear, by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Domestic production			Imports		
	1978	1979	1980	1978	1979	1980
Women's and misses' leather						
sandals-----	2	2	3	12	13	12
Less than \$4.01-----L--	3	3	<u>1/</u>	25	29	33
\$4.01-\$7-----L--	12	18	15	22	25	22
\$7.01-\$10-----M--	42	40	27	24	18	16
\$10.01-\$13-----M--	21	13	13	12	11	19
\$13.01-\$16-----H--	7	14	12	13	11	5
\$16.01-\$22-----H--	15	8	32	1	4	3
\$22.01 and over-----H--	0	4	1	2	2	2
Total-----	100	100	100	100	100	100
Slippers-----	2	2	2	5	5	5
Less than \$3.01-----L--	18	17	2	80	63	75
\$3.01-\$4-----L--	6	2	11	16	19	17
\$4.01-\$5-----M--	15	13	13	2	9	2
\$5.01-\$7-----M--	50	58	17	<u>1/</u>	7	4
\$7.01 and over-----H--	11	10	57	2	2	2
Total-----	100	100	100	100	100	100
Women's and misses' leather						
boots-----	3	3	2	1	1	1
Less than \$7.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	3	4	2
\$7.01-\$10-----L--	1	<u>1/</u>	1	11	16	23
\$10.01-\$13-----M--	5	2	19	7	14	27
\$13.01-\$16-----M--	13	6	3	5	5	8
\$16.01-\$22-----M--	27	31	14	43	18	14
\$22.01-\$28-----H--	38	34	13	23	31	16
\$28.01 and over-----H--	16	27	50	8	12	10
Total-----	100	100	100	100	100	100
Men's, youths', and boys'						
fiber dress and casuals--	2	2	1	1	2	2
Less than \$2.01-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	25	6	12
\$2.01-\$4-----L--	<u>1/</u>	<u>1/</u>	<u>1/</u>	5	4	36
\$4.01-\$6-----M--	57	46	64	8	30	24
\$6.01-\$8-----M--	29	35	31	28	23	8
\$8.01-\$10-----M--	11	13	4	24	21	19
\$10.01 and over-----H--	3	6	1	10	16	1
Total-----	100	100	100	100	100	100

See footnote at end of table.

Table 27.--Nonrubber footwear: Percentage distribution of domestic and imported footwear, by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Domestic production			Imports		
	1978	1979	1980	1978	1979	1980
Women's and misses'						
plastic sandals-----	3	3	3	16	15	18
Less than \$3.01-----L--	1/	1/	1/	37	33	21
\$3.01-\$4-----L--	1/	3	1/	24	36	36
\$4.01-\$7-----L--	45	28	23	32	24	29
\$7.01-\$10-----M--	50	39	24	7	6	13
\$10.01-\$13-----M--	3	15	21	1/	1	1
\$13.01 and over-----H--	2	15	32	1/	1/	1/
Total-----	100	100	100	100	100	100
Women's and misses' plastic						
boots-----	1	1	1	3	2	2
Less than \$5.01-----L--	1/	1/	1/	3	3	2
\$5.01-\$7-----L--	4	1/	1/	20	21	21
\$7.01-\$9-----M--	3	10	11	41	34	33
\$9.01-\$11-----M--	15	10	9	7	20	26
\$11.01-\$13-----M--	30	21	19	23	6	15
\$13.01-\$16-----H--	25	33	26	4	14	2
\$16.01 and over-----H--	23	26	35	2	2	1
Total-----	100	100	100	100	100	100

1/ Data not reported.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--The L, M, and H designations beside the wholesale price ranges, represent low, medium-, and high-price categories, respectively. These price breaks were developed by the International Trade Commission staff as a reasonable approximation of producers' and consumers' perceptions of relative values in the 15 nonrubber footwear categories.

Data reported for 1978 represent approximately 51 percent of total U.S. producers' shipments and 58 percent of U.S. importers' shipments; data reported for 1979 represent approximately 51 percent of total U.S. producers' shipments and 58 percent of U.S. importers' shipments; data reported for 1980 represent approximately 54 percent of total U.S. producers' shipments and 58 percent of U.S. importers' shipments.

Table 28.--Nonrubber footwear: Percentage distribution of imported footwear, disaggregated by sources--Taiwan, Korea, and all others--by selected types and by wholesale price ranges, 1978-80

Type and price range	Taiwan			Korea			All other		
	1978	1979	1980	1978	1979	1980	1978	1979	1980
Women's and misses' leather dress and casuals, excluding sandals and slippers	1	1	1	11	6	7	17	22	23
Less than \$3.01	2	6	4	-	-	-	1	2	1
\$3.01-\$7	31	17	25	86	55	28	18	11	7
\$7.01-\$10	63	41	29	10	45	69	40	47	51
\$10.01-\$13	3	34	35	2	1/	3	19	20	21
\$13.01-\$16	1/	1/	4	1	1/	1/	18	8	8
\$16.01-\$22	1	2	3	1	1/	1/	1	9	8
\$22.01 and over	1/	1/	1/	1/	1/	1/	3	3	4
Total	100	100	100	100	100	100	100	100	100
Men's, youths' and boys' leather dress and casuals, excluding slippers	2	2	2	6	12	11	11	9	10
Less than \$4.01	13	10	7	4	-	-	4	4	12
\$4.01-\$6	29	47	28	70	10	-	21	5	4
\$6.01-\$10	55	40	62	20	89	89	39	44	30
\$10.01-\$14	3	3	2	1	1	10	18	20	23
\$14.01-\$18	1/	1/	1	3	1/	1	5	7	11
\$18.01-\$22	1/	1/	1/	1	1/	1/	6	7	9
\$22.01-\$28	1/	1/	1/	1	1/	1/	3	6	5
\$28.01 and over	1/	1/	1/	1/	1/	1/	4	7	6
Total	100	100	100	100	100	100	100	100	100
Women's and misses' plastic dress and casuals, excluding sandals and slippers	16.2	28.1	24.8	2/	2/	2/	6.9	10.7	5.5
Less than \$3.01	27	20	18	1/	1/	32	12	13	33
\$3.01-\$4	33	25	25	10	1/	1/	15	18	8
\$4.01-\$7	37	30	35	1/	1/	51	38	27	6
\$7.01-\$10	2	25	11	90	100	1/	27	32	41
\$10.01-\$13	1	1/	1	1/	1/	17	8	9	10
\$13.01 and over	1/	1/	1/	1/	1/	1/	1/	1	2
Total	100	100	100	100	100	100	100	100	100
Children's and infants' nonrubber footwear, except slippers	5.8	5.3	4.6	3.0	2.3	2.6	3.8	2.1	2.9
Less than \$2.01	22	18	16	-	-	-	11	9	22
\$2.01-\$3	34	25	22	1	7	1	29	22	20
\$3.01-\$4	25	32	30	62	70	29	31	21	6
\$4.01-\$5	7	12	17	6	6	22	12	13	15
\$5.01-\$6	4	4	7	8	6	41	9	13	8
\$6.01-\$7	3	4	2	16	9	5	2	4	3
\$7.01-\$9	3	3	4	1	-	1	1	10	7
\$9.01-\$11	2	1	1	1	2	1	1	2	2
\$11.01 and over	1/	1/	1/	1/	1/	1/	4	6	4
Total	100	100	100	100	100	100	100	100	100

