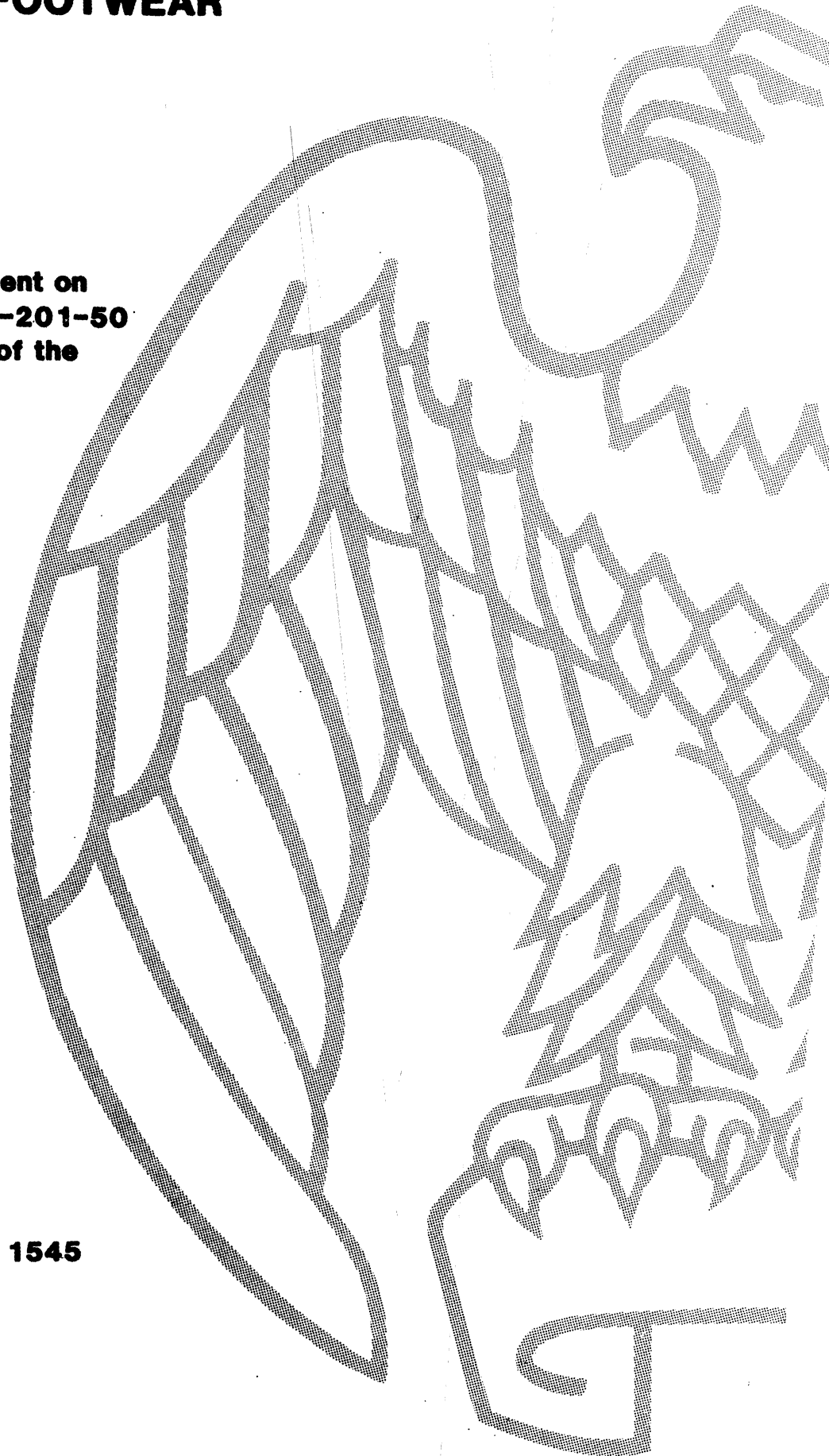


# **NONRUBBER FOOTWEAR**

**Report to the President on  
Investigation No. TA-201-50  
Under Section 201 of the  
Trade Act of 1974**



**USITC PUBLICATION 1545**

**JULY 1984**

UNITED STATES INTERNATIONAL TRADE COMMISSION

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**Susan W. Liebeler, Vice Chairman**

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**Seeley G. Lodwick**

**David B. Rohr**

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and, therefore, have been deleted from this report. Such deletions are indicated by brackets.



REPORT TO THE PRESIDENT  
ON INVESTIGATION NO. TA-201-50

NONRUBBER FOOTWEAR

UNITED STATES INTERNATIONAL TRADE COMMISSION  
JULY 9, 1984

Determination

On the basis of the information developed in the course of investigation No. TA-201-50, the Commission has determined 1/ that footwear, provided for in items 700.05 through 700.45, inclusive, 700.56, 700.72 through 700.83, inclusive, and 700.95 of the Tariff Schedules of the United States, is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

Background

The Commission instituted the present investigation, No. TA-201-50, following the receipt, on January 23, 1984, of a petition for import relief filed on behalf of the Footwear Industries of America, Inc., Amalgamated Clothing and Textile Workers Union, AFL-CIO, and United Food & Commercial Workers International Union, AFL-CIO. The investigation was instituted pursuant to section 201(b) of the Trade Act of 1974 (19 U.S.C. § 2251(b)) in order to determine whether footwear, provided for in items 700.05 through 700.45, inclusive, 700.56, 700.72 through 700.83, inclusive, and 700.95 of the Tariff Schedules of the United States, is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

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1/ Commissioner Veronica A. Haggart did not participate.

Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith 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 February 8, 1984 (49 F.R. 4857). The hearing was held in Washington, D.C., on May 2, 1984, and all persons who requested the opportunity were permitted to appear in person or through counsel.

This report is being furnished to the President in accordance with section 201(d)(1) of the Trade Act. The information in the report was obtained from fieldwork and interviews by members of the Commission's staff, from other Federal agencies, responses to Commission questionnaires, information presented at the public hearing, briefs submitted by interested parties, the Commission's files, and other sources.

VIEWS OF CHAIRWOMAN PAULA STERN,  
VICE CHAIRMAN SUSAN W. LIEBELER, AND COMMISSIONER DAVID B. ROHR

We determine that nonrubber footwear 1/ is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious injury to the domestic nonrubber footwear industry. Accordingly, having found that the requirements of section 201 of the Trade Act of 1974 2/ are not satisfied, we do not recommend to the President that relief be granted to this industry under section 201.

In order to make our determination in an investigation under section 201, we must answer three key questions:

- (1) Are imports increasing?
- (2) Is the domestic industry seriously injured or threatened with serious injury?
- (3) Are increased imports a substantial cause of serious injury or the threat thereof?

Unless our answers to each of these questions are in the affirmative, we must render a negative determination. In this instance, although we find that imports are increasing, we find that the domestic industry is not seriously injured or threatened with serious injury. Thus, we do not reach the third question of whether increased imports are a substantial cause of serious injury.

Historical perspective and overview of the current investigation

This is the third footwear investigation which the Commission has conducted under section 201 and the first in which we find that we must make a

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1/ Footwear, provided for in items 700.05 through 700.45, inclusive; 700.56; 700.72 through 700.83, inclusive; and 700.95 of the Tariff Schedules of the United States (TSUS).

2/ 19 U.S.C. § 2251.

negative determination. It is also the second investigation of the footwear industry that the Commission has conducted since 1983 and the second in which the Commission found that the industry could withstand competition from imports. 3/

In the first section 201 investigation, 4/ the Commission unanimously found that increased imports were a substantial cause of serious injury to the domestic industry, and the President determined that adjustment assistance was the most effective remedy. In the second investigation, conducted less than one year later, the Commission again made a unanimous affirmative determination. 5/ As a result of that determination, the President negotiated orderly marketing agreements (OMAs) with Taiwan and Korea placing limits on their exports of nonrubber footwear for a four-year period commencing June 28, 1977.

In 1981, the Commission conducted a different investigation under section 203(i)(2) and (i)(3) 6/ in which it determined that there would be a significant adverse economic effect upon the domestic footwear industry if the

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3/ Certain Nonrubber Footwear from Brazil, India, and Spain: Determinations of the Commission in investigations Nos. 104-TAA-16, 17, and 18 . . . , USITC Publication 1388 (1983). Then-Chairman Eckes made a negative determination. Commissioner Stern made a negative determination based on the issue of causation. Commissioner Haggart made an affirmative determination.

4/ Footwear: Report to the President on investigation No. TA-201-7 . . . , USITC Publication 758 (1976) at 61 and Table 32. During the first section 201 investigation, the Commission was presented with data showing that employment declined from 186,000 workers in 1970 to 139,000 in 1975 and that the aggregate operating profit margin in the industry was below that for all domestic manufacturers. The ratio of net operating profit to net sales for the domestic footwear industry declined from 6.7 percent in 1970 to 5.3 percent in 1974 while the ratio for all U.S. manufacturers increased from 6.8 percent in 1970 to 8.0 percent in 1973.

5/ Footwear: Report to the President on investigation No. TA-201-18 . . . , USITC Publication 799 (1977) at 12, Tables 20, 37-38. Capacity utilization fell from 78 percent in 1972 to 73 percent in 1974 and to 69 percent in 1975; employment fluctuated but remained below earlier levels; and the ratio of net operating profit to net sales ranged from 3.9 to 7.2 percent for the footwear industry while the level for all manufacturers was 8 to 9 percent.

6/ 19 U.S.C. § 2253(i)(2) and (i)(3).

OMAs were to be terminated. 7/ Despite that determination, the President permitted the OMA's to expire.

One year ago, in May 1983, the Commission found that the footwear industry would not be materially injured or threatened with material injury if certain countervailing duty orders were revoked. 8/ One Commissioner 9/ found that the domestic industry was relatively healthy, and that the one satisfactory year of profitability the Commission had found to exist in the previous section 203 investigation had in fact become a trend over the subsequent two-year period. Another Commissioner 10/ noted that the domestic industry was in the process of consolidating its competitive position, and as a result, was characterized by very profitable larger firms, accounting for more than half of U.S. production and enjoying profit margins above the average for all manufacturing firms, and by other less profitable smaller firms.

In this investigation, the Commission has looked at the industry's current condition and how the industry evolved to its current state, with and without prior relief. This historical perspective shows that the evolution of this industry has not been painless. Some firms have survived and others have not, and many workers have lost their jobs. The Commission has considered all

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7/ Nonrubber Footwear: Report to the President on investigation No. TA-203-7 . . ., USITC Publication 1139 (1981). The Commission received data establishing that the industry remained unhealthy, although declines in production and employment were less severe than in the earlier periods studied and profit margins had improved. The data collected by the Commission showed that domestic production had declined by 7 percent between 1976 and 1980, compared with a decline of 20 percent between 1972 and 1976. In 1980, employment of production and related workers continued to decline to 129,000, capacity utilization stood at 76.2 percent, and the operating profit margin for the 68 firms furnishing usable data was 8.5 percent.

8/ Investigations Nos. 104-TAA-16, 17, and 18, supra.

9/ See Views of Chairman Eckes, Id. at 3 and 7. Chairman Eckes also considered the question of causation.

10/ See Views of Commissioner Stern, Id., pp. 17-18.

of the data before it, but the focus of this investigation is necessarily on the industry's present condition. All possible indicators were examined in ascertaining the current status of the industry. Our analysis is based on the overall performance these indicators reveal. 11/

The data before the Commission in this investigation are neither uniformly positive nor negative. Every firm in the industry is not experiencing profitability above the profitability for all manufacturing. Even in the most recent period, some firms have been forced to go out of business. Yet, when the indicators of this industry's economic condition are analyzed in their totality, they do not show an industry suffering serious injury. Firms representing the vast majority of domestic production are quite profitable on their domestic manufacturing operations alone. Employment has stabilized, while production and capacity have declined only slightly. This has occurred despite the expiration of import relief in 1981 and a prolonged period of economic recession.

The domestic footwear industry has evolved considerably over the last ten years. Despite large increases in imports in the low end of the market, it

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11/ While the questionnaire data the Commission considered in this investigation was not representative of 100 percent of the domestic industry, questionnaire responses were higher in this investigation than in any previous footwear investigation. Responses were received from 175 U.S. nonrubber footwear firms. One hundred and forty firms, representing about 90 percent of all U.S. production, provided useable profit-and-loss data for 1983. Only seven of these firms could not separate financial data on imports from financial data for domestic manufacturing operations. However, the net sales of imported footwear by these seven firms represented less than one percent of total net sales. Although the Commission's data necessarily includes some historical bias due to the exit of some firms from the industry, the data on profitability are the best available to the Commission. The questionnaire data accurately reflect the current industry. Furthermore, the questionnaires are the only data source designed specifically to obtain answers to the questions posed by section 201. Official statistics, including Department of Commerce and Department of Labor data, were consulted to take into account historical trends.



appears at present that the domestic industry is relatively strong in its traditional lines in the middle and upper end of the market. Consumer preferences in footwear have evolved too. There is now a strong demand for a relatively different footwear product, namely athletic-style footwear. Over the last ten years, many firms have left the industry due to changes in the market, but many others have also entered and prospered. There are now 21 firms that account for more than one half of domestic production, while many smaller firms account for the remainder. Thus, we are dealing with what is, in many respects, a different footwear industry than that which existed ten or even five years ago.

#### Domestic industry

Section 201 defines the domestic industry in terms of the domestic producers of "an article like or directly competitive with" the imported article. 12/ Generally, domestic articles which are "like or directly competitive with" imported articles are:

those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.), and . . . those which, although not substantially identical in their inherent or intrinsic characteristics are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefor. 13/

In this investigation, as in the prior footwear investigations, the petitioners advocated a one-industry approach. A number of importers advocated a two-industry approach that would distinguish between athletic and nonathletic nonrubber footwear. Those in favor of making this distinction stressed the separate intended uses of athletic footwear, a unique

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12/ 19 U.S.C. § 201(b)(1).

13/ S. Rep. No. 1298, 93rd Cong., 2d Sess. at 122.

manufacturing process, separate production facilities, different employment skills, separate distribution systems, and distinct research and development efforts. Petitioners argued that while imported athletic footwear may not be "like" domestic nonathletic footwear, the two articles are "directly competitive," because athletic footwear is a "multiple use" item that is often used for other than strictly athletic activities.

For purposes of this investigation, we feel it appropriate to analyze the data before us as the petitioners have argued. In reaching this conclusion, we do not mean to imply that because all shoes can be defined as "protective coverings for the feet" they are identical in intrinsic characteristics or that there is perfect competition between different types of footwear. However, we feel this analysis gives the petitioners the approach they requested and presumably the best opportunity to demonstrate serious injury or the threat of serious injury substantially caused by increased imports. 14/

#### Increased imports

Whether viewed in actual terms or relative to domestic production, 15/ both the value and the volume of imported nonrubber footwear have increased

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14/ Commissioner Rohr concurs in the use of a single industry approach in this investigation. He finds, however, that a single industry approach is required by section 201 because athletic footwear producers do not, at this time, meet the statutory criteria to be considered a separate industry.

15/ The language "actual or relative to domestic production" is contained in section 201(b)(2)(C), a provision addressed to the question of substantial cause rather than increased imports. Traditionally, the Commission has taken the view that import increases in either absolute quantities or relative to production would satisfy the requirement for increased imports as well as be relevant to causation. In this investigation, because imports have increased under both criteria, we do not reach the question of whether either alone would be sufficient to meet the statutory criteria. Commissioner Rohr notes, however, that the traditional interpretation is consistent with the legislative history and is proper to the extent that a type of increase, such as an increase relative to domestic production, could only be a "substantial cause" of injury if it were sufficient to have satisfied the requirement for increased imports.

over the period of investigation. <sup>16/</sup> There is, however, a significant difference between the increases in the value of imports and the increases that occurred in volume. This reflects the growing concentration of domestic production in an increasingly separate higher price segment of the nonrubber footwear market. We have therefore analyzed imports on both a value and a volume basis in order to explain adequately the role of imports in the domestic market.

The absolute volume of imported nonrubber footwear declined from 404.6 million pairs in 1979 to 365.7 million pairs in 1980, and then increased to 581.8 million pairs in 1983. This was a 44 percent increase over the period. When measured in value terms, these imports totaled \$2.4 billion in 1979, fell to \$2.3 billion in 1980, and then increased to \$3.6 billion in 1983, an increase of 51 percent over the five-year period.

Relative to domestic production, the volume of imports increased sharply over the period. During 1979-81, the volume of imports was roughly equivalent to the volume of U.S. production. By 1983, imports were equal to 171 percent of U.S. production, and in the first quarter of 1984, imports appeared to have risen even more dramatically. Measured in value terms, however, imports accounted for 57 percent of the value of domestic production in 1979 and increased to 80 percent of the value of domestic production by 1983. Thus, by the end of 1983, imports measured in volume terms relative to domestic production had increased by 68 percent since 1979, while in value terms the increase was only 40 percent.

This analysis is further supported by looking at import penetration ratios, or the relationship between imports and apparent consumption. Between

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<sup>16/</sup> The Commission has used the five-year period 1979-83, inclusive, as the period of investigation. The Commission has also considered, when available, first quarter 1984 data.

1979 and 1983, import penetration measured in volume terms increased from 51 percent to 65 percent. When measured in terms of value, imports increased from 36 to 44 percent. 17/

The disparity between the unit value of U.S. producers' shipments and of U.S. imports of nonrubber footwear demonstrates the increasing price segmentation of the footwear market in which imports play a role. 18/ The average unit value in constant dollar terms of domestic shipments increased over the period of investigation by nine percent, but the average unit value (adjusted to constant dollar terms) of U.S. imports increased by only two percent over the same period. This further supports the conclusion that a value-based analysis is necessary for an understanding of the role of imports.

During the current proceedings it has been argued that the enormous volume and rate of increase in the volume of imports, as well as the absolutely large market share enjoyed by imports, should be dispositive of serious injury and causation to the domestic nonrubber footwear industry. We do not agree. Neither injury nor causation can be presumed from the level of imports alone. Rather, in this investigation, imports: (1) continue to account for less than half of U.S. consumers' expenditures for footwear; (2) are not rising as rapidly as petitioners contend when viewed in value terms; and (3) are concentrated in a unit price range substantially below the average unit price for U.S. producers.

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17/ Data by type of shoe further confirm this conclusion. For example, import penetration in the category of men's footwear increased 50 percent by quantity and only 44 percent by value. For women's shoes, the increase was 10 percent by volume and 8 percent by value. For athletic footwear, volume penetration increased by 25 percent, while in value terms, the increase was only 14 percent.

18/ See pp. 21-22, infra.

No serious injury

In this investigation, the Commission has made a negative finding because it has concluded that the domestic nonrubber footwear industry is not currently experiencing "serious injury." Section 201 does not specifically define the term "serious injury." The legislative history makes clear, however, that mere injury is not sufficient to meet the statutory standard:

It is not intended that the escape clause criteria go from one extreme of excessive rigidity to complete laxity. An industry must be seriously injured or threatened with serious injury before an affirmative determination should be made. 19/

We believe that Congress intended that we not make an affirmative finding unless the injury suffered by an industry is indeed severe.

In order to guide the Commission, the statute does list specific economic factors the Commission should consider in reaching its determination as to whether an industry is seriously injured, as follows:

the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry. 20/

The statute also provides that the Commission may take into consideration any other economic factors it considers relevant. 21/ In this investigation, we have found the indicators of the performance of the domestic industry to be mixed; some are characteristic of an industry suffering injury while others are characteristic of a healthy industry. We are mindful of the admonition from Congress in the Trade Act of 1974:

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19/ S. Rep. No. 1298, 93rd Cong., 2d Sess. 121 (1974).

20/ 19 U.S.C. § 2251(b)(2)(A).

21/ 19 U.S.C. § 2251(b)(2).

The Committee did not intend that an industry would automatically satisfy the criteria for import relief by showing that all, or some of the enumerated factors, were present at the time of its petition to the [ITC]. That is a judgment to be made by the [ITC] on the basis of all factors it considers relevant. 22/

We have analyzed and weighed all of the factors we have considered relevant to this industry, including those enumerated. Our analysis of all the indicators of this industry's performance leads us to conclude that it is not currently experiencing serious injury.

### Production

The first factor that we have considered is the "significant idling of productive facilities." The data presented to the Commission indicate that total domestic production of nonrubber footwear declined during 1979-83. 23/ The major portion of this decline occurred between 1981-82. 24/ Between 1982 and 1983, in contrast, the decline in domestic production was small, indicating that production has stabilized. 25/

The Commission received conflicting data on the closings of plants and firms in the industry during the period of investigation. 26/ Department of

22/ H. Rep. No. 571, 93rd Cong., 1st Sess. 47 (1973).

23/ Report of the Commission (Report) at Tables 1 and 12. According to Department of Commerce data, production declined by some 14 percent. According to the Commission's survey of current producers, production increased by 4 percent over the period.

24/ We note that operations of domestic footwear producers in 1981-82 must be considered in the economic context in which they occurred, that is, the expiration of the OMA's and the deep and prolonged economic recession.

25/ Department of Commerce data reveal a decline of 0.3 percent. Report at Table 1. The Commission's data show a decline of 3.0 percent. Id. at Table 12.

26/ Both petitioners and respondents submitted information on plant closings. Petitioners supplied data on annual closings on single plant firms and on multiplant firm closings for the entire period of investigation. Respondents submitted data showing different numbers of closings, indicating that some closings were only temporary and that others reflected mergers and consolidations.

Commerce data indicate that there have been both plant and firm closings during the period of investigation. These data reflect also that the number of such closings was at or below the average annual number of closings in this industry for the last 20 years. 27/ Further, the petitioners' data indicate that the closings that occurred during the period of import relief during 1977-81 had a substantially greater effect on capacity than have closings since that time. 28/ The Commission also cannot ignore that this industry has historically been characterized by low barriers to entry and exit.

Capacity data provided to the Commission in previous section 201 investigations provide some insight into historical trends in this industry. Industry capacity fell by 150 million pairs during 1967-74, and also fell by roughly 200 million pairs between 1974 and 1981. In this investigation, according to information supplied by 152 firms accounting for 87 percent of domestic production in 1983, capacity between 1979 and 1983 increased from 380 million pairs to 414 million pairs.

Overall capacity utilization rates declined slightly between 1979 and 1983. In 1979, capacity utilization stood at approximately 76 percent. This increased to 80 percent during the last two years of import relief and then dropped to 72 percent in 1983. It is significant that the larger firms in the industry by 1983 had largely regained their 1979 capacity utilization rates, despite an 8 percent capacity gain over the period. Smaller firms also appear to have largely stabilized their utilization rates, albeit at levels below their 1979 rates.

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27/ 1984 U.S. Industrial Outlook, U.S. Department of Commerce.

28/ In 1980 and 1981, plant closings reduced capacity by some 20 million pairs of shoes annually; closings in 1982-83 reduced capacity by some 4 million pairs.

In analyzing the performance of the productive facilities in the industry, we conclude that, at this time, although there has been some idling of productive facilities, the evidence does not establish the serious injury required in the statute, especially when viewed in the context of the industry's total performance. The data reveal an industry that is smaller and more concentrated than in prior years. But a smaller and more concentrated industry is not necessarily a seriously injured industry.

### Profitability

The second indicator we have analyzed is the profitability of the industry. In its analysis, the Commission considered only the profit data of operations producing domestic footwear. 29/

Overall, profits on domestic nonrubber footwear operations increased during the 1979-83 period. The ratio of net operating profit to net sales increased from 6.8 percent in 1979 to 10.0 percent in 1981, then fell to 8.2 percent in 1982 before rising again in 1983 to 8.8 percent. 30/ Compared with other domestic industries and total U.S. production of durable goods, these ratios are impressive. In 1982, total U.S. manufacturing showed a ratio of operating income to net sales of 6.3 percent. 31/ For the first three quarters of 1983, that ratio was 6.6 percent. 32/

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29/ Although data concerning aggregate profits, including those made on imported footwear by domestic producers, were available to the Commission, they were not the basis of our finding that this industry is a profitable one. We recognize, as many of the witnesses before us stated, that it may be more profitable for some companies to produce footwear offshore. The relative profitability of domestic versus imported shoe operations is not determinative of whether domestic shoemaking operations are reasonably profitable.

30/ Report at Table 22. Data on profitability in the first quarter of 1984 were not available.

31/ Quarterly Financial Reports, U.S. Bureau of Census.

32/ Id.



We have also looked at the performance of the industry using the traditional indicators used by financial analysts. These indicators suggest that a reasonably healthy industry currently exists. As a ratio to total assets, profits reached a five-year high in 1983. Profits as a percentage of net worth, a measure of the returns in this industry, were also sharply above 1979 levels, and in three years, 1980, 1981, and 1983, were over 30 percent.

The liquidity measures of the performance of this industry were also good and displayed upward trends throughout most of the period. The "quick ratio" increased steadily from 1.29 in 1974 to 1.69 in 1983. <sup>33/</sup> The current ratio also improved from 2.76 in 1979 to 3.31 in 1983. <sup>34/</sup> Further, the measures of debt and fixed assets to net worth and the measure of receivables turnover suggest the financial burdens of debt, fixed assets, and inventories did not increase during the period of investigation.

We have also considered the profitability of the domestic footwear industry based upon the profitability of groups of firms segregated by the size of their production. Based upon this analysis, we conclude that the information supplied to us by the industry does not establish that a significant number of firms are unable to operate at a reasonable level of profit.

Firms producing less than 200,000 pairs annually, and which accounted for 2 percent of production in 1982, <sup>35/</sup> showed a ratio of net operating profit to net sales of 5.9 percent in 1979, 10.7 percent in 1981, 7.4 percent in 1982,

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<sup>33/</sup> The "quick ratio" considers cash, near cash discounts and net receivables as part of current assets in relation to total current liabilities. It is considered the most conservative measure of liquidity. It is usually considered a sign of ill-health of a company if the ratio falls below one.

<sup>34/</sup> The current ratio includes accounts receivable and inventory in the measure of current assets compared against current liabilities.

<sup>35/</sup> Based upon official statistics of the U.S. Department of Commerce. Report at Table F-3.

and 5.3 percent in 1983. 36/ Of this group, firms accounting for 56 percent of net sales reported a return of 5 percent and firms accounting for 12 percent reported losses. 37/

Firms producing 200,000 to 500,000 pairs annually, accounting for 6 percent of production, experienced low or negative profitability ratios during the period. 38/ Of this group, firms accounting for 40 percent of net sales reported a return of over 5 percent and firms accounting for 37 percent of net sales reported losses. Despite this poor performance, the financial indicators for this segment of the industry have remained relatively constant or have improved. 39/ Liquidity measures remained constant, inventory turnover improved, the ratio of net sales to fixed assets improved, and the ratios of profit to total assets and to net worth also increased slightly.

Firms producing 500,000 to 1 million pairs annually, accounting for 7 percent of production, fared better, showing profitability ratios of 4.3 percent in 1979, 6.9 percent in 1981, and 4.6 percent in 1983. Of the group, firms representing 64 percent of net sales reported profits of above 5 percent and firms accounting for only 19 percent of net sales reported losses. The financial indicators of this group of producers also show improving performance over the period of investigation. 40/

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36/ Report at Table 23.

37/ Id. One possible explanation for the disparity in profitability ratios between the smaller and larger firms may be that the smaller firms are closely held companies, whose indicators of profitability must be judged differently than those of larger companies. Data collected by the Commission show that as a share of net sales, officers' salaries tend to be significantly higher for firms producing under 1 million pairs annually, than for firms producing over 1 million pairs annually. Id. at Table 24.

38/ Id. These firms experienced ratios of net operating profits to net sales of 4.5 percent in 1979, 3.5 percent in 1980, 2.0 percent in 1981, and fell to a net loss of 1.1 percent in 1983.

39/ Id. at H-6.

40/ Id. at H-7.

The larger companies producing 1 to 2 million pairs annually, accounting for 17 percent of production in 1982 performed considerably better than the smaller firms. The ratios of operating profit to net sales for these firms were 6.3 percent in 1979, 12.6 percent in 1980, and 9.4 percent in 1983. 41/ The profitability ratios for firms producing 2 to 4 million pairs annually, which accounted for 15 percent of production in 1982, were 7.0 percent in 1979, 8.5 percent in 1981, and 7.2 percent in 1983. 42/ The largest firms, those producing over 4 million pairs annually and accounting for 53 percent of production, showed ratios of net operating profit to net sales of 7.9 percent in 1979, 11.2 percent in 1981, 11.9 percent in 1982, and 11.2 percent in 1983. The financial indicators of the performance of these groups of producers also remained stable or showed improvement. 43/

Thus, the profit data of these three latter categories of firms, representing about 85 percent of domestic production, establish that this industry is not suffering serious injury financially and is, in fact, healthy. Our analysis of all of the segments of the industry indicates to us that only a small number of firms are experiencing injury. We cannot base a finding of serious injury on the ill-health of a very small portion of domestic production.

#### Employment

A third factor which we have considered is whether there is significant unemployment or underemployment in the industry. It is clear that there are fewer shoeworkers employed in the industry now than in 1981, at the end of the last period of import relief for this industry. In assessing these levels of

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41/ Id.

42/ Id.

43/ Id. at H-8-10.

employment, we recognize that viewed solely in an historical context there is a significant employment problem in the footwear industry. We cannot, however, view employment solely in its historical context. We must also consider employment in the context of the current industry.

Bureau of Labor Statistics estimates show that after a sharp increase in the number of unemployed workers between 1981 and 1982, there was a significant drop in the number of unemployed workers in the industry between 1982 and 1983. 44/ At the same time, the Commission's survey indicates that for those firms currently producing footwear, total employment increased slightly between 1982 and 1983 and increased by 7 percent over the period of investigation. 45/

Further, in interpreting employment data, we must also consider the level of compensation paid to workers in the industry. The average hourly compensation paid to production and related workers increased by 31 percent from \$4.79 to \$6.27 over the 1979-83 period. 46/ The Commission does not infer from these wage increases that workers in this industry are overpaid. Wages in this industry have historically been below those in other industries which this Commission has recently examined. Nevertheless, wage trends in this industry do not support a finding of serious injury.

Thus, the employment picture in this industry is mixed. Were we to look solely at the historic employment patterns, we might indeed find that there was significant unemployment and underutilization of capacity in this industry. Our investigation, however, must include other indicia of injury

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44/ Report at A-32, Table 17.

45/ Report at A-33, Table 18. Total employment increased slightly between 1982 and 1983, from 94,461 persons to 94,673 persons.

46/ Commissioner Rohr notes, based on the information supplied in the Commission's questionnaires, that aggregate wages paid to production and related workers increased steadily, by 37 percent, and total compensation increased steadily, by 40 percent, over the period of investigation. Report at A-35, Table 19.

and we do not find, on the basis of the totality of the information before the Commission, including production, profitability, and employment, that the domestic industry is currently experiencing serious injury.

Threat of serious injury

With respect to threat of serious injury, the statute directs us to take into account:

a decline in sales, a higher and growing inventory, and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned. 47/

The legislative history states that a threat exists "when serious injury, although not yet existing, is clearly imminent if import trends continued unabated." The Commission traditionally has interpreted the standard to require that threat be real rather than speculative, and that serious injury be highly probable in the foreseeable future. 48/ We have considered each of the economic factors enumerated in the statute and have concluded that the data fail to indicate a threat of serious injury at this time. In doing so, we have focused in particular upon the data for 1982 and 1983.

In terms of revenues, net sales of domestically produced footwear have remained essentially stable during the past three years. 49/ Although production has declined over the period of investigation, it now appears to have stabilized. According to official statistics, there was only a very slight decline in production between 1982-83. 50/ Profits in the industry, although varying by the size of the firm, have been stable or increasing for

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47/ 19 U.S.C. § 2251(b)(3)(B).

48/ S. Rep. No. 1298, 93rd Cong., 2d Sess. 121 (1974).

49/ Report at Table 22. When import operations are included, net sales of domestic producers steadily increased during the period of investigation.

50/ Id. at Table 9.

most firms in the industry during the past two years. 51/ As noted above, the unemployment rate in the industry declined during 1983 and the absolute number of employees increased slightly. Further, hourly wages throughout the industry have increased over the period of investigation. 52/ Further, the ratio of inventories to shipments, which indicates the potential threat of inventory overhang, remained relatively constant.

Efforts by the industry to compete with imports 53/

The purpose of escape-clause relief is to allow a domestic industry an opportunity to adjust to the changing conditions of international competition. We believe an analysis of the indicators of this industry's performance, as well as of the product composition of the imports and their degree of direct competition with domestic production, demonstrates that this industry has made successful adjustment efforts. Further, this industry has the ability to continue to successfully adjust to import competition.

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51/ Id. at Table 23.

52/ Id. at A-32 and Table 17.

53/ Although the statute sets forth various factors the Commission is to take into account in determining serious injury, it is largely silent on what criteria the Commission should consider in its analysis of the industry's progress towards its ultimate goal of adjustment. The Commission has addressed adjustment in previous section 201 cases, especially Stainless Steel Table Flatware: Report to the President on investigation No. TA-201-49 . . ., USITC Publication 1536 (1984), and can also, in its consideration of "all relevant economic factors," look at factors relevant to adjustment. Among the factors relevant to this consideration are: the nature of any prior relief and the action taken by domestic firms during that period; the relative performance of the domestic industry; the composition of the imports and the degree of their competitiveness with domestic production, and the reasons underlying plant closings and consolidations.

Commissioner Rohr states that while he agrees generally with the analysis contained in this section, it is not the basis for his decision with respect to this investigation. Nonetheless, he feels it is a necessary part of the views of the Commission to be transmitted to the President under section 201(b)(5).

Although the domestic footwear industry has not received relief in the form of global import quotas, OMAs with Taiwan and the Republic of Korea provided the industry with import relief from the largest foreign suppliers from June 1977 through June 1981. 54/ During the relief period, import levels were stabilized at or about 50 percent of the domestic market, 55/ and the rising share of imports from Korea and Taiwan was reversed. The period of relief was characterized by consolidation of domestic production in the high priced market segment and by competition among domestic producers which led to the continuing elimination of less efficient producers from the market. 56/

While the Commission found in 1981 that the industry needed further relief in order to consolidate the improvements it had made under the OMAs, the Commission also found that during the 1977-81 period, the industry made significant strides toward improving its competitive position. The rates of decline in domestic capacity, shipments, production, and employment were slowed. 57/ Financial performance throughout the industry was also strong, almost at the level of all manufacturing. 58/ There was also increased use of new technologies throughout the industry. 59/

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54/ Certainly an industry is not precluded from receiving relief more than one time, and changing circumstances could well demonstrate at some future time that the industry needs additional import relief to adjust to these changed circumstances.

55/ See Nonrubber Footwear: Report to the President on investigation No. TA-203-7 . . ., USITC Publication 1139 (1981) at Table 18.

56/ Id. at A 47.

57/ Id. at 7-8. Prior to the provision of import relief (1971-76), data indicate that the domestic capacity, production, shipments, and employment all declined by approximately 20 percent. In contrast, shipments and capacity fell by 10 percent and 6 percent, respectively, from 1977-80, and production and employment held steady from 1977-80, and dropped by 6 percent and 3 percent, respectively, thereafter.

58/ Id. at A-45.

59/ Id. at A-19-25 discusses in detail the efforts made throughout the 1977-80 relief period to adjust.

In an analysis of the industry's efforts to compete since the previous relief period, we have looked to determine in which market segments recent increases in imports have been concentrated. Since 1979, when the level of import penetration was approximately 50 percent, 60/ 85 percent of the increase in total imports has been attributable to footwear, including athletic shoes, from Taiwan, Hong Kong, the Philippines, China, and Thailand which have aggregate unit values of less than \$5.00 per pair. Conversely, over the five-year period imports from Brazil, Italy, France, and Spain, which primarily comprise medium-to-high priced shoes, the market segment where domestic production is most highly concentrated, declined by 5.1 percent. 61/

Athletic shoes 62/ constituted 78 percent of the increase in imports from 1979 until 1983. When coupled with the fact that demand for athletic footwear increased by more than 100 percent over the period of investigation, this suggests that when the industry was faced with this particular shift in consumer preference, domestic firms were slow to respond or chose to source this newer style from abroad rather than use their domestic facilities. 63/ These factors indicate that rather than displacing domestic nonrubber footwear production, imports have served to complement it.

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60/ This is the quota level requested by petitioners in the current investigation.

61/ An examination of the changes in average unit value of domestic and imported products over the course of this investigation also suggests that domestic production has become increasingly established at the high end of the market, while the unit value of imports has fallen.

62/ Many imports of athletic footwear are apparently being classified under the basket category for nonrubber footwear rather than under the athletic categories of the TSUS. Therefore, the figures shown are estimates which include imports under the basket category, item 700.95.

63/ Many of the domestic firms supplying the athletic footwear market are firms which historically specialize in this market or are new firms, which specifically developed production strategies including offshore components. The traditional footwear companies do not appear to have focused on this market at the time the shift in consumer preference toward this type of shoe occurred. This paved the way for the current high levels of imports of this type of shoe.



It is also true that U.S. producers account for a large portion of total imports. <sup>64/</sup> Those firms that account for a large portion of the imports also account for most of U.S. nonrubber footwear production and are the most profitable. This suggests that domestic producers do not import products that compete directly with their own products, but rather import products that complement their domestic production, products that cannot be economically produced domestically.

### Conclusion

On the basis of the data compiled in this investigation, we do not believe that the domestic nonrubber footwear industry is currently suffering serious injury or is threatened with serious injury. Although some firms in the industry are not doing well, it appears to us that, as a whole, the domestic industry is successfully meeting and will continue to be able to meet international competition without import relief.

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<sup>64/</sup> Twenty-one large firms together account for approximately one-half of all U.S. nonrubber footwear production. Twelve of the 21 large producers are dominant importers. It is estimated that domestic producers accounted for 47 percent of total imports in 1983, of which 7 percent are represented by the U.S. athletic footwear producers. Report at A-64, Table 39. We do not mean to imply that shifting to importing or offshore production is the best solution to the long term problems affecting the footwear industry. However, we believe that the temporary relief from imports, which is all that section 201 provides, will not significantly affect the long-term production and investment decisions of the domestic footwear industry.



## VIEWS OF COMMISSIONER ALFRED E. ECKES

I determine that nonrubber footwear 1/ is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat of serious injury to the domestic nonrubber footwear industry. Accordingly, having found that the requirements of section 201 of the Trade Act of 1974 2/ are not satisfied, I do not recommend to the President that relief be granted to this industry under section 201.

This investigation is both unusual and difficult; it may well be the most difficult case I have encountered in nearly three years as a member of the Commission. The petitioners, including both labor and business, believe that imports are hammering the domestic industry, causing both plant closings and high unemployment. And, indeed, the data do show that imports are rising and expanding market share. Imports, for instance, have climbed from 51 percent of the domestic market share (on a volume basis), in 1981 to nearly 70 percent in the first months of 1984. However, this is the first major case, that I can recall, in which rising import market share is not accompanied by persuasive evidence of serious injury, or the threat of serious injury, to the domestic industry. In fact, the conventional indicators of serious injury--employment, production, and profitability, among others--do not demonstrate the level of injury required for an affirmative determination in an escape clause investigation. For these reasons, I believe it appropriate to elaborate on my rationale in making my negative determination in this investigation.

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1/ Footwear, provided for in items 700.05 through 700.45, inclusive; <sup>2</sup>700.56; 700.72 through 700.83, inclusive; and 700.95 of the Tariff Schedules of the United States (TSUS).

2/ 19 U.S.C. §2251.

### Historical perspective

This is the third footwear investigation which the Commission has conducted under section 201 and the first in which the Commission has reached a negative determination. In the first such investigation, 3/ the Commission unanimously found that increased imports were a substantial cause of serious injury to the domestic industry and the President determined that adjustment assistance was the most effective remedy. In the second investigation, conducted less than one year later, 4/ the Commission again made a unanimous affirmative determination. As a result of that determination, orderly marketing agreements were negotiated with Taiwan and Korea placing limits on exports of nonrubber footwear from Taiwan and Korea for a four-year period commencing on June 28, 1977.

During the first section 201 investigation, the Commission was presented with data showing that the number of footwear firms declined from 597 in 1969 to approximately 375 in 1975, employment declined from 186,000 workers in 1970 to 139,000 in 1975, and the aggregate operating profit margin in the industry was below that for all domestic manufacturers. 5/ On the basis of the data before it and the trends that the data represented, the Commission reached its conclusion that the industry was seriously injured.

Similarly, in the Commission's second such investigation of the footwear industry less than a year later, the Commission again found that the domestic industry was seriously injured. Capacity utilization had fallen from

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

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

5/ On the basis of information that the ratio of net operating profits to net sales for the domestic footwear industry declined from 6.7 percent in 1970 to 5.3 percent in 1974 while the ratio for all U.S. manufacturers increased from 6.8 percent in 1970 to 8.0 percent in 1973, the Commission concluded that the domestic footwear industry was unable to operate at a reasonable level of profit.

78 percent in 1972 to 73 percent in 1974 and to 69 percent in 1975; employment was up to 170,000 in the period January-August 1976, but remained below earlier levels; and the ratio of net operating profits to net sales continued to range from 5 to 6 percent for the footwear industry while the level for all manufacturers was 8 to 9 percent.

In 1981, as the expiration of the OMA's drew near, the Commission conducted an investigation under section 203(i)(2) and (i)(3) of the Trade Act of 1974 in which it determined that the domestic footwear industry would be significantly adversely effected if the OMA's were to be terminated. In that investigation, the Commission received data establishing that the industry remained unhealthy, although declines in production and employment had been far less severe than in the earlier periods studied and profit margins had improved. Thus, the data collected by the Commission showed that domestic production had declined by 8 percent between 1976 and 1980, compared with a decline of 20 percent between 1972 and 1976, and in 1980, employment continued to decline to 129,000 workers, the number of firms fell to 307, capacity stood at 66.2 percent, and the operating profit margins for the 68 firms furnishing usable data was 8.5 percent. In discussing the apparent improved profitability of the industry, however, the Commission noted that one satisfactory year did not necessarily signify a trend. 6/ Despite that determination, the OMA's were permitted to expire.

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6/ Report to the President on Investigation No. TA-203-7: Nonrubber Footwear . . ., USITC Publication 1139 (1981) at 9.

Domestic industry

Section 201 defines the domestic industry in terms of the domestic producers of "an article like or directly competitive with" the imported article. <sup>7/</sup> Generally, domestic articles which are "like or directly competitive with" imported articles are:

those which are substantially identical in inherent or intrinsic characteristics (i.e., materials from which made, appearance, quality, texture, etc.), and . . . those which, although not substantially identical in their inherent or intrinsic characteristics are substantially equivalent for commercial purposes, that is, are adapted to the same uses and are essentially interchangeable therefor. <sup>8/</sup>

In this investigation, as in the prior footwear investigations, the petitioners advocated a one-industry approach. A number of importers, however, advocated a two-industry approach which would distinguish between athletic and nonathletic nonrubber footwear, and some pointed to the growing segmentation of the market based on price. Those in favor of distinguishing between athletic and nonathletic footwear stress the intended uses of athletic footwear, unique manufacturing process, separate production facilities, different employment skills, separate distribution systems, and distinct research and development efforts. Petitioners argue that while imported athletic footwear may not be "like" nonathletic domestic footwear, the two articles are "directly competitive." Petitioners contend that athletic footwear is best described as a "multiple use" item which is often used for other than strictly athletic activities.

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<sup>7/</sup> 19 U.S.C. §201(b)(1).

<sup>8/</sup> S. Rep. no. 1298, 93rd Cong., 2d Sess. at 122.

For purposes of this investigation, I find it is more appropriate to view the footwear industry as a single industry. In reaching this conclusion, I do not mean to imply that because all shoes can be defined as "protective coverings for feet" they are identical in intrinsic characteristics or that there is perfect competition between different types of footwear. There are, for example, certain special purpose athletic shoes which may require special production facilities and which are not substitutable for other types of footwear. Such shoes, however, currently form only a small portion of the athletic shoe market. Similarly, while there does not appear to be one-for-one substitutability between less expensive shoes that make up a substantial part of the volume of imports, and relatively more expensive shoes, produced extensively by domestic producers, there is a degree of interchangeability at some level between these shoes.

Section 201, however, does not require that the goods produced by a given industry be perfect substitutes for one another. While there are some differences or specialization in production process for particular types of shoes, these differences do not appear at this time to be sufficient to warrant a finding, in this case, of a separate industry. Furthermore, price differences alone are not a sufficient basis to find separate industries. I have therefore chosen in this investigation to proceed on the basis of a single domestic industry.

#### Statutory Requirements

In order to make a determination in an investigation under section 201, the Commission must answer three key questions:

- (1) Are imports increasing (either actually or relative to domestic production?)

(2) Is the domestic industry seriously injured or threatened with serious injury?

(3) Are increased imports a substantial cause of serious injury or the threat thereof?

Because the information developed in this footwear investigation satisfies the first statutory test but fails the second one--serious injury--my discussion in these views focuses on the latter issue. As an initial consideration, imports have increased in volume both in actual terms and relative to domestic production during the period of investigation. In absolute terms, U.S. imports of nonrubber footwear declined from 1979 to 1980, increased moderately in 1981, and then increased significantly in 1982 and 1983. Specifically, imports increased from 405 million pair in 1979 to 582 million pair in 1983, or by 44 percent. Relative to domestic production, the volume of imports has also increased sharply over the period. In 1979, total imports were roughly equal to domestic production, but by 1983 imports represented 171 percent of U.S. production. In the first quarter of 1984, imports represented 227.8 percent of U.S. production.

#### No Serious Injury or Threat Thereof

Neither the statute nor the legislative history defines the term "serious injury." In one of the early investigations conducted under section 201, as revised by Congress in 1974, one Commissioner commented on the addition of the modifier "significant" to the legislation. The addition of "significant" as a modifier to the indicators of injury suggested that the idling of productive facilities, low level of profitability and unemployment, must be of an "important magnitude." Further, he stated that "'serious injury' requires a finding of damage or a hurt of grave or important proportions." <sup>9/</sup> Another

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<sup>9/</sup> See "Views of Chairman Leonard," Bolts, Nuts and Screws of Iron or Steel, No. TA-201-2, USITC Pub. No. 747 (November, 1975), p. 9 and p. 11.



Commissioner in that same investigation indicated that since 1962, a number of Commissioners had defined "serious injury" to be "an important, crippling, or mortal injury; one having permanent or lasting consequences." 10/ Since 1975, when the law was last reviewed and modified by Congress, the Commission has interpreted "serious injury" as requiring a high threshold of injury.

With this precedent in mind, I evaluated the evidence developed in this investigation with regard to serious injury, looking at "all economic factors" and assessing in particular the three criteria specifically mentioned in the statute. 11/ Is there significant unemployment or underemployment in the industry? Has there been a significant idling of productive facilities in the industry? Are a significant number of firms unable to operate at a reasonable level of profit? In answering these questions, the Commission looks to several sources for information regarding the performance of the industry and the impact of imports on that industry. Sometimes these data are supplied by other government sources, such as the Department of Commerce or the Bureau of Labor Statistics, and are often referred to as "official statistics." The Commission also collects "official" data, via its own questionnaires submitted directly to producers and importers. Further data are collected during hearings and from submissions by parties and interested persons. The reliability of all information in the record of the investigation is assessed by the Commission as it considers data from all sources to obtain a comprehensive sense of the condition of the industry and the impact of import competition.

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10/ See "Views of Commissioner George M. Moore," *id.*, p. 19.

11/ I would emphasize that I also compared the industry performance data developed in the preceding footwear investigations to current industry information.

In my own analysis of injury, I examined the full five-year period for which the Commission collected information from domestic producers. I realized Commission statistics for earlier years in the period do not include the operations of firms exiting from the industry, and that more recent data reflect the start-up of new operations. I also weighed the fact that there were orderly marketing agreements in effect until June 1981, which affected import trends as well as the performance of the domestic industry.

#### Significant Unemployment or Underemployment

At first impression, the employment statistics might seem favorable to the petitioner's position in this investigation. According to data obtained from the Bureau of Labor Statistics (BLS) and industry sources, the unemployment rate for all workers in the nonrubber footwear industry rose from 12.5 percent in 1981 to 19.4 percent in 1982 and 18.7 percent in 1983. The same sources indicate that the number of all employees declined from 146,400 to 132,700 between 1981 and 1983, compared (over the same period) with a drop from 102,009 to 94,673 for firms responding to Commission questionnaires, revealing comparable trends. Similarly, trends for employment levels from both sources for production and related workers are similar, showing a decline in the number of workers of 3 to 5 percent from 1982 to 1983.

However, when one looks at the full five-year period, which is the practice in section 201 investigations, total employment in the industry based on ITC data, rose from 88,529 in 1979 to a peak of 102,009 in 1981 before declining to 94,673 in 1983, a figure which is essentially unchanged from 1982 levels. The number of production and related workers in this industry producing nonrubber footwear, although declining steadily, by 1.8 to 5.6 percent annually during the period, still remained at a level above 1979

employment numbers--75,643 in 1983, compared with 71,493 in 1979. Further, the number of production and related workers rose in three of five product categories (women's, athletic, and all other footwear) over the five-year period. Also, the number of hours worked by these workers climbed over the five-year period, from 135,326 in 1979 to 145,045 in 1983.

I am aware that these ITC data reflect only the employment experiences of "survivors" in this industry, namely those producers responding to ITC questionnaires. Nevertheless, these producers accounted for about 87 percent of estimated domestic production of nonrubber footwear in 1983 and 90 percent in 1982. Thus, the aggregate experiences of these firms provide a clear and accurate measure of employment trends in this industry. As the discussion later in this opinion indicates, I also have assessed how the departure and closing of operations which could not respond to ITC questionnaires affected data regarding the performance of the industry. Obviously, the industry does have unemployment problems, but the crucial question posed by the statute is whether the unemployment is significant. Does it indicate serious injury?

Unlike capital-intensive industries, the footwear industry is ever-changing, with firms continually closing factories and opening others. The capital requirements for the manufacture of nonrubber footwear are quite modest compared to those for products like copper or steel. Because of low capitalization, often made possible with leasing arrangements for production and design equipment, there is relatively rapid entry and exit, particularly in the smaller volume operations. Under such circumstances, some unemployment is to be expected.

Employment patterns in various product lines, such as women's and athletic shoes, further suggest that this industry is in constant transition, driven by changing styles, consumer tastes, and other varying factors. While

rising imports may have caused unemployment in earlier periods, the industry now recognizes the need to introduce more capital and hold down unit labor costs. Therefore, recent restructuring is focusing on capital improvements, producing employment declines in the process; these jobs will never be recovered. In short, relatively low capital requirements, coupled with restructuring in the industry and the inherent uncertainties of footwear markets, dictate fluctuating employment trends as the norm in this industry. To date, these trends as evidenced by industry-wide data, do not demonstrate levels indicative of serious injury.

#### Significant Idling of Productive Facilities

A similar pattern emerges when one looks closely at the data on production and capacity. Data from the Department of Commerce and statistics developed from ITC questionnaire responses diverge somewhat with regard to production trends. The Commerce Department data indicate that domestic production fell from 399 million pair in 1979 to 341 million pair in 1983. Commerce data also indicated that production was basically flat for the industry in 1982 and 1983. The ITC questionnaire data, which was supplied by essentially the same firms providing profit-and-loss information to the Commission, show a rise in production from 286.6 million in 1979 to 329.2 million in 1981 before declining to 298.1 million in 1983. ITC data do not reflect the production of firms exiting during the period, so earlier production levels are understated. Nonetheless, these data indicate that the "survivors" in this industry are currently producing more shoes than in 1979. Although inventory levels increased during 1983, I would also note that for

the present, the production levels are being maintained without incurring excessive inventory build-up. Moreover, domestic shipments in 1983, although declining about three percent from 1982 levels, remained above 1979 levels.

Commission statistics supplied by questionnaire responses show an increase in practical capacity from 379.6 million pair in 1979 to 413.6 million pair in 1983. The expansion in practical capacity occurs in four of the five product lines surveyed--men's, women's, athletic, and all other footwear. Further, capacity utilization data show that, over all, the industry was operating at 72.1 percent of capacity in 1983, down slightly from 73.9 percent in 1982, and slightly below the 75.5 percent rate in 1979. It is important to note that capacity utilization declines from 1982 to 1983 occurred only in the children's and the "all other" categories. In the women's category, which historically has accounted for 40 percent of domestic production, capacity utilization consistently remained in the range of 74 to 79 percent during the five-year period, which was accompanied by capacity increases of about 15 percent. Capacity utilization for men's shoes, which account for 25 percent of domestic shoe production, were the same in 1982 and 1983 at about 70 percent, down from 75 percent in 1979. Thus, it is apparent that capacity utilization trends for product categories accounting for two-thirds of domestic production have not deteriorated significantly during the past five years.

As noted in my discussion of employment trends, these data do not include statistics from firms which closed during the period. The petitioners in this investigation made much of the number of plant closings during this period as an indicator of injury to the industry. Collecting data regarding the operations of firms no longer in existence is difficult at best. Nonetheless, the Commission did gather some data, much of it supplied by the petitioners.

These data indicate that there were 84 net closings during the period 1979 to 1983. Over three-fourths of these closings (for which volume of production figures were available) were firms producing fewer than 1,000,000 pair of shoes annually. Commission data indicate that producers in that size range have consistently accounted for only about 12 to 13 percent of annual domestic production. The remaining closings during the period were producers of more than 1,000,000 pair, but, with one exception, these were firms producing injection molded or vulcanized footwear, much of which, if imported, would be classified as rubber footwear.

From my vantage point, these data demonstrate in yet another manner that this industry is by nature an industry in constant transition. The evidence of idle production facilities within the industry does not comport with the image petitioners would create--that of an industry experiencing serious injury.

### Profitability

Profit-and-loss information may provide a clearer measure of an industry's health than employment or production data. It is difficult to imagine that an industry experiencing a pattern of negative profit margins would fail the serious injury test, but it is possible to hypothesize a relatively healthy industry closing antiquated or high-cost production facilities and experiencing some unemployment and underutilization of facilities.

I have examined the profit-and-loss data, both in the aggregate and on an individual company basis, to identify patterns and understand how the nonrubber footwear industry is performing. Several patterns emerge from this analysis. Aggregate industry profit-and-loss data are the usual focus of the

Commission's consideration of the financial performance of an industry. Such aggregate data were collected by the Commission from producers accounting for nearly 90 percent of domestic production of nonrubber footwear in 1982 and in 1983, based on Department of Commerce production data. The profitability data were collected on a separate basis for domestic footwear production only, exclusive of their retail operations and/or their sales of imported footwear. 12/ Looking only at the data collected on producers' sales of footwear produced in the United States, the industry as a whole had an operating margin of 6.8 percent in 1979, 9.0 percent in 1980, 10.0 percent in 1981, 8.2 percent in 1982, and 8.8 percent in 1983. Sales volume was essentially the same for the industry in 1982 and 1983, but the improved return in 1983 is attributable to improved cost-of-goods sold figures. This industry-wide performance in 1983 is higher than the all-industry average for similar industries, such as textiles. Other industries, such as steel and copper, were showing losses during this same period.

I would make these further points of clarification regarding my evaluation of the aggregate industry data. First, I have factored out the impact of imports and retail operations on the profitability of this industry. My analysis of the profitability of this industry is based only on the sales of shoes produced domestically. Second, the aggregate data do not exclude the impact of imported leather uppers upon domestic profitability. However, available data indicate that imported uppers as a share of domestic production 13/ were 1.2 percent in 1979, compared with 6.2 percent in 1983. Therefore, the relatively small volume of these components does not alter my

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12/ Seven reporting firms were unable to provide separate import-related profit figures. The profitability of these firms, however, did not skew the over-all data for the industry. Net sales of imports by these firms accounted for less than 1 percent of total net sales for 1983. 37

13/ These percentages are based on Commission production data.

analysis of the profitability of this industry. Third, obviously the Commission data regarding present profitability do not reflect operations which have ceased production in earlier years covered by Commission questionnaires. However, many plant closings are the result of consolidations, mergers, and cost-reducing efforts by larger companies. Thus, the impact of such closings is in fact reflected in current aggregate profitability data.

Because of the absence of any discernible pattern of adverse profitability trends in the industry-wide data, I examined the firm-by-firm data, and noted another interesting trend--large firms with production exceeding 2 million pair annually had higher operating margins than small firms, although there were individual firms in all groups that diverged from the overall pattern. In 1979, there were 15 firms accounting for about 17 percent of total sales of domestically produced shoes which earned an operating return of 10 percent or better. There were also 15 firms accounting for about 4.8 percent of sales which had a negative operating margin, and thus were experiencing severe financial difficulties. In 1981, the year in which orderly marketing agreements ended, there were 35 firms accounting for 46.1 percent of sales earning 10 percent or better, while 15 firms accounting for 3.5 percent of total sales experienced a negative operating margin. In 1983, the last year for which complete data are available, 26 firms accounting for 46.5 percent of total sales earned 10 percent or better, while 30 firms accounting for 6.3 percent of sales had negative operating margins. It is evident that a number of small firms with a relatively small share of the domestic market are incurring losses, but a number of large firms accounting for over 40 percent of domestic sales were doing extremely well. In fact,



firms accounting for 46 percent of sales reported aggregate average net operating returns of 14.7 percent in 1981, 13.6 percent in 1982, and 13.8 percent in 1983 on their domestic shoe operations.

As with the factors which I have discussed earlier in these views, there is evidence of firms experiencing financial difficulties as well as firms which have ceased production, but the patterns which emerge from the profit-and-loss data do not indicate the "inability of a significant number of firms to operate at a reasonable level of profit." 14/

Based on my reading of the statute and the legislative history, I find no evidence that Congress intended the Commission to recommend relief for an entire industry when firms accounting for a significant share of sales are experiencing relatively high profitability and other economic indicators fail to point to serious injury. Certainly, many smaller firms are having difficulty keeping pace with changing trade patterns. But, section 201, the escape clause, is not designed to rescue troubled firms within such an industry; instead, it is designed to shelter entire industries that are seriously injured so that they have the opportunity to adapt to competitive conditions. At the present time, the domestic nonrubber footwear industry simply does not manifest the broad, encompassing indicators of serious injury that are often associated with rising imports and increasing market penetration.

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14/ See also the "Views of Commission" in Stainless Steel Table Flatware: Report to the President on Investigation No. TA-201-49 . . . , USITC Publication 1536, (June 1984) at p. 11. The Commission observed, "We conclude in this case that a 'significant number' of firms is more of a qualitative concept than a numerical one . . . . We therefore addressed the profitability question by relying more on the data representing the overall industry rather than individual firms."

Petitioners also failed to establish the existence of a threat of serious injury to the domestic industry; there is nothing in the data which indicates that "serious injury, although not yet existing, is clearly imminent if imports[sic] trends continued unabated." <sup>15/</sup> However, as noted earlier, the import trends are disturbing; and the role that these imports have in the domestic market cannot be ignored. I am concerned about the availability of other export markets for supplying countries, and the possibility that future imports will be directed into the U. S. market, possibly threatening the stable production levels the domestic industry has achieved. Further, with low capitalization and the ready availability of production equipment, it is possible that other supplying nations will expand production and heighten their presence in the U. S. market.

In addition to the increasing import trends, I also considered the statutory provisions regarding the existence of a threat of serious injury. The volume of sales has declined slightly from 1982 to 1983, by three percent; although inventory levels are somewhat higher than historical levels, and have increased as a percentage of declining shipments, they do not indicate excessive build-ups at present. As analyzed in my discussion of the absence of present serious injury, the trends in production, profits, wages, or employment do not reveal declines between 1982 and 1983 such as to indicate that this industry is threatened with serious injury. Thus, based on the statutory criteria regarding a threat of serious injury, an affirmative determination is not warranted.

It is apparent that the domestic nonrubber footwear industry is not a vigorous industry; it remains an industry which is import-sensitive, and it could experience serious injury at some point in the future. Undoubtedly,

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<sup>15/</sup> S. Rep. No 1298, 93rd Cong. 2d Sess. at 121.

because of the considerable experience combating imports in the marketplace, industry leaders and workers are more alert to these competitive circumstances than industries where imports are not yet a significant competitive factor.

Thus, the special circumstances surrounding current import trends dictate vigilance, but they do not justify the bending of the law to achieve an affirmative determination. This agency has no authority to modify provisions of the statute to accommodate the interests of petitioners or other interested parties. Rather, it is the sworn responsibility of the Commission to dispassionately apply the law as written to the facts of each case, and decide the merits of each petition for import relief accordingly.



## VIEWS OF COMMISSIONER SEELEY G. LODWICK

After considering all of the information in this investigation, I have determined that nonrubber footwear 1/ is not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. I have therefore made a negative determination.

In order to make an affirmative determination, section 201 of the Trade Act of 1974 2/ requires, in effect, that all three of the following conditions be satisfied—

- (1) imports are increasing either in actual terms or relative to domestic production;
- (2) the domestic industry is seriously injured or threatened with serious injury; and
- (3) such increased imports are a substantial cause of the serious injury or threat thereof.

In the present case I have found, like my four colleagues, that even though imports are increasing, the domestic industry is not seriously injured or threatened with serious injury. Having found that the second condition is not satisfied, I have made a negative determination. While I agree with the basic conclusions set forth in the separate views of my colleagues, I do not share all of their observations and therefore have written separate views.

In my views below I first compare this case to the prior affirmative Commission section 201 cases on footwear and briefly review the changes that have occurred since the earlier decisions. Such a comparison and discussion

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1/ That is, footwear provided for in items 700.05 through 700.45, inclusive; 700.56; 700.72 through 700.83, inclusive; and 700.95 of the Tariff Schedules of the United States.

2/ Section 201(b)(1) of the Trade Act of 1974, 19 U.S.C. 2251(b)(1).

is particularly appropriate in this case because many persons in the industry and some outside the industry have expressed concern that the Commission has applied a standard in this case different from that applied by the Commission in other section 201 cases. This certainly was not the case in my decision. I then discuss the issues of domestic industry, increased imports, and serious injury and threat thereof. Having gone negative on the injury criterion, I do not address the causal criterion.

The present and prior cases contrasted

This is the third section 201 investigation which the Commission has conducted with respect to imports of nonrubber footwear. In the first case, completed in February 1976, 3/ all six Commissioners made an affirmative finding and the President decided that adjustment assistance could remedy the industry's problems. In the second case, conducted at the request of the Senate Committee on Finance and completed in February 1977, 4/ the Commission again unanimously found in the affirmative and, as a result, the President negotiated orderly marketing agreements (OMAs) with Taiwan and Korea. These OMAs were in effect from June 1977 through June 1981.

In April 1981 the Commission advised the President under section 203(i) of the Trade Act that the OMAs should be extended, although in modified form. 5/ The Commission advised that conditions were stabilizing and profit margins, especially in the most recent year, were up. However, the Commission observed that one satisfactory year was not necessarily indicative of a trend and that

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

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

5/ Nonrubber Footwear: Report to the President on Investigation No.  
TA-203-7 . . . , USITC Publication 1139 (1981).

the industry was still unhealthy. 6/ The President decided not to extend the OMAs.

Conditions in the industry have changed significantly since the Commission decisions in 1976 and 1977. In those cases the Commission found all three key indicators relevant to the question of serious injury, capacity utilization, profitability, and employment, to be in a steep decline. For example, capacity utilization had declined from 83 percent in 1968 to 72 percent in 1974 and 69 percent in 1975; the ratio of net operating profit to net sales had declined from 6.7 percent in 1970 to 5.1 percent in 1974 and was still in that range in 1975; the number of firms in the industry had declined from 597 in 1969 to 376 in 1975, a decline of almost 40 percent; and industry employment had declined from 196,000 production workers in 1971 to 151,000 in January–September 1976, a decline of almost 25 percent. 7/

Since 1977, and especially since 1981, the decline in the overall size of the industry has slowed, and the key indicators of injury have either stabilized or shown improvement. Industry capacity, based on data supplied in response to the Commission's questionnaires, has increased over the past 5 years, and industry capacity utilization was 72 percent in 1983, down slightly from the 1982 level of 74 percent, but above the 69 percent level of 1975 and above the 1983 level for all manufacturing. The overall industry profit picture was much improved in 1983, and the ratio of net operating profit to net sales was 8.8 percent in 1983, well above the 5.1 percent level of 1974 and also well above the 1983 average for all manufacturing. Employment in the

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6/ Id. at 11.

7/ See, for example, the views of Commissioner Leonard in investigation No. TA-201-7, supra, fn. 3, at 35-36; and the views of Commissioners Minchew, Parker, Moore, and Bedell and separate views of Commissioner Leonard in investigation No. TA-201-18, supra, fn. 4, at 11-12, 21.

industry has stabilized and, according to responses to our questionnaires, was higher in 1983 than in 1982.

Thus, in summary, the nonrubber footwear industry has changed considerably over the last 7 years. It is reasonably profitable and the indicators of injury which were heading sharply downward in 1976 and 1977 no longer are doing so. This does not mean that the industry has returned to the size or regained the market share it had in the 1950's and 1960's. It has not. Our task under the law is to determine whether increased imports are presently seriously injuring or threatening a domestic industry, and I find that they are not. This does not mean that I find that imports were not causing serious injury in the past. The information I have seen clearly indicates that they were. It is possible that they will again if conditions and trends change.

#### Domestic industry

The Trade Act defines the term "domestic industry" in terms of producers of an article "like or directly competitive" with the imported article. The terms "like" and "directly competitive" are defined in the statute and its legislative history. 8/

Domestic producers argued that there is one domestic nonrubber footwear industry producing articles "like" or at least "directly competitive" with the imported footwear. 9/ Several importers, on the other hand, argued that we should distinguish between athletic and nonathletic footwear and find two industries. They claimed that athletic and nonathletic footwear is produced

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8/ The terms were defined by the Senate Committee on Finance in its report on the bill which became the Trade Act of 1974. See Trade Reform Act of 1974: Report of the Committee on Finance . . ., S. Rept. No. 93-1298, 93d Cong., 2d Sess., 121-22 (hereinafter referred to as Finance Committee Report). The term "directly competitive" is also defined in terms of products at an earlier or later stage of processing in section 601(5) of the Trade Act.

9/ See, for example, petitioners' posthearing brief, at 12.



in different facilities, involves different production processes, employment skills, and research and development efforts, and is marketed differently. <sup>10</sup>

I have concluded that there is one domestic industry producing articles "like" the imported articles. While there are differences between the various types and styles of footwear, not to mention differences related to the gender or foot size of the person for whom the shoe is intended, the various types are often made in the same plants and by the same workers using similar skills, they are generally marketed through the same retail outlets, and they serve the same basic function of covering and protecting the foot.

#### Increased imports

The first of the three statutory criteria requires that I find that imports have increased. The statute provides that imports have increased when the increase is "either actual or relative to domestic production". <sup>11/</sup>

Imports of nonrubber footwear clearly have increased both in actual terms and relative terms. Imports increased from 405 million pairs in 1979 to 582 million pairs in 1983, or by 44 percent. The ratio of imports to production increased from 101 percent in 1979 to 171 percent in 1983. <sup>12/</sup> This first criterion is clearly satisfied.

#### Serious injury

The statute does not define the term serious injury but instead states that the Commission is to take into account all relevant economic factors which it considers relevant, including, but not limited to—

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<sup>10/</sup> See, for example, the posthearing brief of NIKE, Inc., at 1.

<sup>11/</sup> Section 201(b)(2)(C).

<sup>12/</sup> Report, at A-19.

the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry. 13/

The Finance Committee in its report on what became the Trade Act stated that these factors "are not intended to be exclusive" and that the Commission "is directed to take into account all economic factors which it considers relevant." 14/ Congress intended that the injury test in section 201 be a more difficult test to satisfy than under other statutory provisions. 15/

In deciding the injury question, I examined data for the 5-year period 1979-83. 16/ The OMAs limiting imports from Taiwan and Korea were in effect during the first half of this period, through June 1981. No restrictions other than regular duties or unfair trade duties were in effect during the latter half of the period.

Domestic nonrubber footwear capacity trended upward during the 5-year period, rising from 380 million pairs in 1979 to 417 million pairs in 1982 before declining slightly to 414 million pairs in 1983. 17/ Domestic production was higher in 1983, 298 million pairs, than in 1979, 287 million pairs, and was highest in 1981 at 329 million pairs. 18/ Capacity utilization

13/ Section 201(b)(2)(A).

14/ Finance Committee Report, at 121.

15/ For example, section 406 of the Trade Act only requires that the Commission find "material injury, or threat thereof". The Committee on Finance made it clear that the term material injury was to "represent a lesser degree of injury than the term 'serious injury'". Finance Committee Report, at 212.

16/ The Commission considered data from questionnaire responses received from 175 U.S. nonrubber footwear firms, a response rate considerably higher than in the two prior footwear investigations. One hundred and forty firms, representing about 90 percent of all U.S. production, provided usable profit-and-loss data for 1983. Only seven firms could not separate financial data on net sales of imports from financial data for domestic manufacturing operations. However, net sales of imports by these seven firms represented less than 1 percent of total net sales.

17/ Report, at A-26.

18/ Id.

was 75.5 percent in 1979 and rose to 80.5 percent in 1981 before declining to 72 percent in 1983. 19/ This decline in capacity utilization was to some degree attributable to increases in capacity. While many plants closed or were partially closed during the 5-year period, others were opened, expanded, or modernized, more than offsetting the capacity lost to such closures or partial closures. 20/ Had 1979 and 1983 capacity remained the same, the 1983 utilization rate would have been about 78.5 percent, about three percentage points higher than the 1979 rate. Thus, there has been no significant change in capacity utilization levels during the 5-year period and no evidence that imports are causing a significant idling of capacity in the industry.

The industry is reasonably profitable and was more profitable in 1983 than in 1979 or 1982. Net sales increased from \$2.7 billion in 1979 to \$3.7 billion in 1982 and 1983. Gross profits rose from \$603 million in 1979 to \$953 million in 1983, and net profit before taxes nearly doubled from \$158 million in 1979 to \$310 million in 1983. Cash flow increased from \$189 million in 1979 to \$362 million in 1983. Gross margins relative to sales in 1983 were at the highest level of the 5-year period. The ratio of net operating profit to net sales increased from 6.8 percent in 1979 to 10 percent in 1981 before declining to 8.2 percent in 1982 and increasing to 8.8 percent in 1983. 21/ The 1983 ratio was significantly above the ratio of 6.6 percent

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19/ Id.

20/ While the number of firms producing nonrubber footwear declined from 279 in 1980 to 248 in 1982 according to U.S. Department of Commerce data, the number of firms producing the bulk of domestic nonrubber footwear has remained stable. The firms leaving the industry have tended to be small firms accounting for a very minor portion of industry production. In 1980, 83 firms accounted for 83 percent of domestic production, and in 1982, 85 firms accounted for 85 percent of domestic production. Report, at Appendix F.

21/ Report, at A-38. Gross margins are calculated as a percent of gross profit to net sales.

for all manufacturing industries for the first three quarters of 1983 (the latest period for which data are available).

The Commission divided its financial data into six categories based on the production level of the responding firm. The 56 largest firms providing data to the Commission, all producing 1 million pairs or more annually and accounting for over 80 percent of industry sales in 1983, were the most profitable. Their ratio of net operating profit to net sales increased steadily from 7.4 percent in 1979 to 10.9 percent in 1981 before declining to 9.8 percent in 1982 and increasing to 10 percent in 1983. All but five of the 56 firms operated at a profit in 1983. All 14 of the firms producing 4 million or more pairs in 1983, which accounted for about half of domestic sales, operated at a profit in each of the most recent 5 years. 22/

The smaller firms in the industry, particularly those producing between 200,000 and 500,000 pairs, have experienced the most difficulty in recent years. They operated at a small overall loss in 1983. 23/ However, all other categories of firms operated at a profit throughout the 5-year period, although some individual firms in the categories operated at a loss.

The nonrubber footwear industry has traditionally been easy to enter. Even in the best of times many firms, especially smaller firms, have operated at a loss due to their inability to correctly anticipate style changes or because of other management-related problems. Many of the smaller producers are closely held, family-owned-and-run businesses where profits are paid to the officers in the form of salaries and whose balance sheets would tend to

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22/ Report, at A-40-44.

23/ Report, at A-41.

understate profitability relative to balance sheets for larger, publicly-held firms. This is reflected in data showing that officers' salaries accounted for 5.6 percent of net sales in firms producing fewer than 200,000 pairs, but only 1 percent in firms producing 4 million or more pairs. 24/

In view of the above, and in particular in view of data showing that over 90 percent of the larger firms, which accounted for over 80 percent of domestic production, operated at a profit in 1983, I do not find that a significant number of firms are unable to operate at a reasonable level of profit.

Employment in the industry remained relatively stable during the period 1979-83. According to data supplied in response to Commission questionnaires, total employment was higher in 1983 than in 1979 or 1982. Employment increased from 88,529 persons in 1979 to a peak of 102,009 in 1981, then declined to 94,461 in 1982 and rose slightly to 94,673 in 1983. 25/ Hours worked by nonrubber footwear workers remained about the same in 1982 and 1983 and were almost 10 percent above the 1979 level. 26/ While some plants have closed during the period and workers have been laid off, other plants have opened or reopened and new workers hired. The information before me does not show that there is significant unemployment or underemployment in the industry today.

In summary, in view of the above, I have concluded that the domestic industry is not seriously injured at the present time. I now turn to the question of threat of serious injury.

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24/ Report, at A-45-46.

25/ Report, at A-33.

26/ Id.

Threat of serious injury

With respect to threat of serious injury, the statute directs the Commission to take into account all economic factors which it considers relevant, including, but not limited to—

a decline in sales, a higher and growing inventory, and a downward trend in production, profits, wages, or employment (or increasing underemployment) in the domestic industry concerned. 27/

The legislative history states that a threat exists "when serious injury, although not yet existing, is clearly imminent if import trends continued unabated." 28/ The Commission traditionally has interpreted the standard to require that threat be real rather than speculative, and that serious injury be highly probable in the foreseeable future. 29/ In determining the threat question, the Commission generally has focused on trends in data, especially recent trends—e.g., are profits and employment trending downward.

I do not find that the domestic industry is threatened with serious injury. Industry sales in 1983, while slightly below 1981 and 1982 levels, are stable and, at \$3.7 billion in 1983, are \$1 billion above the 1979 level of \$2.7 billion. 30/ Industry inventories, while up about 6 percent in 1983 over the 1982 level, which in turn was about 5 percent below the 1981 level, have remained stable in recent years and have not grown to any significant extent. 31/

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27/ Section 201(b)(2)(B).

28/ Finance Committee Report, at 121.

29/ See, for example, the views of Commissioners Alberger, Calhoun, and Stern in Mushrooms: Report to the President on Investigation No. TA-201-43 . . . , USITC Publication 1089 (1980), at 17; and a General Counsel memorandum of Nov. 4, 1980, GC-D-393, discussing the concept of threat and Commission discussion thereon.

30/ Report, at A-38.

31/ Report, at A-31.

Production, profits, wages, and employment have all increased relative to 1979 levels. Production, while down about 3 percent to 298 million pairs in 1983 as compared with the 1982 level, remains about 3 percent above the 1979 level. 32/ Profits have increased during the period, and profits were higher in 1983 than in 1982. Net operating profits increased from \$185 million in 1979 to \$370 million in 1982, before declining to \$304 million in 1982 and increasing to \$324 million in 1983. 33/ Wages as measured in terms of hourly compensation increased from \$4.79 in 1979 to \$5.99 in 1982 and \$6.27 in 1983, and total compensation paid to nonrubber footwear workers increased from \$564 million in 1979 to \$750 million in 1982 and \$772 million in 1983. 34/ Employment in the industry rose irregularly from 88,529 workers in 1979 to 94,461 in 1982 and to 94,673 in 1983. 35/

Thus, the economic indicators relevant to the question of threat of serious injury show that conditions in the industry are presently either stable or improving and provide no basis for concluding that serious injury is imminent.

### Conclusion

In summary, based on the information before me in this investigation, I determine that imports of nonrubber footwear are not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

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32/ Report, at A-26.

33/ Report, at A-3B.

34/ Report, at A-32-35.

35/ Report, at A-33.





## INFORMATION OBTAINED IN THE INVESTIGATION

## Introduction

On January 23, 1984, the U.S. International Trade Commission received a petition filed on behalf of Footwear Industries of America, Inc. (FIA), the Amalgamated Clothing & Textile Workers Union, AFL-CIO, and the United Food & Commercial Workers International Union, AFL-CIO, requesting import relief under section 201 of the Trade Act of 1974. The Commission instituted investigation No. TA-201-50 to determine whether footwear, provided for in items 700.05 through 700.45, inclusive; 700.56; 700.72 through 700.83, inclusive; and 700.95 of the Tariff Schedules of the United States (TSUS), is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. Petitioners requested global quotas limiting imports to 50 percent of the U.S. market for 5 years.

Notice of the Commission's institution of investigation and of the public hearings to be held in connection therewith 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 February 8, 1984 (49 F.R. 4857). 1/ A public hearing in connection with the injury phase of this investigation was held from May 2 to May 4, 1984. 2/ The vote on injury was held on June 6, 1984.

The Trade Act of 1974 directs the Commission to complete its investigation under section 201 at the earliest practicable time, but not later than 6 months after the filing of the petition. In this case, the final report to the President was transmitted on July 9, 1984. 3/

Previous Commission Investigations Concerning  
Nonrubber Footwear

The Commission has conducted seven investigations involving nonrubber footwear since 1976 and numerous investigations prior to that year. 4/ The most recent investigations were two escape-clause investigations; an investigation concerning the probable economic effect on the domestic industry of extending, reducing, or terminating the import relief provided under the orderly marketing agreements (OMA'S) with Taiwan and the Republic of Korea (Korea); and four countervailing duty investigations.

In its first footwear investigation under section 201(b)(1) of the Trade Act of 1974 (19 U.S.C. 2251), the Commission, in February 1976, found unanimously that increased imports were a substantial cause of serious injury

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1/ A copy of the Commission's notice is presented in app. A.

2/ Witnesses appearing at the public hearing are listed in app. B

3/ This was an administrative deadline. The statutory deadline in this case was July 23, 1984.

4/ A brief description of earlier Commission investigations involving nonrubber footwear is presented in app. C.

to the U.S. industry. 1/ Investigation No. TA-201-7 was instituted by the Commission in September 1975 after receipt of a petition for import relief from the American Footwear Industries Association, the Boot and Shoe Workers' Union, and the United Shoe Workers of America. On April 6, 1976, President Ford determined that adjustment assistance was the most effective remedy for the injury to the industry and directed the Secretaries of Commerce and Labor to expedite consideration of any petitions for such assistance.

In its second escape-clause investigation on footwear, 2/ the Commission, in February 1977, again unanimously determined that the domestic industry was seriously injured by increased imports. This investigation was instituted in October 1976 after the Senate Committee on Finance passed a resolution directing the Commission to reinvestigate the effect of imports on the domestic industry, even though 1 year had not yet passed since the Commission's first investigation.

On April 1, 1977, President Carter rejected the Commission's proposed remedy of tariff-rate quotas, determining that a major new Federal trade adjustment assistance program was the most effective remedy. In addition, the Special Representative for Trade Negotiations, now the United States Trade Representative (USTR), acting pursuant to the President's directive, negotiated OMA's with Taiwan and Korea, which together accounted for more than one half of the U.S. imports of nonrubber footwear. The OMA's went into effect on June 28, 1977, and provided limits on exports of nonrubber footwear from Taiwan and Korea to the United States for 4 years. The President also delegated authority to the USTR to control import surges from other countries; however, no agreements were negotiated with respect to nonrubber footwear exports from other countries.

Investigation No. TA-203-7 was instituted in December 1980 under sections 203(i)(2) and (i)(3) of the Trade Act of 1974 (19 U.S.C. 2253) for the purpose of gathering information needed for the Commission to advise the President as to the probable economic effect on the industry of the extension, reduction, or termination of the import relief provided by the OMA's. 3/ The Commission unanimously advised the President in April 1981 that termination of the OMA then 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 advised that relief be extended for 2 years. The Commission also advised the President that termination of the OMA with Korea would not have a significant adverse effect on the industry and that it should not be extended. However, both OMA's were allowed to expire on June 30, 1981.

After receiving advice from the Department of the Treasury on October 24, 1979, that a bounty or grant was being paid with respect to certain nonrubber footwear components 4/ imported from India, the Commission, on November 20,

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

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

3/ Nonrubber Footwear: Report to the President on Investigation No.  
TA-203-7 . . . , USITC Publication 1139, April 1981.