See footnotes at end of table.

Table 28.—Nonrubber footwear: Percentage distribution of imported footwear, disaggregated by sources—Taiwan, Korea, and all others—by selected types and by wholesale price ranges, 1978-80—Continued

Type and price range	Taiwan			Korea			All other		
	1978	1979	1980	1978	1979	1980	1978	1979	1980
Athletic footwear, all types									
Less than \$4.01—L	8	9	12	43	43	58	15	12	4
\$4.01-\$7—M	10	5	12	5	2	3	18	9	28
\$7.01-\$10—M	46	48	49	30	15	14	30	11	6
\$10.01-\$14—M	19	21	19	40	37	45	34	63	9
\$14.01-\$18—H	18	15	3	23	27	16	8	6	5
\$18.01-\$22—H	3	7	10	2	19	22	4	3	16
\$22.01 and over—H	3	3	3	1/1	1/1	1/1	3	3	7
\$22.01 and over—H	1	1	4	1/1	1/1	1/1	3	5	29
Total	100	100	100	100	100	100	100	100	100
Men's, youths', and boys' leather work shoes									
Less than \$10.01—L	2/	1	1	17	10	9	2	1	1
\$10.01-\$14—L	72	43	36	4	20	11	32	5	17
\$14.01-\$18—M	28	34	59	67	49	74	45	55	57
\$18.01-\$22—M	1/	19	5	25	17	13	8	22	6
\$22.01-\$28—H	1/	4	1/	1	13	2	10	10	12
\$28.01-\$34—H	1/	1/	1/	3	1	1/	1/	3	7
\$34.01 and over—H	1/	1/	1/	1/	1/	1/	1/	5	1
Total	100	100	100	100	100	100	100	100	100
Men's, youths', and boys' leather boots, excluding work									
Less than \$8.01—L	11	2/	2/	4	4	1	1	1	1
\$8.01-\$10—L	100	3	4	-	-	-	14	5	4
\$10.01-\$14—M	1/	22	16	5	36	1	22	3	5
\$14.01-\$18—M	1/	40	56	46	40	8	7	33	15
\$18.01-\$22—H	1/	28	4	42	11	81	21	31	34
\$22.01-\$28—H	1/	6	19	4	7	6	6	10	8
\$28.01-\$34—H	1/	1	1	3	5	3	23	8	26
\$34.01 and over—H	1/	1/	1/	1/	1/	1/	1	4	2
Total	100	100	100	100	100	100	100	100	100
Men's, youths', and boys' plastic dress and casual									
Less than \$3.01—L	5	5	8	4	3	3	1	1	1
\$3.01-\$5—L	27	12	8	8	11	11	15	21	17
\$5.01-\$7—M	37	19	22	5	2	7	38	10	1
\$7.01-\$10—M	25	36	57	44	37	52	8	17	2
\$10.01-\$14—M	8	21	9	40	45	21	10	9	9
\$14.01-\$18—H	3	11	4	3	4	9	25	32	53
\$18.01 and over—H	1/	1	1/	1/	1	1/	4	9	12
\$18.01 and over—H	1/	1/	1/	1/	1/	1/	1/	2	6
Total	100	100	100	100	100	100	100	100	100

See footnotes at end of table.

Table 28.--Nonrubber footwear: Percentage distribution of imported footwear, disaggregated by source--
Taiwan, Korea, and all others--by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Taiwan		Korea		All other	
	1978	1979	1978	1979	1978	1979
Women's and misses' fiber						
dress and casuals	8	7	4	5	4	4
Less than \$2.01	21	14	5	1/	11	13
\$2.01-\$3	40	28	10	1/	20	11
\$3.01-\$4	7	21	12	4	6	42
\$4.01-\$5	11	7	17	14	15	15
\$5.01-\$6	3	8	17	16	7	10
\$6.01-\$7	5	4	16	65	10	5
\$7.01 and over	13	18	23	1	21	4
Total	100	100	100	100	100	100
Women's and misses' leather						
sandals	1	1	1	2/	22	22
Less than \$4.01	43	45	14	13	24	27
\$4.01-\$7	14	26	27	1/	23	25
\$7.01-\$10	5	2	18	17	25	19
\$10.01-\$13	37	24	39	60	12	11
\$13.01-\$16	1/	1/	2	7	13	11
\$16.01-\$22	1	3	1/	3	1	4
\$22.01 and over	1/	1/	1/	1/	2	3
Total	100	100	100	100	100	100
Slippers						
Less than \$3.01	7	8	5	2	3	4
\$3.01-\$4	84	59	68	14	79	70
\$4.01-\$5	14	14	22	86	14	23
\$5.01-\$7	2	14	2	1/	2	3
\$7.01 and over	1/	13	8	1/	1/	1/
Total	100	100	100	100	100	100
Women's and misses' leather boots						
Less than \$7.01	2/	2/	2/	2/	3	2
\$7.01-\$10	1/	5	1/	2	3	4
\$10.01-\$13	1/	65	2	82	9	15
\$13.01-\$16	1/	10	35	1/	5	5
\$16.01-\$22	100	15	21	1/	44	18
\$22.01-\$28	1/	5	1/	4	24	32
\$28.01 and over	1/	1/	1/	1/	8	13
Total	100	100	100	100	100	100
Men's, youths', and boys' fiber dress and casuals						
Less than \$2.01	1	3	2	4	1	2/
\$2.01-\$4	55	12	10	1/	1/	4
\$4.01-\$6	3	48	39	13	7	14
\$6.01-\$8	30	10	7	26	2	11
\$8.01-\$10	5	22	30	42	39	20
\$10.01 and over	2	4	1/	17	15	30
Total	100	100	100	100	100	100

See footnotes at end of table.