4/ Unlasted leather footwear uppers provided for in TSUS item 791.27 and  
accorded duty-free treatment under the Generalized System of Preferences (GSP).  
A-2

1979, instituted investigation No. 303-TA-11 under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303). Because that investigation had not been completed at the time the new countervailing duty provisions became effective (Jan. 1, 1980), the investigation was terminated and reinstated as investigation No. 701-TA-1 (Final) 1/ pursuant to section 102 of the Trade Agreements Act of 1979. On March 10, 1980, the Commission unanimously determined that an industry in the United States was not materially injured or threatened with material injury and that the establishment of an industry in the United States was not materially retarded by reason of imports of unlasted leather footwear uppers from India, which Treasury had found were being subsidized.

On October 26, 1981, October 7, 1981, and April 23, 1982, the Commission received requests from the Governments of Brazil, India, and Spain, respectively, for investigations on nonrubber footwear under section 104 of the Trade Agreements Act of 1979 (19 U.S.C. 1671 note). The Commission conducts section 104 investigations to determine whether a U.S. industry would be materially injured or threatened with material injury if an outstanding countervailing duty order were to be revoked. On January 25, 1983, the Commission instituted investigations Nos. 104-TAA-16, 17, and 18, and on May 24, 1983, determined that an industry in the United States would not be materially injured or threatened with material injury by reason of imports of nonrubber footwear from Brazil, India, and Spain covered by the outstanding countervailing duty orders, if the orders were to be revoked. 2/ As a result of the Commission's decision, the countervailing duty orders on nonrubber footwear from Brazil and India were revoked on June 21, 1983. The order for Spain was revoked on June 28, 1983.

#### Section 301 Nonrubber Footwear Investigations

On October 25, 1982, the FIA, the Amalgamated Clothing and Textile Workers Union, AFL-CIO, and the United Food and Commercial Workers Union, AFL-CIO, filed a petition on behalf of the nonrubber footwear industry with the USTR for import relief under section 301 of the Trade Act of 1974 (19 U.S.C. 2411). The petition focused on the trade practices of the European Community, France, Italy, the United Kingdom, Spain, Brazil, Korea, Taiwan, and Japan. The petition alleged that unfair trade practices by these countries have had the effect of diverting world exports of footwear to the U.S. market and denying U.S. exporters access to certain markets.

The unfair trade practices alleged included (1) quantitative restraints, (2) bilateral restraint agreements, (3) restrictive or discriminatory import licensing, (4) excessive tariffs and related customs costs, and (5) subsidies.

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1/ Unlasted Leather Footwear Uppers from India: Determination of No Material Injury or Threat Thereof in Investigation No. 701-TA-1, USITC Publication 1045, March 1980.

2/ Certain Nonrubber Footwear from Brazil, India and Spain: Determinations of the Commission in Investigations Nos. 104-TAA-16, 17, and 18 . . . , USITC Publication 1388, May 1983.

On December 8, 1982, the administration announced acceptance of portions of the petition. Most of the petitioners' allegations regarding restrictions of market access for U.S. exports of footwear to Japan, Taiwan, Korea, and Brazil were accepted, and the administration requested immediate consultations with each of the four Governments.

The administration decided not to initiate investigations concerning the allegations of trade diversion, since it determined that the information supplied in the petition was insufficient to warrant such investigations. The decision was nonprejudicial in that it would allow the petitioners to refile a 301 petition on these issues once additional supporting evidence had been developed.

On June 29, 1983, the FIA and the supporting unions filed new charges with the USTR, claiming that trade barriers around the world are diverting world exports of footwear to the U.S. market. The petition augmented the industry's 301 complaint filed in October 1982 and specifically accused the United Kingdom and France of unfair trade practices that divert footwear from their own markets. In addition, similar charges against Korea, Taiwan, Brazil, and Japan were expanded. On August 1, 1983, the USTR decided not to initiate an investigation on the basis of the petition because information sufficient to warrant an investigation had not been presented.

## The Product

### Description and uses

The products covered in this investigation are nonrubber footwear, including dress, casual, athletic, and work shoes, boots, sandals, and slippers. These items may be made of leather, vinyl, or a variety of other nonrubber materials, including fabric, cork, and wood. In 1983, a little over 55 percent of U.S. production and 46 percent of U.S. imports of nonrubber footwear were classified as leather footwear.

Footwear not covered in this investigation are articles classified in the TSUS as rubber footwear, namely certain protective footwear and footwear with uppers of fabric and soles of rubber or plastics, including sneakers, some joggers, and certain casual shoes. In addition, zoris (thonged sandals) and disposable footwear designed for one-time use are excluded from this investigation.

Problems with definitions are common in analyzing the footwear industry, since most of the descriptive terms, such as "dress" or "casual," that are used extensively in the trade are not found in either the headnotes or nomenclature of the TSUS. In addition, there is inconsistency in the reporting of domestic production of certain footwear as to whether it is rubber or nonrubber. This is particularly noticeable with respect to footwear known as joggers (or similar footwear), in which the exterior surface of the upper is made of a combination of leather and manmade materials and the sole is made of rubber or plastics. When this type of footwear is imported, it is scrutinized carefully to determine if the exterior surface area of the uppers is over 50 percent leather. If so, it is classified in one of several

nonrubber provisions with duty rates between 8.5 and 15.0 percent ad valorem. However, if the surface area is less than 50 percent leather, it can be classified as rubber footwear which has duty rates of 20 percent ad valorem or more.

In contrast, domestic firms are not under any direct monetary pressure to categorize their production of footwear as either rubber or nonrubber and are believed to be inconsistent in their reporting. Moreover, there are no clear industry standards or classification guidelines from the Bureau of the Census to provide a consistent basis for reporting. Consequently, it is generally accepted that there is an indeterminate degree of error in reported production of footwear with uppers of leather and manmade materials. Therefore, considerable care must be used in comparing the official statistics on imports with those on domestic production.

In 1983, total imports of nonrubber footwear amounted to nearly 582 million pairs, of which 23 percent were men's, youths', and boys' nonathletic (hereinafter men's) footwear, 53 percent were women's and misses' nonathletic (hereinafter women's) footwear, 9 percent were children's and infants' nonathletic (hereinafter children's) footwear, and 15 percent were athletic footwear.

U.S. production of nonrubber footwear in 1983 amounted to an estimated 341 million pairs. Women's footwear accounted for the largest portion of domestic production, representing 40 percent of the total; men's footwear accounted for 25 percent; children's footwear, 10 percent; athletic footwear, 5 percent; and all other shoes and slippers accounted for 20 percent.

#### The production process

Footwear production processes are similar throughout the world. However, the production process in some of the developing countries with lower wage rates tends to be more labor intensive. The U.S. industry tends to rely on labor-saving equipment, such as molding machines and computer-controlled stitching equipment, to reduce labor costs and is generally more capital intensive by comparison. The basic production process for most nonrubber footwear comprises cutting, fitting, lasting, bottoming, finishing, packing, and warehousing. Cutting of shoe uppers and linings is the first major machine operation. It is usually done with an electric knife or die cutting machine. Cutting is a highly skilled operation which accounts for about 11 percent of total labor costs <sup>1/</sup> and which requires precision to avoid waste, particularly in the production of leather footwear. In the fitting operation, the various parts of the upper are prepared, matched, and stitched together. Fitting uses as much as 55 percent of the shoe's labor requirements, <sup>2/</sup> and the number of operations involved in fitting may range anywhere from a few to

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<sup>1/</sup> Estimated by the Commission staff on the basis of the Footwear Industries of America, The Survey on the State of the Art in Footwear Manufacturing . . . , vol. 1 of 2, , April 1983, p. 37.

<sup>2/</sup> Ibid.

as many as 60 or more. 1/ Lasting 2/ is the stage in the manufacturing process where the assembled upper is secured to a specifically sized last and the insole is attached, giving the shoe its final shape.

The bottoming process involves the attaching of the outer sole to the upper. The three basic methods used are (1) cementing, (2) sewing, and (3) molding. In the cementing process, either the sole alone or the sole and heel as a unit are attached by an adhesive, which is usually augmented by heat, pressure, and/or chemicals. This method is characterized by the absence of stitching or tacking on the finished shoe. Cementing is the most popular method in the manufacture of nonrubber footwear and accounts for approximately 55 percent of all nonrubber footwear production. 3/

Sewing involves the attachment of a sole to the upper by means of a stitched seam using thread of cotton or of manmade fibers. This method accounts for approximately 21 percent of total nonrubber footwear production. The Goodyear welt construction is the most popular type of sewn construction and accounts for roughly two-thirds of all sewn construction. 4/ Welt construction is used predominantly in the production of better quality men's shoes. Molded construction, which accounts for a smaller (14 percent), but growing share of nonrubber footwear manufacturing, is a process in which the sole and heel are formed and simultaneously fused to an upper within a mold. Molding is a labor-saving process, as it eliminates the conventional lasting step which is used in the cementing and sewing processes. Different combinations of liquids, solids, heat, and pressure are used to accomplish the joining.

### Technological changes

Shoemaking is labor intensive and comprises essentially a piecework, cut and assembly operation. During the last decade, the footwear industry has developed new technologies but their application has been limited primarily because of the high cost of the required equipment.

In 1983, the FIA, under a technical assistance grant from the U.S. Department of Commerce, completed a survey of the state of the art in footwear manufacturing, which identified the priorities and mechanisms needed to accelerate the development and application of advanced technology in the U.S. industry. The study found that although investment was increasing, current technology was not being fully utilized throughout the industry. Furthermore, it was found that even if the most advanced technology currently available were used, footwear production would still require considerable direct labor input. 5/

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1/ The Footwear Industries of America, The Art and Science of Footwear Manufacturing, 1983.

2/ A last is a wooden or plastic form over which a shoe is fashioned.

3/ United Shoe Machinery Corp., Total Footwear Consumption Calendar, 1982.

4/ Ibid.

5/ U.S. Department of Commerce, 1984 U.S. Industrial Outlook, p. 42.9.

The most significant technological developments of the last decade are (1) the use of synthetic materials, (2) injection molding, (3) premolded unit bottoms, (4) computer-controlled cutting and stitching, (5) flow molding, (6) thermolasting, and (7) computer-aided design.

The increased use of synthetic materials in footwear production, particularly in bottoming, has been very rapid during the past decade. The development and introduction of synthetic materials coincided with the adoption of new technologies, such as injection molding and the use of premolded bottoms. These technologies reduce labor costs and improve the quality of the shoes.

The use of injection molding technology in the manufacture of nonrubber footwear has been growing gradually and is used in 7 percent of nonrubber footwear production. In this process, the machine automatically molds a shoe bottom from a thermoplastic or polyurethane material and fuses it to the footwear upper. Virtually no labor is required in this operation, which replaces several cutting, trimming, and finishing jobs that are labor intensive. One operator may replace as many as six operators needed for producing a comparable quantity of conventional cement soles. The high costs of machinery and molds, however, has limited the growth of this technology. In addition, the development of premolded unit bottoms has provided an attractive alternative to molding.

The use of premolded unit bottoms by shoe factories has been increasing rapidly during recent years. Unit bottoms are purchased from specialty producers and cemented to uppers, thus eliminating most of the operations previously required to apply the outer sole.

The newest technologies that are commercially available for cutting are a computer-programed, water-jet process for cutting manmade material for insoles and outsoles and computer-controlled laser cutting for patterns. Because of its high costs, this equipment is used by only a few, large shoe producers and suppliers.

Computer-controlled stitching has been a major technological development. Initially, this technology was used for decorative stitching, primarily by manufacturers of Western style boots. More recently, computerized control of functional stitching of shoe parts has begun to be used by a broad base of manufacturers.

Flow molding is another important development in shoe-manufacturing technology. In this process, a high-frequency radio wave system is used to emboss a pattern of stitches or designs or other detail onto a thermoplastic upper from a mold. This process is estimated to save as much as 20 percent of the labor conventionally used in preparing the uppers, but it requires skilled technicians to prepare the mold and to make the original pattern. Consequently, this process is most economical for long production runs. Also, the vinyls currently in use have not been fully satisfactory for the flow molding process. Available commercially for over 10 years, flow molding is used in less than 10 percent of vinyl footwear production.

The lasting operation accounts for approximately 25 percent of the labor requirements of shoe production. This step in the manufacturing process involves five basic operations as well as several preparatory steps. Thermolasting, a new method, combines several operations and thereby saves time, reduces labor, and lowers the required skill level of the operators.

The computer-aided design system enables manufacturers to respond rapidly to style changes. This system allows an operator to adjust the shape of the pattern in order to maximize the number of pattern pieces cut from a sheet of material. This operation constitutes a substantial improvement over conventional methods, where low material utilization might be detected only after the patterns are cut. In addition, by mathematically storing all of the data describing a pattern and the last dimensions, the system permits computerized linkages between design and manufacturing. This system has been available since 1979. However, it is very costly, with the price ranging from \$300,000 to \$400,000.

More recent technologies include a diagnostic system, developed by the Shoe & Allied Trades Research Association (SATRA) of England, which uses a computer to compare the performance of one operator with that of another and allows the relative efficiency of the operator's machine use to be evaluated. The SATRA has also developed "SATRASUMM," a Material Management System for footwear uppers. 1/ This system can assess material utilization to predict costs of making uppers. Still other new technological advances available today are leather-measuring machines to reduce waste in cutting leather, programmable sewing machines, a heel-nailing machine that performs the operation 20 times faster than other nailers, and automated material-handling devices. 2/

#### U.S. tariff treatment

The imported footwear covered by this investigation is provided for under items 700.05 through 700.45, inclusive; 700.56; 700.72 through 700.83, inclusive; and 700.95 in schedule 7, part 1, subpart A, of the TSUS. 3/ The current column 1 rates of duty for the products covered in this investigation range from 0 to 20 percent ad valorem, and the column 2 rates range from 10 to 35 percent ad valorem. 4/ The imported footwear covered in this investigation is not eligible for duty-free treatment under the GSP 5/ or for preferential

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1/ Shoe and Allied Trades Research Association bulletins, May 1982 and June 1982.

2/ "Shoe Tech 1983 Review," American Shoemaking, Nov. 7, 1983.

3/ For the statutory descriptions and rates of duty, see the excerpt from the TSUS (Schedule 7, pt. 1) in app. D.

4/ The col. 1 rates of duty are most-favored-nation rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS, which are assessed the col. 2 rates of duty.

5/ Sec. 503 (c)(1) of the Trade Act of 1974 excludes certain import-sensitive articles from the GSP, including nonrubber footwear currently provided for in TSUS items 700.05-700.27, 700.29-700.45, 700.56, and 700.72-700.80. TSUS items 700.83 and 700.95, which do not have statutory exclusion from the GSP, have never been designated as GSP eligible articles.



duty rates provided for the least developed developing countries (LDDC's). U.S. rates of duty on nonrubber footwear were not reduced during the most recent round of Multilateral Trade Negotiations (Tokyo round), which was concluded in 1979. Footwear was excluded from the duty-free status given imports from those nations designated as beneficiary countries under the Caribbean Basin Economic Recovery Act of 1983.

## The U.S. Market

### Channels of distribution

The major channels of distribution for domestically produced nonrubber footwear consist of producers selling directly through their own sales force to retailers and, to a lesser extent, selling through their own retail outlets or distributing through jobbers. Imported footwear is sold by foreign manufacturers to U.S. importers, which sell directly or through jobbers to U.S. retailers. To an increasing degree, however, some retailers and U.S. producers are importing directly.

In recent years, more than 80 percent of the nonrubber footwear produced domestically and imported was sold directly to retail outlets. Nonrubber footwear is retailed primarily through independent shoe stores, department stores, chainstores, self-service stores, and to a lesser extent, mail-order houses and supermarkets. Independent shoe stores and department stores sell predominantly, but not exclusively, nationally branded footwear, 1/ in the middle and higher price ranges and provide full customer service.

Chainstores include Kinney and Thom McAn, which sell footwear exclusively, as well as mass merchandiser chains such as Sears and J. C. Penney. Chains usually sell their own retailer-brand shoes in the lower and middle price ranges and provide full customer service. 2/ Self-service stores generally carry retailer-branded or unbranded merchandise and feature the lowest priced footwear in the market. These stores, sometimes called discount, bin, or rack stores, include shoe chains such as Pic 'n Pay and Fayva, as well as discount mass merchandisers like K-Mart and Zayre.

Although still a relatively small part of the market, "off-price" stores have recently been one of the fastest growing types of outlets in footwear retailing. This type of outlet sells primarily nationally branded merchandise at discount prices but typically offers a limited range of footwear styles and sizes. "Off-price" outlets, which operate on a smaller markup than stores traditionally selling nationally branded footwear, have carved out a market niche by locating in lower rent areas, accepting fewer returns, and using brand name recognition.

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1/ Nationally branded footwear is labeled with brand names of domestic producers, foreign producers, or U.S. importers. Individual national brands are retailed by many different companies. Examples are Naturalizer (a label of Brown Shoe Co., a domestic producer) and Nine West (a label of Fisher Camuto Corp., a U.S. importer).

2/ Retailer-branded footwear carries the label of the individual retailing company. An example of a retailer brand is Sears' shoes, which are sold only through Sears Roebuck outlets.

### Market segments

Individual market participants may define market segments for nonrubber footwear differently but generally base their definitions on some combination of the age and gender of the consumer, on the intended use of the footwear, on the different physical characteristics of footwear, 1/ on the types of retail outlets, and on prices. The price section analyzes competition between domestic and imported footwear in selected major market segments. The selected major market segments separate footwear by men's, women's, and children's footwear; by dress/casual wear versus athletic wear; by leather versus vinyl as the upper material; by types of footwear--shoes, sandals, or boots; by sales to types of retail outlets--independent shoe stores or department stores, chainstores, and self-service stores; and by wholesale price brackets.

### Factors affecting demand

In the long run, demand for footwear is primarily dependent on the size and composition of the population. However, in the short run, demand for footwear may vary with changes in price, income, fashion, and life style. The effects of changes in prices and incomes on the demand for footwear are discussed in appendix E. Frequent changes in women's footwear fashion contribute to a greater demand for women's footwear. Style changes are less important for men's footwear. Recent changes in lifestyles to more athletic and increased leisure activities have stimulated the demand for athletic footwear in the past several years.

### Apparent consumption

Apparent U.S. consumption of all nonrubber footwear declined somewhat from 1979 to 1981 as both domestic production and imports trended downward (table 1). However, consumption then increased significantly in 1982 and 1983. Consumption declined from 794 million pairs in 1979 to 736 million in 1981, or by 7 percent. It then increased to 916 million pairs in 1983, or by 24 percent over the 1981 level.

This trend in the aggregate held for both men's and women's shoes. Apparent consumption of men's shoes declined from 171 million pairs in 1979 to 165 million in 1981, or by 4 percent. It then increased to 217 million pairs in 1983, or by 32 percent from the 1981 level. Apparent consumption of women's shoes declined from 429 million pairs in 1979 to 365 million in 1981, or by 15 percent. It then increased to 441 million pairs in 1983, or by 21 percent from the 1981 level.

Apparent consumption of children's shoes showed slight increases from 1979 to 1981, rising from 59 million pairs to 61 million pairs. However, consumption then jumped to 87 million pairs in 1983. This represents an increase of 48 percent from the 1979 level and of 43 percent from the 1981 level.

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1/ The physical characteristics of nonrubber footwear include different materials (leather, vinyl, or fabric), different methods of construction<sup>A-10</sup> (cemented, molded, or sewn), and different types and styles of footwear.

Table 1.--Nonrubber footwear: U.S. production, imports for consumption, exports, and apparent consumption, by categories, 1979-83

(In thousands of pairs)					
Type and year	Production	Imports	Exports	Apparent consumption	
<b>Men's: 1/</b>					
1979-----	103,827	70,205	2,843	171,189	
1980-----	101,981	68,627	3,921	166,687	
1981-----	98,458	70,224	3,678	165,004	
1982-----	81,504	105,029	2,955	183,578	
1983-----	<u>2/</u> 86,013	133,408	2,007	217,414	
<b>Women's: 3/</b>					
1979-----	159,668	271,627	2,753	428,542	
1980-----	154,222	221,334	3,830	371,726	
1981-----	144,971	223,007	3,261	364,717	
1982-----	140,642	252,857	2,732	390,767	
1983-----	<u>2/</u> 136,116	307,913	2,464	441,565	
<b>Children's: 4/</b>					
1979-----	37,092	22,236	517	58,811	
1980-----	38,357	22,165	470	60,052	
1981-----	36,538	25,010	491	61,057	
1982-----	33,986	34,577	341	68,222	
1983-----	<u>2/</u> 35,138	52,276	331	87,083	
<b>Athletic:</b>					
1979-----	20,529	40,366	2,390	58,505	
1980-----	15,038	53,571	3,979	64,630	
1981-----	17,831	57,295	2,470	72,656	
1982-----	16,648	86,997	2,096	101,549	
1983-----	<u>2/</u> 16,266	88,042	2,137	102,171	
<b>All other:</b>					
1979-----	77,756	129	759	77,126	
1980-----	76,713	46	798	75,961	
1981-----	74,199	65	1,380	72,884	
1982-----	69,600	204	765	69,039	
1983-----	<u>2/</u> 66,917	218	558	66,577	
<b>Total:</b>					
1979-----	398,872	404,563	9,262	794,173	
1980-----	386,311	365,743	12,999	739,055	
1981-----	371,997	375,600	11,179	736,318	
1982-----	342,380	479,663	8,890	813,153	
1983-----	<u>5/</u> 341,195	581,857	7,496	915,556	

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ The 1983 data represent preliminary totals.

3/ Women's footwear also includes misses' but excludes athletic.

4/ Children's footwear also includes infants' but excludes athletic.

5/ Because of revisions made to the total subsequent to the publication of data on the subgroups, the data will not add to the total shown.

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

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Note.--Because of rounding, figures may not add to the totals shown.

Apparent consumption of athletic shoes increased by slightly more than 10 percent annually during 1979-81 and then jumped by 40 percent in 1982. However, consumption apparently leveled off in 1983. The overall increase in apparent consumption of athletic shoes was 75 percent from 1979 to 1983. However, the data provided by the U.S. Department of Commerce on both U.S. production and on imports for consumption of athletic shoes must be analyzed with care. It is believed that U.S. production is significantly understated because some U.S. producers of athletic shoes are reporting their production as "rubber footwear." Similarly, many imports of athletic footwear are being classified under basket categories for nonrubber footwear rather than under the athletic categories of the TSUS.

The basket category for imports comprises five statistical lines, all falling under item 700.95 and were created effective January 1, 1980. The total quantity of footwear reported under these five lines is shown in the following tabulation (in thousands of pairs):

	<u>Quantity</u>
1980-----	20,496
1981-----	26,934
1982-----	65,131
1983-----	90,390

Korea alone accounted for more than half of the total of the imports reported under these items in 1983. Because approximately 90 percent of Korea's exports reportedly consist of athletic footwear, some of the increases in this basket category should be attributed to athletic footwear.

The "all other" category comprises primarily slippers. Apparent consumption in this category declined throughout the period under consideration, from 77 million pairs in 1979 to 67 million in 1983, or by 14 percent. Here again, a problem arises in the comparison of domestic production with the import statistics. The definition of "slipper" in the TSUS is much narrower than that of the category under which U.S. production is reported to Census. As a result, a large number of imported slippers similar in construction to domestically produced slippers are being classified under a variety of nonslipper provisions. Thus, U.S. imports of slippers in this "all other" category are believed to be considerably understated.

A percentage distribution of apparent consumption by the category of footwear is presented in table 2. Men's footwear increased somewhat as a share of overall consumption during the period under consideration, whereas women's shoes declined by nearly 6 percentage points as a share of overall consumption. Children's shoes and athletic footwear increased their respective shares. The "all other" category shows a decline.

A percentage distribution of apparent consumption by types of upper material and by categories shows few significant changes (table 3). Perhaps, the most important change appears in the men's category. The share of men's shoes with leather uppers declined by 16 percentage points during 1979-83,

Table 2.--Nonrubber footwear: Percentage distribution of apparent consumption, by categories, 1979-83

Category	1979	1980	1981	1982	1983
Men's <u>1</u> /-----	21.6	22.6	22.4	22.6	23.7
Women's <u>2</u> /-----	54.0	50.3	49.5	48.1	48.2
Children's <u>3</u> /-----	7.4	8.1	8.3	8.4	9.5
Athletic-----	7.4	8.7	9.9	12.5	11.2
All other-----	9.7	10.3	9.9	8.5	7.3
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

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

Note.--Because of rounding, figures may not add to the totals shown.

whereas the share of shoes with uppers of material other than leather or vinyl (primarily fabric) increased by nearly 20 percentage points over the same period. Very likely, a major part of this increase can be attributed to athletic-style shoes. Nearly all of the increase in this area is accounted for by imports.

A similar trend is apparent in the distribution of children's shoes. The share of children's shoes made with leather uppers declined by 15 percentage points during 1979-83, but that of children's shoes made with uppers other than leather or vinyl increased by over 20 percentage points during the same period. Again, this increase can be attributed primarily to imports and a significant portion of the increase may be attributed to athletic-style shoes.

### The Domestic Industry

#### U.S. producers 1/

Although the footwear industry includes approximately 50 publicly owned corporations, 4 of which ranked among the nation's 500 largest companies in sales for 1982, the industry comprises primarily privately owned firms. Approximately 70 percent of the producers make less than 1 million pairs annually. However, these small producers account for less than one-fifth of total domestic production. In recent years, about 20 producers, each with multifactory operations and annual production levels of 4 million pairs or more, together accounted for about one-half of the industry's production.

1/ Nonrubber footwear is classified in the Standard Industrial Classification (SIC) system under SIC 3142 (house slippers); SIC 3143 (men's footwear, except athletic); SIC 3144 (women's footwear, except athletic); and SIC 3149 (athletic footwear and misses', infants', and children's footwear).

Table 3.--Nonrubber footwear: Percentage distribution of apparent U.S. consumption, by types of upper materials and by categories, 1979-83

Item	1979	1980	1981	1982	1983 <sup>1/</sup>
Men's: <sup>2/</sup>					
Leather-----	72.8	67.9	67.1	58.6	56.6
Plastic-----	21.1	25.7	24.6	18.9	18.3
All other-----	6.1	6.4	8.3	22.5	25.1
Total-----	100.0	100.0	100.0	100.0	100.0
Women's: <sup>3/</sup>					
Leather-----	43.8	41.4	45.9	43.8	47.1
Plastic-----	41.8	47.8	42.3	43.7	39.1
All other-----	14.4	10.8	11.8	12.5	13.8
Total-----	100.0	100.0	100.0	100.0	100.0
Children's: <sup>4/</sup>					
Leather-----	43.6	36.6	37.8	33.3	28.5
Plastic-----	38.1	43.7	35.6	37.3	32.9
All other-----	18.3	19.7	26.6	29.4	38.6
Total-----	100.0	100.0	100.0	100.0	100.0
Athletic:					
Leather-----	67.9	81.5	77.9	82.2	85.4
Plastic-----	30.2	18.5	22.1	17.1	14.6
All other-----	1.9	5/	5/	.7	5/
Total-----	100.0	100.0	100.0	100.0	100.0
All other:					
Leather-----	9.2	8.4	9.0	11.0	14.3
Plastic-----	22.8	20.6	14.5	14.6	11.6
All other-----	68.0	71.0	76.5	74.4	74.1
Total-----	100.0	100.0	100.0	100.0	100.0
Total:					
Leather-----	48.6	47.4	49.6	48.4	49.3
Plastic-----	34.3	36.9	32.9	31.5	28.9
All other-----	17.1	15.7	17.5	20.1	21.8
Total-----	100.0	100.0	100.0	100.0	100.0

<sup>1/</sup> 1983 figures are preliminary and, in some cases, include estimates.

<sup>2/</sup> Men's footwear also includes youths' and boys' but excludes athletic.

<sup>3/</sup> Women's footwear also includes misses' but excludes athletic.

<sup>4/</sup> Children's footwear also includes infants' but excludes athletic.

<sup>5/</sup> Not reported separately.

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

Note.--Because of rounding, figures may not add to the totals shown.

The number of footwear factories has steadily declined from a high of 990 in 1965. <sup>1/</sup> In December 1981, 594 factories were manufacturing nonrubber footwear. During 1982, 10 factories started or resumed operations under new

<sup>1/</sup> U.S. Department of Commerce, 1984 U.S. Industrial Outlook, January 1984.

management and 33 closed, lowering the total to 571 in December 1982. The latest available data show that 248 U.S. firms (as opposed to factories) with 10 employees or more produced nonrubber footwear in 1982 compared with 307 in 1979 (tables F-1 through F-3, obtained from Census, show the number of companies and production by ranges of production for 1980, 1981, and 1982 and are presented in app. F). The peak employment year for the industry was 1967, when employment reached 231,000. Employment has dropped by almost 50 percent from that level. 1/

The U.S. nonrubber footwear industry has traditionally been characterized by a high rate of turnover for plants. The relative ease of entry into the industry is believed to be the main reason for this. The number of medium and large firms producing 1 million pairs or more declined by 15 percent, from 100 in 1974 to 85 in 1982, and the number of firms producing less than 1 million pairs declined by 47 percent, from 309 to 163, during the same period.

The industry's trade association and a petitioner in this investigation, the FIA, 2/ represents approximately 90 manufacturers which together account for about two-thirds of U.S. nonrubber footwear production. 3/ Major producers of nonrubber footwear which are not FIA members include Melville Corp., Endicott-Johnson Corp., Genesco, Inc., Interco, Inc., R. G. Barry Corp., and Morse Shoe Corp. The FIA also represents approximately 86 suppliers to the industry, including chemical, rubber, and machinery companies, as well as economic consulting firms.

Manufacturing facilities for nonrubber footwear are located in 41 States, but about 70 percent of nonrubber footwear production is concentrated in 10 States--Maine, Missouri, Pennsylvania, Tennessee, Massachusetts, New York, New Hampshire, Arkansas, Ohio, and Texas. Maine continued to lead all States in footwear production, accounting for 12 percent of the total in 1982. Although about 25 percent of production is still concentrated in New England, about 45 percent of nonrubber footwear is produced in the North Central and Middle Atlantic States, and approximately 30 percent, in the South and West. Production of footwear has declined rapidly in Massachusetts, Pennsylvania, and New York. However, California, Texas, and Florida have increased their output and are emerging as significant footwear producing States.

#### U.S. importers

An estimated 916 million pairs of nonrubber footwear were sold in the United States in 1983, and approximately 64 percent of that number, or 582 million pairs, were imported. According to the Customs' net import file,

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1/ Ibid.

2/ The FIA was formed in 1981 by the consolidation of the American Footwear Industries Association, Inc., and the American Shoe Center (ASC). The U.S. Department of Commerce provided about \$2 million in startup funds for the ASC, which began operations in late 1980. The ASC offered 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.

3/ Footwear Industries of America, Petition for Relief from Imports of Nonrubber Footwear . . . , p. 1.

400 firms, including wholesalers, retailers, and domestic footwear producers, imported footwear in 1983. Approximately 100 of these importers, including about 20 U.S. manufacturers of footwear, together accounted for a little over 50 percent of total U.S. imports in 1983.

Producers/importers.--Approximately 100 footwear manufacturers in the United States were listed as importers of footwear or footwear components in 1983. 1/ Official data on the total volume of nonrubber footwear imported by U.S. manufacturers are not available. However, based on questionnaire responses, U.S. producers imported 197 million pairs of nonrubber footwear in 1983, accounting for 34 percent of total imports as reported by Commerce. In 1979, these producers reported importing 75 million pairs. Of these imports, athletic footwear accounted for 7 million pairs in 1979 and 83 million pairs in 1983.

Retailers.--Shoes are sold in nearly 100,000 retail outlets all across the United States. Over three-fourths of the total retail shoe sales are accounted for by nearly 25,000 shoe stores and over 8,500 department stores. In recent years, more than 80 percent of the nonrubber footwear produced domestically and imported was sold directly to retail outlets. Nonrubber footwear is retailed primarily through department stores, independent shoe stores, chain stores, self-service stores, and, to a lesser extent, mail-order houses and supermarkets.

Melville (Thom McAn), Woolworth Co. (Kinney), the Brown Group, Inc., Edison Brothers Stores, and May department stores together accounted for \$4.2 million of the estimated \$16.5 billion worth of shoes sold in all retail outlets in 1982. Melville was the largest, with a total of 3,319 footwear retail outlets. Edison Brothers had 1,226, and Morse Shoe had 1,329. These three firms accounted for approximately 24 percent of all shoe stores. 2/

Firms related to foreign producers.--Several U.S. firms have established production facilities abroad, either wholly owned or as partners in joint venture arrangements with the host countries. Industry sources believe that although most of these offshore facilities supply primarily the local markets, some facilities produce mainly for the U.S. market. 3/

The full details of U.S. firms' involvement in offshore production and imports are not available. However, many U.S. firms, including H. H. Brown Shoe Co., Brown Shoe Co., and Genesco, Inc., have production facilities in Canada. R. G. Barry Corp. and Genesco own footwear plants in Mexico. Weyenberg Shoe Mfg. Co., New Balance Athletic Shoe Inc., and Nike, Inc. have footwear manufacturing plants in Ireland. Stride Rite Corp. manufactures and imports footwear parts primarily, from Haiti. Clark of America imports from C & J Clark of England, its parent company. Bata Shoe Co., Inc. (a manufacturer principally of rubber footwear), owns plants all over the world and produces mainly for local consumption. Florsheim Shoe Co., a division of

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1/ Footwear News Magazine, 1983 Directory of Manufacturers, Importers, Wholesalers. . . , December 1982.

2/ Market Research Department, Fairchild Publications, Footwear News, 1983.

3/ Based on telephone conversations between Commission staff and the Footwear Industries of America.



Interco, Inc., is a partner in a joint venture with an Indian firm in a footwear plant in Madras. Most of the footwear manufactured in the plant is exported to the United States.

### The Question of Increased Imports

#### U.S. imports

U.S. imports of all nonrubber footwear declined from 1979 to 1980 and increased moderately in 1981 (table 4). However, in 1982 and 1983, the quantity of imports increased to record levels, with most of the growth being generated by imports from Taiwan, Korea, and Brazil. Imports increased from 405 million pairs in 1979 to 582 million pairs in 1983, or by 44 percent over the period. In 1982 and 1983, imports increased by 28 and 21 percent, respectively.

Table 4.--Nonrubber footwear: U.S. imports for consumption, by categories, 1979-83

Category	1979	1980	1981	1982	1983
Men's: <u>1/</u>					
Quantity-----1,000 pairs--:	70,205	68,627	70,224	105,029	133,408
Percentage change-----:	<u>2/</u>	-2.2	2.3	49.6	27.0
Women's: <u>3/</u>					
Quantity-----1,000 pairs--:	271,627	221,334	223,007	252,857	307,913
Percentage change-----:	<u>2/</u>	-18.5	0.8	13.4	21.8
Children's: <u>4/</u>					
Quantity-----1,000 pairs--:	22,236	22,165	25,010	34,577	52,276
Percentage change-----:	<u>2/</u>	-0.3	12.8	38.3	51.2
Athletic:					
Quantity-----1,000 pairs--:	40,366	53,571	57,295	86,997	88,042
Percentage change-----:	<u>2/</u>	32.7	7.0	51.8	1.2
All other:					
Quantity-----1,000 pairs--:	129	46	65	204	218
Percentage change-----:	<u>2/</u>	-64.3	41.3	213.8	6.9
Total:					
Quantity-----1,000 pairs--:	404,563	365,743	375,600	479,663	581,857
Percentage change-----:	<u>2/</u>	-9.6	2.7	27.7	21.3

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Not available.

3/ Women's footwear also includes misses' but excludes athletic.

4/ Children's footwear also includes infants' but excludes athletic.

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

After declining in 1980 and increasing moderately in 1981, imports of men's shoes nearly doubled from 1981 to 1983, increasing by 50 percent in 1982 and by 27 percent in 1983. Imports of women's shoes declined by 19 percent from 1979 to 1980 and barely increased in 1981. However, in 1982, imports increased by 13 percent, and in 1983, they jumped by 22 percent.

Imports of children's shoes more than doubled over the period, increasing from 22 million pairs in 1979 to 52 million pairs in 1983. After a slight decline in 1980, imports increased by 13 percent in 1981, by 38 percent in 1982, and by 51 percent in 1983. Imports of athletic shoes also more than doubled during the period, though the increases were more irregular. Imports in the "all other" category also showed increases; however, the volume was not as significant in this category as that in the others.

Respondents in this case have argued that the presence of the OMA's and a change in the duty on rubber footwear have resulted in significant shifting of athletic footwear between the rubber and nonrubber categories of the TSUS. Such shifting would suggest that increases in imports of nonrubber athletic footwear and, thus, total imports are overstated by the official statistics. The available data on apparent consumption of rubber athletic shoes are presented in table 5.

Table 5.--Footwear with fabric uppers and soles of rubber or plastic: U.S. production, imports for consumption, exports, and apparent consumption, 1979-83

(In thousands of pairs)					
Year	Production	Imports	Exports	Apparent consumption	
1980-----	97,516	120,801	1,693	216,614	
1981-----	95,399	137,632	1,564	231,467	
1982-----	88,630	98,039	1,572	185,097	
1983-----	<u>1/</u> 74,052	102,498	1,203	175,347	

1/ Data represent a preliminary total.

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

These data indicate that some very significant shifting is possible and probably occurred during the period under consideration, particularly from 1981 to 1982, concurrent with the termination of the OMA's with Taiwan and Korea. The decline in imports of footwear with fabric uppers and soles of rubber or plastic (the category under which rubber athletic footwear would be classified) from 1981 to 1982 is greater than the increase in imports of nonrubber athletic footwear even when imports entering under the basket categories are included. Nonetheless, the decline from 1981 to 1982 in imports of footwear with uppers of fabric and soles of rubber or plastic accounted for only 38 percent of the increase in total imports of nonrubber

footwear. Moreover, imports of footwear with fabric uppers and soles of rubber or plastic increased from 1982 to 1983, indicating that whatever shifting had occurred was substantially completed in 1982.

#### Imports relative to consumption and production

The ratios of imports to consumption show increases for nearly all categories in each year except 1980 (table 6). The ratio of total imports to consumption of all nonrubber footwear increased from 51 percent in 1979 to 64 percent in 1983. Imports of men's and children's nonrubber footwear show the sharpest increases. Imports of men's footwear increased as a share of consumption from 41 percent in 1979 to 61 percent in 1983. Imports of children's footwear increased from 38 percent of consumption in 1979 to 60 percent in 1983.

Table 6.--Nonrubber footwear: U.S. imports relative to consumption and production, by categories, 1979-83

(In percent)							
Year	Men's 1/	Women's 2/	Children's 3/	Athletic	All other	Total	
Ratio of imports to consumption							
1979-----	41.0	63.4	37.8	69.0	0.2	50.9	
1980-----	41.2	59.5	36.9	82.9	.1	49.5	
1981-----	42.6	61.2	40.9	78.9	.1	51.0	
1982-----	57.3	64.7	50.7	85.6	.3	59.0	
1983-----	61.4	69.8	60.1	86.2	.3	63.6	
Ratio of imports to production							
1979-----	67.6	170.1	59.9	196.6	0.2	101.4	
1980-----	67.3	143.5	57.8	356.2	.1	94.7	
1981-----	71.3	153.8	68.4	321.3	.1	101.0	
1982-----	128.9	179.8	101.7	522.6	.3	140.1	
1983-----	155.1	226.2	148.8	541.3	.3	170.5	

1/ Men's footwear also includes youths' and boys' but excludes athletic.  
 2/ Women's footwear also includes misses' but excludes athletic.  
 3/ Children's footwear also includes infants' but excludes athletic.

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

As a ratio to domestic production, imports have increased sharply over the period. Total imports increased from nearly the same level as domestic production in 1979 to 171 percent of production in 1983. Strong gains were

demonstrated in nearly every category. Imports represented 68 percent of U.S. production of men's shoes in 1979 but increased to 155 percent in 1983. Imports of women's shoes represented 170 percent of domestic production in 1979 and 226 percent in 1983. Imports of children's shoes increased from 60 percent of U.S. production in 1979 to 149 percent in 1983. Finally, imports of athletic shoes went from 197 percent of domestic production in 1979 to more than 500 percent in 1983.

Imports continued their rapid increases in January-March 1984 (table 7), increasing in every category, quantitatively, as a share of apparent consumption, and particularly, as a ratio to U.S. production.

Table 7.--Nonrubber footwear: U.S. production, imports for consumption, and apparent consumption, by categories, January-March 1984

Category	Production	Imports	Apparent consumption	Ratio of imports to consumption	Ratio of imports to production
	Million pairs			Percent	
Men's <u>1</u> /-----	21.4	36.3	57.7	62.9	169.6
Women's <u>2</u> /-----	32.7	109.7	142.4	83.8	519.0
Children's <u>3</u> /-----	10.5	18.4	28.9	63.6	175.2
Athletic-----	3.4	28.6	32.0	90.4	841.2
All other-----	17.3	.1	17.4	.6	.6
Total-----	<u>4</u> / 85.2	<u>5</u> / 193.2	<u>6</u> / 278.4	<u>7</u> / 69.4	<u>8</u> / 226.8

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ A decline of 6 percent from production during January-March 1983.

5/ An increase of 20 percent over imports during January-March 1983.

6/ An increase of 11 percent over consumption during January-March 1983.

7/ Import penetration in January-March 1983 was 63.8 percent.

8/ The ratio of imports to U.S. production in January-March 1983 was 176.2 percent.

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

Note.--Because of rounding, figures may not compute to the numbers shown.

U.S. imports of nonrubber footwear have continued to increase almost without interruption over a much more extended period of time than during 1979-83, the period for which data are generally presented in this report. As shown in table 8, imports of nonrubber footwear increased from 27 million pairs, representing 4 percent of apparent consumption, in 1960 to 582 million pairs, representing 65 percent of apparent consumption, in 1983. In January-March 1984, imports increased to an annualized rate of 773 million pairs and represented 70 percent of apparent consumption.

Table 8.--Nonrubber footwear: U.S. production, imports for consumption, exports, and apparent consumption, 1960-83, and January-March 1984

Period	Production	Imports	Exports	Apparent consumption	Ratio of imports to consumption
	Million pairs				Percent
1960	600.0	26.6	3.2	623.4	4
1961	592.9	36.7	3.0	626.6	6
1962	633.2	63.0	2.9	693.3	9
1963	604.3	62.8	2.8	664.3	9
1964	612.8	75.4	2.8	685.4	11
1965	626.2	87.6	2.5	711.3	12
1966	641.7	96.1	2.7	735.1	13
1967	600.0	129.1	2.2	726.9	18
1968	642.4	175.3	2.4	815.3	22
1969	577.0	202.0	2.3	776.7	26
1970	562.3	241.6	2.1	801.8	30
1971	535.8	268.6	2.1	802.3	33
1972	526.7	296.7	2.3	821.1	36
1973	490.0	307.5	3.6	793.9	39
1974	453.0	266.4	4.0	715.4	37
1975	413.1	286.4	4.6	694.9	41
1976	422.5	370.0	6.0	786.5	47
1977	418.1	368.1	5.4	780.8	47
1978	418.9	373.5	6.9	785.5	48
1979	398.9	404.6	9.3	794.2	51
1980	386.3	365.7	13.0	739.0	49
1981	372.0	375.6	11.2	736.4	51
1982	342.3	479.7	8.9	813.1	59
1983	341.2	581.9	7.5	915.6	64
January-March 1984	85.2	193.2	2.0	276.4	70

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

### The Question of Serious Injury

#### U.S. production, capacity, and capacity utilization

U.S. production of nonrubber footwear declined continuously during 1979-83 (table 9). It declined from 399 million pairs in 1979 to 341 million in 1983, or by 14 percent. <sup>1/</sup> Declines were evident in all categories of production. U.S. production of men's shoes declined from 104 million pairs in 1979 to 86 million in 1983, or by 17 percent. Production of women's shoes declined from 160 million pairs in 1979 to 136 million in 1983, or by 15 percent. Children's shoes declined irregularly from 37 million pairs in 1979 to 35 million in 1983, or by 5 percent. The official statistics on production

<sup>1/</sup> The 1983 data are preliminary.

Table 9.--Nonrubber footwear: Official statistics on U.S. production compared with data compiled from questionnaire responses, 1979-83

Item	1979	1980	1981	1982	1983
Men's: <u>1/</u>					
Reported-----1,000 pairs--	80,047	84,372	91,011	78,756	76,857
Official statistics					
1,000 pairs--	103,827	101,981	98,458	81,504	86,013
Ratio of reported data to					
official statistics					
percent--	77.1	82.7	92.4	96.6	89.4
Women's: <u>2/</u>					
Reported-----1,000 pairs--	107,588	119,896	122,164	125,775	124,364
Official statistics					
1,000 pairs--	159,668	154,222	144,971	140,642	136,116
Ratio of reported data to					
official statistics	67.4	77.7	84.3	89.4	91.4
percent--					
Children's: <u>3/</u>					
Reported-----1,000 pairs--	32,637	33,165	36,426	32,324	29,076
Official statistics					
1,000 pairs--	37,092	38,357	36,538	33,986	35,138
Ratio of reported data to					
official statistics					
percent--	88.0	86.5	99.7	95.1	82.7
Athletic:					
Reported-----1,000 pairs--	25,095	29,653	38,603	35,806	35,041
Official statistics					
1,000 pairs--	20,529	15,038	17,831	16,648	16,266
Ratio of reported data to					
official statistics					
percent--	122.2	197.2	216.5	215.1	215.4
All other:					
Reported-----1,000 pairs--	41,221	45,370	40,962	35,615	32,811
Official statistics					
1,000 pairs--	77,756	76,713	74,199	69,600	66,917
Ratio of reported data to					
official statistics					
percent--	53.0	59.1	55.2	51.2	49.0
Total:					
Reported-----1,000 pairs--	286,585	312,456	329,166	308,276	298,149
Official statistics					
1,000 pairs--	398,872	386,311	371,997	342,380	341,195
Ratio of reported data to					
official statistics					
percent--	71.8	80.9	88.5	90.0	87.4

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

Source: Reported production, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; official statistics, compiled from the U.S. Department of Commerce.

of athletic shoes also declined, from 21 million pairs in 1979 to 16 million in 1983, or by 21 percent. Finally, in the "all other" category, production declined from 78 million pairs in 1979 to 67 million in 1983, or by 14 percent. Despite these declines, the distribution of U.S. production among the various categories remained quite stable, with the change from 1979 to 1983 limited to 1 percentage point for each of the categories (table 10).

Table 10.--Nonrubber footwear: Percentage distribution of U.S. production, by categories, 1979-83

Category	1979	1980	1981	1982	1983
Men's <u>1</u> /-----	26.0	26.4	26.5	23.8	25.3
Women's <u>2</u> /-----	40.0	39.9	39.0	41.1	40.0
Children's <u>3</u> /-----	9.3	9.9	9.8	9.9	10.3
Athletic-----	5.1	3.9	4.8	4.9	4.8
All other-----	19.5	19.9	19.9	20.3	19.6
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Men's footwear also includes youths' and boys', but excludes athletic.

2/ Women's footwear also includes misses', but excludes athletic.

3/ Children's footwear also includes infants', but excludes athletic.

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

Note.--Because of rounding, figures may not add to the totals shown.

A breakdown of U.S. production, by types of upper materials and by categories, again shows little significant change in the product mix, except for the athletic shoes and shoes in the "all other" category (table 11). Overall, nonrubber footwear with uppers of leather accounted for, by far, the largest share of domestic production and increased their share over the period, though this increase was only slight. Footwear with vinyl uppers represented the second largest segment, though the share of such footwear declined from 28 percent in 1979 to 23 percent in 1983. U.S. production of nonrubber footwear with uppers of material other than leather or plastic (primarily fabric) increased from 18 percent in 1979 to 21 percent in 1983.

In men's shoes, leather demonstrated some increase vis-a-vis plastic, accounting for 85 percent of U.S. production in 1979 and 87 percent in 1983. Production of women's shoes constructed with leather uppers recovered in 1983 after a decline during 1980-82, returning to the 1979 level. The production of shoes with plastic uppers declined somewhat vis-a-vis that of shoes with uppers of materials other than leather or plastic. In the production of children's shoes, leather lost ground to materials other than leather or plastic, while the share of production accounted for by shoes with plastic uppers remained relatively stable. In athletic footwear, on the other hand, shoes with leather uppers sharply increased their share of production, from 37 percent in 1979 to 61 percent in 1983. This gain was made primarily at the

Table 11.--Nonrubber footwear: Percentage distribution of U.S. production, by types of upper material and by categories, 1979-83

Item	1979	1980	1981	1982	1983 <sup>1/</sup>
Men's: <sup>2/</sup>					
Leather-----	84.6	82.7	84.8	88.0	87.3
Plastic-----	15.1	16.5	13.8	11.0	11.9
All other-----	.4	.8	1.4	1.0	.8
Total-----	100.0	100.0	100.0	100.0	100.0
Women's: <sup>3/</sup>					
Leather-----	57.8	55.3	55.0	55.1	57.1
Plastic-----	34.4	38.1	34.7	34.5	32.3
All other-----	7.8	6.6	10.3	10.3	10.6
Total-----	100.0	100.0	100.0	100.0	100.0
Children's: <sup>4/</sup>					
Leather-----	56.0	47.7	52.7	53.3	52.8
Plastic-----	30.4	38.6	29.6	30.6	30.2
All other-----	13.6	13.7	17.7	16.1	17.0
Total-----	100.0	100.0	100.0	100.0	100.0
Athletic:					
Leather-----	37.4	68.6	51.6	49.9	60.8
Plastic-----	56.9	31.4	48.4	45.7	39.2
All other-----	5.7	5/	5/	4.4	5/
Total-----	100.0	100.0	100.0	100.0	100.0
All other:					
Leather-----	9.1	8.3	8.9	10.9	14.2
Plastic-----	22.7	20.6	14.5	14.5	11.5
All other-----	68.2	71.1	76.6	74.6	74.3
Total-----	100.0	100.0	100.0	100.0	100.0
Total:					
Leather-----	54.3	53.2	53.5	53.7	55.4
Plastic-----	27.6	28.3	25.0	24.6	23.4
All other-----	18.1	18.5	21.5	21.7	21.2
Total-----	100.0	100.0	100.0	100.0	100.0

<sup>1/</sup> Data are preliminary and in some cases include estimates.

<sup>2/</sup> Men's footwear also includes youths' and boys' but excludes athletic.

<sup>3/</sup> Women's footwear also includes misses' but excludes athletic.

<sup>4/</sup> Children's footwear also includes infants' but excludes athletic.

<sup>5/</sup> Not reported separately.

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

Note.--Because of rounding, figures may not add to the totals shown.

expense of shoes with vinyl uppers. In the "all other" category, footwear with leather uppers increased from 9 percent of U.S. production in 1979 to 14 percent in 1983. Footwear in this category with uppers of materials other than leather or plastic also increased its share of production, from 68 percent in 1979 to 74 percent in 1983. This has resulted in a significant decline in the share accounted for by footwear with vinyl uppers.



Data provided by U.S. producers in response to the Commission's questionnaire on each of the categories show fairly similar trends (table 12). Production in all categories except women's footwear generally increased from 1979 to 1981 <sup>1/</sup> but then declined thereafter. The decline from 1981 to 1983 was 9 percent for athletic footwear, 16 percent for men's footwear, 20 percent for children's footwear, and 20 percent for footwear in the "all other" category. Production of women's footwear increased annually, by 17 percent, from 1979 to 1982 and then declined slightly, by 1 percent, in 1983. The capacity of responding U.S. firms to produce nonrubber footwear followed slightly different trends. The reported capacity to produce men's footwear and "all other" footwear increased from 1979 to 1981 but declined thereafter. The capacity to produce men's footwear declined by 4 percent, and that for "all other" footwear declined by 1 percent. The reported capacity to produce women's footwear and athletic footwear increased annually from 1979 to 1983, by 16 and 20 percent, respectively. Reported capacity to produce children's footwear declined annually from 1980 on, or by 2 percent over the period.

The capacity utilization of responding U.S. producers varied somewhat by the categories of footwear, but the rates generally demonstrated similar trends, increasing from 1979 to 1981 and then declining thereafter. Overall, the capacity utilization increased from 75 percent in 1979 to 80 percent in 1981 and then declined to 72 percent in 1983. Only the capacity utilization of the facilities producing athletic shoes remained at a higher rate in 1983 than had been reported in 1979. Nonetheless, the capacity utilization for U.S. producers of athletic footwear was nearly the lowest of the categories in 1983. The capacity utilization for children's footwear showed sharp declines over the period and was at the lowest level of the categories in 1983.

The data on production, capacity, and capacity utilization show some differences among firms grouped by the range of their production (table 13). Trends in reported production for four of the six size groups remained similar, increasing from 1979 to 1981 and then declining thereafter. However, production for the smallest producers, those producing less than 200,000 pairs annually, and for medium-sized producers, those producing 1,000,000 to 1,999,999 pairs annually, remained essentially stable from 1981 to 1983. The reported capacity of U.S. producers in the smallest group showed continuous increases, whereas that for most of the others generally increased through 1982 but declined thereafter. An exception to this was the reported capacity for those firms producing 4 million pairs or more annually, which remained essentially stable over the entire period. The capacity of the smallest firms increased by 12 percent from 1979 to 1983.

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<sup>1/</sup> The apparent increases from 1979 to 1981 can largely be attributed to the method used to collect the data rather than to any actual trends. By collecting historical data from companies, the Commission's data for the earlier years tend to be understated. Some firms are unable to supply data for 1979 and 1980, and firms that went out of business during 1979-83 can supply no data. Production by such firms in 1979 and 1980 could have been significant.

Table 12.--Nonrubber footwear: U.S. production, practical capacity, 1/ and capacity utilization, by categories, 1979-83

Category	1979	1980	1981	1982	1983
Production (1,000 pairs)					
Men's <u>2/</u> -----	80,047	84,372	91,011	78,756	76,857
Women's <u>3/</u> -----	107,588	119,896	122,164	125,775	124,364
Children's <u>4/</u> -----	32,637	33,165	36,426	32,324	29,076
Athletic-----	25,095	29,653	38,603	35,806	35,041
All other-----	41,221	45,370	40,962	35,615	32,811
Total-----	286,585	312,456	329,166	308,276	298,149
Capacity (1,000 pairs)					
Men's <u>2/</u> -----	106,714	107,567	112,900	112,548	107,869
Women's <u>3/</u> -----	143,949	152,174	162,082	167,426	167,508
Children's <u>4/</u> -----	43,486	44,272	43,728	43,708	43,438
Athletic-----	43,010	43,694	46,541	50,209	51,511
All other-----	42,442	42,836	43,718	43,454	43,245
Total-----	379,600	390,543	408,968	417,345	413,570
Capacity utilization (percent)					
Men's <u>2/</u> -----	75.0	78.4	80.6	70.0	71.2
Women's <u>3/</u> -----	74.7	78.8	75.4	75.1	74.2
Children's <u>4/</u> -----	75.1	74.9	83.3	74.0	66.9
Athletic-----	58.3	67.9	82.9	71.3	68.0
All other-----	5/ 97.1	5/ 105.9	5/ 93.7	82.0	75.9
Average-----	75.5	80.0	80.5	73.9	72.1

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern.

2/ Men's footwear also includes youths' and boys' but excludes athletic.

3/ Women's footwear also includes misses' but excludes athletic.

4/ Children's footwear also includes infants' but excludes athletic.

5/ The capacity utilization appears unusually high in these years because of the production and reported capacity of one producer. This firm reported higher levels of production than of capacity. The reason given for this was the dependency of capacity on the style of footwear produced. This firm was able to produce at a faster rate when manufacturing simpler styles of footwear without changing what its representative felt was the firm's realistic capacity.

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

Note.--Because of rounding, figures may not add to the totals shown.

Table 13.--Nonrubber footwear: U.S. production, practical capacity, 1/ and capacity utilization, by range of production, 2/ 1979-83

Range of production	1979	1980	1981	1982	1983
Production (1,000 pairs)					
Less than 200,000 pairs-----	2,443	2,518	2,569	2,411	2,543
200,000 to 499,999 pairs-----	13,576	15,208	16,238	14,965	13,222
500,000 to 999,999 pairs-----	21,059	20,800	24,686	22,364	21,277
1,000,000 to 1,999,999 pairs--	34,022	38,569	40,736	40,431	41,348
2,000,000 to 3,999,999 pairs--	38,338	44,248	49,479	46,679	45,411
4,000,000 pairs or more-----	177,146	191,113	195,458	181,426	174,348
Total-----	286,585	312,456	329,166	308,276	298,149
Capacity (1,000 pairs)					
Less than 200,000 pairs-----	6,686	6,734	6,850	7,215	7,780
200,000 to 499,999 pairs-----	17,287	19,068	19,775	20,450	18,751
500,000 to 999,999 pairs-----	27,758	29,235	32,530	33,796	32,453
1,000,000 to 1,999,999 pairs--	54,811	58,338	63,240	66,157	68,554
2,000,000 to 3,999,999 pairs--	50,132	58,427	62,002	63,693	62,549
4,000,000 pairs or more-----	222,926	218,741	224,571	226,034	223,483
Total-----	379,600	390,543	408,968	417,345	413,570
Capacity utilization (percent)					
Less than 200,000 pairs-----	36.5	37.4	37.5	33.4	32.7
200,000 to 499,999 pairs-----	78.5	79.8	82.1	73.2	70.5
500,000 to 999,999 pairs-----	75.9	71.1	75.9	66.2	65.6
1,000,000 to 1,999,999 pairs--	62.1	66.0	64.4	61.1	60.3
2,000,000 to 3,999,999 pairs--	76.5	75.7	79.8	73.3	72.6
4,000,000 pairs or more-----	79.5	87.4	87.0	80.3	78.0
Average-----	75.5	80.0	80.5	73.9	72.1
Percentage distribution of production					
Less than 200,000 pairs-----	0.9	0.8	0.8	0.8	0.9
200,000 to 499,999 pairs-----	4.7	4.9	4.9	4.9	4.4
500,000 to 999,999 pairs-----	7.3	6.7	7.5	7.3	7.1
1,000,000 to 1,999,999 pairs--	11.9	12.3	12.4	13.1	13.9
2,000,000 to 3,999,999 pairs--	13.4	14.2	15.0	15.1	15.2
4,000,000 pairs or more-----	61.8	61.2	59.4	58.9	58.5
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern.

2/ Size groupings were based on average annual footwear production.

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

The capacity utilization rates for the various groups were generally similar, except for the smallest firms. Firms producing less than 200,000 pairs annually had markedly lower rates than those reported by the other groups. However, the utilization rates for all groups show significant declines from 1981 to 1983. The declines for two groups were fairly sharp. The capacity utilization of firms producing 200,000 to 499,999 pairs annually declined from 82 percent in 1981 to 71 percent in 1983, and the capacity utilization for those firms producing 500,000 to 999,999 pairs annually declined from 76 to 66 percent.

The percentage distribution of reported U.S. production by range of production indicates that during 1979-83, the largest producers of nonrubber footwear actually accounted for a declining share of U.S. production. Overall, the distribution has remained relatively stable. Still, some shifting is evident. The largest gains in relative shares were made by the medium- to large-sized firms, those producing 1 to 4 million pairs annually. These two groups each increased their relative shares of production continuously over the period, together accounting for 25.3 percent in 1979 and for 29.1 percent in 1983.

The number of firms reporting production and capacity in 1983 are shown in the following tabulation, by range of production:

Less than 200,000 pairs-----	28
200,000 to 499,999 pairs-----	29
500,000 to 999,999 pairs-----	29
1,000,000 to 1,999,999 pairs--	30
2,000,000 to 3,999,999 pairs--	18
4,000,000 pairs or more-----	18
Total-----	152

#### U.S. producers' domestic shipments

Responding U.S. producers' domestic shipments of nonrubber footwear followed the same general trends as reported production, with increases posted for 1979-81 and declines reported thereafter (table 14). Reported domestic shipments of nonrubber footwear declined from 313 million pairs in 1981 to 288 million in 1983, or by 8 percent. Among the categories, declines from 1981 to 1983 ranged from a low of 0.3 percent for women's shoes to a high of 16 percent for footwear in the "all other" category.

The unit values of U.S. producers' shipments show fairly steady increases during 1979-83 for all but two of the footwear categories. After posting significant increases during 1979-81, the unit value of children's shoes declined slightly from 1981 to 1983. In addition, the unit value of footwear in the "all other" category showed marked increases from 1979 to 1982 but remained stagnant from 1982 to 1983. Overall, the unit value of responding producers' nonrubber footwear shipments increased from \$10.79 per pair in 1979 to \$13.63 per pair in 1983, or by 26 percent. This rise is equal to an average annual increase of 6.0 percent.

Table 14.--Nonrubber footwear: U.S. producers' domestic shipments, by categories, 1979-83

Category	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Men's <u>1/</u> -----	68,815	76,049	79,626	70,476	68,502
Women's <u>2/</u> -----	104,614	118,176	120,979	122,818	120,559
Children's <u>3/</u> -----	32,146	33,920	35,738	32,709	30,513
Athletic-----	25,270	29,483	36,965	34,924	34,643
All other-----	43,756	45,564	39,769	35,998	33,409
Total-----	274,600	303,191	313,077	296,925	287,625
Value (million dollars)					
Men's <u>1/</u> -----	1,323	1,522	1,770	1,600	1,603
Women's <u>2/</u> -----	1,185	1,432	1,589	1,645	1,689
Children's <u>3/</u> -----	197	221	260	237	219
Athletic-----	147	175	239	266	290
All other-----	111	136	137	128	119
Total-----	2,963	3,487	3,995	3,876	3,920
Unit value (per pair)					
Men's <u>1/</u> -----	\$19.23	\$20.02	\$22.23	\$22.70	\$23.40
Women's <u>2/</u> -----	11.33	12.12	13.13	13.39	14.01
Children's <u>3/</u> -----	6.12	6.52	7.26	7.26	7.19
Athletic-----	5.83	5.94	6.47	7.62	8.36
All other-----	2.51	2.98	3.44	3.55	3.56
Average-----	10.79	11.50	12.76	13.05	13.63

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

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

Note.--Because of rounding, figures may not add to the numbers shown.

The unit values of responding U.S. producers show some significant variation when the shipments are grouped by the firms' range of production (table 15). For example, the highest unit values, which were an average of 55 percent higher than those for the aggregate, were consistently reported by the smallest firms, those producing less than 200,000 pairs of footwear annually. This reinforces the adage that small firms produce specialty shoes and serve selected markets. However, the lowest unit values were also often reported by small firms, those producing 200,000 to 499,999 pairs annually. With this exception, the larger the firms tended to be, the lower their reported unit values. However, this tendency was less pronounced in 1983.

Table 15.--Nonrubber footwear: U.S. producers' domestic shipments, by range of production, 1979-83

Range of production	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Less than 200,000 pairs-----	2,541	2,610	2,716	2,508	2,610
200,000 to 499,999 pairs-----	13,921	15,796	17,145	15,827	14,031
500,000 to 999,999 pairs-----	20,992	21,826	25,105	23,128	22,046
1,000,000 to 1,999,999 pairs--	33,723	38,385	39,968	39,840	40,072
2,000,000 to 3,999,999 pairs--	39,291	45,724	49,232	46,483	46,286
4,000,000 pairs or more-----	164,132	178,850	178,911	169,139	162,580
Total-----	274,600	303,191	313,077	296,925	287,625
Value (million dollars)					
Less than 200,000 pairs-----	42	48	56	52	51
200,000 to 499,999 pairs-----	142	155	174	183	178
500,000 to 999,999 pairs-----	297	364	463	437	425
1,000,000 to 1,999,999 pairs--	426	501	562	579	636
2,000,000 to 3,999,999 pairs--	401	501	587	578	538
4,000,000 pairs or more-----	1,655	1,918	2,154	2,047	2,091
Total-----	2,963	3,487	3,995	3,876	3,920
Unit value (per pair)					
Less than 200,000 pairs-----	\$16.72	\$18.42	\$20.44	\$20.62	\$19.68
200,000 to 499,999 pairs-----	10.19	9.79	10.14	11.57	12.68
500,000 to 999,999 pairs-----	14.13	16.70	18.43	18.88	19.29
1,000,000 to 1,999,999 pairs--	12.64	13.04	14.06	14.54	15.87
2,000,000 to 3,999,999 pairs--	10.20	10.96	11.92	12.44	11.62
4,000,000 pairs or more-----	10.09	10.72	12.04	12.10	12.86
Average-----	10.79	11.50	12.76	13.05	13.63

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

Note.--Because of rounding, figures may not add to the totals shown.

U.S. producers' exports (compiled from Census data) are shown in the following tabulation:

	<u>Exports</u> (1,000 pairs)	<u>Share of U.S.</u> <u>production</u> (percent)
1979-----	9,262	2.3
1980-----	12,999	3.4
1981-----	11,179	3.0
1982-----	8,890	2.6
1983-----	7,496	2.2

Exports represented a stable, but minor, share of U.S. production during 1979-83. The primary markets for these exports were Japan, Canada, and Italy in 1983. The categories accounting for the largest shares of total exports in 1983 were women's shoes, men's shoes, and athletic shoes.

### U.S. producers' inventories

The available data on U.S. producers' inventories are presented in table 16. These data show some increases in the quantity of U.S. producers' inventories held as of December 31 and their size relative to shipments. The largest increases demonstrated during 1981-83 were for footwear in the "all other" category and in the relative inventories of men's footwear. Inventories of "all other" footwear increased from 13.1 percent of reported shipments in 1981 to 16.4 percent in 1983, and inventories of men's footwear increased from 14.5 percent in 1981 to 17.7 percent in 1983. Overall, inventories held as of December 31 declined from 1979 to 1980, but increased annually thereafter, reaching 15.1 percent in 1983.

Table 16.--Nonrubber footwear: U.S. producers' inventories held as of Dec. 31, 1979-83, by categories

Category	1979	1980	1981	1982	1983
	Quantity (1,000 pairs)				
Men's <u>1</u> /-----	12,315	11,091	11,570	11,031	12,099
Women's <u>2</u> /-----	12,567	13,697	13,998	13,924	15,346
Children's <u>3</u> /-----	5,439	5,005	5,461	4,991	4,853
Athletic-----	4,606	5,266	5,887	5,607	5,755
All other-----	3,626	3,712	5,201	5,163	5,486
Total-----	38,553	38,771	42,117	40,716	43,539
	Ratio of inventories to shipments (percent)				
Men's <u>1</u> /-----	17.9	14.6	14.5	15.7	17.7
Women's <u>2</u> /-----	12.0	11.6	11.6	11.3	12.7
Children's <u>3</u> /-----	16.9	14.8	15.3	15.3	15.9
Athletic-----	18.2	18.0	15.9	16.1	16.6
All other-----	8.3	8.1	13.1	14.3	16.4
Average-----	14.0	12.8	13.5	13.7	15.1

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

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

U.S. employment

Statistics compiled by the bureau of Labor Statistics (BLS) on unemployment in the U.S. industry producing nonrubber footwear show significant increases in the number of unemployed workers and in the unemployment rate from 1979 to 1982 and small declines in 1983 (table 17). The data on employment show declines since 1981. Total employment declined by 9 percent from 1981 to 1983, and the employment of production workers declined by 10 percent over the same period. The average hourly earnings of the workers, as reported by the BLS, increased from \$4.82 in 1981 to \$5.27 in 1983, or by 9 percent. The BLS statistics on productivity of workers in the nonrubber footwear industry show a slight increase from 1981 to 1982 but no change in 1983. Unit labor costs increased from \$2.97 per pair in 1981 to \$3.16 in 1983, or by 6 percent. Labor costs, as a share of U.S. producers' average selling price, increased slightly, from 23 percent in 1981 to 24 percent in 1983.

Table 17.--Various data relating to employment for the footwear industry, 1/ 1981-83

Item	1981	1982	1983 <u>2/</u>
Number of unemployed workers in the nonrubber footwear industry <u>3/</u> -----	27,000	41,000	37,000
Unemployment rate in the nonrubber footwear industry <u>4/</u> -----percent--	12.5	19.4	18.7
All employees-----	146,400	136,800	132,700
Women employees-----	96,600	90,400	87,200
Production workers:			
Number-----	125,900	116,500	113,100
Gross average hourly earnings-----	\$4.82	\$5.12	\$5.27
Productivity-----pair produced per hour---	1.62	1.67	1.67
Unit labor cost-----per pair---	\$2.97	\$3.06	\$3.16
Share of average price accounted for by labor percent--	23.1	23.3	23.8

1/ Excluding rubber footwear.

2/ Data are preliminary.

3/ The number of unemployed workers in 1979 was 17,000 and in 1980, 16,000.

4/ The unemployment rate in 1979 was 8.0 percent and in 1980, 7.7 percent.

Source: Bureau of Labor Statistics, U.S. Department of Labor, and the Footwear Industries of America.

The data on employment and wages reported by domestic producers in response to the Commission's questionnaire are presented in tables 18, 19, and 20. Data on total employment are compared with official statistics in the following tabulation:



	<u>1981</u>	<u>1982</u>	<u>1983</u>
All employees:			
Official statistics--	146,400	136,800	132,700
Questionnaire data---	102,009	94,461	94,673
Ratio of questionnaire data to official statistics---percent--	70	69	71

Reported employment in U.S. establishments producing nonrubber footwear increased from 1979 to 1981 but declined thereafter for nearly all categories (table 18). Total employment, as reported, increased from 88,529 in 1979 to 102,009 in 1981, or by 15 percent. However, employment then dropped in 1982 and recovered somewhat in 1983. The 1983 level was still 7 percent lower than the 1981 level. Employment of production and related workers showed a somewhat different trend, increasing by 19 percent from 1979 to 1980 and then declining in each year thereafter, by 11 percent from 1980 to 1983.

Table 18.--Average number of production and related workers employed in U.S. establishments producing nonrubber footwear and hours worked by such employees, by categories of products, 1979-83

Item and category	1979	1980	1981	1982	1983
Average number of employees					
All persons-----	88,529	96,460	102,009	94,461	94,673
All production and related workers producing--	:	:	:	:	:
Nonrubber footwear-----	71,493	85,426	83,890	79,152	75,643
Men's footwear <u>1/</u> -----	24,140	27,833	28,353	24,925	23,904
Women's footwear <u>2/</u> -----	33,421	39,688	37,159	36,481	34,833
Children's footwear <u>3/</u> -----	5,864	6,223	6,282	5,606	5,190
Athletic footwear-----	4,840	6,296	6,923	7,405	6,877
All other-----	3,228	5,386	5,173	4,735	4,839
Hours worked by production and related workers (1,000 hours)					
Nonrubber footwear-----	135,326	154,923	159,633	146,091	145,045
Men's footwear <u>1/</u> -----	44,857	50,646	53,310	43,128	43,353
Women's footwear <u>2/</u> -----	66,781	73,160	74,360	73,691	71,897
Children's footwear <u>3/</u> -----	8,994	10,294	10,500	8,998	8,127
Athletic footwear-----	8,270	13,801	11,345	11,052	10,862
All other-----	6,424	7,022	10,118	9,221	10,806

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

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

Employment of production and related workers producing men's shoes increased from 24,140 in 1979 to 28,353 in 1981, or by 17 percent, and then declined in 1982 and 1983. Employment in 1983 was 16 percent lower than it had been in 1981. The number of production and related workers producing women's shoes increased by 19 percent from 1979 to 1980 but then declined in each year thereafter, slipping by 12 percent from 1980 to 1983. The number of workers producing children's footwear increased by 7 percent from 1979 to 1981 but then fell by 17 percent from 1981 to 1983.

In contrast, the number of production and related workers producing athletic footwear increased sharply from 1979 to 1982, rising from 4,840 to 7,405, or by 53 percent. Such employment then declined by 7 percent in 1983.

Average hourly wages and total compensation are presented in table 19. Data on productivity, average hourly compensation, and labor costs are presented in table 20. Generally, the productivity of production and related workers has remained relatively stable but demonstrated declines during 1979 and 1980 and modest increases during 1980-83. Overall, labor productivity declined from 1.74 pairs per hour in 1979 to 1.62 pairs per hour in 1980, or by 7 percent. Productivity then increased to 1.65 pairs per hour in 1983, or by 2 percent. The productivity of workers producing footwear in the "all other" category showed the sharpest declines, falling continuously from 6.44 pairs per hour in 1979 to 3.06 pairs per hour in 1983. However, this decline may, in large part, be attributable to significant style changes that required more labor (see p. A-35, footnote 5).

The productivity of workers producing men's footwear dropped sharply from 1979 to 1980 but has improved since then, rising by 8 percent from 1980 to 1983. The productivity of workers producing women's footwear declined slightly during 1979-81 but then increased by 8 percent from 1981 to 1983. The productivity of children's footwear declined sharply from 1979 to 1980 but has increased by 6 percent from 1980 to 1983. The productivity of workers producing athletic footwear has varied significantly over the period.

The average hourly compensation of workers producing nonrubber footwear increased continuously in nearly every category during the period under consideration. Overall, the average hourly compensation increased from \$4.79 per hour in 1979 to \$6.27 per hour in 1983, or by 31 percent. Similarly, unit labor costs increased from \$2.75 per pair in 1979 to \$3.80 per pair in 1983, or by 38 percent. Moreover, the share of the average selling price of domestically produced nonrubber footwear accounted for by labor costs generally increased for all but two categories during the period. For the aggregate, the labor costs increased from 25.5 percent of the average selling price in 1979 to 27.9 percent in 1983. Women's footwear and athletic footwear were the exceptions to the trend for the aggregate. Labor costs represented a very stable share of the average price of women's shoes, varying by less than 1 percentage point during 1979-83. For athletic footwear, labor costs generally accounted for the largest share of the average selling price (compared with those for the other categories). Nonetheless, labor's share declined from a high of 55.7 percent of the selling price in 1980 to 43.1 percent in 1983.

Table 19.--Wages and total compensation 1/ paid to production and related workers in U.S. establishments producing nonrubber footwear, by categories of products, 1979-83

(In thousands of dollars)

Item	1979	1980	1981	1982	1983
Wages paid to production and related workers					
Nonrubber footwear-----	564,016	681,982	759,310	749,890	772,495
Men's footwear <u>2/</u> -----	204,054	241,739	273,134	248,934	262,641
Women's footwear <u>3/</u> -----	258,151	300,396	331,625	348,149	355,743
Children's footwear <u>4/</u> -----	39,119	44,800	51,123	44,977	44,703
Athletic footwear-----	34,578	50,060	57,140	62,438	61,789
All other-----	28,114	44,987	46,287	45,391	47,619
Total compensation paid to production and related workers					
Nonrubber footwear-----	647,792	786,003	876,866	875,634	909,713
Men's footwear <u>2/</u> -----	237,002	281,210	318,763	294,778	314,596
Women's footwear <u>3/</u> -----	297,382	348,417	385,387	407,718	417,967
Children's footwear <u>4/</u> -----	45,493	52,798	59,331	52,523	51,848
Athletic footwear-----	38,651	54,791	63,355	71,261	73,156
All other-----	29,264	48,787	50,029	49,354	52,145

1/ Includes wages and contributions to social security and other employee benefits.

2/ Men's footwear also includes youths' and boys' but excludes athletic.

3/ Women's footwear also includes misses' but excludes athletic.

4/ Children's footwear also includes infants' but excludes athletic.

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

#### Financial experience of U.S. producers

Overall establishment operations.--U.S. producers supplying the Commission with usable income-and-loss data relative to their overall establishment operations numbered 145. Overall establishment net sales rose annually from \$3.7 billion in 1979 to \$5.4 billion in 1983, or by 47 percent (table 21). The annual net sales growth rate ranged from a high of 16 percent in 1980 to a low of 5 percent in 1983. Operating income and net income before taxes also rose during 1979-83. Operating income rose from \$232 million, representing 6.3 percent of net sales, in 1979 to \$536 million, representing 9.9 percent of net sales, in 1983. Net income before taxes rose from \$198 million, representing 5.4 percent of net sales, in 1979 to \$499 million, representing 9.2 percent of net sales, in 1983. As a share of net sales, operating income and net income before taxes rose in each year except 1982 during the period under consideration.

Table 20.--Nonrubber footwear: Labor productivity, hourly compensation, and unit labor costs, by categories of products, 1979-83

Category	1979	1980	1981	1982	1983
Labor productivity (pairs per hour)					
Nonrubber footwear-----	1.74	1.62	1.63	1.67	1.65
Men's footwear <u>1/</u> -----	1.40	1.24	1.28	1.39	1.34
Women's footwear <u>2/</u> -----	1.37	1.36	1.34	1.41	1.45
Children's footwear <u>3/</u> -----	2.88	2.64	2.75	2.84	2.81
Athletic footwear-----	1.67	1.19	1.90	1.66	1.87
All other-----	6.44	6.49	4.07	3.89	3.06
Average hourly compensation <u>4/</u>					
Nonrubber footwear-----	\$4.79	\$5.07	\$5.49	\$5.99	\$6.27
Men's footwear <u>1/</u> -----	5.28	5.55	5.98	6.83	7.26
Women's footwear <u>2/</u> -----	4.45	4.76	5.18	5.53	5.81
Children's footwear <u>3/</u> -----	5.06	5.13	5.65	5.84	6.38
Athletic footwear-----	4.67	3.97	5.58	6.45	6.74
All other-----	4.56	6.95	4.94	5.35	4.82
Unit labor costs (per pair)					
Nonrubber footwear-----	\$2.75	\$3.13	\$3.37	\$3.59	\$3.80
Men's footwear <u>1/</u> -----	3.77	4.48	4.67	4.91	5.42
Women's footwear <u>2/</u> -----	3.25	3.50	3.86	3.92	4.01
Children's footwear <u>3/</u> -----	1.76	1.90	2.05	2.06	2.27
Athletic footwear-----	2.80	3.34	2.94	3.89	3.60
All other-----	.71	1.07	1.21	1.38	1.56
Labor's share of the average selling price (percent)					
Nonrubber footwear-----	25.5	27.2	26.4	27.5	27.9
Men's footwear <u>1/</u> -----	19.6	22.4	21.6	21.6	23.2
Women's footwear <u>2/</u> -----	28.7	28.9	29.4	29.3	28.6
Children's footwear <u>3/</u> -----	28.8	29.1	29.2	28.4	31.6
Athletic footwear-----	48.0	55.7	45.4	51.0	43.1
All other-----	28.3	35.9	35.2	38.9	43.8

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ Includes wages and contributions to social security and other employee benefits.

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

Table 21.--Nonrubber footwear: Profit-and-loss data on operations of the total establishment for nonrubber footwear producers, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--	3,686,777	4,276,163	4,844,733	5,198,971	5,434,080
Cost of goods sold					
1,000 dollars--	2,799,955	3,149,270	3,531,075	3,759,402	3,867,339
Gross profit-----do----	886,822	1,126,893	1,313,658	1,439,569	1,566,741
General, selling, and administrative expenses					
1,000 dollars--	654,643	766,273	857,116	980,686	1,030,358
Net operating profit					
1,000 dollars--	232,179	360,620	456,542	458,883	536,383
Other expense-----do----	33,950	37,353	33,498	68,660	37,348
Net profit before taxes					
1,000 dollars--	198,229	323,267	423,044	390,223	499,035
Depreciation and amortization					
1,000 dollars--	43,859	48,421	53,442	61,198	67,870
Cash flow-----do----	242,088	371,688	476,486	451,421	566,905
Ratio of cost of goods sold to net sales-----percent--	75.9	73.6	72.9	72.3	71.2
Ratio of gross profit to net sales-----percent--	24.1	26.4	27.1	27.7	28.8
Ratio of general, selling, and administrative expenses to net sales-----percent--	17.8	17.9	17.7	18.9	19.0
Ratio of net operating profit to net sales-----percent--	6.3	8.4	9.4	8.8	9.9
Ratio of net profit before taxes to net sales-percent--	5.4	7.6	8.7	7.5	9.2
Reporting companies-----	134	141	143	142	145
Number of firms reporting net operating losses-----	14	18	13	26	27

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

Data provided by U.S. Shoe Corp. do not conform with the data provided by the other responding firms and, therefore, are not included in the financial information in this section. The available financial data for U.S. Shoe are shown separately in appendix G, table G-1.