Table 28.--Nonrubber footwear: Percentage distribution of imported footwear, disaggregated by sources--Taiwan, Korea, and all others--by selected types and by wholesale price ranges, 1978-80--Continued

Type and price range	Taiwan			Korea			All other		
	1978	1979	1980	1978	1979	1980	1978	1979	1980
Women's and misses' plastic sandals	29	25	30	2/	1/	2/	7	8	8
Less than \$3.01	38	29	14	1/	1/	2/	32	41	55
\$3.01-\$4	24	41	38	1/	1/	90	4	25	19
\$4.01-\$7	34	25	33	1/	1/	4	23	22	10
\$7.01-\$10	4	5	14	100	1/	2	17	8	10
\$10.01-\$13	1/	1/	1	1/	1/	1/	2	4	4
\$13.01 and over	1/	1/	1/	1/	1/	1/	1	1/	2
Total	100	100	100	100	100	100	100	100	100
Women's and misses plastic boots	5	4	4	1	1	1	2	1	2/
Less than \$5.01	4	2	2	1/	1/	1/	1	5	19
\$5.01-\$7	21	26	20	22	20	51	17	8	3
\$7.01-\$9	35	25	33	51	47	8	60	56	24
\$9.01-\$11	7	23	27	27	19	22	4	11	12
\$11.01-\$13	31	7	16	1/	14	17	4	6	2
\$13.01-\$16	2	16	2	1/	1/	2	9	10	13
\$16.01 and over	1/	1/	1/	1/	1/	1/	5	4	100
Total	100	100	100	100	100	100	100	100	100

1/ Data not reported.

2/ Less than 0.5 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--The L, M, and H designations beside the wholesale price ranges represent low-, medium-, and high-price categories respectively. These price breaks were developed by the Commission staff, as a reasonable approximation of producers' and consumers' perceptions of relative values in the 15 nonrubber footwear categories.

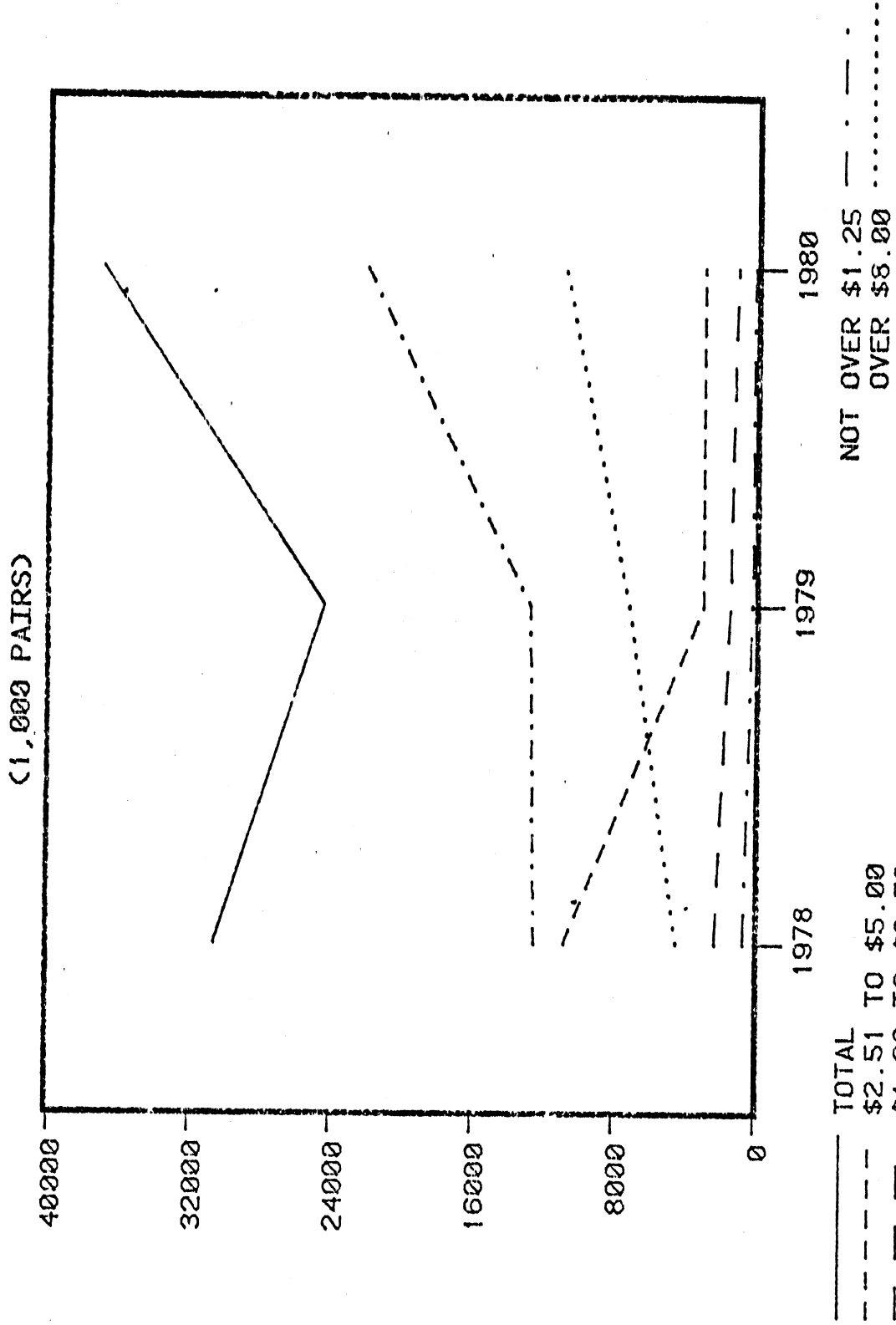
Data coverage, for 1978 to 1980, of reported import quantities to total imports from each source--Taiwan, Korea, and all other countries are presented in the following tabulation (in percent):

	1978	1979	1980
Taiwan	88	73	88
Korea	61	67	78
All other	52	49	50

APPENDIX G

FIGURES

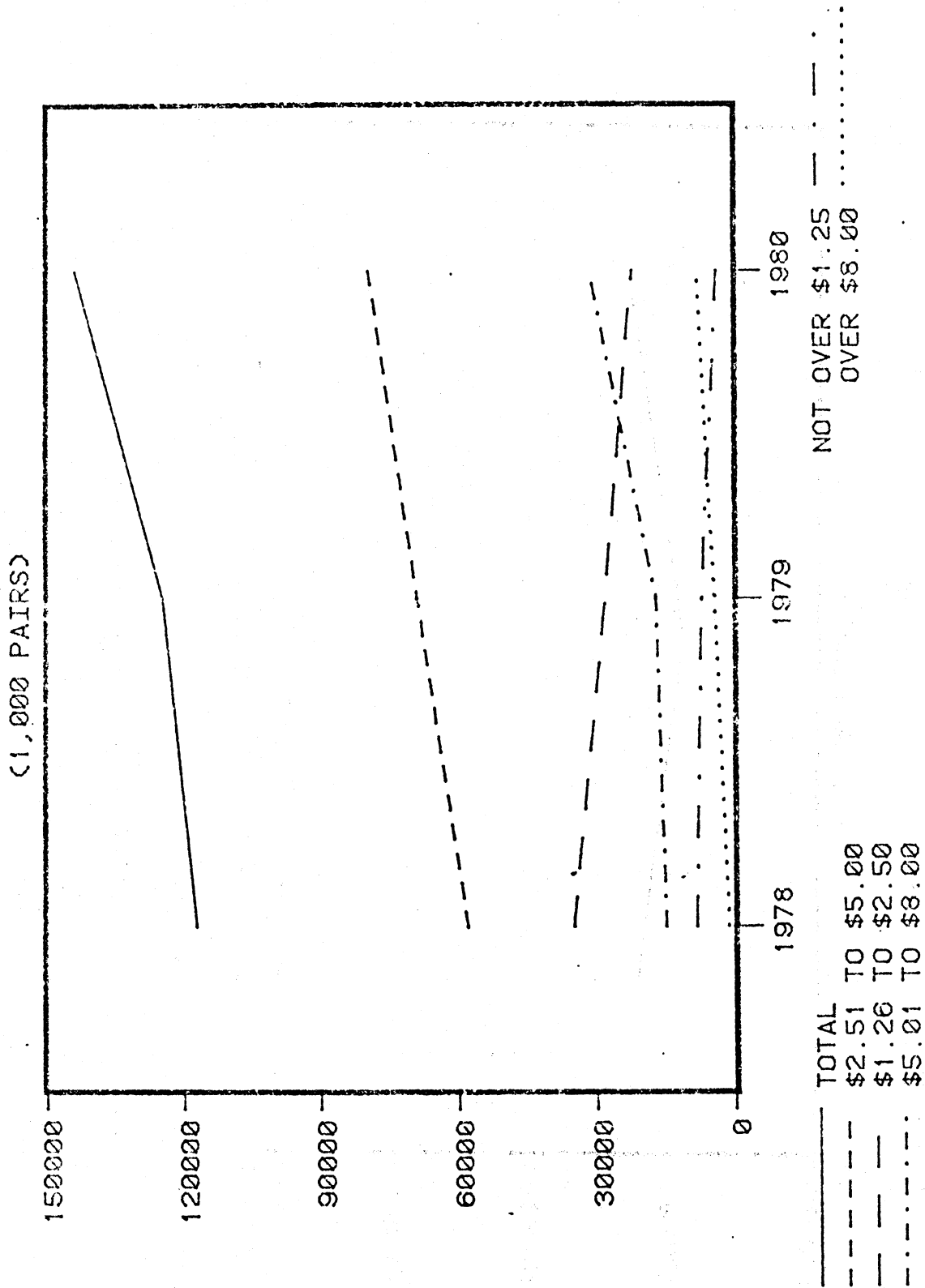
Figure 1.--Imports of nonrubber footwear from Korea, by value brackets, 1976-1980



H-2

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

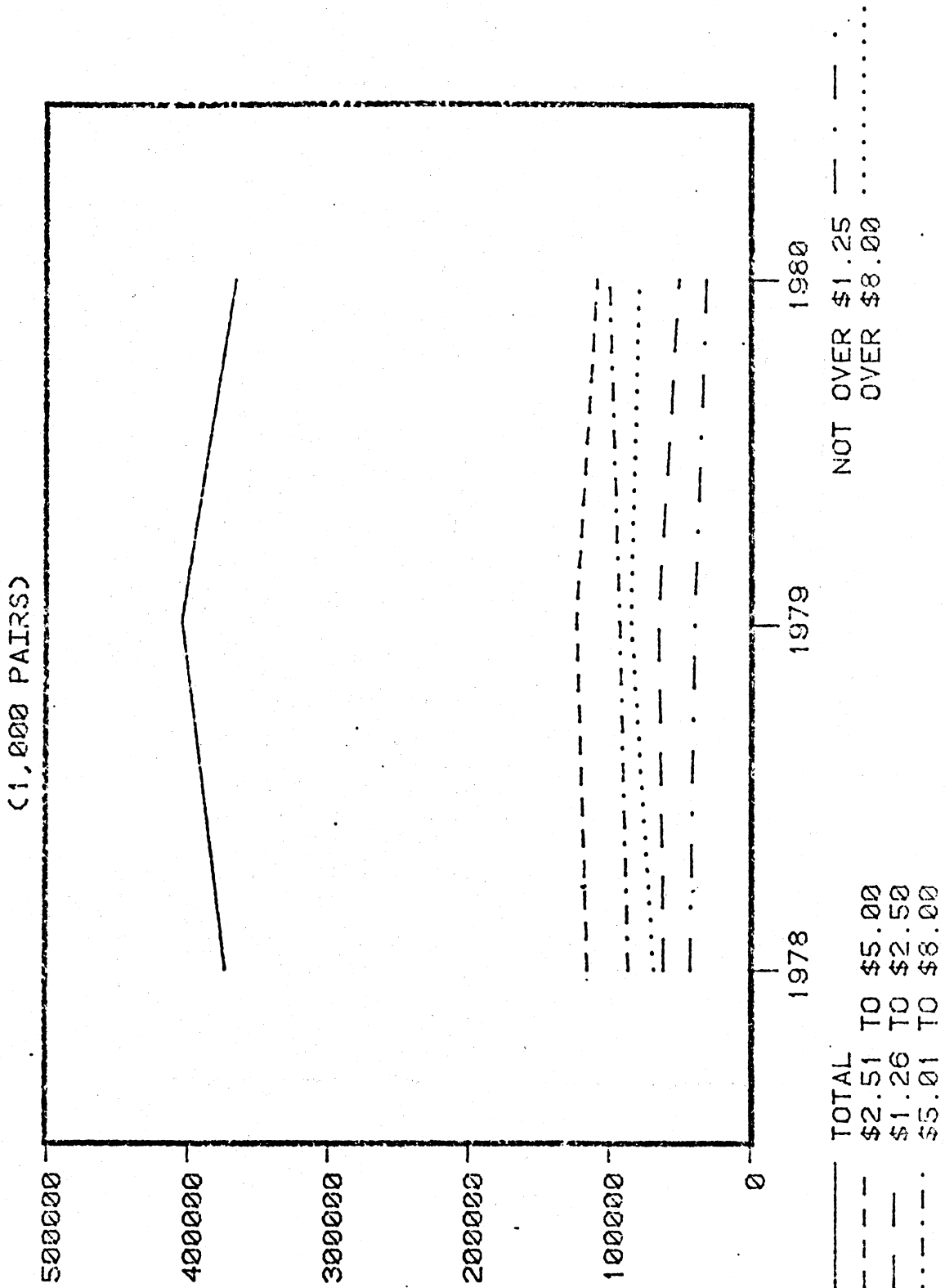
Figure 2.-- Imports of nonrubber footwear from Taiwan, by value brackets, 1978-1980