Overall domestic nonrubber footwear operations.--Income-and-loss data on U.S. producers' operations on the manufacture of nonrubber footwear were available from 140 firms. Overall, the profitability data show increases from 1979 to 1981 and a decline in 1982 followed by some improvement in 1983 (table 22). Net sales of nonrubber footwear rose annually from \$2.7 billion in 1979 to \$3.7 billion in 1982, or by 37 percent. Net sales then remained relatively stable, declining by less than 1 percent from 1982 to 1983. Operating income rose from \$185 million, or 6.8 percent of net sales, in 1979 to \$370 million, or 10.0 percent of net sales, in 1981. In 1982, operating income declined

Table 22.--Nonrubber footwear: Profit-and-loss data on operations producing nonrubber footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--	2,701,718	3,203,166	3,693,354	3,707,057	3,674,417
Cost of goods sold					
1,000 dollars--	2,099,107	2,411,383	2,750,872	2,778,463	2,721,305
Gross profit-----do-----	602,611	791,783	942,482	928,594	953,112
General, selling, and administrative expenses					
1,000 dollars--	417,850	504,490	572,804	624,796	629,018
Net operating profit					
1,000 dollars--	184,761	287,293	369,678	303,798	324,094
Other expense-----do-----	26,834	28,063	24,288	28,042	14,260
Net profit before taxes					
1,000 dollars--	157,927	259,230	345,390	275,756	309,834
Depreciation and amortization					
1,000 dollars--	31,566	36,012	41,401	46,274	51,768
Cash flow-----do-----	189,493	295,242	386,791	322,030	361,602
Ratio of cost of goods sold to net sales-----percent--	77.7	75.3	74.5	75.0	74.1
Ratio of gross profit to net sales-----percent--	22.3	24.7	25.5	25.0	25.9
Ratio of general, selling, and administrative expenses to net sales-----percent--	15.5	15.7	15.5	16.9	17.1
Ratio of net operating profit to net sales-----percent--	6.8	9.0	10.0	8.2	8.8
Ratio of net profit before taxes to net sales-percent--	5.8	8.1	9.4	7.4	8.4
Reporting companies-----	129	136	138	140	140
Number of firms reporting net operating losses-----	15	19	15	29	30

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

to \$304 million, representing 8.2 percent of net sales, but then recovered somewhat, rising to \$324 million, or 8.8 percent of net sales, in 1983. Net income before taxes rose from 5.8 percent of net sales in 1979 to 9.4 percent of net sales in 1981 and then slipped to 7.4 percent in 1982 before recovering somewhat, to 8.4 percent in 1983. Net sales of nonrubber footwear produced within the establishment represented a generally declining share of net sales for the total establishment during the period under consideration. Net sales of the firm's own domestically produced nonrubber footwear declined from 73 percent of establishment net sales in 1979 to 68 percent in 1983.

Table 23 presents profit-and-loss data by range of production. These data show somewhat different trends for those producers producing less than 1 million pairs of footwear annually and those producing more than that number. The returns for the small- to medium-sized producers are much lower and show either declines or losses during 1981-83. In contrast, the return for larger producers was not only significantly higher, but much more stable.

The Commission's questionnaire requested that firms provide the amount of salaries paid to their officers annually during 1979-83. Income-and-loss data and officers' salaries for the 78 firms that provided both types of data are presented in table 24. The table reveals that as a share of net sales, officers' salaries tend to be higher for the very small firms. For example, officers' salaries ranged from 5.6 to 6.8 percent of net sales each year during 1979-83 for those firms producing up to 200,000 pairs of shoes annually. On the other hand, officers' salaries averaged 1.0 percent of net sales for those firms producing 4 million pairs or more annually. On an aggregate basis, officers' salaries accounted for between 1.5 and 1.6 percent of net sales for all reporting firms during 1979-83.

Men's, youths' and boys'.--Income-and-loss data were available for 29 U.S. producers, which reported that 85 percent or more of their operations on nonrubber footwear were accounted for by the manufacture and sale of men's footwear. The data supplied by these producers are presented in table G-2. Net sales by these producers rose from \$759 million in 1979 to \$1.2 billion in 1981, or by 57 percent, but then declined in 1982 and 1983, to \$982 million, or by 18 percent. The operating margin on these producers' operations increased from 7.7 percent in 1979 to 13.2 percent in 1981, declined to 5.7 percent in 1982 but then increased to 8.9 percent in 1983 despite a continuing decline in net sales.

Women's and misses'.--Fifty U.S. producers of nonrubber footwear reported that 85 percent or more of their operations were accounted for by the manufacture and sale of women's and misses' footwear (women's). Net sales by these producers rose continuously from \$703 million in 1979 to \$908 million in 1982, or by 29 percent (table G-3). In 1983, however, sales declined by \$71 million, or by 8 percent. The increasing sales generally resulted in increasing operating margins for these producers. The operating margin increased from 5.5 percent in 1979 to 7.6 percent in 1982 before declining to 6.9 percent in 1983.

Children's and infants'.--Children's and infants' shoes accounted for 85 percent or more of 17 responding U.S. producers' operations. Income-and-loss data for these producers are presented in table G-4. These data show net sales increasing throughout the period, rising from \$61 million in 1979 to \$82 million in 1983, or by 36 percent. The operating margin reported by these producers generally increased, rising from 4.5 percent in 1979 to 7.1 percent in 1982 but then declining somewhat, to 6.0 percent in 1983.

Various.--U.S. producers that reported producing nonrubber footwear for various categories (i.e., men's, women's, children's, and so forth) numbered 43. Data on these producers' operations are presented in table G-5 (data on U.S. producers' whose production fell into the "all other" category are presented in table G-6). Net sales by these "multiline" producers

Table 23.--Nonrubber footwear: Profit-and-loss data, by range of production, accounting years 1979-83

Range of production and item	1979	1980	1981	1982	1983
<u>0 to 199,999 pairs</u>					
Net sales-----1,000 dollars--	49,142	52,959	61,967	62,673	63,930
Cost of goods sold					
1,000 dollars--	37,281	38,312	43,078	44,456	46,586
Gross profit-----do-----	11,861	14,647	18,889	18,217	17,344
General, selling, and admin- istrative expenses					
1,000 dollars--	8,985	10,667	12,272	13,602	13,978
Net operating profit					
1,000 dollars--	2,876	3,980	6,617	4,615	3,366
Other expense-----do-----	531	280	193	1,107	762
Net profit before taxes					
1,000 dollars--	2,345	3,700	6,424	3,508	2,604
Depreciation and amortization					
1,000 dollars--	586	683	846	1,122	1,241
Cash flow-----do-----	2,931	4,383	7,270	4,630	3,845
Ratio of cost of goods sold to net sales-----percent--	75.9	72.3	69.5	70.9	72.9
Ratio of gross profit to net sales-----percent--	24.1	27.7	30.5	29.1	27.1
Ratio of general, selling, and administrative expenses to net sales-----percent--	18.3	20.1	19.8	21.7	21.9
Ratio of net operating profit to net sales-----percent--	5.9	7.5	10.7	7.4	5.3
Ratio of net profit before taxes to net sales-percent--	4.8	7.0	10.4	5.6	4.1
Reporting companies-----	22	23	23	24	25
Number of firms reporting net operating losses-----	0	5	2	5	4
<u>200,000 to 499,999 pairs</u>					
Net sales-----1,000 dollars--	130,560	146,899	166,837	166,608	156,259
Cost of goods sold					
1,000 dollars--	102,943	117,083	135,012	134,851	125,989
Gross profit-----do-----	27,617	29,816	31,825	31,757	30,270
General, selling, and admin- istrative expenses					
1,000 dollars--	21,740	24,649	28,455	31,408	31,963
Net operating profit or (loss)-----1,000 dollars--	5,877	5,167	3,370	349	(1,693)
Other expense-----do-----	2,187	3,583	3,880	2,814	1,824
Net profit or (loss) before taxes-----1,000 dollars--	3,690	1,584	(510)	(2,465)	(3,517)



Table 23.--Nonrubber footwear: Profit-and-loss data, by range of production, accounting years 1979-83--Continued

Range of production and item :	1979 :	1980 :	1981 :	1982 :	1983 :
<u>200,000 to 499,999 pairs--Con.</u> :	:	:	:	:	:
Depreciation and amortization :	:	:	:	:	:
1,000 dollars-- :	1,257 :	1,499 :	1,707 :	2,006 :	2,182 :
Cash flow or (deficit) :	:	:	:	:	:
1,000 dollars-- :	4,947 :	3,083 :	1,197 :	(459) :	(1,335) :
Ratio of cost of goods sold :	:	:	:	:	:
to net sales-----percent-- :	78.8 :	79.7 :	80.9 :	80.9 :	80.6 :
Ratio of gross profit to net :	:	:	:	:	:
sales-----percent-- :	21.2 :	20.3 :	19.1 :	19.1 :	19.4 :
Ratio of general, selling, :	:	:	:	:	:
and administrative expenses :	:	:	:	:	:
to net sales-----percent-- :	16.7 :	16.8 :	17.1 :	18.9 :	20.5 :
Ratio of net operating profit :	:	:	:	:	:
or (loss) to net sales :	:	:	:	:	:
percent-- :	4.5 :	3.5 :	2.0 :	.2 :	(1.1) :
Ratio of net profit or (loss) :	:	:	:	:	:
before taxes to net sales :	:	:	:	:	:
percent-- :	2.8 :	1.1 :	(.3) :	(1.5) :	(2.3) :
Reporting companies----- :	24 :	26 :	26 :	26 :	28 :
Number of firms reporting net :	:	:	:	:	:
operating losses----- :	6 :	4 :	8 :	9 :	13 :
<u>500,000 to 999,999 pairs</u> :	:	:	:	:	:
Net sales-----1,000 dollars-- :	320,658 :	380,333 :	484,799 :	456,355 :	427,174 :
Cost of goods sold :	:	:	:	:	:
1,000 dollars-- :	259,134 :	296,483 :	378,285 :	371,778 :	333,639 :
Gross profit-----do----- :	61,524 :	83,850 :	106,514 :	84,577 :	93,535 :
General, selling, and admin- :	:	:	:	:	:
istrative expenses :	:	:	:	:	:
1,000 dollars-- :	47,582 :	57,070 :	73,025 :	82,734 :	74,046 :
Net operating profit :	:	:	:	:	:
1,000 dollars-- :	13,942 :	26,780 :	33,489 :	1,843 :	19,489 :
Other expense-----do----- :	4,198 :	3,023 :	1,519 :	1,951 :	3,908 :
Net profit or (loss) before :	:	:	:	:	:
taxes-----1,000 dollars-- :	9,744 :	23,757 :	31,970 :	(108) :	15,581 :
Depreciation and amortization :	:	:	:	:	:
1,000 dollars-- :	3,243 :	3,521 :	4,842 :	5,918 :	6,661 :
Cash flow-----do----- :	12,987 :	27,278 :	36,812 :	5,810 :	22,242 :
Ratio of cost of goods sold :	:	:	:	:	:
to net sales-----percent-- :	80.8 :	78.0 :	78.0 :	81.5 :	78.1 :
Ratio of gross profit to net :	:	:	:	:	:
sales-----percent-- :	19.2 :	22.0 :	22.0 :	18.5 :	21.9 :
Ratio of general, selling, :	:	:	:	:	:
and administrative expenses :	:	:	:	:	:
to net sales-----percent-- :	14.8 :	15.0 :	15.1 :	18.1 :	17.3 :

Table 23.--Nonrubber footwear: Profit-and-loss data, by range of production, accounting years 1979-83--Continued

Range of production and item	1979	1980	1981	1982	1983
<u>500,000 to 999,999 pairs--Con.</u>					
Ratio of net operating profit to net sales-----percent--	4.3	7.0	6.9	0.4	4.6
Ratio of net profit before taxes to net sales-percent--	3.0	6.2	6.6	<u>1/</u>	3.6
Reporting companies-----	29	31	32	32	31
Number of firms reporting net operating losses-----	5	6	2	9	8
<u>1,000,000 to 1,999,999 pairs</u>					
Net sales-----1,000 dollars--	418,114	587,388	738,785	671,141	715,053
Cost of goods sold					
1,000 dollars--	330,886	440,095	533,152	512,083	527,723
Gross profit-----do-----	87,228	147,293	205,633	159,058	187,330
General, selling, and administrative expenses					
1,000 dollars--	60,870	86,676	112,328	114,335	119,911
Net operating profit					
1,000 dollars--	26,358	60,617	93,305	44,723	67,419
Other expense-----do-----	5,333	7,516	6,908	11,395	6,437
Net profit before taxes					
1,000 dollars--	21,025	53,101	86,397	33,328	60,982
Depreciation and amortization					
1,000 dollars--	5,800	6,662	7,453	9,292	10,515
Cash flow-----do-----	26,825	59,763	93,850	42,620	71,497
Ratio of cost of goods sold to net sales-----percent--	79.1	74.9	72.2	76.3	73.8
Ratio of gross profit to net sales-----percent--	20.9	25.1	27.8	23.7	26.2
Ratio of general, selling, and administrative expenses to net sales-----percent--	14.6	14.8	15.2	17.0	16.8
Ratio of net operating profit to net sales-----percent--	6.3	10.3	12.6	6.7	9.4
Ratio of net profit before taxes to net sales-percent--	5.0	9.0	11.7	5.0	8.5
Reporting companies-----	23	24	24	25	24
Number of firms reporting net operating losses-----	3	4	2	4	2

See footnote at end of table.

Table 23.--Nonrubber footwear: Profit-and-loss data, by range of production, accounting years 1979-83--Continued

Range of production and item	1979	1980	1981	1982	1983
<u>2,000,000 to 3,999,999 pairs</u>					
Net sales-----1,000 dollars--:	490,343	548,877	644,718	640,305	592,782
Cost of goods sold					
1,000 dollars--:	368,803	408,576	476,598	469,650	430,027
Gross profit-----do-----:	121,540	140,301	168,120	170,655	162,755
General, selling, and admin- istrative expenses					
1,000 dollars--:	87,385	96,867	113,451	122,319	120,209
Net operating profit					
1,000 dollars--:	34,155	43,434	54,669	48,336	42,546
Other expense-----do-----:	8,776	7,695	9,900	9,485	3,647
Net profit before taxes					
1,000 dollars--:	25,379	35,739	44,769	38,851	38,899
Depreciation and amortization					
1,000 dollars--:	5,520	6,622	7,318	8,457	8,579
Cash flow-----do-----:	30,899	42,361	52,087	47,308	47,478
Ratio of cost of goods sold to net sales-----percent--:	75.2	74.4	73.9	73.3	72.5
Ratio of gross profit to net sales-----percent--:	24.8	25.6	26.1	26.7	27.5
Ratio of general, selling, and administrative expenses to net sales-----percent--:	17.8	17.6	17.6	19.1	20.3
Ratio of net operating profit to net sales-----percent--:	7.0	7.9	8.5	7.5	7.2
Ratio of net profit before taxes to net sales-percent--:	5.2	6.5	6.9	6.1	6.6
Reporting companies-----:	17	18	19	19	18
Number of firms reporting net operating losses-----:	1	0	1	2	3
<u>4,000,000 pairs or more</u>					
Net sales-----1,000 dollars--:	1,292,901	1,486,710	1,596,248	1,709,975	1,719,219
Cost of goods sold					
1,000 dollars--:	1,000,060	1,110,834	1,184,747	1,245,645	1,257,341
Gross profit-----do-----:	292,841	375,876	411,501	464,330	461,878
General, selling, and admin- istrative expenses					
1,000 dollars--:	191,288	228,561	233,273	260,398	268,911
Net operating profit					
1,000 dollars--:	101,553	147,315	178,228	203,932	192,967
Other income or (expense)					
1,000 dollars--:	(5,809)	(5,966)	(1,888)	(1,290)	2,318
Net profit before taxes					
1,000 dollars--:	95,744	141,349	176,340	202,642	195,285

See footnote at end of table.

Table 23.--Nonrubber footwear: Profit-and-loss data by size of output, accounting years 1979-83--Continued

Range of production and item :	1979 :	1980 :	1981 :	1982 :	1983 :
4,000,000 pairs or more--Con. :	:	:	:	:	:
Depreciation and amortization :	:	:	:	:	:
1,000 dollars-- :	15,160 :	17,025 :	19,235 :	19,479 :	22,590 :
Cash flow-----do----- :	110,904 :	158,374 :	195,575 :	222,121 :	217,875 :
Ratio of cost of goods sold :	:	:	:	:	:
to net sales-----percent-- :	77.4 :	74.7 :	74.2 :	72.8 :	73.1 :
Ratio of gross profit to net :	:	:	:	:	:
sales-----percent-- :	22.6 :	25.3 :	25.8 :	27.2 :	26.9 :
Ratio of general, selling, :	:	:	:	:	:
and administrative expenses :	:	:	:	:	:
to net sales-----percent-- :	14.8 :	15.4 :	14.6 :	15.2 :	15.6 :
Ratio of net operating profit :	:	:	:	:	:
to net sales-----percent-- :	7.9 :	9.9 :	11.2 :	11.9 :	11.2 :
Ratio of net profit before :	:	:	:	:	:
taxes to net sales-percent-- :	7.4 :	9.5 :	11.0 :	11.9 :	11.4 :
Reporting companies----- :	14 :	14 :	14 :	14 :	14 :
Number of firms reporting net :	:	:	:	:	:
operating losses----- :	0 :	0 :	0 :	0 :	0 :

1/ Less than 0.05 percent.

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

increased continuously over the period under consideration, rising from \$1.2 billion in 1979 to \$1.7 billion in 1983, or by 51 percent. The operating margin of these producers increased continuously, from 7.3 percent in 1979 to 10.1 percent in 1982, and remained near that level (9.9 percent) in 1983.

Athletic.--Separate financial data were requested on U.S. producers' operations producing athletic footwear. Usable data were supplied by 18 firms (table G-7). Net sales of athletic footwear increased from \$203 million in 1979 to \$406 million in 1983, or by 100 percent. Simultaneously, the net operating margin on athletic footwear increased from 3.4 percent in 1979 to 11.0 percent in 1982 and remained near that level (10.5 percent) in 1983. Profit-and-loss data for the U.S. industry producing nonathletic, nonrubber footwear are presented in table G-8.

The importing operations of U.S. producers.--Data on U.S. producers' profitability with respect to their imports of nonrubber footwear were also requested, and 20 firms supplied the Commission with such data (table G-9). Net sales of imported merchandise increased dramatically during 1979-83, from \$235 million in 1979 to \$973 million in 1983, or by 314 percent. Furthermore, the operating margin on these imported shoes was not only significantly higher than that reported on domestically produced shoes, but it increased markedly over the period. It increased from 9.2 percent in 1979 to 17.9 percent in 1983.

Table 24.--Income-and-loss data and officers' salaries for 78 U.S. producers of nonrubber footwear, by range of production, accounting years 1979-83

Range of production and item	1979	1980	1981	1982	1983
<u>0 to 199,999 pairs</u>					
Number of firms-----	14	14	14	14	14
Net sales-----1,000 dollars--	22,444	24,792	28,305	28,078	26,862
Net income before taxes					
1,000 dollars--	1,377	2,061	2,233	1,687	1,853
Officers' salaries					
1,000 dollars--	1,352	1,674	1,825	1,761	1,513
Ratio to net sales of--					
Net income before taxes					
percent--	6.1	8.3	7.9	6.0	6.9
Officers' salaries----do----	6.0	6.8	6.5	6.3	5.6
<u>200,000 to 499,999 pairs 1/</u>					
Number of firms-----	15	16	16	16	16
Net sales-----1,000 dollars--	78,006	91,241	95,990	94,955	93,115
Net income before taxes					
1,000 dollars--	1,334	1,849	2,119	286	1,365
Officers' salaries					
1,000 dollars--	2,199	2,494	2,640	2,641	2,775
Ratio to net sales of--					
Net income before taxes					
percent--	1.7	2.0	2.2	0.3	1.5
Officers' salaries----do----	2.8	2.7	2.8	2.8	3.0
<u>500,000 to 999,999 pairs</u>					
Number of firms-----	14	15	16	16	16
Net sales-----1,000 dollars--	112,196	124,029	157,859	153,458	148,457
Net income before taxes					
1,000 dollars--	313	3,831	6,358	5,923	5,638
Officers' salaries					
1,000 dollars--	2,568	3,153	3,676	3,828	3,839
Ratio to net sales of--					
Net income before taxes					
percent--	0.3	3.1	4.0	3.9	3.8
Officers' salaries----do----	2.3	2.5	2.3	2.5	2.6
<u>1,000,000 to 1,999,999 pairs</u>					
Number of firms-----	13	14	14	14	14
Net sales-----1,000 dollars--	158,653	271,294	306,993	334,688	354,965
Net income before taxes					
1,000 dollars--	5,968	23,371	26,600	29,193	28,238
Officers' salaries					
1,000 dollars--	2,786	4,743	4,750	5,725	5,660

See footnote at end of table.

Table 24.--Income-and-loss data and officers' salaries for 78 U.S. producers of nonrubber footwear, by range of production, accounting years 1979-83--Continued

Range of production and item	1979	1980	1981	1982	1983
<u>1,000,000 to</u> <u>1,999,999 pairs--Con.</u>					
Ratio to net sales of--					
Net income before taxes					
percent--	3.8	8.6	8.7	8.7	8.0
Officers' salaries----do----	1.8	1.8	1.6	1.7	1.6
<u>2,000,000 to 3,999,999 pairs</u>					
Number of firms-----	8	9	10	10	10
Net sales-----1,000 dollars--	170,883	213,744	273,668	268,237	242,737
Net income before taxes					
1,000 dollars--	13,872	20,343	21,888	21,554	20,778
Officers' salaries					
1,000 dollars--	4,071	4,626	5,969	5,732	5,256
Ratio to net sales of--					
Net income before taxes					
percent--	8.1	9.5	8.0	8.0	8.6
Officers' salaries----do----	2.4	1.5	1.3	1.4	1.6
<u>4,000,000 pairs or more</u>					
Number of firms-----	8	8	8	8	8
Net sales-----1,000 dollars--	852,590	967,823	1,041,954	1,086,555	1,084,332
Net income before taxes					
1,000 dollars--	56,703	90,305	115,562	127,879	114,668
Officers' salaries					
1,000 dollars--	8,629	9,328	10,431	11,216	10,843
Ratio to net sales of--					
Net income before taxes					
percent--	6.7	9.3	11.1	11.8	10.6
Officers' salaries----do----	1.0	1.0	1.0	1.0	1.0
<u>Total</u>					
Number of firms-----	72	76	78	78	77
Net sales-----1,000 dollars--	1,394,772	1,692,923	1,904,769	1,965,971	1,950,468
Net income before taxes					
1,000 dollars--	79,567	141,760	174,760	186,322	172,540
Officers' salaries					
1,000 dollars--	21,605	26,018	29,291	30,903	29,886
Ratio to net sales of--					
Net income before taxes					
percent--	5.7	8.4	9.2	9.5	8.9
Officers' salaries----do----	1.6	1.5	1.5	1.6	1.5

1/ Data exclude one firm that reported officers' salaries for each year but sustained unusually large losses in each year during 1980-83.

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

Data on U.S. producers' domestic purchases of nonrubber footwear are presented in table G-10. These data show fairly stable levels of net sales during 1980-83 but a significantly lower profit margin than that earned on imports in 1982 and 1983. Data on U.S. producers which produced primarily one type of shoe were segregated and presented separately in table G-11.

Financial analysis of overall domestic nonrubber footwear operations.--Usable balance sheet data on assets and liabilities were received from 123 U.S. producers. These data are presented in table 25 and have been used in combination with the profit-and-loss data provided for the firm's total establishment operations to calculate the financial ratios presented in table 26.

Table 25.--Nonrubber footwear: Balance sheet data and capital expenditures, 1979-83 <sup>1/</sup>

(In thousands of dollars)						
Item	1979	1980	1981	1982	1983	
<b>Assets:</b>						
Cash-----	37,178	59,157	72,397	97,854	108,858	
Receivables-----	497,493	555,158	651,634	700,127	740,983	
Inventory-----	614,666	648,227	779,467	760,889	819,588	
Fixed assets-----	260,232	296,340	346,891	375,055	374,045	
Other assets-----	168,441	187,142	210,435	269,863	296,849	
Total-----	1,578,010	1,746,024	2,060,825	2,203,788	2,340,322	
<b>Liabilities:</b>						
Current liabilities----	414,859	449,428	507,546	538,787	504,003	
Long-term liabilities-----	336,451	373,031	417,042	430,513	424,314	
Net worth-----	826,700	923,565	1,136,237	1,234,488	1,412,005	
Total-----	1,578,010	1,746,024	2,060,825	2,203,788	2,340,322	
<b>Capital expenditures:</b>						
Land-----	1,007	1,768	2,802	3,455	2,810	
Buildings-----	16,691	18,968	27,880	30,112	19,536	
Machinery and equipment-----	30,936	47,095	55,367	48,247	40,795	
Total-----	45,938	64,687	79,423	74,953	60,916	
<b>Expenditures for specialized technologies <sup>2/</sup></b>						
Flow molding-----	67	64	55	59	29	
Computer stitching-----	3,637	1,029	1,223	890	723	
New lasting machinery--	368	1,389	1,036	782	1,690	
Injection molding-----	1,438	1,180	1,718	3,813	2,248	
Unit bottoms-----	51	551	1,174	1,346	897	
Total-----	5,561	4,213	5,206	6,890	5,587	

<sup>1/</sup> 117 firms reporting in 1979, 121 in 1980, and 123 in all other years.

<sup>2/</sup> Expenditures listed in first year of operation

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

Table 26.--Nonrubber footwear: Financial ratios, accounting years 1979-83 <sup>1/</sup>

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.29	1.37	1.43	1.48	1.69
Current ratio-----	2.76	2.81	2.96	2.89	3.31
Debt/net worth-----	.90	.89	.81	.79	.66
Fixed assets/net worth-----	.31	.32	.31	.30	.26
Receivables turnover-----	6.58	6.99	6.72	6.76	6.68
Inventory turnover-----	4.06	4.39	4.09	4.49	4.28
Net sales/fixed assets-----	12.71	13.10	12.62	12.61	13.23
Ratio of specified technical expenditures to total capital expenditures-----	.12	.07	.07	.09	.09
Total capital expenditures/ net worth-----	.05	.07	.07	.06	.04
Total capital expenditures/ fixed assets-----	.18	.22	.23	.20	.16
Total capital expenditures/ total assets-----	.03	.04	.04	.03	.03
Net sales/total assets-----	2.08	2.22	2.12	2.15	2.12
Profits/total assets-----	.12	.17	.18	.16	.20
Profits/net worth-----	.22	.31	.33	.29	.33

<sup>1/</sup> 117 firms reporting in 1979, 121 in 1980, and 123 in all other years.

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

The liquidity of assets, the availability of cash and other short-term assets in relation to current liabilities, is measured by the quick and current ratios. The quick ratio excludes inventory from the measure of current asset calculation and is a more financially conservative measure of liquidity. For the aggregate, both the current and the quick ratios showed improvement during 1979-83.

The ratio of debt to net worth indicates the relationship of total liabilities to net worth. A falling ratio indicates a decline in the relative debt portion of total capital. In general, declines in this ratio indicate increased long-term financial safety and increased ability to borrow. The ratio of debt to net worth declined annually during the 5-year period covered by the investigation.

The relationship of fixed assets to net worth indicates the relative amount of plant and equipment to owner's equity. This ratio remained relatively constant during 1979-82 and then declined in 1983 as the result of an increase in net worth that year.

The inventory turnover ratio (cost of goods sold/inventory) and the receivables turnover ratio (net sales/accounts and notes receivable) show no significant trend over the period of the investigation. This indicates that inventories of goods and collection of receivables relative to production and sales showed no significant changes in 1979-83.



Total capital expenditures increased annually from 1979 to 1981, exceeding \$95 million in 1981. However, capital expenditures then declined to \$68 million in 1983, or by 30 percent. The majority of this investment was in machinery and equipment. Such expenditures increased annually during 1979-81, reaching a high of \$65 million in 1981. However, expenditures on machinery and equipment then declined by 30 percent from 1981 to 1983. Total expenditures for the five specified technologies ranged from 5 to 10 percent of total capital expenditures during the period under consideration.

Net profits before taxes are related to total assets and net worth (owner's equity) in the last two ratios presented in table 26. These two ratios indicate a generally increasing trend with the exception of 1982.

Balance sheet data and capital expenditures are presented for nonathletic, nonrubber footwear producers in appendix H, table H-1. The financial ratios for these producers are presented in table H-2. With athletic footwear producers removed, the 1982 decline in the profitability ratios becomes more pronounced. Moreover, the ratio of net sales to total assets and of profits to total assets did not recover to their 1981 levels in 1983. Balance sheet data and capital expenditures for the athletic footwear producers are presented in table H-3. The financial ratios for these producers are presented in table H-4. The financial ratios for the athletic footwear producers are more favorable than the ratios for all producers responding to the Commission's questionnaire, particularly the profitability ratios.

In appendix H, tables H-5 through H-10, financial ratios are also presented for each group based on the firm's range of production. This breakdown suggests that, in general, larger firms tend to be doing better financially. Most striking is the increase in the current ratio and the decline in the ratio of debt to net worth experienced in 1983 by producers in the two largest output ranges.

Research and development expenditures.--Seventy-four U.S. producers, including 15 producers of athletic footwear, reported expenditures for research and development. The information obtained from the questionnaires is set forth in table 27. Many producers reported that research and development could not be separated from other accounts. One large firm reported that it did not engage in any "true research and development." Many firms reported research and development expenditures that included marketing surveys, product testing, management improvements, and fees for management consultants, as well as other more traditional types of research and development expenditures.

## The Question of Threat of Serious Injury

### Foreign producers

In 1983, the three countries accounting for the largest respective shares of imports were Taiwan, Korea, and Brazil. The following discussion of foreign producers is limited to these three, because they not only accounted for the lion's share of imports during the period, but also because their respective shares of imports and the U.S. market increased sharply during

Table 27.--Research and development expenditures, 1979-83

(In thousands of dollars)

Expenditures	1979	1980	1981	1982	1983
Nonathletic footwear <u>1/</u> -----	6,934	7,894	9,866	12,080	12,795
Athletic footwear <u>2/</u> -----	679	928	1,523	2,546	3,332
Total-----	7,613	8,822	11,389	14,626	16,127

1/ 59 firms reporting.

2/ 15 firms reporting.

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

1979-83 in contrast to the shares of most of the remaining foreign suppliers. Information provided by the U.S. Embassy in Madrid on the nonrubber footwear industry in Spain is presented in appendix I, tables I-1 and I-2.

Brazil. 1/--In 1983, Brazil's footwear industry comprised roughly 4,000 firms. Of these, nearly 3,900 were small- or medium-sized firms employing less than 100 people and accounting for 47 percent of industry sales. Approximately 200 firms were exporters of footwear. In 1983, the industry in Brazil had an estimated annual output capacity of 550 million pairs. Capacity utilization was estimated at 82 percent. Production and capacity utilization data for Brazil's nonrubber footwear industry are shown in table 28. Production in all categories of footwear increased throughout the period. Capacity utilization increased significantly from 70 percent in 1980 to 80 percent in 1983.

Leather is the principal raw material used in footwear production in Brazil. Total footwear production of all types of footwear in 1979 was 324 million pairs, of which just over 60 percent consisted of leather footwear. In 1983, total production was estimated at 450 million pairs, of which 53 percent were made of leather. Nevertheless, leather footwear production has increased since 1979 as shown in the following tabulation (in millions of pairs):

	<u>Total</u> <u>footwear</u>	<u>Nonrubber</u> <u>footwear</u>	<u>Leather</u> <u>footwear</u>
1979-----	323.7	<u>1/</u>	199.3
1980-----	371.4	239.1	214.0
1981-----	399.2	244.7	235.0
1982-----	425.0	252.0	238.1
1983-----	450.0	265.5	238.1

1/ Data not available.

1/ This section is based mainly on information from U.S. Embassy, Porto Alegre, Apr. 1984, U.S.I.T.C. Section 201 Investigation of Nonrubber Footwear: Request for Information. A-50

Table 28.--Nonrubber footwear in Brazil: Production, capacity, capacity utilization, export shipments, and share of exports to the United States, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Production:					
Men's 1/----million pairs--:	31.8	28.4	29.8	31.8	33.8
Women's 2/-----do-----:	84.9	91.1	94.5	97.7	103.5
Children's 3/-----do-----:	23.8	24.7	25.5	27.6	29.2
Athletic-----do-----:	4/	78.0	86.3	93.5	99.0
Total-----do-----:	4/	239.1	236.1	250.6	265.5
Capacity:					
Men's 1/----million pairs--:	4/	43.5	43.5	43.5	45.6
Women's 2/-----do-----:	4/	141.5	141.5	141.5	148.5
Children's 3/-----do-----:	4/	38.6	38.6	38.6	40.7
Athletic-----do-----:	4/	94.9	94.9	94.9	99.0
Total-----do-----:	4/	318.5	318.5	318.5	333.8
Capacity utilization:					
Men's 1/-----percent--:	-	65	68	73	74
Women's 2/-----do-----:	-	64	66	69	69
Children's 3/-----do-----:	-	64	66	71	71
Athletic-----do-----:	-	82	91	98	100
Total-----do-----:	5/	70	74	79	80
Export shipments:					
Men's 1/----million pairs--:	1.1	1.5	1.9	1.6	1.9
Women's 2/-----do-----:	39.2	46.3	65.6	57.7	87.6
Children's 3/-----do-----:	1.0	1.0	2.0	1.8	2.4
Other-----do-----:	0.6	0.1	0.3	0.2	1.3
Total-----do-----:	41.8	49.0	69.7	61.3	93.2
Share of export shipments to the United States					
Men's 1/-----percent--:	63.3	60.0	64.8	72.2	89.1
Women's 2/-----do-----:	62.9	59.8	66.1	72.0	50.8
Children's 3/-----do-----:	63.4	58.4	64.8	72.0	4/
Other-----do-----:	63.5	62.0	65.2	74.4	40.8
Total-----do-----:	63.0	59.8	66.1	72.0	75.9

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ Not available.

5/ Capacity utilization for those categories for which production data are available would be 63 percent assuming no significant change in reported capacity.

Source: Telegram, American Consel, Porto Alegre.

Most of Brazil's footwear production is consumed internally. In 1983, Brazil's apparent domestic consumption totaled 357 million pairs, or 79 percent of its total production. With respect to leather footwear, consumption totaled 157 million pairs, accounting for 66 percent of production.

In 1983, Brazil became the world's fourth largest exporter of shoes. Only Taiwan, Korea, and Italy exported more shoes. The United States is, by far, Brazil's largest export market for footwear. Exports to the U.S. market accounted for 76 percent of exports from Brazil in 1983 compared with 72 percent in 1982 and 63 percent in 1979. Leather footwear accounted for 96 percent of the total in 1983. Women's and misses' footwear was the major category, accounting for 63 percent of exports to the United States in 1983. Brazil's total shoe exports increased by 34 percent from 1981 to 1983, primarily because of a 64-percent increase in exports to the United States.

The growing importance of the United States as an export market is primarily a result of the reduced price competitiveness of Brazilian shoes as denominated in other world markets. Since export prices for Brazilian footwear are quoted in dollars, they have become much more expensive as the dollar has appreciated. Thus, Brazil's efforts to diversify its export markets have been hindered by the present economic conditions.

Hourly compensation costs for workers in Brazil's footwear industry have been increasing rapidly in recent years because of soaring inflation (table 29). Despite a huge increase in the hourly compensation, from 30 cruzeiro in 1979 to an estimated 620 cruzeiro in 1983, Brazilian labor costs, when converted into U.S. dollars, still amounted to only 21 percent of U.S. labor costs in 1979 and 16 percent in 1983. Moreover, the hourly compensation of footwear workers in Brazil (in U.S. dollars) fell from an estimated \$1.57 in 1982 to \$1.07 in 1983.

Table 29.--Estimated hourly compensation in the footwear industry of the United States and Brazil, 1979-83

Year	United States	Brazil		
		National currency <u>1/</u>	U.S. currency	Share of U.S. compensation <u>Percent</u>
1979-----	\$5.22	30	\$1.10	21
1980-----	5.67	57	1.08	19
1981-----	6.22	128	1.37	22
1982 <u>2/</u> -----	6.60	506	1.57	24
1983 <u>2/</u> -----	6.80	620	1.07	16

1/ Cruzeiro.

2/ Estimates based on data for all manufacturing supplied by the Bureau of Labor Statistics.

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

The Brazilian industry's forecast for exports to the United States indicates a good year for 1984. U.S. importers have increased orders from Brazilian shoe manufacturers and export agents during early 1984, and the

value of exports to the United States for January and February alone exceeded \$120 million. Industry sources reported the sharp increase in exports to the U.S. market is the result of the poor quality of lower priced leather shoes that U.S. buyers imported in 1982 from Taiwan, a major competitor of the Brazilian industry. The continuing depreciation of the cruzeiro has also made Brazilian footwear very competitive. In addition, the strength of the U.S. dollar combined with a healthy U.S. economy has led U.S. importers to increase their purchases from Brazil.

Brazilian sources report that by 1985, exports to the United States should at least stabilize, because Brazilian manufacturers must contend with higher priced leather and hides, which now account for 70 percent of their production costs. Brazilian hides are of a poor quality, so most hides are imported. Consequently, as Brazilian footwear exports to the United States have climbed, Brazilian imports of U.S. hides have increased. The devalued Brazilian currency has made the exported footwear very competitive; however, most of these shoes are made with expensive imported hides, thus increasing the cost of the final finished export product.

Korea. <sup>1/</sup>--In 1983 there were a total of 105 Korean footwear manufacturers, 96 of which produced nonrubber footwear. Employment in the industry was 109,000 in 1982. A breakdown of Korea's production of footwear is presented in table 30.

Table 30.--Footwear: Korea's production, by types, 1979-83

(In millions of pairs)

Type	1979	1980	1981	1982	1983
Rubber footwear-----	54.1	36.4	29.2	27.3	22.0
Athletic shoes-----	144.7	153.8	174.9	181.8	189.5
Vinyl shoes-----	24.1	22.2	19.3	23.7	25.5
Leather shoes-----	21.3	21.3	18.9	28.6	30.7
Slippers-----	24.4	20.5	21.8	21.4	20.7
All other-----	19.7	11.3	15.0	13.1	21.1
Total-----	288.3	265.5	279.1	295.9	309.5

Source: Compiled from data supplied by the Korean Footwear Exporters Association.

The great majority of Korea's footwear production is exported. In 1983, Korea exported 271 million pairs of footwear, valued at \$1.3 billion, which accounted for approximately 90 percent of Korean production. In 1983, exports from Korea were 32 percent higher than those in 1979 and accounted for 5 percent of Korea's overall exports. Exports of footwear placed fifth in terms of Korea's major exports after textiles and apparel, electronic products, steel, and ships.

<sup>1/</sup> This section is based primarily on information received from the Department of State, "Industrial Outlook Report," June 14, 1983, from Seoul, Korea, and from U.S. Embassy Seoul, Apr. 1984, U.S.I.T.C. Section 201 Investigation of Nonrubber Footwear: Request for Information.

The United States is by far the largest export market for Korean footwear. In 1983, exports of all types of footwear to the United States totaled 170 million pairs, representing an increase of 58 percent over those in 1981. In 1983, athletic footwear was the largest category of exports to the United States, reaching 113 million pairs in 1983, exports of leather footwear totaled 26 million pairs, and exports of vinyl footwear totaled about 10 million pairs.

Korea's annual capacity for the production of footwear remained near 70 million pairs until 1970. In 1975, however, it reached 150 million pairs, representing a rise of over 110 percent in just 5 years. This was primarily the result of expansion projects initiated by local firms to meet the ever-rising export demand. In 1979, Korea's annual capacity reached 327 million pairs and its utilization of capacity reached 86 percent. Although Korea's production capacity declined to 296 million pairs in 1980, it has been increasing gradually since then. In 1983, production capacity peaked at 366 million pairs, and utilization of capacity reached 85 percent.

Although Korea's footwear exports to the United States increased sharply in 1982 and 1983, its exports to other trading partners generally showed declines (table 31). From 1981 to 1983, exports to Japan dropped by 33 percent in quantity to 17 million pairs. Exports to the United Kingdom and Canada declined by 25 and 12 percent, respectively. Total exports to all other countries also decreased from 64 million pairs in 1981 to 62 million pairs in 1983, or by 3 percent as shown in table 30.