H-3

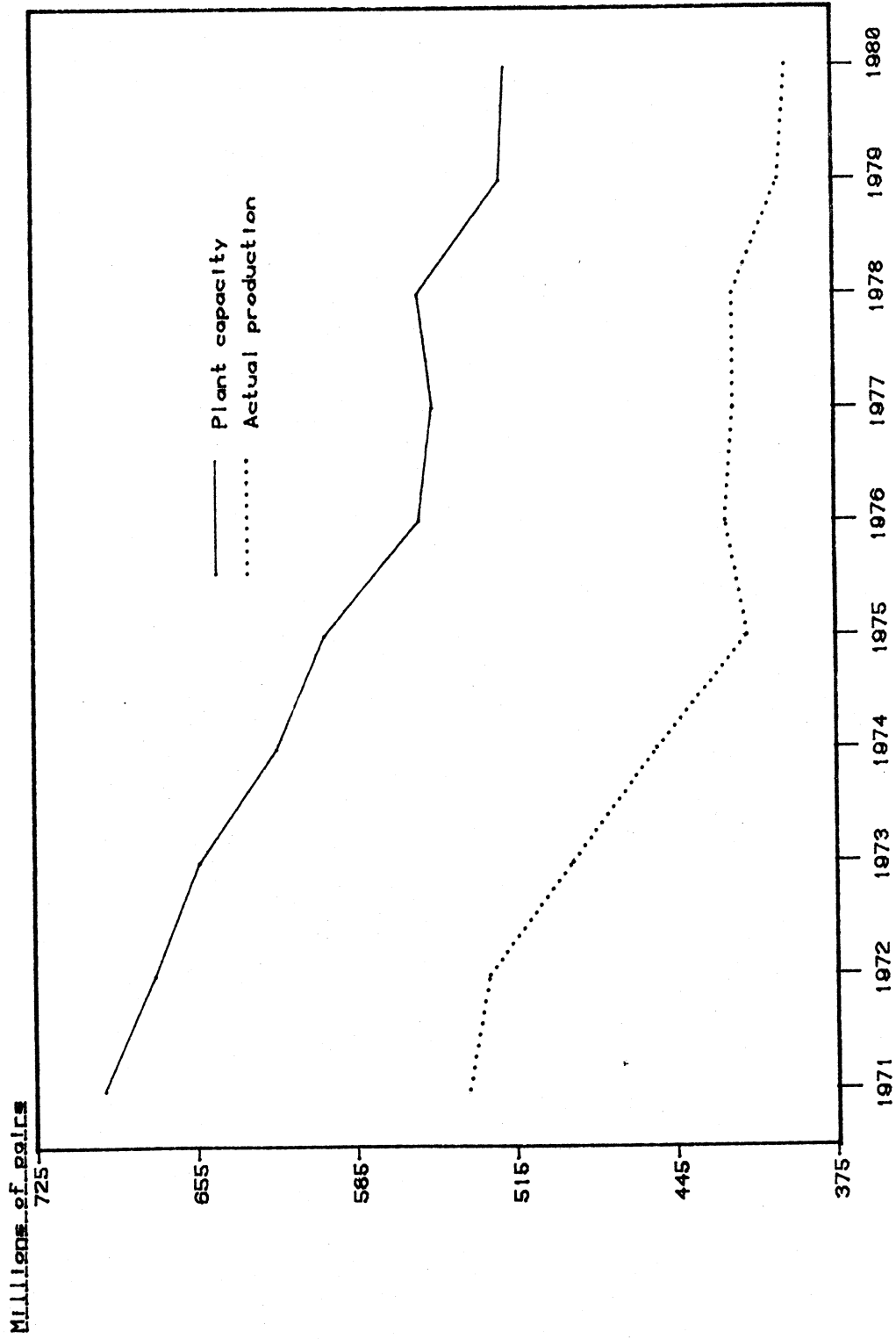
Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 3.--Imports of nonrubber footwear from all countries, by value brackets, 1978-1980.



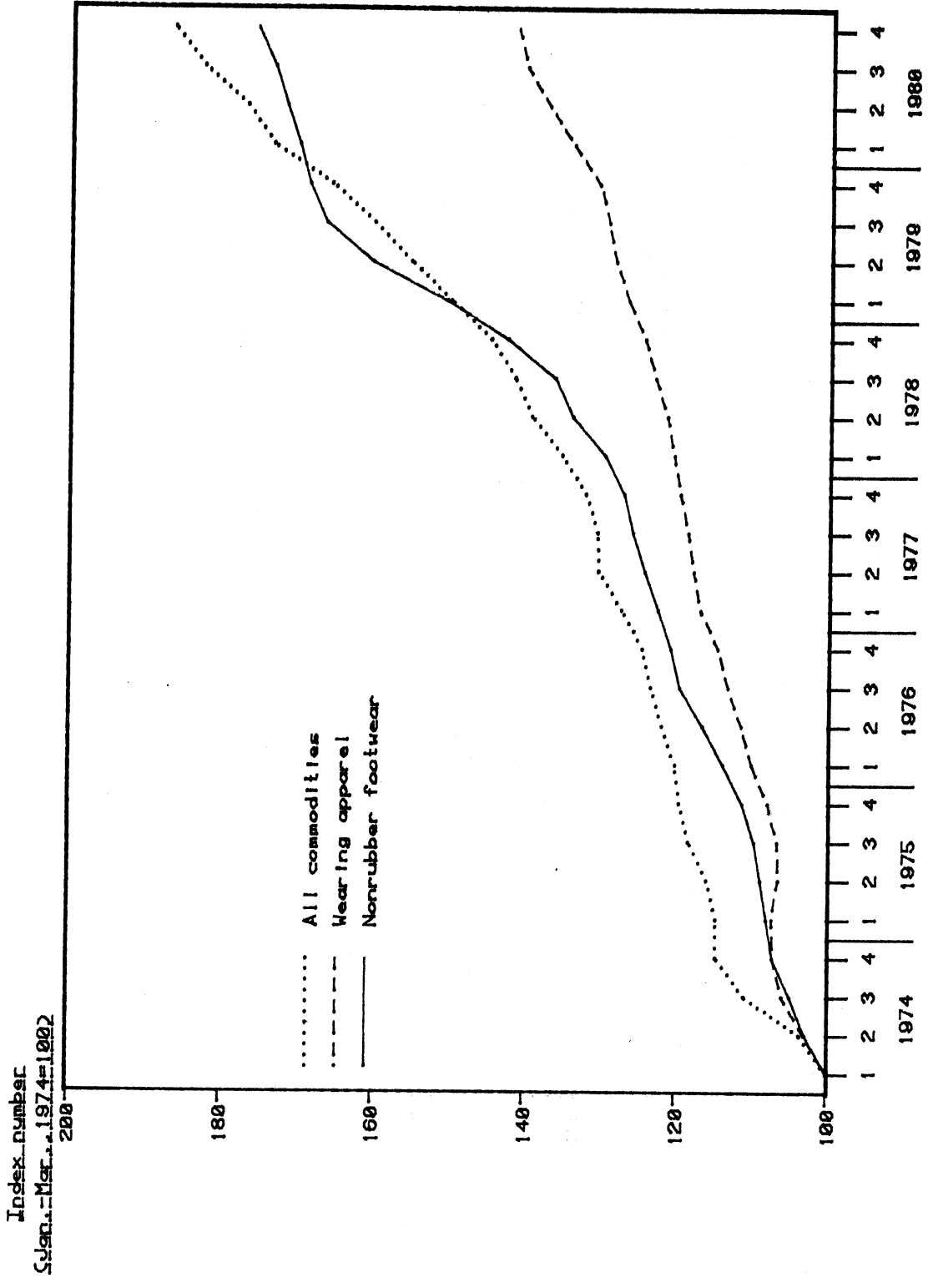
Source: **Compiled** from official statistics of the U.S. Department of Commerce.

Figure 4. ---Capacity and Production, by years, 1971-1980



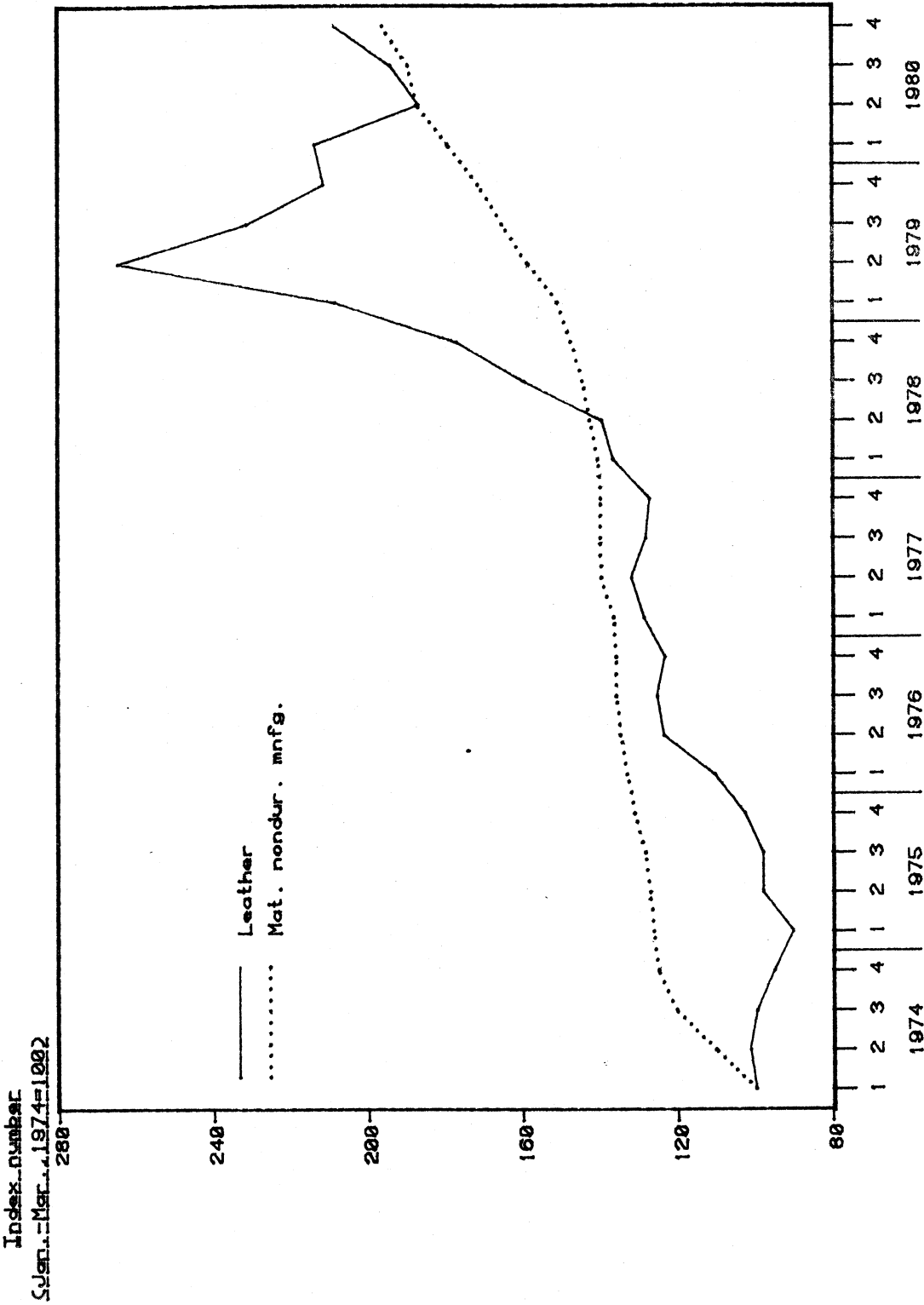
Source: U.S. Department of Commerce, and AFIA