Table 31.--Footwear: Exports from Korea, by principal markets, 1979-83

Market	1979	1980	1981	1982	1983	Change from 1981 to 1983
	Million pairs					Percent
United States	78.8	96.9	107.2	146.9	169.8	58.4
Japan	49.5	27.9	24.9	21.4	16.6	-33.3
United Kingdom	13.3	10.5	13.7	10.1	10.3	-24.9
Canada	9.6	9.7	14.0	8.4	12.3	-12.2
All others	53.9	55.5	63.8	56.0	62.2	-2.5
Total	205.1	200.5	223.6	242.8	271.2	21.3

Source: Compiled from data supplied by the Korean Footwear Exporters Association.

Note.--Because of rounding, figures may not add to the totals shown.

The average hourly compensation for workers producing leather footwear in Korea was estimated at approximately \$1.00 per hour in 1983. This included not only hourly wages, but fringe benefits, such as annual bonuses, subsidized daily meals, dormitory space for single workers, and health benefits. Ten years ago, the hourly compensation of footwear workers in Korea was only about 21 to 22 cents. However, the wages in the Korean footwear industry increased

rapidly during the 1970's and 1980's. Despite these rapid increases, the hourly compensation of footwear workers in Korea (in U.S. dollars) declined as a share of the U.S. hourly compensation between 1979 and 1983, from 17 to 15 percent (table 32).

Table 32.--Estimated hourly compensation in the footwear industry of Korea, 1979-83

Year	United States	Korea		
		National currency <u>1/</u>	U.S. currency	Share of U.S. compensation
				Percent
1979-----	\$5.22	426	\$0.88	17
1980-----	5.67	528	.87	15
1981-----	6.22	599	.88	14
1982-----	6.60	687	.94	14
1983-----	6.80	776	1.00	15

1/ Won.

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

Taiwan. 1/--The footwear industry is Taiwan's third largest employer after textiles and apparel and electronics, employing about 9 percent of all manufacturing employees. In 1982, approximately 120,000 employees were engaged in footwear production. Rubber and plastic shoe production is the largest segment of Taiwan's footwear industry, employing three-fourths of the total employees.

In 1980, approximately 500 shoe producers were registered with the Footwear Manufacturers' Association of Taiwan. Over 200 new factories opened when the OMA with the United States expired in June 1981. In 1983, there were 933 footwear producers in Taiwan. Two-thirds of the footwear producers were small-scale, family-owned manufacturers with low capitalization and exports of less than \$1.0 million. In 1981, only eight firms had export shipments of \$10 million or more. Total invested capital for all firms was estimated at \$150 million. The majority of the firms were concentrated in central Taiwan.

Nonrubber footwear production in Taiwan was estimated at 554 million pairs in 1983, representing a 29-percent increase over production in 1981, and an increase of 48 percent since 1979 (table 33).

1/ This section is based mainly on "Industrial Outlook Report: Shoes and Leather Products" from the American Institute in Taipei, April 1983, and a report from the American Institute, Taipei, May 1984, U.S.I.T.C. Section 201 Investigation of Nonrubber Footwear: Request for Information.

Table 33.--Nonrubber footwear in Taiwan: Production, capacity, capacity utilization, domestic shipments, export shipments, and share of exports to the United States, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Production:					
Men's 1/---million pairs--:	70.8	84.1	80.8	87.1	105.2
Women's 2/-----do-----:	202.1	240.1	247.3	238.3	290.9
Children's 3/-----do-----:	18.7	22.3	17.3	31.5	23.0
Athletic-----do-----:	84.0	99.8	85.5	105.3	135.5
Total-----do-----:	375.7	446.2	430.8	462.3	554.5
Capacity:					
Men's 1/---million pairs--:	98.4	115.2	107.7	116.1	133.2
Women's 2/-----do-----:	266.0	315.9	329.7	317.8	373.0
Children's 3/-----do-----:	25.7	30.1	23.3	42.0	29.8
Athletic-----do-----:	96.5	116.0	100.6	119.7	150.5
Total-----do-----:	486.6	577.2	561.4	595.6	686.4
Capacity utilization: 4/					
Men's 1/-----percent--:	72	73	75	75	79
Women's 2/-----do-----:	76	76	75	75	78
Children's 3/-----do-----:	73	74	74	75	77
Athletic-----do-----:	87	86	85	88	90
Average-----do-----:	77	77	77	78	81
Domestic shipments:					
Men's 1/---million pairs--:	5.2	6.2	6.0	6.4	7.8
Women's 2/-----do-----:	15.0	17.8	18.3	17.7	21.5
Children's 3/-----do-----:	1.4	1.6	1.3	2.3	1.7
Athletic-----do-----:	6.2	7.4	6.3	7.8	10.0
Total-----do-----:	27.8	33.0	31.9	34.2	41.1
Export shipments:					
Men's 1/---million pairs--:	65.6	77.9	74.8	80.6	97.4
Women's 2/-----do-----:	187.2	222.3	229.0	220.7	269.4
Children's 3/-----do-----:	17.4	20.6	16.0	29.1	21.3
Athletic-----do-----:	77.8	92.4	79.2	97.5	125.4
Total-----do-----:	347.9	413.2	398.9	428.0	513.5
Percentage distribution of export shipments:					
Men's 1/-----percent--:	18.8	18.8	18.8	18.8	19.0
Women's 2/-----do-----:	53.8	53.8	57.4	51.6	52.5
Children's 3/-----do-----:	5.0	5.0	4.0	6.8	4.1
Athletic-----do-----:	22.4	22.4	19.8	22.8	24.4
Total-----do-----:	100.0	100.0	100.0	100.0	100.0
Share of export shipments to the United States					
percent--:	53.7	51.2	49.2	53.2	56.8

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ 100 percent capacity was assigned a value based on working 8 hours per day, 6 days per week.

Source: Telegram, American Institute, Taipei.



One of the major problems faced by the industry in recent years has been a shortage of labor, which prevented some plants from reaching full capacity. Although manufacturers have modernized the machinery and equipment in their factories, the industry is still highly labor intensive. During 1979-81, capacity utilization remained level at 77 percent, before increasing to 78 percent in 1982 and 81 percent in 1983.

The footwear industry was the third largest export earner, with shipments exceeding \$1.5 billion in 1981, or about 7 percent of Taiwan's total exports. Over 90 percent of all footwear produced in 1983 were exported. The United States was the largest market in 1983. Moreover, the share of total exports destined for the United States increased significantly, from 49 percent in 1981 to 57 percent in 1983.

After the expiration of the OMA with the United States in June 1981, Taiwan's exports to the United States increased substantially. Footwear exports from Taiwan to the United States in 1983 amounted to 291.4 million pairs, representing a 48-percent increase over the 1981 level and a 56-percent increase since 1979 (table 34). In 1982, new quotas were negotiated limiting Taiwan's footwear exports to the United Kingdom and France. In addition, Canada asked Taiwan to voluntarily restrict its exports of leather footwear.

Table 34.--Footwear: Exports from Taiwan, by principal markets, 1979-83

(In millions of pairs)					
Market	: 1979	: 1980	: 1981	: 1982	: 1983
United States-----	186.9	211.5	196.6	227.6	291.4
Japan-----	30.2	22.6	25.0	24.0	27.6
West Germany-----	19.5	26.9	19.0	19.3	24.0
Australia-----	12.8	15.9	17.9	20.0	17.0
United Kingdom-----	6.7	7.3	7.3	9.7	10.4
France-----	8.4	10.6	10.0	5.5	5.1
Canada-----	15.2	14.7	14.6	13.8	13.0
All other-----	68.2	103.7	108.5	108.1	125.0
Total-----	347.9	413.2	398.9	428.0	513.5

Source: The Taiwan Footwear Exporters Association.

Japan was the second largest market for Taiwan's exports, accounting for 5 percent in quantity in 1983, followed by West Germany, Australia, and Canada.

Industry sources in Taiwan maintain that it is almost impossible to make accurate calculations or projections as to future exports, because nonrubber footwear manufacturing is largely a "cottage" industry. Producers in Taiwan respond only to orders actually placed with them, and if there are no orders, production stops. Producers generally do not manufacture goods to be held as inventory.

Labor costs in Taiwan's footwear industry have increased much faster than in the U.S. shoe industry (table 35). Between 1979 and 1983, hourly compensation of footwear workers in Taiwan increased from 87 cents to an estimated \$1.46, or by 68 percent, representing an average annual growth of 14 percent. Despite this increase, Taiwan's hourly compensation represented only 21 percent of U.S. compensation in 1983.

Table 35.--Estimated hourly compensation in the footwear industry of Taiwan, 1979-83

Year	United States	Taiwan		
		National currency	U.S. currency	Share of U.S. compensation
				Percent
1979-----	\$5.22	31	\$0.87	17
1980-----	5.67	40	1.11	20
1981-----	6.22	51	1.38	22
1982 <u>2/</u> -----	6.60	56	1.43	22
1983 <u>2/</u> -----	6.80	58	1.46	21

1/ New Taiwan dollar.

2/ Estimates based on data for all manufacturing supplied by the Bureau of Labor Statistics.

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

#### Capability of foreign producers to increase exports

It seems evident that foreign producers can continue to increase exports of footwear to the United States. However, capacity utilization rates for the major suppliers are increasing to what may be acceptable levels, and diversions from other markets should slow if the relative value of the dollar declines. Nonetheless, capacity to produce footwear could be considered infinite, since it requires relatively little capital investment or technical expertise.

#### U.S. importers' inventories

The available data on U.S. importers' inventories of nonrubber footwear are presented in table 36. These data reveal some significant quantitative increases in inventories, particularly for athletic footwear. However, as a share of U.S. importers' reported shipments, inventories show little significant increase. Overall, inventories of nonrubber footwear imports held as of December 31 increased from 49 million pairs, representing 23 percent of shipments, in 1979 to 83 million pairs, representing 21 percent of shipments, in 1983.

Table 36.--Nonrubber footwear: U.S. importers' inventories held as of Dec. 31 of 1979-83, by categories,

Category	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Men's <u>1</u> /-----	7,456	7,356	7,508	7,118	8,091
Women's <u>2</u> /-----	19,678	18,066	22,468	22,467	28,624
Children's <u>3</u> /-----	3,132	2,693	4,112	3,480	5,086
Athletic-----	16,326	16,057	17,995	28,877	37,584
All other-----	2,694	2,777	2,808	3,007	3,681
Total-----	49,286	46,948	54,892	64,949	83,068
Ratio of inventories to shipments (percent)					
Men's <u>1</u> /-----	28.6	28.2	21.7	17.8	18.3
Women's <u>2</u> /-----	19.6	17.8	19.1	16.9	18.5
Children's <u>3</u> /-----	22.9	18.8	25.1	18.4	20.8
Athletic-----	31.7	22.8	25.5	25.0	27.6
All other-----	12.0	11.4	11.3	10.4	10.2
Average-----	23.0	19.8	20.8	19.3	21.0

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

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

Note.--Because of rounding, figures may not add to the totals shown.

#### The Question of Imports as a Substantial Cause of Material Injury

##### U.S. imports

After a decline from 1979 to 1980, U.S. imports of nonrubber footwear increased sharply (table 37). Imports rose from 366 million pairs in 1980 to 582 million pairs in 1983, or by 59 percent over the period. The largest increases occurred in 1982 and 1983, coincident with a decline in the unit value of imports. Nominally, the unit value of U.S. imports increased from \$6.00 per pair in 1979 to \$6.60 per pair in 1981, or by 10 percent, but then declined to \$6.29 per pair in 1983, or by 5 percent from the 1981 figure. However, when these unit values are adjusted for inflation in the United States, a steady and significant decline in the unit value can be observed, as shown in the following tabulation:

Table 37.--Nonrubber footwear: U.S. imports for consumption, 1979-83

Item	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Taiwan-----	124,865	144,032	118,906	183,202	243,430
Republic of Korea--	24,388	37,054	43,993	90,606	118,854
Brazil-----	32,026	31,338	43,028	41,114	64,391
Italy-----	97,074	46,221	50,179	57,430	56,355
Spain-----	27,292	18,017	18,999	22,229	26,706
Hong Kong-----	22,133	20,762	28,312	24,536	18,186
Philippines-----	13,237	14,295	13,233	10,144	7,632
China-----	874	2,207	7,106	6,164	7,167
Thailand-----	2,710	3,381	5,822	6,315	5,142
France-----	2,831	2,767	3,661	4,232	4,254
All other-----	57,134	45,670	42,363	33,692	29,739
Total-----	404,563	365,743	375,600	479,663	581,857
Customs value (1,000 dollars)					
Taiwan-----	463,111	620,143	613,465	805,016	1,079,368
Republic of Korea--	166,610	262,849	321,999	591,002	700,189
Brazil-----	237,195	239,596	357,251	349,710	513,181
Italy-----	787,510	506,528	489,021	609,339	658,612
Spain-----	274,632	173,744	194,595	231,842	254,731
Hong Kong-----	36,927	36,076	58,858	54,634	48,690
Philippines-----	34,801	34,133	44,005	33,839	29,356
China-----	2,470	7,297	17,734	19,926	17,758
Thailand-----	3,658	4,169	10,373	14,022	13,438
France-----	48,176	49,504	58,377	76,606	74,108
All other-----	374,195	364,268	315,296	297,923	272,527
Total-----	2,429,284	2,298,308	2,480,975	3,083,859	3,661,959
Unit value (per pair)					
Taiwan-----	\$3.71	\$4.30	\$5.16	\$4.39	\$4.43
Republic of Korea--	6.83	7.09	7.32	6.52	5.89
Brazil-----	7.41	7.64	8.30	8.50	7.97
Italy-----	8.11	10.96	9.74	10.61	11.69
Spain-----	10.06	9.64	10.24	10.43	9.54
Hong Kong-----	1.67	1.74	2.08	2.23	2.68
Philippines-----	2.63	2.39	3.32	3.33	3.85
China-----	2.83	3.31	2.50	3.23	2.48
Thailand-----	1.35	1.23	1.78	2.22	2.61
France-----	17.02	17.89	15.95	18.10	17.42
All other-----	6.55	7.98	7.44	8.84	9.16
Average-----	6.00	6.28	6.60	6.43	6.29

Table 37.--Nonrubber footwear: U.S. imports for consumption, 1979-83--Continued

Item	1979	1980	1981	1982	1983
Percent of total quantity					
Taiwan-----	30.9	39.4	31.6	38.2	41.8
Republic of Korea--	6.0	10.1	11.7	18.9	20.4
Brazil-----	7.9	8.6	11.4	8.6	11.1
Italy-----	24.0	12.6	13.4	12.0	9.7
Spain-----	6.7	4.9	5.0	4.6	4.6
Hong Kong-----	5.5	5.7	7.5	5.1	3.1
Philippines-----	3.3	3.9	3.5	2.1	1.3
China-----	.2	.6	1.9	1.3	1.2
Thailand-----	.7	.9	1.6	1.3	.9
France-----	.7	.8	1.0	.9	.7
All other-----	14.1	12.5	11.3	7.0	5.1
Total-----	100.0	100.0	100.0	100.0	100.0

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

Note.--Because of rounding, figures may not add to the totals shown.

Adjusted unit value 1/

1979-----	\$6.00
1980-----	5.49
1981-----	5.26
1982-----	4.95
1983-----	4.77

1/ Adjusted using the "Wholesale Price Index for finished consumer goods," International Financial Statistics, International Monetary Fund, March 1984.

In real terms, the unit value of imports declined in each year during 1979-83, falling by 21 percent over the period. This decline in the real unit value and the coincident increase in the supply of low-priced shoes has undoubtedly contributed significantly to the increase in imports and the increase in apparent consumption during the period under consideration.

The 10 principal sources of imports of nonrubber footwear are presented in table 37. The three largest sources in 1983--Taiwan, Korea, and Brazil--have increased their respective shares of U.S. imports significantly during the period under consideration. Together, these countries accounted for 45 percent of imports in 1979 and 73 percent in 1983.

Imports of nonrubber footwear from Taiwan declined from 1979 to 1981, while the unit value of these imports increased. However, imports from Taiwan increased from 119 million pairs in 1981 to 243 million pairs in 1983, or by 105 percent. Simultaneously, the unit value declined from \$5.16 to \$4.43, or by 14 percent.

Imports from Korea increased throughout the period under consideration. The vast majority of these imports are of athletic footwear. In fact, over 80 percent of the imports from Korea in 1983 were classified either under the athletic items of the TSUS or under the basket item 700.95. The unit value of these imports increased from \$6.83 in 1979 to \$7.32 in 1981 but then declined to \$5.89 in 1983, or by 20 percent.

Imports of nonrubber footwear from Brazil are predominantly made with leather uppers. In 1983, imports under the leather items accounted for 96 percent of total imports from Brazil. Imports from Brazil increased irregularly during 1979-83. Overall, imports increased from 32 million pairs in 1979 to 64 million pairs in 1983, or by 101 percent. However, the sharpest increase occurred from 1982 to 1983 and totaled 57 percent. The countervailing duty order on nonrubber footwear from Brazil was revoked in June 1983. The unit value of imports from Brazil increased by 15 percent from 1979 to 1982. However, the unit value of imports declined by 6 percent from 1982 to 1983.

Questionnaires were sent to U.S. importers of nonrubber footwear. The data compiled from these responses are compared with official statistics in table 38. These comparisons reveal two problems with the official statistics on imports.

First of all, imports of athletic footwear are not being classified exclusively under the athletic provisions of the TSUS. Respondents to the Commission's questionnaire, which accounted for 71 percent of total imports of nonrubber footwear in 1983, reported imports of athletic footwear equal to 164 percent of the official statistics. Obviously, a very significant portion of athletic footwear is being classified under other TSUS items. This, in turn, affects the reliability of the official statistics on athletic footwear and distorts the data on footwear in the nonathletic categories.

This distortion, however, may not be as great as that caused by the uneven treatment of slippers. Slippers are the primary component of the "all other" category. As was pointed out previously, the definition of the TSUS item for slippers is much narrower than the general definition of slippers, i.e., footwear designed for housewear. The resulting distortion arising from this discrepancy in definitions is obvious from the comparison of reported imports in the "all other" category to the official import statistics. U.S. importers accounting for 71 percent of all U.S. imports in 1983 reported imports in the "all other" category which were an average of more than 290 times the official statistics during the period. Moreover, there have been significant increases in the reported imports in this category. Reported imports in the "all other" category increased in every year during the period, rising from 24 million pairs in 1979 to 38 million pairs in 1983, or by 59 percent. Thus, whatever increases are actually occurring in imports of slippers are not revealed by official statistics and are being attributed to other types of footwear.

The share of reported imports which were accounted for by U.S. producers of nonrubber footwear are presented in table 39. Overall, the data show some significant increases in U.S. producers' share of imports. The share of reported imports by U.S. producers of men's and women's shoes remained

Table 38.--Nonrubber footwear: Questionnaire responses versus official statistics on U.S. imports, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Men's: <u>1/</u>					
Reported-----1,000 pairs--	25,024	25,958	34,379	39,266	45,432
Official statistics					
1,000 pairs--	70,205	68,627	70,224	105,029	133,408
Ratio of reported imports to official statistics					
percent--	35.6	37.8	49.0	37.4	34.1
Women's: <u>2/</u>					
Reported-----1,000 pairs--	102,137	99,859	120,452	132,762	161,102
Official statistics					
1,000 pairs--	271,627	221,334	223,007	252,857	307,913
Ratio of reported imports to official statistics					
percent--	37.6	45.1	54.0	52.5	52.3
Children's: <u>3/</u>					
Reported-----1,000 pairs--	14,195	13,940	17,486	18,457	25,736
Official statistics					
1,000 pairs--	22,236	22,165	25,010	34,577	52,276
Ratio of reported imports to official statistics					
percent--	63.8	62.9	69.7	53.4	49.2
Athletic:					
Reported-----1,000 pairs--	48,570	69,870	72,346	124,751	144,405
Official statistics					
1,000 pairs--	40,366	53,571	57,295	86,997	88,042
Ratio of reported imports to official statistics					
percent--	120.3	130.4	126.3	143.4	164.0
All other:					
Reported-----1,000 pairs--	23,648	25,395	25,856	29,993	37,665
Official statistics					
1,000 pairs--	129	46	65	204	218
Ratio of reported imports to official statistics					
percent--	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>	<u>4/</u>
Total:					
Reported-----1,000 pairs--	213,574	235,022	270,520	345,229	414,340
Official statistics					
1,000 pairs--	404,563	365,743	375,600	479,663	581,857
Ratio of reported imports to official statistics					
percent--	52.8	64.3	72.0	72.0	71.2

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ Greater than 1,000 percent.

Source: Reported imports, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; official statistics, compiled from the U.S. Department of Commerce.

Table 39.--Nonrubber footwear: U.S. imports by U.S. producers, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Men's 1/-----	12,272	9,698	14,220	19,737	21,638
Women's 2/-----	34,630	26,647	36,723	44,433	54,050
Children's 3/-----	3,430	3,381	4,479	6,480	10,022
Athletic-----	7,362	11,894	23,488	54,478	83,146
All other-----	17,102	18,173	18,544	21,735	28,624
Total-----	74,796	69,793	97,454	146,863	197,480
Value (1,000 dollars)					
Men's 1/-----	168,540	136,134	181,593	214,349	237,785
Women's 2/-----	297,039	239,441	335,302	388,002	474,605
Children's 3/-----	10,930	11,689	27,782	37,068	40,414
Athletic-----	56,889	95,045	173,622	446,594	649,109
All other-----	19,261	23,439	28,733	31,342	36,275
Total-----	552,659	505,748	747,032	1,117,355	1,438,188
Unit value (per pair)					
Men's 1/-----	\$13.73	\$14.04	\$12.77	\$10.86	10.99
Women's 2/-----	8.58	8.99	9.13	8.73	8.78
Children's 3/-----	3.19	3.46	6.20	5.72	4.03
Athletic-----	7.73	7.99	7.39	8.20	7.81
All other-----	1.13	1.29	1.55	1.44	1.27
Average-----	7.39	7.25	7.67	7.61	7.28
Share of total reported imports (percent)					
Men's 1/-----	49.0	37.4	41.4	50.3	47.6
Women's 2/-----	33.9	26.7	30.5	33.6	33.6
Children's 3/-----	24.2	24.2	25.6	35.1	38.9
Athletic-----	15.2	17.0	32.5	43.7	57.6
All other-----	72.3	71.6	71.8	72.5	76.0
Total-----	35.0	29.7	36.0	42.5	47.7

1/ Men's footwear also includes youths' and boys', but excludes athletic.

2/ Women's footwear also includes misses', but excludes athletic.

3/ Children's footwear also includes infants', but excludes athletic.

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

relatively stable over the period. However, U.S. producers' shares of children's and athletic footwear showed strong increases. U.S. producers' share of imports of children's shoes increased from 24 percent in 1979 to 39 percent in 1983, and their share of athletic shoes increased from 15 percent in 1979 to 58 percent in 1983. It should be noted that in 1983, of the 85



million pairs of athletic footwear reported as imports by U.S. producers, \* \* \*. Overall, U.S. producers' share of reported imports increased from 35 percent in 1979 to 48 percent in 1983.

A percentage breakdown of U.S. imports by categories reveals some significant trends (table 40). Women's shoes still accounted for the majority of imported shoes. However, their share declined throughout much of the period under consideration, falling from 67 percent in 1979 to 53 percent in 1983. The categories showing the largest increases were men's and athletic footwear. Men's footwear accounted for 17 percent of total imports in 1979 and 23 percent in 1983. Athletic shoes accounted for only 10 percent of imports in 1979, and their share increased markedly, to 18 percent, in 1982 before declining somewhat, to 15 percent, in 1983. Children's shoes also showed moderate increases over the period.

Table 40.--Nonrubber footwear: Percentage distribution of U.S. imports for consumption, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Men's <u>1</u> /-----	17.4	18.8	18.7	21.9	22.9
Women's <u>2</u> /-----	67.1	60.5	59.4	52.7	52.9
Children's <u>3</u> /-----	5.5	6.1	6.7	7.2	9.0
Athletic-----	10.0	14.6	15.2	18.1	15.1
All other-----	4/	4/	4/	4/	4/
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ Less than 0.05 percent.

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

Note.--Because of rounding, figures may not add to the totals shown.

A percentage distribution of imports of nonrubber footwear by the types of upper materials is presented in table 41. The share of imports accounted for by vinyl (plastic) shoes has declined significantly since 1980, falling from 46 percent that year to 32 percent in 1983. The share of imports accounted for by leather shoes increased modestly, from 43 percent in 1979 to 46 percent in 1983, while the share accounted for by shoes with uppers of materials other than leather or vinyl (primarily fabric) increased from 16 percent in 1979 to 22 percent in 1983. Much of the footwear classified as having uppers of material other than leather or plastic is, in fact, athletic footwear.

Table 41.--Nonrubber footwear: Percentage distribution of U.S. imports for consumption, by types of upper material and by categories, 1979-83

Item	1979	1980	1981	1982	1983
Men's: <u>1/</u>					
Leather-----	55.4	45.9	42.4	35.9	36.9
Plastic-----	29.9	39.5	39.8	24.9	22.4
All other-----	14.7	14.6	17.8	39.2	40.7
Total-----	100.0	100.0	100.0	100.0	100.0
Women's: <u>2/</u>					
Leather-----	35.6	31.7	40.0	37.6	42.7
Plastic-----	46.2	54.6	47.3	48.8	42.1
All other-----	18.2	13.7	12.7	13.7	15.2
Total-----	100.0	100.0	100.0	100.0	100.0
Children's: <u>3/</u>					
Leather-----	22.8	17.4	16.1	13.7	11.9
Plastic-----	51.0	52.4	44.3	43.8	34.7
All other-----	26.2	30.2	39.6	42.5	53.4
Total-----	100.0	100.0	100.0	100.0	100.0
Athletic:					
Leather-----	83.3	85.2	86.1	88.4	90.0
Plastic-----	16.7	14.8	13.9	11.6	10.0
All other-----	4/	4/	4/	4/	4/
Total-----	100.0	100.0	100.0	100.0	100.0
All other:					
Leather-----	55.0	34.0	80.0	49.5	67.0
Plastic-----	45.0	66.0	20.0	50.5	33.0
All other-----	4/	4/	4/	4/	4/
Total-----	100.0	100.0	100.0	100.0	100.0
Total:					
Leather-----	43.1	41.4	45.9	44.7	45.8
Plastic-----	40.7	45.8	40.6	36.4	32.0
All other-----	16.2	12.8	13.5	18.9	22.2
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

3/ Children's footwear also includes infants' but excludes athletic.

4/ Not reported separately.

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

Note.--Because of rounding, figures may not add to 100.0 percent.

In contrast to the data on total imports, some very significant trends emerge in examining the data on the individual categories. For example, imports of men's shoes with uppers of leather declined markedly as a share of total imports of men's shoes. Imports of men's leather shoes accounted for 55 percent of all imports of men's shoes in 1979 but fell to 37 percent in 1983. The share of imported men's shoes accounted for by vinyl shoes increased from

1979 to 1980 but then declined from 40 percent in 1980 to 22 percent in 1983. Imports of men's shoes with uppers of material other than leather or plastic increased their share sharply, from 15 percent in 1979 to 41 percent in 1983.

Another category showing significant shifts in product mix is in children's shoes. The share of U.S. imports of children's shoes with leather uppers declined from 23 percent in 1979 to 12 percent in 1983. Simultaneously, the share of imported children's shoes with uppers of plastic declined from 51 percent in 1979 to 35 percent in 1983. On the other hand, the share of imports of children's shoes with uppers of material other than leather or plastic increased sharply, from 26 percent in 1979 to 53 percent in 1983. Again, it is reasonable to assume that many of the shoes classified as having an "all other" type of upper material are, in fact, athletic shoes.

Separate import data for men's, women's, children's, athletic, and all other nonrubber footwear, by countries of origin, are presented in appendix J, tables J-1 to J-5. The data on imports of men's nonrubber footwear show particularly strong increases from the two principal sources of origin, Taiwan and Korea. Imports of men's footwear from these two countries increased their share from 36 percent in 1979 to 68 percent in 1983. Imports from Taiwan more than doubled, increasing from 18 million pairs in 1979 to 46 million pairs in 1983. The unit value of these imports increased from 1979 to 1981 but then declined from \$6.30 in 1981 to \$5.43 in 1983, or by 14 percent.

Imports of men's footwear from Korea showed even stronger gains, increasing by a factor of nearly 6. Imports from Korea increased from 7 million pairs in 1979 to 44 million pairs in 1983. Moreover, the sharpest increases occurred from 1981 to 1983, when the unit value of imports declined from \$9.48 to \$6.36 per pair, or by 33 percent.

Imports of women's footwear have not increased as sharply as men's. In fact, imports declined significantly from 1979 to 1980 but increased in each year thereafter, rising by 39 percent from 1980 to 1983. Nonetheless, imports from Taiwan, Brazil, and Korea, the first, second, and fourth largest exporting countries (in 1983), respectively, posted sharp increases. These three countries together accounted for 43 percent of imported women's shoes in 1979 and increased their share to 70 percent in 1983. Imports of women's shoes from Taiwan declined irregularly from 1979 to 1981 but then increased from 79 million pairs that year to 140 million pairs in 1983, or by 77 percent. The unit value of imports from Taiwan increased from 1979 to 1981, but declined from \$4.68 in 1981 to \$3.92 in 1983, or by 16 percent.

Imports of women's shoes from Brazil increased in each year excluding 1982. These imports rose from 27 million pairs in 1979 to 57 million pairs in 1983, or by a total of 110 percent. The unit value of imports from Brazil increased each year from 1979 to 1982, but then declined by 4 percent in 1983.

Imports of women's footwear from Korea increased dramatically, from only 661,000 pairs in 1979 to 19 million pairs in 1983. The unit value of these shoes increased from 1979 to 1981, but then declined from \$5.48 per pair in that year to \$4.69 per pair in 1983, or by 14 percent.

Imports of children's footwear show very sharp increases. Here again, the predominant countries are Taiwan and Korea. These two countries<sup>A-67</sup> accounted for 29 percent of total imports in 1979 and increased their share to 69

percent in 1983. Imports of children's shoes from Taiwan increased in nearly every year, but the increases in 1982 and 1983 were most dramatic. Overall, imports from Taiwan increased from 6 million pairs in 1979 to 27 million pairs in 1983, more than a threefold increase. The unit value of these imports increased from 1979 to 1981, but then declined from \$4.10 per pair in that year to \$2.96 per pair in 1983, or by 28 percent.

Imports of children's shoes from Korea increased from only 288,000 pairs in 1979 to 9 million pairs in 1983, a more than thirtyfold increase. Again, the most dramatic increases occurred in 1982 and 1983. The unit value of these imports increased from 1979 to 1981 and then declined somewhat thereafter.

Reported imports of athletic footwear also showed sharp increases over the period. Again, the two principal countries of origin are Korea and Taiwan, and, again, these two countries have increased their collective share of total imports over the period. Imports from Korea and Taiwan accounted for 67 percent of total imports in 1979 and increased that share to 88 percent in 1983. Imports from Korea more than tripled, increasing from 16 million pairs in 1979 to 51 million pairs in 1982, but then declined somewhat in 1983. The unit value of these imports increased from 1979 to 1981 but then declined from \$6.90 in that year to \$6.33 in 1983, or by 8 percent.

Imports of athletic shoes from Taiwan increased continuously, from 11 million pairs in 1979 to 30 million pairs in 1983, or by 168 percent. The unit value of these imports increased from 1979 to 1981 but then declined somewhat thereafter.

Imports from France, Italy, and Spain have relatively high unit values (table 37). Nonetheless, imports from these countries have increased since 1981. Imports from France increased in nearly every year, from 2.8 million pairs in 1979 to 4.2 million in 1983, or by 50 percent. In contrast, imports from Italy and Spain declined sharply from 1979 to 1980 but increased thereafter. Imports from Italy increased from 46 million pairs in 1980 to 56 million in 1983, or by 22 percent. Imports from Spain increased from 18 million pairs in 1980 to 27 million pairs in 1983, or by 48 percent. Despite these increases, however, imports from Italy and Spain remained below the 1979 levels, by 42 and 2 percent respectively.

### Prices

The total quantity of nonrubber footwear purchased generally does not change significantly as a result of changes in its relative price (*vis-a-vis* the prices of other goods) or changes in income. However, this relationship may not hold for large changes in the relative price of nonrubber footwear or for large changes in income. Nonetheless, purchases of domestic nonrubber footwear are sensitive to changes in the relative prices of domestic and imported footwear. Important exceptions include nonrubber footwear that is significantly differentiated by the consumer on the basis of style, type of leather, or brand name. 1/

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1/ See appendix E for a discussion of statistical estimates of the sensitivity of footwear purchases to changes in prices and incomes.

Domestic producers and importers of nonrubber footwear generally quote prices f.o.b. plant or warehouse and sell from price lists. In some instances, however, domestic producers and importers may quote delivered prices and for large sales may sell on the basis of a negotiated price. Usual payment terms offered by domestic producers are 2 percent 30 days, net 60 days from the date of invoice; but terms can vary up to net 90 days, depending on market conditions. Importers' terms vary up to net 90 days, again depending on market circumstances.

Trends. 1/--Producer price indexes for selected commodity categories are presented for comparison purposes in appendix K, table K-1 and figures 1 and 2, by quarters, from January-March 1979 through January-March 1984. The producer price indexes for all nondurable manufactured commodities, wearing apparel, and nonrubber footwear generally increased, rising by 43, 27, and 24 percent, respectively. 2/ Much of the increase in prices in these three commodity categories, however, occurred by the end of 1981. From January-March 1979 to October-December 1981, producers' prices for all nondurable manufactured commodities increased by 41 percent, and producers' prices for wearing apparel and nonrubber footwear increased by 21 and 18 percent, respectively. Producer price increases slowed appreciably after October-December 1981. Producers' prices for all nondurable manufactured commodities rose by approximately 1 percent from January-March 1982 through January-March 1984, while producers' prices for wearing apparel and nonrubber footwear rose by approximately 3 and 5 percent, respectively.

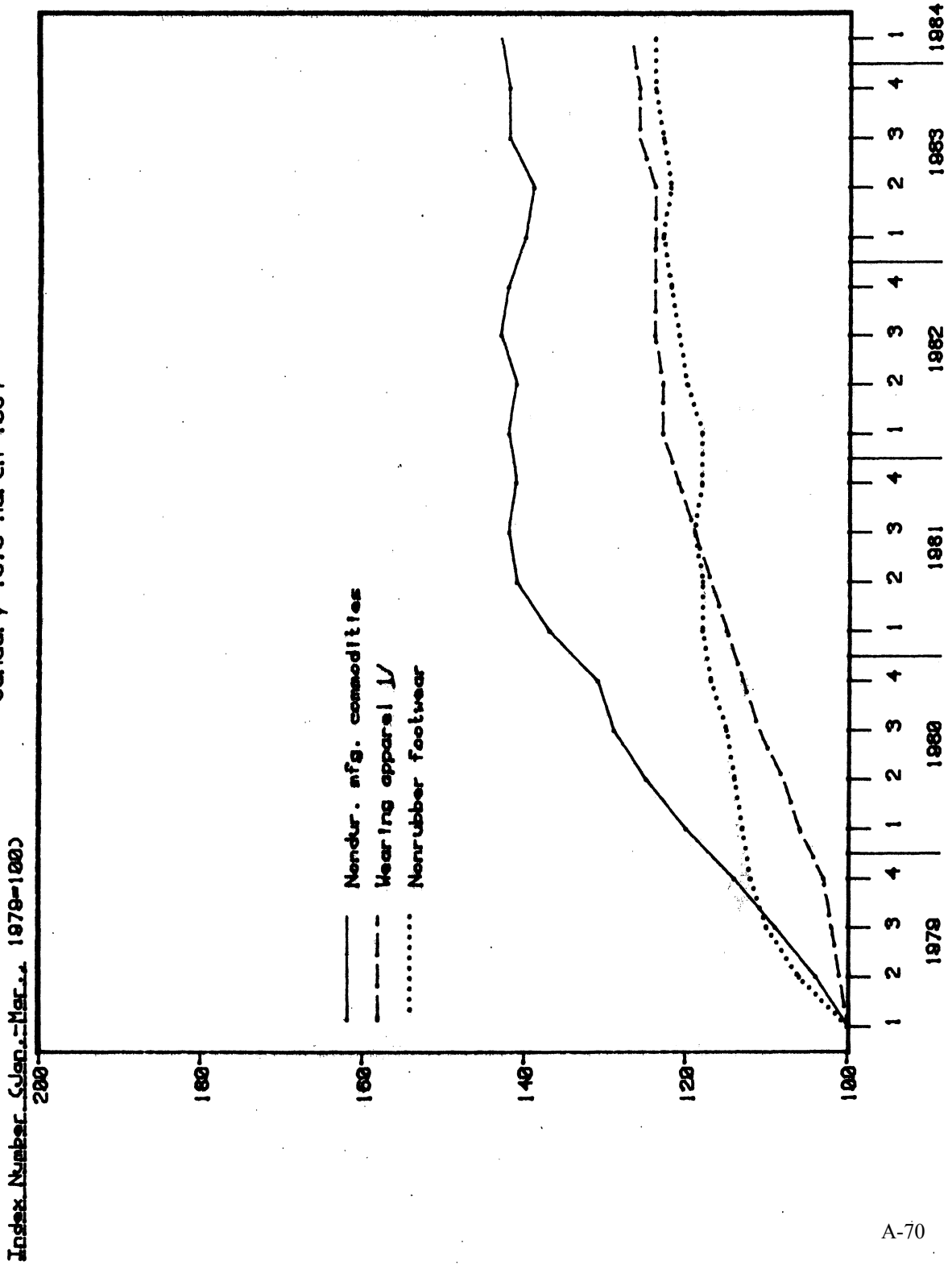
Producers' prices for leather and all intermediate products used in nondurable manufacturing are also presented in appendix table K-1 and in figure 2, by quarters, from January-March 1979 through January-March 1984. These data suggest that domestic footwear producers may have experienced less materials/cost pressure than some other sectors of nondurable manufacturing. Producers' prices for leather increased by 9 percent over the period, while prices for all intermediate products increased by 38 percent. Producers' prices for leather fluctuated sharply in 1979, but were relatively stable from January-March 1980 through October-December 1982, when quarterly leather

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1/ The discussion of price trends is based on price indexes compiled and reported by the Bureau of Labor Statistics. The Producer Price Index (PPI) and the Consumer Price Index (CPI) are compiled and published monthly by the Bureau of Labor Statistics, whereas the import price index (IPI) is published quarterly. The PPI represents percentage changes in U.S. producers' selling prices, the CPI represents percentage changes in U.S. retail selling prices, and the IPI represents percentage changes in U.S. prices of imported commodities at the producer level of the market. The IPI is based on c.i.f., duty-paid values, at the ports of entry. Analysts at the BLS stated that these three indexes accurately reflect changes in transaction prices.