Figure 5 .---Producers' Price Index



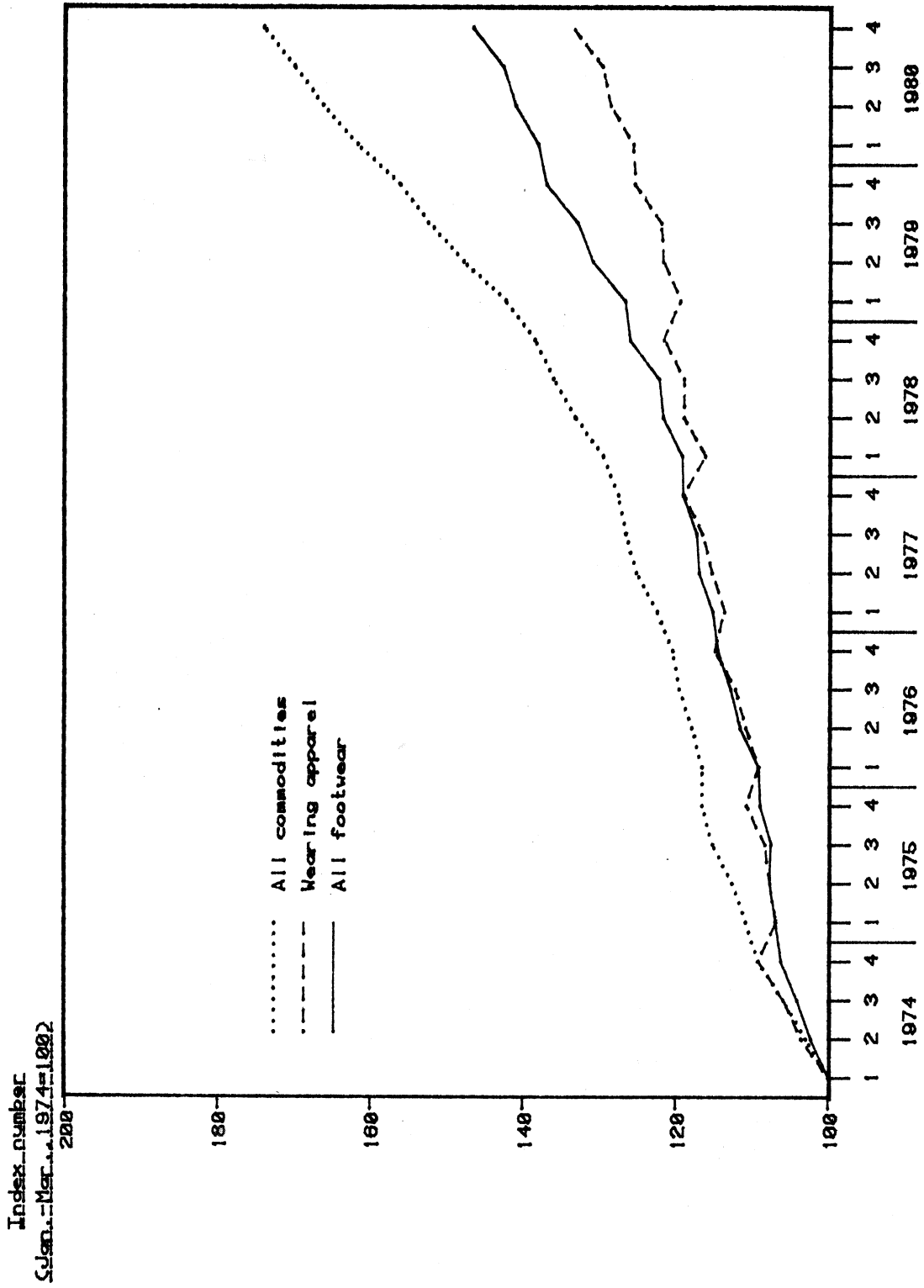
Source: Bureau of Labor Statistics, U.S. Department of Labor