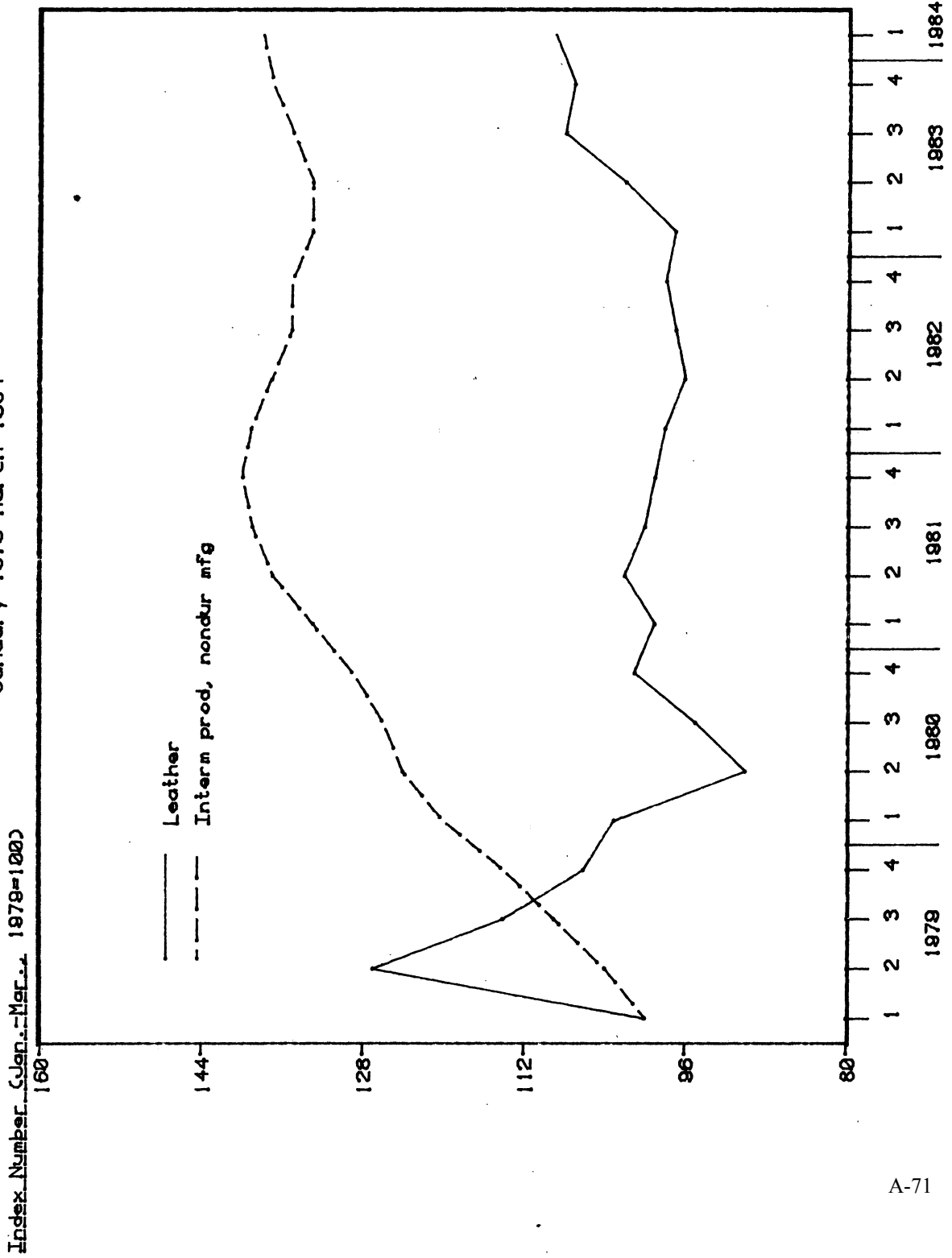
2/ The nonrubber footwear industry and the apparel industry share many similar characteristics in their structure and operations. The similarities include (1) easy entry and exit of firms; (2) a few large conglomerates producing a significant share of industry output accompanied by a large competitive fringe of generally small, independent firms; (3) channels of distribution where producers generally sell directly to retail outlets; (4) a relatively stable, labor-intensive production technology; (5) similar work force characteristics; and (6) a relatively stable per capita consumption trend.

FIGURE 1.--U.S. producer price indexes for nondurable manufactured commodities, wearing apparel, and nonrubber footwear, by quarters, January 1979-March 1984



1/ Excludes footwear.

FIGURE 2.--U.S. producer price indexes for leather and all intermediate products for manufactured nondurables, by quarters, January 1979-March 1984



prices averaged approximately 12 percent less than quarterly prices in 1979. In contrast, producers' prices for all intermediate products generally increased from January-March 1979 to October-December 1981, rising by 40 percent. However, producers' prices declined by approximately 4 percent in 1982. Thereafter, from January-March 1983 to January-March 1984, producers' prices for both commodity categories generally increased, by approximately 12 percent for leather and 4 percent for all intermediate products. 1/

Price indexes for imports of clothing and footwear are presented in appendix table K-2 and figure 3, by quarters, from January-March 1979 through October-December 1983 (the latest period for which data were available). 2/ The import prices for clothing generally increased from January-March 1979 through April-June 1982, by 17 percent. Thereafter, import prices for clothing generally softened and finished at the same level in October-December 1983 as in April-June 1982. Import prices for footwear reached their peak in April-June 1981, or a year earlier than the peak for import prices for clothing. Thereafter, import prices of footwear generally declined, falling by approximately 7 percent in October-December 1983, but finishing the period with a net increase of 9 percent.

The indexes of import prices for footwear and domestic producers' prices for footwear are shown in figure 4, by quarters, from January-March 1979 through October-December 1983. Prices for the imported and domestic footwear generally increased from January-March 1979 through April-June 1981, rising by 16 and 18 percent, respectively. Thereafter, import prices generally fell from July-September 1981 to October-December 1983, by approximately 4 percent, while domestic producers' prices continued to increase, by approximately 4 percent.

Consumer price indexes for nondurable commodities, wearing apparel, and footwear, 3/ are presented in appendix table K-3 and figure 5, by quarters, from January-March 1979 through January-March 1984. Consumer prices for these three product categories generally increased during the period, rising by 48, 16, and 22 percent, respectively. However, like producer prices, much of the increase in prices occurred by October-December 1981. Comparing consumer price increases with producer price increases suggests that the average retail price for all nondurable commodities increased 3 percent faster than the increase in producers' prices from January-March 1979 through January-March 1984. During the same period, however, generally rising retail prices of wearing apparel and footwear lagged behind the pace of rising producers' prices, by approximately 9 and 2 percent, respectively.

Comparisons.--To analyze competition between domestic and imported nonrubber footwear, the Commission requested that domestic producers and importers report, for 1983, their weighted-average net selling prices and

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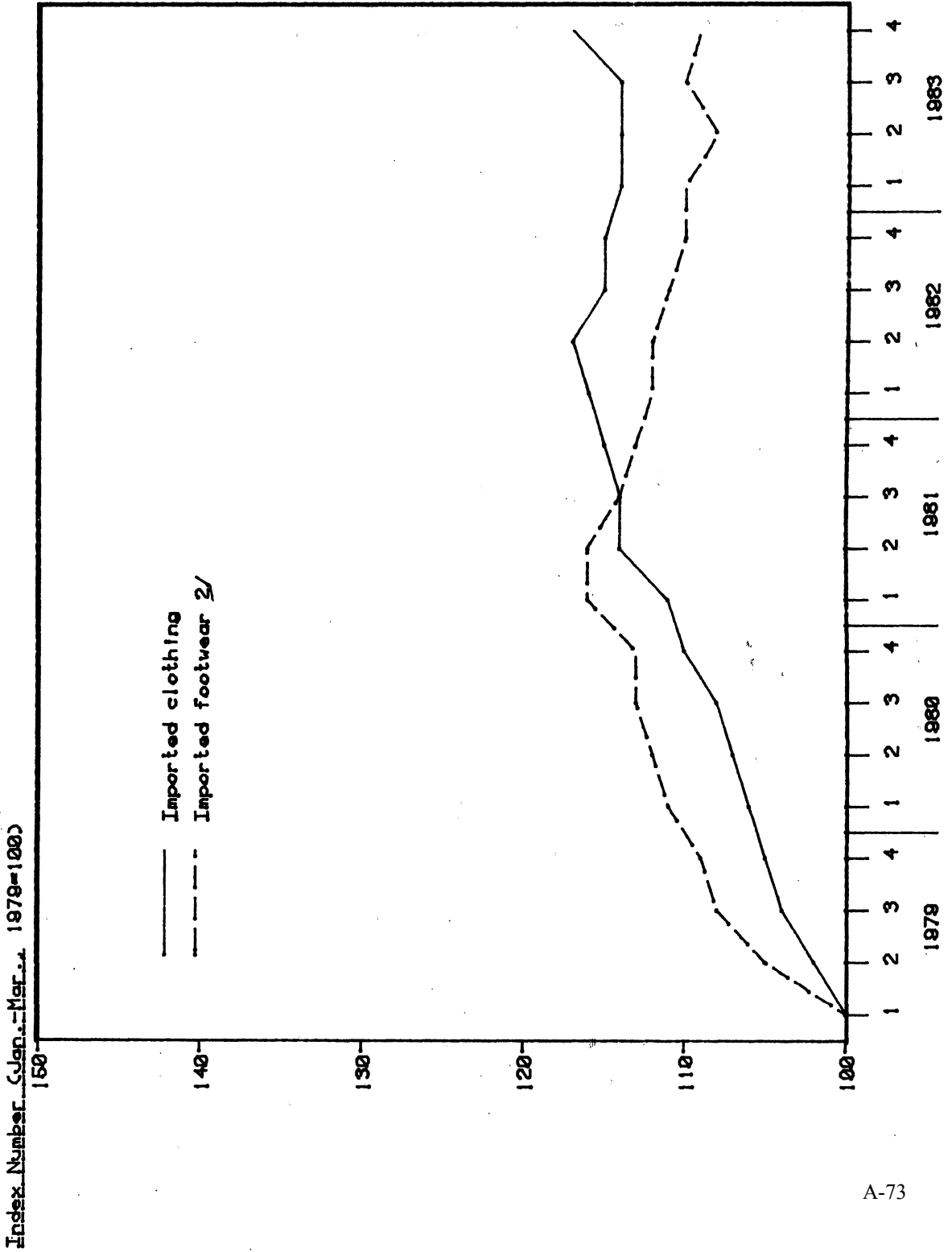
1/ Leather prices have fluctuated less since 1979, partly as a result of the export-monitoring program for hides currently administered by the U.S. Department of Agriculture.

2/ The import price indexes are based on the c.i.f., duty-paid values, at the ports of entry. The index of import prices for footwear includes prices for rubber and nonrubber footwear

3/ The CPI for footwear includes prices for rubber as well as nonrubber footwear and imported as well as domestic footwear.

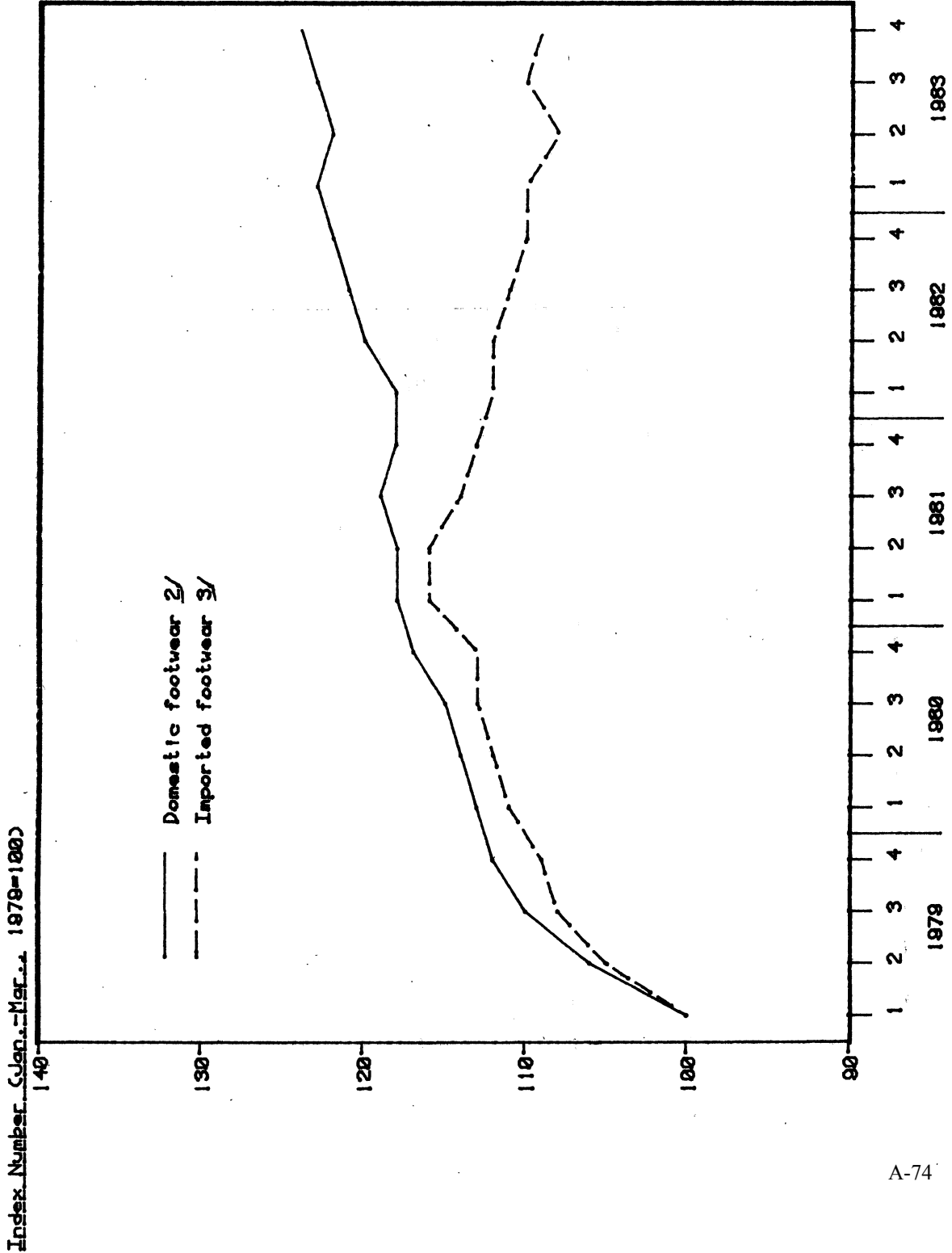


FIGURE 3.--U.S. Importer price indexes for clothing and footwear, by quarters, January 1979=December 1983 1/



1/ Import prices are c.i.f., duty-paid values, at the ports of entry.  
 2/ Includes rubber as well as nonrubber footwear.

FIGURE 4.--U.S. producer and importer price indexes for footwear, by quarters, January 1979-December 1983 1/



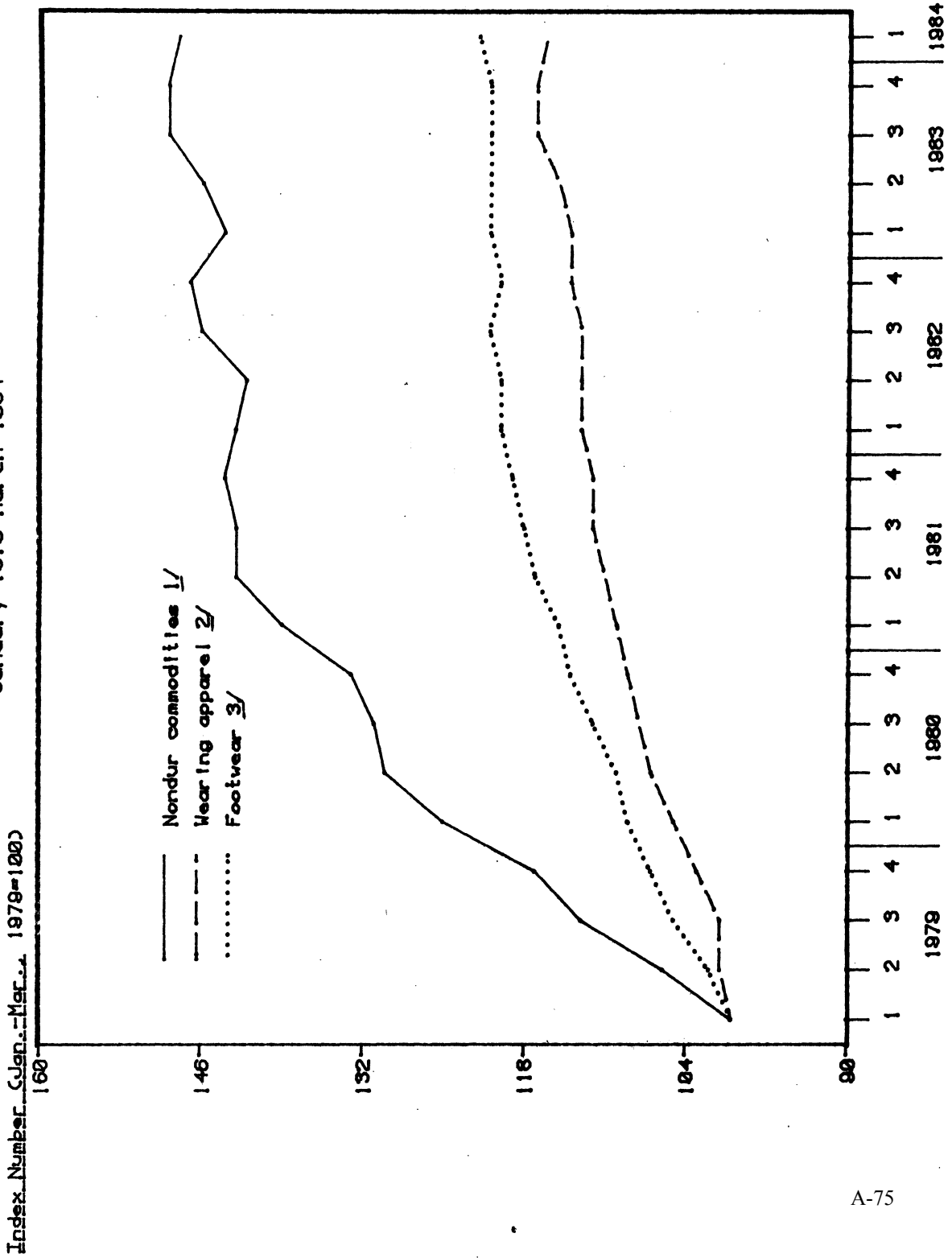
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1/ Import prices are c.i.f., duty-paid values, at the ports of entry.

2/ Nonrubber footwear only.

3/ Includes rubber as well as nonrubber footwear.

FIGURE 5.--U.S. consumer price indexes for nondurable commodities, wearing apparel, and footwear, by quarters, January 1979-March 1984



1/ Excludes food & beverages.  
 2/ Excludes footwear.  
 3/ Includes rubber as well as nonrubber footwear and imported as well as domestic footwear.

sales volume to independent shoe stores/department stores, chainstores, and self-service/discount stores by specified wholesale price ranges for 10 representative footwear categories. 1/ Domestic producers' selling prices are average f.o.b. factory prices, net of all discounts and allowances and excluding any freight charges. Importers' selling prices are average duty-paid prices, ex-dock port of entry, net of all discounts and allowances and excluding any U.S.-inland freight charges. 2/ Data from respondents are presented by the three types of retail outlets--weighted average prices and average margins of underselling are shown in appendix L, tables L-1 through L-3, reported quantities are shown in tables L-4 through L-6, and quantity proportions are shown in tables L-7 through L-9. 3/ The reported price data suggest that imported nonrubber footwear generally undersells domestic footwear 4/ and that imported footwear generally accounts for a large portion of the lowest priced footwear.

A comparison of the weighted-average prices of domestic and imported nonrubber footwear show 23 instances of underselling (out of 39 comparisons) in sales to independent shoe store/department store retailers, 21 instances of underselling (out of 33 comparisons) in sales to chainstore retailers, and 14 instances of underselling (out of 22 comparisons) in sales to self-service/discount store retailers--tables L-1 through L-3. Average margins of underselling were similar for the three types of retail accounts, ranging from approximately 1 to 36 percent. 5/

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1/ Independent shoe stores/department stores typically sell nationally branded footwear in the upper and middle price ranges; chainstores typically sell retailer branded footwear in the middle and lower price ranges; and self-service/discount stores typically sell unbranded footwear in the lower price ranges. The three types of retail outlets and the 10 footwear categories are defined in app. L.

2/ F.O.B. prices are useful for comparing prices from the purchasers' viewpoint because U.S.-inland freight charges for footwear are not a significant factor in retailers' sourcing decisions.

3/ Useable price data for 1983 were reported by 107 domestic producers and 73 importers for 1983; the reported quantities accounted for 52 percent of domestic nonrubber footwear production and 44 percent of imported nonrubber footwear.

4/ Because of the many types and styles of nonrubber footwear, price comparisons between domestic and imported footwear may not always include directly competitive products. Comparing prices of domestic and imported nonrubber footwear by types of retail outlets, categories of footwear, and wholesale price brackets is an attempt to compare competitive products. Nonetheless, even within these market segments, significant product differences may still exist.

5/ Petitioners allege that retail markups on imported footwear are greater than on domestic footwear, and as a result, retail customers do not obtain all of the benefits of lower priced imported footwear. Retailers allege, on the other hand, that intense competition in retailing limits markups on both domestic and imported footwear and forces retailers to pass on to the consumer the benefits of lower cost imported footwear. Any disparities between domestic and imported markups relate to the type of merchandise purchased and the way it is merchandised, rather than its source. The markup information reported in the questionnaires is discussed in app. M.

Combining all retail store categories, imported nonrubber footwear accounted for 72 percent of the approximately 103 million pairs reported sold in the lowest price brackets, with domestic nonrubber footwear accounting for the remaining 28 percent (tables L-4 through L-9). By types of retail outlets, the import share in the lowest price categories was 35 percent, or approximately 2.6 million pairs, in the independent shoe store/department store category; 59 percent, or approximately 17.6 million pairs, in the chainstore category; and 83 percent, or approximately 54.4 million pairs, in the self-service/discount store category. The rising import shares in the lowest price brackets across the three retail store categories were accompanied by rising portions of women's and athletic footwear in the total number of pairs reported sold in the lowest price brackets.

Exchange-rate changes.--One of the factors considered in examining the competitive position of domestic producers vis-a-vis that of foreign producers of nonrubber footwear is the change in the U.S. dollar exchange rates with the currencies of the foreign supplying countries and the effects of these changes on the cost of inputs used to produce nonrubber footwear. From 1981 to 1983 the quantity of nonrubber footwear imported from both Taiwan and Korea, the two largest foreign footwear suppliers to the U.S. market, increased continuously. As shown in appendix N, tables N-1 and N-2, the U.S. dollar generally appreciated in real terms against the New Taiwan dollar and the Korean won from January-March 1981 (the base period) through October-December 1983. By the end of the period, the U.S. dollar had appreciated in real terms by approximately 19 percent against the New Taiwan dollar and by approximately 15 percent against the Korean won. Appreciation of the U.S. dollar (all other factors remaining unchanged) tends to make foreign products more competitive in the U.S. market vis-a-vis domestic products. Changes in the real exchange rates of the U.S. dollar against the New Taiwan dollar, the Korean won, and the currencies of three other major foreign supplying countries of nonrubber footwear (tables N-3 through N-5) are discussed in greater detail in appendix N.

The competitive effects of any U.S. dollar exchange-rate changes are limited by several factors, including the extent that foreign footwear producers use inputs that are priced in their home currencies. A significant portion of the cost of foreign footwear production is believed to be accounted for by labor costs, which are typically denominated in the home currencies. Thus, it can be assumed that the appreciation of the U.S. dollar has increased the competitive advantage of imported footwear.

#### Factors other than imports affecting the domestic industry

The recession of 1981-82 appears to have had a negative effect on the domestic industry. Curtailed personal incomes caused by the recession probably resulted in decreased demand for higher priced domestic footwear and increased demand for low-priced footwear. The increased consumption levels of 1982 were accompanied by significant increases in the availability of low-priced footwear. As a result, sales of domestically produced footwear, which are concentrated in the middle to upper price brackets, probably declined somewhat as a result of the recession.

Some respondents have argued that, to a large degree, the recent increases in imports since 1981 are largely the result of increased demand for athletic footwear and "pent up" demand for low-priced footwear. <sup>1/</sup> Apparent consumption of athletic footwear (including imports under the basket category) grew by 93 percent between 1981 and 1983. Apparent consumption data on low-priced footwear are not available. The increase in imports of athletic footwear, even adding in all of the reported imports under the basket category, accounted for 46 percent of the increase in total imports from 1981 to 1983.

Unfortunately, little historical data are available to address the question of increases of low-priced footwear. Thus, specific numbers cannot be cited. The available data indicate a declining unit value of imports after termination of the OMA's in 1981 and increasing imports from Taiwan and Korea, countries with relatively low and declining unit values. In addition, the increasing imports from Taiwan and Korea are apparently taking market share from such countries as Italy, Spain, and France, whose unit values of imports are higher and more closely approximate those of domestically produced footwear than the unit values of imports from Taiwan or Korea. However, all increases in imports cannot be attributed to low-priced footwear. Brazil, for example, exports primarily leather shoes (minimal quantities of athletic footwear), and the unit values of imports from Brazil are markedly higher than those of the imports from either Taiwan or Korea. Imports from Brazil increased by 57 percent from 1982 to 1983. In addition, although imports from Italy, Spain, and France (countries reporting the highest unit values of the major suppliers) declined throughout the period relative to imports from Taiwan, Korea, and Brazil, they increased in absolute terms. Imports from Italy increased by 22 percent from 1980 to 1983, while imports from Spain increased by 48 percent, and imports from France increased by 54 percent. Imports from these three countries accounted for 9 percent of the increase in total imports of nonrubber footwear from 1980 to 1983. Imports from Brazil accounted for 15 percent of the increase.

Raw-material costs apparently do not vary significantly from country to country. Nonetheless, production costs for domestic producers differ in one major way from those of foreign producers, and that is in the wage rates. The wage rates in the major supplying countries--Taiwan, Korea, and Brazil--remain less than 25 percent of those in the United States. In addition, wage rates (denominated in U.S. dollars) in Brazil and Korea declined vis-a-vis those in the United States during 1979-83, whereas the relative wage rate between Taiwan and the United States remained essentially stable. Furthermore, U.S. producers did not significantly reduce labor costs as a share of their selling price during the period under consideration.

Additionally, respondents allege that because of a shortage of skilled workers in the United States and the relatively low wage rates in foreign countries, U.S. producers do not have the capability of producing shoes with intricate designs, requiring extensive hand sewing or hand manipulation in their construction. Although U.S. manufacturers produce the more labor-intensive shoes through the use of imported uppers, they also import this type of shoe.

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<sup>1/</sup> The supply of low-priced footwear was curtailed by the OMA's with Taiwan and Korea.

Interest rates have generally been higher in the United States than elsewhere in the world. However, interest expenses are not a particularly significant expense for footwear producers. More importantly, the relatively high interest rates may have discouraged capital investment and purchases of new plant equipment and diverted cash flow to debt retirement and to interest earning accounts that entail little or no risk.

Respondents have argued that many plant closings and the resulting unemployment can be attributed to an "adjustment" process following termination of the OMA's in 1981, the idea being that those marginal producers that were unable to compete with imports in an open market would leave the industry when protection was removed. One would assume then, if the industry were in a process of adjustment, that there would be declines in the market segments for footwear that show increased imports. The available data which break down U.S. production into broad categories and broad types of construction do not show the anticipated declines. However, the limited information on market segments as defined by specific price ranges indicates that imports may be increasing their share of low-priced footwear and that some producers are retreating from competition at the low end of the price spectrum. Petitioners would argue, however, that the declines in production and sales by domestic manufacturers, with the concurrent plant closings, unemployment, and loss of market share, are much greater than those that could be attributed to any normal adjustment process.

Finally, although some of the injury data, particularly those on profitability, indicate that the larger producers are faring significantly better than the smaller producers, the declines of the smaller producers cannot be attributed to a growing concentration of U.S. production. In other words, one might expect that the larger domestic manufacturers, with their greater economies of scale, production efficiencies, and marketing abilities, could be driving smaller, less efficient producers out of business. However, although there may be a growing concentration at the retail end, the data compiled from questionnaire responses on the percentage distribution of production by size groups indicates that the smaller firms, those producing less than 1 million pairs annually, maintained their share of overall domestic production during the period under consideration. In contrast, the largest producers lost some ground to the medium- to large-sized firms, those producing 1 to 4 million pairs annually. However, competition between domestic producers involves both domestic and imported products. Overall, reported imports by U.S. producers more than doubled, increasing from 75 million pairs in 1979 to 197 million pairs in 1983.

#### U.S. producers' efforts to compete with imports

Information on efforts undertaken by the domestic industry to compete with imports was requested in the Commission's questionnaire. The Commission received information from 111 firms concerning their efforts during January 1980-March 1984. The efforts undertaken by these firms can be characterized in a variety of ways. One way is to classify the items listed either as an effort to develop or enhance a nonprice aspect of competition (such as marketing, warehousing, management development, improved quality and service, and so forth) or as a direct effort to reduce unit costs and become more

competitive on a price basis with imports. The information supplied is summarized and presented in this way in table 42. The Commission was supplied with information concerning actions to be undertaken should relief be granted, i.e., assuming global quotas limiting imports to 50 percent of the market for 5 years were to be imposed. These actions are also summarized and presented in a similar manner in table 42.

During January 1980-March 1984, responding U.S. producers reported spending a total of \$161 million on their efforts to compete with imports. Of this amount, the firms reported spending \$47 million (29 percent of total expenditures) on efforts which had a direct effect on their cost of production. These firms reported \$115 million in expenditures on efforts related to nonprice factors of competition.

U.S. producers reported that in order to reduce their cost of production, they purchased new cost-efficient machinery and upgraded older machinery. Some of the new machinery purchased included laser-cutting machines, computer-stitching machines, injection molding machines, and automatic roughers. The producers also reported that the addition of conveyor belts and improved floor-space design increased workflow and decreased the cost of production.

Increased sales efforts was the most frequent nonprice factor cited by U.S. producers when listing their efforts to compete with imports. These efforts included increased advertising, utilization of computers to keep track of customers and orders, and the addition of senior sales managers. In addition, U.S. producers have begun to advertise on television and have increased their catalog sales. U.S. producers frequently reported that in order to be competitive with imports, they have entered submarkets which have little import competition. These submarkets include footwear in wide sizes, children's shoes, branded lines, and other specialty products. In addition, some producers have stopped producing items in submarkets which have experienced increased import competition--inexpensive women's sandals, for example. U.S. producers have also purchased computers to improve inventory control and to quickly develop new styles and patterns.

#### Actions to be undertaken should relief be granted

Most firms reported that they will increase their expenditures on efforts to compete with imports should relief be granted. During the period of import relief, 100 firms stated that they would spend a total of \$181 million on specific measures. Of this total, \$74 million (41 percent of total expenditures) would be allocated to actions which would directly affect the cost of production, whereas \$107 million would be spent on efforts related to nonprice factors of competition.

For the most part, firms reported that they would purchase similar types of machinery and equipment that had been purchased during January 1980-March 1983 should relief be granted. However, they reported significant increases in expenditures for up-to-date equipment and for improving the flow of production.



Table 42.--Nonrubber footwear: U.S. producers' efforts undertaken to compete with imports during January 1980-March 1984 and actions to be taken should relief be granted, by range of production

Item and range of production	Total efforts		Efforts related to		Efforts related to	
	Number of firms	Number of items	Related expenses 1/	Number of items affecting price	cost of production	nonprice factors
			\$1,000		\$1,000	\$1,000
<u>Efforts undertaken to compete with imports</u>						
Less than 200,000 pairs	14	59	2,144	19	555	40
200,000 to 499,999 pairs	15	87	4,270	31	833	56
500,000 to 999,999 pairs	26	169	18,268	69	5,135	100
1,000,000 to 1,999,999 pairs	22	215	50,920	102	4,218	113
2,000,000 to 3,999,999 pairs	17	233	31,038	121	13,519	112
4,000,000 pairs or more	17	150	54,685	80	22,303	70
Total	111	913	161,325	422	46,563	491
<u>Actions to be taken should relief be granted 3/</u>						
Less than 200,000 pairs	9	53	4,772	24	2,265	29
200,000 to 499,999 pairs	15	83	6,173	34	1,527	49
500,000 to 999,999 pairs	24	128	16,964	61	8,953	67
1,000,000 to 1,999,999 pairs	21	164	17,952	63	3,650	101
2,000,000 to 3,999,999 pairs	16	164	64,517	84	27,696	80
4,000,000 pairs or more	15	94	70,688	50	29,818	44
Total	100	686	181,066	316	73,909	370

1/ Not all firms were able to report expenses related to their efforts.  
 2/ \* \* \* reported \* \* \* in nonprice efforts (primarily advertising) undertaken during January 1980-March 1984. The firm reported that it would continue such efforts should relief be granted but did not provide an estimate of related expenses.  
 3/ Assuming global quotas limiting imports to 50 percent of the U.S. market for 5 years.

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

If import quotas were to be imposed, U.S. producers stated that they will increase their sales efforts, enter into additional submarkets, reenter submarkets which are now saturated with imports, and purchase additional computer technology to aid in inventory control and the design of new styles.

Three firms provided very detailed descriptions of their efforts to compete with imports and actions to be taken should relief be granted. These descriptions are presented in appendix O.

APPENDIX A  
THE COMMISSION'S NOTICE OF INSTITUTION

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[Investigation No. TA-201-50]

**Nonrubber Footwear**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of an investigation under section 201 of the Trade Act of 1974 (19 U.S.C. 2251) and scheduling of hearings to be held in connection with the investigation.

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**EFFECTIVE DATE:** January 23, 1984.

**SUMMARY:** Following receipt of a petition filed on January 23, 1984, on behalf of the Footwear Industries of America, Inc., Amalgamated Clothing and Textile Workers Union, AFL-CIO, and United Food & Commercial Workers International Union, AFL-CIO, the Commission instituted investigation No. TA-201-50 under section 201 of the Trade Act of 1974 to determine whether footwear, provided for in items 700.05 through 700.45, inclusive, 700.56, 700.72 through 700.83, inclusive, and 700.95 of the Tariff Schedules of the United States, is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or

directly competitive with the imported articles. The Commission must report its determination to the President by July 23, 1984.

**FOR FURTHER INFORMATION CONTACT:** Miriam A. Bishop, Investigator (202/523-0291), or Vera A. Libeau, Supervisory Investigator (202/523-0368), U.S. International Trade Commission, Washington, D.C. 20436.

**SUPPLEMENTARY INFORMATION:**  
*Participation in the investigation.*—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after that date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c)).

*Public hearing.*—The Commission will hold a public hearing in connection with the injury phase of this investigation beginning at 10:00 a.m., on May 2, 1984, in the Hearing Room, U.S. International Trade Commission Building, 701 E Street, NW, in Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission no later than the close of business (5:15 p.m.) on April 16, 1984.

*Prehearing procedures.*—To facilitate the hearing process, it is requested that persons wishing to appear at the injury hearing on May 2, 1984, submit prehearing briefs enumerating and discussing the issues which they wish to raise at the hearing. An original and 22 copies of such prehearing briefs should be submitted to the Secretary no later than the close of business on April 25, 1984. Confidential submissions should be in accordance with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6). Copies of any prehearing briefs submitted will be made available for public inspection in the Office of the

Secretary. Any prepared statements submitted will be made a part of the transcript. Oral presentations at the hearing should, to the extent possible, be limited to issues raised in the prehearing briefs.

A prehearing conference will be held on April 23, 1984, at 10:00 a.m., 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.

*Written submissions.*—As mentioned, parties to this investigation may file prehearing briefs by the date shown above. Posthearing briefs must be submitted no later than the close of business on May 9, 1984. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 9, 1984. A signed original and 22 copies of each submission must be filed with the Secretary to the Commission. All written submissions, except for confidential business information, will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Commercial or financial data and any information for which confidential treatment is desired should be submitted separately. The envelope and all pages of such submissions must be clearly marked "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's Rules (19 CFR 201.6).

*Remedy.*—In the event that the Commission makes an affirmative injury determination in this investigation, a public hearing on the subject of remedy recommendations will be held beginning at 10:00 a.m., on June 14, 1984, at the U.S. International Trade Commission Building. A prehearing conference will be held on June 11, 1984, beginning at 10:00 a.m., in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs will be due to the Secretary no later than the close of business on June 11, 1984, and must conform with the requirements of § 201.6 of the Commission's rules. Posthearing briefs will be due to the Secretary no later than the close of business on June 22, 1984.

*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.

For further information concerning the conduct of the investigation, hearing process, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201 and part 206, subparts A and B (19 CFR Parts 201 and 206, subparts A and B).

Issued: February 3, 1984.

By order of the Commission.

**Kenneth R. Mason,**  
Secretary

[FR Doc. 84-3445 Filed 2-7-84; 8:45 am]  
BILLING CODE 7020-02-M



APPENDIX B  
CALENDAR OF THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing on:

Subject : Nonrubber Footwear

Inv. No. : TA-201-50

Date and time: May 2, 1984 - 10:00 a.m.

Sessions were held in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

Congressional appearances:

Honorable Dale Bumpers, United States Senator, State of Arkansas

Honorable John C. Danforth, United States Senator, State of Missouri

Honorable William S. Cohen, United States Senator, State of Maine

Honorable George J. Mitchell, United States Senator, State of Maine

Honorable Bill Alexander, United States Congressman, State of Arkansas

In support of the petition:

Collier, Shannon, Rill & Scott--Counsel  
Washington, D.C.  
on behalf of

Footwear Industries of America, Inc.  
The Amalgamated Clothing and Textile Workers Union,  
AFL-CIO  
The United Food & Commercial Workers International Union,  
AFL-CIO

Lane Kirkland, President, AFL-CIO

William Wynn, International President, United  
Food & Commercial Workers International Union

Jacob Sheinkman, Secretary-Treasurer, Amalgamated  
Clothing and Textile Workers Union



Collier, Shannon, Rill & Scott--Counsel (Continued)

George Q. Langstaff, Jr., President, Footwear Industries of America, Inc.

Donald Munro, Chairman, Footwear Industries of America, Inc., and President, Munro & Co.

Richard W. Shomaker, President, Brown Shoe Co.

Robert H. Leverenz, Chairman, Leverenz Shoe Co.

Stanley Nehmer, President, Economic Consulting Services, Inc.

Paul Marshall, Principal, Marshall Bartlett, Inc.

Arthur Gundersheim, Director of International Trade Affairs and Assistant to the President, Amalgamated Clothing and Textile Workers Union

William Olwell, International Vice President, United Food & Commercial Workers International Union

Theodore C. Johanson, President, Falcon Shoe Manufacturing Co.

G. Bruce Miller, President, Craddock-Terry Shoe Corp.

Joseph Henry, President, Converse Inc.

Fawn K. Evenson, Vice President for National Arrairs, Footwear Industries of America, Inc.

Julie Solomon, Senior Economist, Economic Consulting Services, Inc.

Matthew D. Breitenberg, Marshall Bartlett Incorporated

Thomas F. Shannon )  
Lauren R. Howard )  
Michael R. Kershow ) --OF COUNSEL  
Richard P. Merski )

May 3, 1984 - 9:30 a.m.

PANEL #1 -- IMPORTERS AND RETAILERS

Daniels, Houlihan & Palmeter--Counsel  
Washington, D.C.  
on behalf of

The Volume Footwear Retailers of America (VFRA)

Tom Emrich, Vice President, International Business  
Economic Research Corporation

Peter Mangione, President, Volume Footwear Retailers  
of America

Cameron Anderson, President, Kinney Shoes

Alvin E. Levine, Chairman of the Board,  
Pic n' Pay Stores

Julian Edison, Chairman of the Board,  
Edison Brothers Stores

Richard Mick, Merchandise Manager, Shoe Department,  
J. C. Penney Company

Michael P. Daniels--OF COUNSEL

Hogan & Hartson--Counsel  
Washington, D.C.  
on behalf of

Volume Shoe Corporation ("VSC")

Dale W. Hilpert, Chairman, Volume Shoe Corporation

Dr. John Mutti, Professor of Economics, University  
of Wyoming

Dr. Malcolm D. Bale, Economist, The World Bank

Duane L. Cantrell, Buyer, Volume Shoe Corporation

Gerald E. Gilbert)  
Samuel R. Berter )  
Mark S. McConnell)--OF COUNSEL  
Robert D. Kyle )

Abrams, Kovacs, Westermeier & Golberg--Counsel  
Washington, D.C.  
on behalf of

The National Shoe Retailer Association

Joseph J. Shell, President

William Boettge

James M. Goldberg--OF COUNSEL

Plaia, Schaumberg & deKieffer--Counsel  
Washington, D.C.  
on behalf of

The Footwear Group of the American Association of  
Exporters and Importers

Herbert C. Shelley)  
Joel D. Kaufman )--OF COUNSEL

PANEL #2 -- IMPORTERS AND RETAILERS AND CONSUMERS

K Mart Corporation, Troy, Michigan

Robert E. Hayes, Jr., Analyst, Economic and Consumer  
Analysis Department

Richard A. Benoit, K Mart Buyer for Footwear

John F. Ward, Vice President, Strategic Planning, Meldisco  
Division of Melville Corporation

James C. Tuttle )  
Deborah L. Miela )--OF COUNSEL

Harry J. Rashti & Company, Inc., New York, N.Y.