Figure 6 .---Producers' Price Index



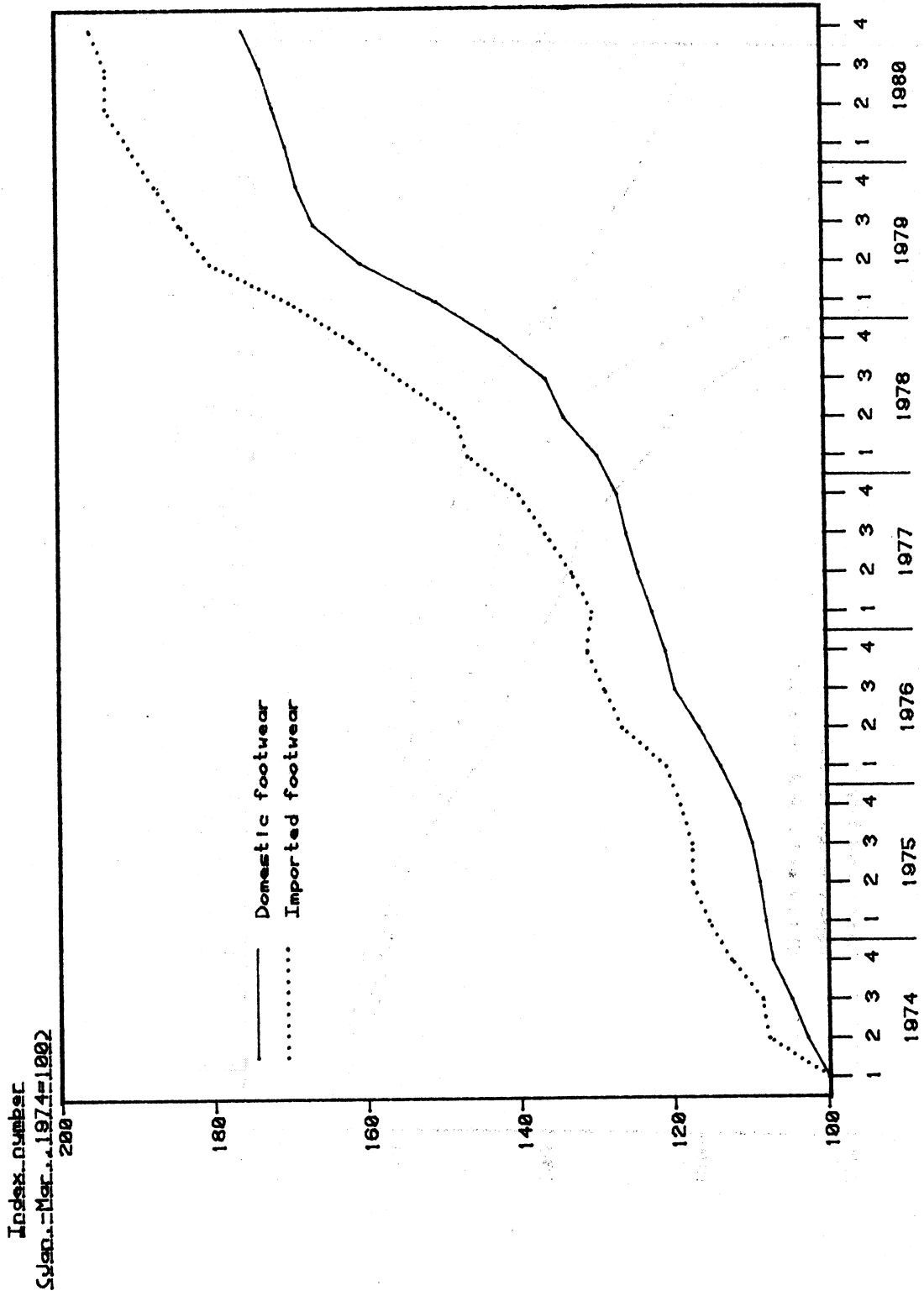
Source: Bureau of Labor Statistics, U.S. Department of Labor

Figure 7 .--Consumers' Price Index



Source: Bureau of Labor Statistics, U.S. Department of Labor

Figure 8.--U.S. Producers' and Importers' Price Indexes

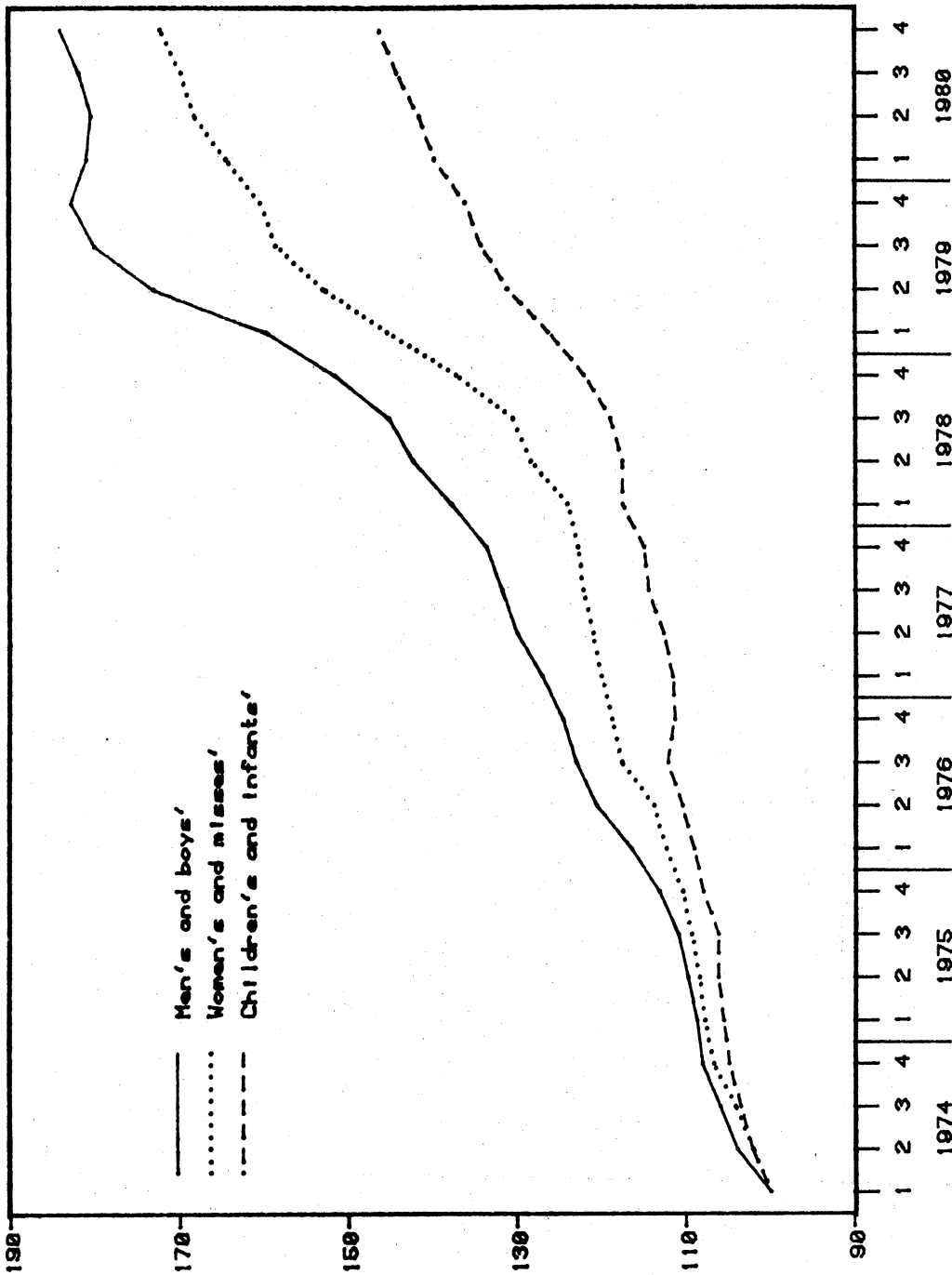


Source: Bureau of Labor Statistics, U.S. Department of Labor

Figure 9 ---Producers' Price Index

(Nonrubber footwear)

Index number
Jan.-Mar., 1974=1002



Source: Bureau of Labor Statistics, U.S. Department of Labor