John J. Rashti  
Jay Sheinfeld, Vice President

PANEL #3 -- ATHLETIC FOOTWEAR

Harris, Berg & Creskoff--Counsel  
Washington, D.C.  
on behalf of

Adidas (USA), Inc., Clossco, Hughesco, Libco, Vanco,  
Ascics Tiger Corp., Pony Sports & Leisure, Inc.,  
Puma (USA), Inc.

Dr. Peter R. Cavanaugh, Professor of Biomechanics,  
Pennsylvania State University

Ralph Libonati, President of Libco

R. Christian Berg--OF COUNSEL

Garvey, Schubert, Adams & Barer--Counsel  
Washington, D.C.  
on behalf of

NIKE, Inc.

George Porter, Vice President for Research and Development

Chris Van Dyke, East Coast Counsel for NIKE

Bill Alberger--OF COUNSEL

PANEL #4 -- FOREIGN SUPPLIERS

Stein, Shostak, Shostak & O'Hara--Counsel  
Washington, D.C.  
on behalf of

Camara Nacional de la Industria del Calzado de Mexico  
Camara de la Industria del Calzado del Estado de Jalisco  
Camara del Calzado del Estado de Guanajuato

Mariano Gavaldon, Director General, Venexport, S.A.  
De C.V.

Donald S. Stein )  
Irwin Altschuler )--OF COUNSEL  
Steven P. Kersner)

Office of Economic Counselors, Embassy of the Argentine Republic,  
Washington, D.C.  
on behalf of

Argentine Footwear Federation

Delfo Adolfo Blangino, Representative

Roberto J. Frasisti, Minister Counselor for  
Economic and Commercial Affairs

May 4, 1984 - 9:30 a.m.

PANEL #5 -- FOREIGN SUPPLIERS

Oppenheimer, Wolff, Foster, Shepard and Donnelly--Counsel  
Washington, D.C.  
on behalf of

Shin, Myung Soo, Chairman, KFEA and President,  
TAE HWA Co., Limited

N. K. Kim, Vice Chairman, KFEA

E. S. Chae, Director of Export, TAE HWA Company, Limited

H.B. Chae, KFEA

Diana Kang, Economic Consultant

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David A. Gantz--OF COUNSEL  
- more -

Busby, Rehm and Leonard--Counsel  
Washington, D.C.  
on behalf of

The European Confederation of Footwear Industries (CEC)

Roeland Smets, Delegated Director of the CEC

Dino O. Mercatanti, Consultant

John B. Rehm )  
Jonathan H. Glazier )--OF COUNSEL

Wald, Harkrader & Ross--Counsel  
Washington, D.C.  
on behalf of

Associacao Commercial e Industrial de Novo Hamburgo  
and Associacao das Industrias de Calcados do Rio  
Grande do Sul

Jerome Fisher, President of Fisher-Camuto

Noel Hemmendinger )  
Richard A. Frank )--OF COUNSEL  
Mark Stern )

Kaplan, Russin & Vecchi--Counsel  
Washington, D.C.  
on behalf of

The Taiwan Footwear Manufacturers Association

Dr. Charles Pearson, Economist

T.W. Hu, Consultant

Dennis James, Jr. )  
Kathleen F. Patterson )--OF COUNSEL

APPENDIX C

DETAIL ON PREVIOUS COMMISSION INVESTIGATIONS CONCERNING NONRUBBER FOOTWEAR

On January 15, 1969, the Commission issued its report on 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 its report on 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 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 evenly divided on the question of injury to the industry, and no action was taken by the President. 3/

The Commission conducted 155 individual firm and worker adjustment assistance investigations between 1963 and 1974 under sections 301(c)(1) and 301(c)(2) of the Trade Expansion Act of 1962. 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 evenly divided in 26 of the worker cases and 6 of the firm cases. The Trade Act of 1974 transferred the authority for 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. 4/ The second, in 1975, involved welt work shoes from Romania and also resulted in a negative injury determination. 5/

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. 6/ Zoris are provided for

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

2/ Nonrubber Footwear: Report to the President 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.

4/ Leather Work Shoes From Czechoslovakia: Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-48 . . . , TC Publication 185, 1966.

5/ Welt Work Shoes From Romania; Determination of No Injury or Likelihood Thereof in Investigation No. AA1921-144 . . . , USITC Publication 731, 1975.

6/ Certain Zoris From the Republic of China (Taiwan): Determination of No Injury or Likelihood Thereof in Investigation No. 303-TA-1 . . . , USITC Publication 787, 1976.



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.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business and for the protection of the interests of all parties involved. The document also outlines the various methods and techniques used to ensure the accuracy and reliability of the records.

APPENDIX D  
SCHEDULE 7, PART 1 OF THE TSUS

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1964)

SCHEDULE 7. - SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS Page 7-3  
 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, galoshes, 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 (1964)

Page 7-4

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

G 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. For the purposes of items 700.51 through 700.56, 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><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 "soled '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 the upper of which extends above the ankle (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 1984

SCHEDULE 7. - SPECIFIED PRODUCTS: MISCELLANEOUS AND NONENUMERATED PRODUCTS  
 Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,  
 Handbags, Billfolds, and Other Flat Goods

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			(i) the term " <u>footwear for women</u> " covers footwear of American women's size 4 and larger, whether for females or of types commonly worn by both sexes; (j) the term " <u>footwear for misses</u> " 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 " <u>footwear for children</u> " 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 " <u>footwear for infants</u> " covers all footwear not included in the foregoing statistical headnotes (g), (h), (i), (j), and (k).				
			—————				
			Footwear, of leather (except footwear with uppers of fibers):				
	700.05	00	Huaraches.....	Prs.....	20% ad val.		20% ad val.
	700.10	00	McKay-sewed footwear.....	Prs.....	10% ad val.		30% ad val.
	700.15	00	Moccasins.....	Prs.....	10% ad val.		20% ad val.
	700.20		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	Valued not over \$2 per pair.....	Prs.....	17% ad val.		20% ad val.
	700.26		Valued over \$2 but not over \$5 per pair.....	.....	17c per pair		20% ad val.
		10	Work footwear.....	Prs.			
			Other:				
		30	For men.....	Prs.			
		50	Other.....	Prs.			
	700.27		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	Ski boots.....	Prs.....	Free		20% ad val.
	700.29		Other.....	.....	5% ad val.		20% ad val.
		20	Athletic footwear other than ski boots.....	Prs.			
		40	Work footwear.....	Prs.			
			Other:				
		60	For men.....	Prs.			
		80	Other.....	Prs.			
	700.30	00	Footwear with molded soles laced to uppers.....	Prs.....	5% ad val.		20% ad val.
	700.32	00	Slippers.....	Prs.....	5% ad val.		20% ad val.

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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 Quantity	Rates of Duty		
					1	LDDC	2
	700.35		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:				
			With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
		40	For men.....	Prs.			
		45	For youths and boys.....	Prs.			
			Cement footwear:				
		50	For men.....	Prs.			
		55	For youths and boys.....	Prs.			
			Other:				
		75	For men.....	Prs.			
		80	For youths and boys.....	Prs.			
	700.41		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.			
	700.43		Other: Valued not over \$2.50 per pair.....	.....	15% ad val.		20% ad val.
		06	Athletic footwear:				
		07	For women and misses.....	Prs.			
			Other.....	Prs.			
			Casual footwear:				
		10	For women.....	Prs.			
		15	Other.....	Prs.			
			Soled "moccasins":				
		20	For women.....	Prs.			
		25	Other.....	Prs.			
			Other:				
			With soles vulcanized to uppers or with soles simultaneously molded and attached to uppers:				
		30	For women.....	Prs.			
		35	Other.....	Prs.			
			Cement footwear:				
		40	For women.....	Prs.			
		45	For misses.....	Prs.			
		50	For children.....	Prs.			
		55	For infants.....	Prs.			
			Other:				
		60	For women.....	Prs.			
		65	For misses.....	Prs.			
		70	For children.....	Prs.			
		75	For infants.....	Prs.			

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1964)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS  
 Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,  
 Handbags, Billfolds, and Other Flat Goods

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.45		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.
		06		Prs.			
		07		Prs.			
		10		Prs.			
		15		Prs.			
		20		Prs.			
		25		Prs.			
		30		Prs.			
		35		Prs.			
		40		Prs.			
		45		Prs.			
		50		Prs.			
		55		Prs.			
		60		Prs.			
		65		Prs.			
		70		Prs.			
		75		Prs.			
	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, other 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.....	8.8% ad val.	6.6% ad val.	25% ad val.



TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1984)

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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

700.52 - 700.56

G 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 40	Other..... Boots..... Other.....	..... Prs. Prs.	37.5% ad val.		75% ad val.
A	700.54 700.56	00	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 (thonged sandals)..... Other.....	Prs..... .....	3.8% ad val. 6% ad val.	2.4% ad val.	35% ad val. 35% ad val.
		05	Athletic footwear: Ski boots.....	Prs.			
		10	Other: 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.			
		38	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.			

Note: For explanation of the symbol "A" or "A\*" in the column entitled "GSP", see general headnote 3(c).

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1984)

SCHEDULE 7. - SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS Page 7-9

Part 1. - Footwear; Headwear and Hat Braids; Gloves; Luggage,  
Handbags, Billfolds, and Other Flat Goods

7 - 1 - A  
700.57 - 700.71

C S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			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:				
	700.57	00	Hunting boots, galoshes, rainwear, and other footwear designed to be worn over, or in lieu of, other footwear as a protection against water, oil, grease, or chemicals or cold or inclement weather.....	Prs.....	37.5% ad val.		66% ad val.
	700.59	00	Footwear with open toes or open heels; footwear of the slip-on type, that is held to the foot without the use of laces or buckles or other fasteners, the foregoing except footwear provided for in item 700.57 and except footwear having a foxing or foxing-like band wholly or almost wholly of rubber or plastics applied or molded at the sole and overlapping the upper..... Other: Footwear having soles (or midsoles, if any) of rubber or plastics which are affixed to the upper exclusively with an adhesive (any midsoles also being affixed exclusively to one another and to the outsole with an adhesive); the foregoing except footwear having a foxing or foxing-like band applied to or molded at the sole and overlapping the upper and except footwear with soles which overlap the upper other than at the toe or heel: Valued not over \$6.50 per pair.....	Prs.....	37.5% ad val.		66% ad val.
	700.61	00	Valued over \$6.50 but not over \$12 per pair.....	Prs.....	90c per pr. + 20% ad val.		\$1.58 per pr. + 35% ad val.
	700.62	00	Valued over \$12 per pair.....	Prs.....	20% ad val.		35% ad val.
	700.63	00	Other: Valued not over \$3.00 per pair.....	Prs.....	48% ad val.		84% ad val.
	700.64	00	Valued over \$3.00 but not over \$6.50 per pair.....	Prs.....	90c per pr. + 37.5% ad val.		\$1.58 per pr. + 66% ad val.
	700.67	00	Valued over \$6.50 but not over \$12 per pair.....	Prs.....	90c per pr. + 20% ad val.		\$1.58 per pr. + 35% ad val.
	700.69	00	Valued over \$12 per pair.....	Prs.....	20% ad val.		35% ad val.
	700.71	00					

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1984)

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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

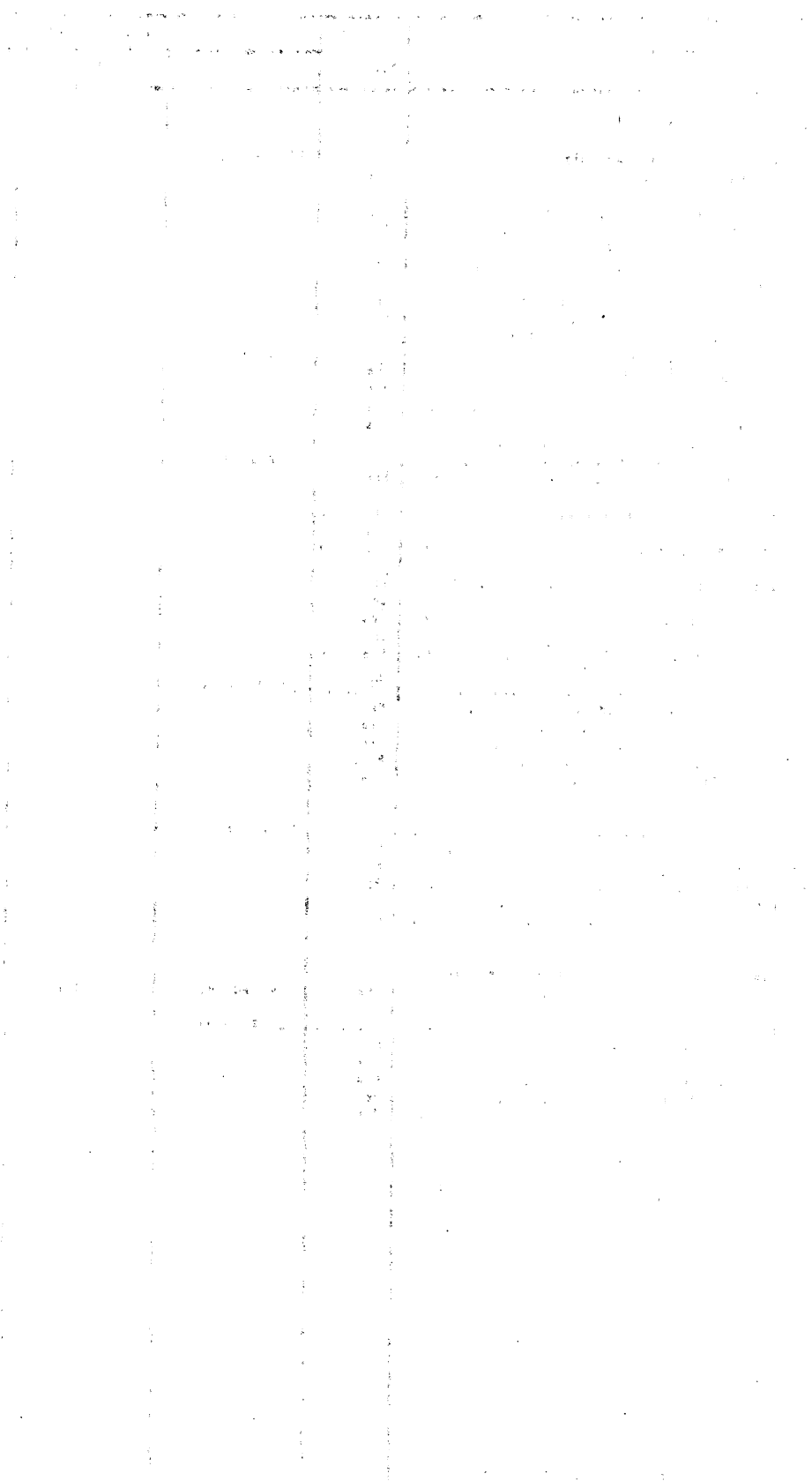
700.72 - 700.95

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	700.72	20	Footwear, with uppers of fibers: With soles of leather: Valued not over \$2.50 per pair.....	Prs.	15% ad val.		35% ad val.
		40	Slipper socks.....	Prs.			
		60	Other: For men, youths, and boys.....	Prs.			
	700.73	20	Valued over \$2.50 per pair.....	Prs.	10% ad val.		35% ad val.
		40	Slipper socks.....	Prs.			
		60	Other: For men, youths, and boys.....	Prs.			
	700.74	20	With soles of material other than leather: With uppers of vegetable fibers.....	Prs.	7.5% ad val.		35% ad val.
		65	For men, youths, and boys.....	Prs.			
		70	For women.....	Prs.			
		75	For misses.....	Prs.			
		80	For children.....	Prs.			
	700.75	10	With soles and uppers of wool felt.....	Prs. v	4.4% ad val.		35% ad val.
		20	For men.....(459)	Prs. v			
		30	For youths and boys.....(459)	Prs. v			
		40	For women.....(459)	Prs. v			
		50	For misses.....(459)	Prs. v			
		60	For children.....(459)	Prs. v			
			For infants.....(459)	Prs. v			
	700.80	20	Other.....	Prs.	12.5% ad val.		35% ad val.
		65	For men, youths, and boys.....	Prs.			
		70	For women.....	Prs.			
		75	For misses.....	Prs.			
		80	For children.....	Prs.			
	700.83	10	Other footwear: Of wood.....	Prs.	8% ad val.		33-1/3% ad val.
		20	For men.....	Prs.			
		30	For youths and boys.....	Prs.			
		40	For women.....	Prs.			
		50	For misses.....	Prs.			
		60	For children.....	Prs.			
			For infants.....	Prs.			
A*	700.90	00	Other: Disposable footwear, designed for one-time use.....	Prs.....	9.4% ad val.	7.5% ad val.	35% ad val.
	700.95	15	Other.....	Prs.	12.5% ad val.		35% ad val.
		25	For men, youths, and boys.....	Prs.			
		30	For women.....	Prs.			
		35	For misses.....	Prs.			
		45	For children.....	Prs.			
			For infants.....	Prs.			

Note: For explanation of the symbol "A" or "A\*" in the column entitled "GSP", see general headnote 3(c).

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

WYOMING  
NORTHWEST CORNER OF SECTION 36, T14N, R10E, S14E  
COUNTY OF CONTOUR, WYOMING



APPENDIX E

DISCUSSION OF STATISTICAL ESTIMATES OF PRICE AND INCOME  
ELASTICITIES OF DEMAND FOR FOOTWEAR

Low price and income elasticities of demand for all nonrubber footwear (less than -1 and +1, respectively) were estimated by Houthakker and Taylor, Szenberg, and by the Commission staff in the Commission's 1982 investigation on export restraints--No. 332-117. 1/ These estimates suggest that the total quantity of nonrubber footwear purchased will change proportionately less than changes in relative prices or in incomes. For example, a price elasticity of -.5 means that a 10-percent decrease in the price of nonrubber footwear relative to the prices of other goods (other factors remaining unchanged) will lead to only a 5-percent increase in the total quantity of nonrubber footwear purchased. Similarly, an income elasticity of +.5 means that a 10-percent increase in income (other factors remaining unchanged) will lead to only a 5-percent increase in the total quantity of nonrubber footwear purchased.

High relative-price elasticities of demand between imported and domestic nonrubber footwear were estimated by the Commission staff (in the Commission's 1977 nonrubber footwear investigation--No. TA-201-18 and the 1982 investigation of export restraints--No. 332-117) and by Szenberg. 2/ These estimates, which ranged from -1.33 to -4.07, suggest a high degree of substitutability between domestic and imported nonrubber footwear. For example, a relative-price elasticity of -1.5 means that a 10-percent decrease in the price of imported footwear (prices of domestic footwear remaining unchanged) will lead to a 15-percent increase in the quantity of the imported product purchased, accompanied by an offsetting decrease in the domestic product purchased.

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1/ Houthakker, H.S. and Taylor, L.D., *Consumer Demand in the United States, 1929-1970*, Cambridge, Mass., Harvard University Press, 1966. Szenberg, M.; Lombardi, J. W.; and Lee, E. Y., *Welfare Effects of Trade Restrictions*, London and New York: Academic Press, 1977.

2/ Szenberg, op. cit.

APPENDIX F

ANNUAL OUTPUT OF COMPANIES PRODUCING NONRUBBER FOOTWEAR,  
BY SIZE GROUPS, 1980-82

**FIGURE 1--FOOTWEAR PRODUCTION: 1980 (in thousands of pairs)**  
**Companies with total production of:**

Product description	Total													
	< 200	200-499	500-999	1,000-1,999	2,000-3,999	4,000 and over	Number of companies	Pairs produced	Number of companies	Pairs produced	Number of companies	Pairs produced		
Shoes and slippers, except rubber and plastic.....	279	386,311	80	6,481	71	24,971	45	34,443	41	60,420	22	62,421	20	197,575
Shoes, total.....	249	313,400	70	5,283	66	23,207	41	31,070	37	54,844	16	39,066	19	159,930
Men's work shoes.....	40	21,487	11	501	9	1,808	5	2,094	3	2,935	3	3,835	9	10,314
Men's shoes, other than work, except athletic.....	90	66,728	21	1,246	20	3,818	9	3,487	14	8,638	9	7,646	17	41,893
Youths' and boys' shoes, except athletic.....	42	13,766	(D)	(D)	(D)	(D)	4	384	9	175	5	3,264	14	7,696
Women's shoes, except athletic.....	156	142,954	34	2,548	35	11,483	30	17,058	28	27,438	11	14,441	18	69,986
Misses' shoes, except athletic.....	34	11,268	(D)	(D)	(D)	(D)	4	610	6	2,465	7	2,673	10	4,948
Children's shoes, except athletic.....	52	14,707	5	137	12	1,115	8	1,389	10	4,270	6	1,359	11	6,437
Infants' and babies' shoes.....	44	23,650	3	250	10	2,325	9	4,586	6	2,932	5	3,637	11	9,920
Athletic shoes and other footwear.....	47	18,840	17	547	7	1,469	4	1,462	6	4,415	4	2,211	9	8,736
Slippers, total.....	47	72,911	16	1,198	9	1,764	6	3,373	4	5,576	8	23,355	4	37,665
Rubber and plastic footwear	(NA)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)

(D) Data withheld to avoid disclosing figures for individual companies. (NA) Not available. (X) Not applicable.

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



F2.-- FOOTWEAR PRODUCTION: 1981 (in thousands of pairs)

Product description	Companies with total production of:													
	Total	< 200		200-499		500-999		1,000-1,999		2,000-3,999		4,000 and over		
	Number of companies produced	Pairs produced	Number of companies produced	Pairs produced	Number of companies produced	Pairs produced	Number of companies produced	Pairs produced	Number of companies produced	Pairs produced	Number of companies produced	Pairs produced	Number of companies produced	
Shoes and slippers, except rubber and plastic.....	257	370,848	73	6,562	52	17,683	40	26,956	45	57,300	24	61,323	23	201,024
Shoes, total.....	229	301,079	64	5,221	48	15,844	36	23,414	39	50,257	20	45,252	22	161,091
Men's work shoes.....	37	20,830	8	431	4	1,153	6	2,284	4	2,916	4	3,741	11	10,305
Men's shoes, other than work, except athletic.....	88	66,853	20	952	14	2,554	15	3,190	11	6,930	11	9,732	17	43,495
Youths' and boys' shoes, except athletic.....	41	11,266	6	91	4	192	5	384	8	1,605	4	1,729	14	7,265
Women's shoes, except athletic.....	147	135,069	35	2,751	25	7,050	27	13,266	27	23,940	16	21,588	17	66,474
Misses' shoes, except athletic.....	32	9,902	(D)	(D)	(D)	(D)	3	412	6	1,790	7	2,145	9	4,942
Children's shoes, except athletic.....	45	12,921	4	80	8	623	7	1,463	9	2,411	6	2,778	11	5,566
Infants' and babies' shoes.	45	21,977	4	396	9	2,217	5	1,143	11	6,525	5	1,433	11	10,263
Athletic shoes and other footwear.....	43	22,261	12	471	6	1,491	4	1,272	4	4,140	5	2,106	12	12,781
Slippers, total.....	48	69,769	17	1,341	7	1,839	6	3,542	6	7,043	7	16,071	5	39,933
Rubber and plastic footwear	43	110,740	(D)	(D)	(D)	(D)	6	2,548	11	8,408	7	12,254	16	87,007

(D) Data withheld to avoid disclosing figures for individual companies. (NA) Not available. (X) Not applicable.

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

F.3. -- FOOTWEAR PRODUCTION: 1982 (in thousands of pairs)

Product description	Companies with total production of:											4,000 and over		
	Total	< 200	200-499	500-999	1,000-1,999	2,000-3,999	Number of companies	Pairs produced	Number of companies	Pairs produced	Number of companies		Pairs produced	
Shoes and slippers, except rubber and plastic.....	248	342,380	70	5,437	57	18,828	36	25,619	44	57,766	20	53,036	21	181,694
Shoes, total.....	220	277,488	62	4,566	52	17,102	32	22,726	38	51,284	16	37,427	20	144,383
Men's work shoes.....	34	19,730	7	390	5	1,592	2	866	8	5,577	3	4,413	9	6,892
Men's shoes, other than work, except athletic.....	86	52,256	21	1,104	18	2,996	9	2,417	13	6,499	9	3,862	16	35,378
Youths' and boys' shoes, except athletic.....	37	9,518	4	85	7	415	3	740	6	966	5	1,682	12	5,630
Women's shoes, except athletic.....	140	131,766	33	1,815	27	7,131	26	14,537	26	27,436	12	16,280	16	64,567
Misses' shoes, except athletic.....	35	8,876	3	72	5	386	3	473	8	1,243	7	1,869	9	4,833
Children's shoes, except athletic.....	43	11,399	5	198	11	1,114	3	324	7	2,897	7	1,434	10	5,432
Infants' and babies' shoes.	45	22,587	4	446	10	1,905	7	2,737	6	3,905	7	4,556	11	9,038
Athletic shoes and other footwear.....	43	21,356	13	456	6	1,563	4	632	4	2,761	4	3,331	12	12,613
Slippers, total.....	43	64,892	15	871	7	1,726	4	2,893	6	6,482	7	15,609	4	37,311
Rubber and plastic footwear	43	102,749	3	253	3	922	3	1,189	12	12,052	7	13,804	15	74,529

(NA) Not available. (X) Not applicable.

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

APPENDIX G

MISCELLANEOUS PROFIT-AND-LOSS DATA ON NONRUBBER FOOTWEAR

Table G-1.--Miscellaneous financial data for U.S. Shoe Corp. on its footwear operations, 1979-83 <sup>1/</sup>

Item	1979	1980	1981	1982	1983
Net sales:					
Manufacturing and wholesaling:					
Women's shoes					
1,000 dollars--:	293,167:	301,860:	312,098:	384,218:	416,736
Mens' shoes					
1,000 dollars--:	51,935:	52,106:	50,808:	56,860:	67,204
Western and casual boots					
1,000 dollars--:	49,125:	68,304:	85,332:	45,412:	51,212
Juvenile shoes					
1,000 dollars--:	22,055:	5,170:	0:	0:	0
Total-----do----	416,282:	427,440:	448,238:	486,490:	535,152
Retailing-----do----	162,433:	172,408:	182,031:	184,413:	206,783
Total-----do----	578,715:	599,848:	630,269:	670,903:	741,935
Operating income <sup>2/</sup>					
1,000 dollars--:	28,415:	49,281:	61,941:	71,985:	85,112
Ratio of operating income to net sales-----percent--:	4.9:	8.2:	9.8:	10.7:	11.5

<sup>1/</sup> Accounting year ends Jan. 31.

<sup>2/</sup> Not available by type of shoe operation.

Source: Annual reports.

Table G-2.--Nonrubber footwear: Profit-and-loss data on operations producing men's, youths', and boy's footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--	758,675	975,191	1,193,678	993,139	982,356
Cost of goods sold					
1,000 dollars--	597,338	734,235	870,313	775,831	739,140
Gross profit-----do-----	161,337	240,956	323,365	217,308	243,216
General, selling, and administrative expenses					
1,000 dollars--	102,956	132,186	165,862	160,696	155,528
Net operating profit					
1,000 dollars--	58,381	108,770	157,503	56,612	87,688
Other income or (expense)					
1,000 dollars--	(5,609)	(3,778)	1,615	(1,994)	4,829
Net profit before taxes					
1,000 dollars--	52,772	104,992	159,118	54,618	92,517
Depreciation and amortization					
1,000 dollars--	7,991	9,287	10,653	13,590	14,207
Cash flow-----do-----	60,763	114,279	169,771	68,208	106,724
Ratio of cost of goods sold to net sales-----percent--	78.7	75.3	72.9	78.1	75.2
Ratio of gross profit to net sales-----percent--	21.3	24.7	27.1	21.9	24.8
Ratio of general, selling, and administrative expenses to net sales-----percent--	13.6	13.6	13.9	16.2	15.8
Ratio of net operating profit to net sales-----percent--	7.7	11.2	13.2	5.7	8.9
Ratio of net profit before taxes to net sales-percent--	7.0	10.8	13.3	5.5	9.4
Reporting companies-----	26	28	28	28	29

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

Table G-3.--Nonrubber footwear: Profit-and-loss data on operations producing women's and misses' footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--	702,827	789,552	843,812	908,060	836,745
Cost of goods sold					
1,000 dollars--	564,875	611,488	653,092	698,887	645,868
Gross profit-----do-----	137,952	178,064	190,720	209,173	190,877
General, selling, and administrative expenses					
1,000 dollars--	99,618	121,190	133,499	140,550	132,962
Net operating profit					
1,000 dollars--	38,334	56,874	57,221	68,623	57,915
Other expense-----do-----	2,659	5,368	6,853	8,670	5,393
Net profit before taxes					
1,000 dollars--	35,675	51,506	50,368	59,953	52,522
Depreciation and amortization					
1,000 dollars--	6,446	7,389	8,239	8,738	9,527
Cash flow-----do-----	42,121	58,895	58,607	68,691	62,049
Ratio of cost of goods sold to net sales-----percent--	80.4	77.4	77.4	77.0	77.2
Ratio of gross profit to net sales-----percent--	19.6	22.6	22.6	23.0	22.8
Ratio of general, selling, and administrative expenses to net sales-----percent--	14.2	15.3	15.8	15.5	15.9
Ratio of net operating profit to net sales-----percent--	5.5	7.2	6.8	7.6	6.9
Ratio of net profit before taxes to net sales-percent--	5.1	6.5	6.0	6.6	6.3
Reporting companies-----	45	48	49	50	48

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

Table G-4.--Nonrubber footwear: Profit-and-loss data on operations producing children's and infants' footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	60,530	72,175	77,720	79,732	82,219
Cost of goods sold					
1,000 dollars--:	47,575	56,180	61,239	60,274	63,134
Gross profit-----do-----:	12,955	15,995	16,481	19,458	19,085
General, selling, and administrative expenses					
1,000 dollars--:	10,233	11,327	11,806	13,762	14,156
Net operating profit					
1,000 dollars--:	2,722	4,668	4,675	5,696	4,929
Other expense-----do-----:	156	416	479	374	435
Net profit before taxes					
1,000 dollars--:	2,566	4,252	4,196	5,322	4,494
Depreciation and amortization					
1,000 dollars--:	1,181	1,179	1,139	1,132	1,366
Cash flow-----do-----:	3,747	5,431	5,335	6,454	5,860
Ratio of cost of goods sold to net sales-----percent--:	78.6	77.8	78.8	75.6	76.8
Ratio of gross profit to net sales-----percent--:	21.4	22.2	21.2	24.4	23.2
Ratio of general, selling, and administrative expenses to net sales-----percent--:	16.9	15.7	15.2	17.3	17.2
Ratio of net operating profit to net sales-----percent--:	4.5	6.5	6.0	7.1	6.0
Ratio of net profit before taxes to net sales-percent--:	4.2	5.9	5.4	6.7	5.5
Reporting companies-----:	15	16	16	17	17

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

Table G-5.--Nonrubber footwear: Profit-and-loss data on operations producing a variety <sup>1/</sup> of footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--	1,159,194	1,342,898	1,551,843	1,697,607	1,744,628
Cost of goods sold					
1,000 dollars--	874,037	992,527	1,146,981	1,222,815	1,252,323
Gross profit-----do-----	285,157	350,371	404,862	474,792	492,305
General, selling, and administrative expenses					
1,000 dollars--	200,879	234,581	256,217	303,797	320,244
Net operating profit					
1,000 dollars--	84,278	115,790	148,645	170,995	172,061
Other expense-----do-----	18,290	18,345	18,364	16,643	12,919
Net profit before taxes					
1,000 dollars--	65,988	97,445	130,281	154,352	159,142
Depreciation and amortization					
1,000 dollars--	15,753	17,943	21,109	22,538	26,236
Cash flow-----do-----	81,741	115,388	151,390	176,890	185,378
Ratio of cost of goods sold to net sales-----percent--	75.4	73.9	73.9	72.0	71.8
Ratio of gross profit to net sales-----percent--	24.6	26.1	26.1	28.0	28.2
Ratio of general, selling, and administrative expenses to net sales-----percent--	17.3	17.5	16.5	17.9	18.4
Ratio of net operating profit to net sales-----percent--	7.3	8.6	9.6	10.1	9.9
Ratio of net profit before taxes to net sales-percent--	5.7	7.3	8.4	9.1	9.1
Reporting companies-----	40	41	42	42	43

<sup>1/</sup> A combination of men's, women's, children's, etc.

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



Table G-6.--Nonrubber footwear: Profit-and-loss data on operations producing all other footwear, accounting years 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	20,492	23,350	26,301	28,519	28,469
Cost of goods sold					
1,000 dollars--:	15,282	16,953	19,247	20,656	20,840
Gross profit-----do-----:	5,210	6,397	7,054	7,863	7,629
General, selling, and administrative expenses					
1,000 dollars--:	4,164	5,206	5,420	5,991	6,128
Net operating profit					
1,000 dollars--:	1,046	1,191	1,634	1,872	1,501
Other expense-----do-----:	120	156	207	361	342
Net profit before taxes					
1,000 dollars--:	926	1,035	1,427	1,511	1,159
Depreciation and amortization					
1,000 dollars--:	195	214	261	276	432
Cash flow-----do-----:	1,121	1,249	1,688	1,787	1,591
Ratio of cost of goods sold to net sales-----percent--:	74.6	72.6	73.2	72.4	73.2
Ratio of gross profit to net sales-----percent--:	25.4	27.4	26.8	27.6	26.8
Ratio of general, selling, and administrative expenses to net sales-----percent--:	20.3	22.3	20.6	21.0	21.5
Ratio of net operating profit to net sales-----percent--:	5.1	5.1	6.2	6.6	5.3
Ratio of net profit before taxes to net sales-percent--:	4.5	4.4	5.4	5.3	4.1
Reporting companies-----:	3	3	3	3	3

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

Table G-7.--Nonrubber footwear: Profit-and-loss data on operations producing athletic footwear, accounting years 1979-83

	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	203,297	236,012	304,181	362,256	405,987
Cost of goods sold					
1,000 dollars--:	149,005	173,359	217,762	248,736	280,431
Gross profit-----do-----:	54,292	62,653	86,419	113,520	125,556
General, selling, and administrative expenses					
1,000 dollars--:	47,428	48,713	59,294	73,813	82,921
Net operating profit					
1,000 dollars--:	6,864	13,940	27,125	39,707	42,635
Other expense-----do-----:	7,475	5,439	5,996	6,771	4,376
Net profit or (loss) before taxes-----1,000 dollars--:	(611)	8,501	21,129	32,936	38,259
Depreciation and amortization					
1,000 dollars--:	3,606	4,520	5,123	4,672	5,095
Cash flow-----do-----:	2,995	13,021	26,252	37,608	43,354
Ratio of cost of goods sold to net sales-----percent--:	73.3	73.5	71.6	68.7	69.1
Ratio of gross profit to net sales-----percent--:	26.7	26.5	28.4	31.3	30.9
Ratio of general, selling, and administrative expenses to net sales-----percent--:	23.3	20.6	19.5	20.4	20.4
Ratio of net operating profit to net sales-----percent--:	3.4	5.9	8.9	11.0	10.5
Ratio of net profit or (loss) before taxes to net sales percent--:	(.3)	3.6	6.9	9.1	9.4
Reporting companies-----:	16	17	17	18	18
Number of firms reporting net operating losses-----:	4	3	4	4	3

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

Table G-8.--Profit-and-loss data on nonathletic, nonrubber footwear,  
accounting years, 1979-83

Item	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	2,498,421	2,967,154	3,389,173	3,344,801	3,268,430
Cost of goods sold					
1,000 dollars--:	1,950,102	2,238,024	2,533,110	2,529,727	2,440,874
Gross profit-----do-----:	548,319	729,130	856,063	815,074	827,556
General, selling, and administrative expenses					
1,000 dollars--:	370,422	455,777	513,510	550,983	546,097
Net operating profit					
1,000 dollars--:	177,897	273,353	342,553	264,091	281,459
Other expense-----do-----:	19,359	22,624	18,292	21,271	9,884
Net profit before taxes					
1,000 dollars--:	158,538	250,729	324,261	242,820	271,575
Depreciation and amortization					
1,000 dollars--:	27,960	31,492	36,278	41,602	46,673
Cash flow-----do-----:	186,498	282,221	360,539	284,422	318,248
Ratio of cost of goods sold to net sales-----percent--:	78.1	75.4	74.7	75.6	74.7
Ratio of gross profit to net sales-----percent--:	21.9	24.6	25.3	24.4	25.3
Ratio of general, selling, and administrative expenses to net sales-----percent--:	14.8	15.4	15.2	16.5	16.7
Ratio of net operating profit to net sales-----percent--:	7.1	9.2	10.1	7.9	8.6
Ratio of net profit before taxes to net sales-percent--:	6.3	8.5	9.6	7.3	8.3

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

Table G-9.--Nonrubber footwear: Profit-and-loss data on operations  
importing nonrubber footwear, accounting years 1979-83

	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	234,992	266,514	298,095	707,789	973,022
Cost of goods sold					
1,000 dollars--:	170,370	188,097	211,951	475,000	634,529
Gross profit-----do-----:	64,622	78,417	86,144	232,789	338,493
General, selling, and administrative expenses					
1,000 dollars--:	43,091	53,255	55,987	116,308	164,180
Net operating profit					
1,000 dollars--:	21,531	25,162	30,157	116,481	174,313
Other expense-----do-----:	2,344	3,956	4,890	18,675	20,661
Net profit before taxes					
1,000 dollars--:	19,187	21,206	25,267	97,806	153,652
Depreciation and amortization:					
1,000 dollars--:	1,378	1,857	1,535	3,021	4,063
Cash flow-----do-----:	20,565	23,063	26,802	100,827	157,715
Ratio of cost of goods sold to net sales-----percent--:	72.5	70.6	71.1	67.1	65.2
Ratio of gross profit to net sales-----percent--:	27.5	29.4	28.9	32.9	34.8
Ratio of general, selling, and administrative expenses to net sales-----percent--:	18.3	20.0	18.8	16.4	16.9
Ratio of net operating profit to net sales-----percent--:	9.2	9.4	10.1	16.5	17.9
Ratio of net profit before taxes to net sales-percent--:	8.2	8.0	8.5	13.8	15.8
Reporting companies-----:	15	17	18	17	20
Number of firms reporting net operating losses-----:	3	5	1	1	0

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

Table G-10.--Nonrubber footwear: Profit-and-loss data on operations on domestic purchases of nonrubber footwear, accounting years 1979-83

	1979	1980	1981	1982	1983
Net sales-----1,000 dollars--:	118,987	159,074	169,078	156,985	161,625
Cost of goods sold					
1,000 dollars--:	76,994	104,455	112,586	99,823	101,852
Gross profit-----do-----:	41,993	54,619	56,492	57,162	59,773
General, selling, and administrative expenses					
1,000 dollars--:	31,007	38,459	40,530	40,862	43,551
Net operating profit					
1,000 dollars--:	10,986	16,160	15,962	16,300	16,222
Other income or (expense)					
1,000 dollars--:	(933)	(1,402)	281	666	1,387
Net profit before taxes					
1,000 dollars--:	10,053	14,758	16,243	16,966	17,609
Depreciation and amortization					
1,000 dollars--:	1,279	1,347	1,199	1,582	1,467
Cash flow-----do-----:	11,332	16,105	17,442	18,548	19,076
Ratio of cost of goods sold to net sales-----percent--:	64.7	65.7	66.6	63.6	63.0
Ratio of gross profit to net sales-----percent--:	35.3	34.3	33.4	36.4	37.0
Ratio of general, selling, and administrative expenses to net sales-----percent--:	26.1	24.2	24.0	26.0	26.9
Ratio of net operating profit to net sales-----percent--:	9.2	10.2	9.4	10.4	10.0
Ratio of net profit before taxes to net sales-percent--:	8.4	9.3	9.6	10.8	10.9
Reporting companies-----:	12	16	19	18	17
Number of firms reporting net operating losses-----:	0	2	3	4	1

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

Table G-11.--Nonrubber footwear: Profit-and-loss data, by types of output, accounting years 1979-83

Item	1979	1980	1981	1982	1983
All other:					
Net sales----1,000 dollars--:	***	***	***	***	***
Cost of goods sold					
1,000 dollars--:	***	***	***	***	***
Gross profit-----do-----:	***	***	***	***	***
General, selling, and					
administrative expenses					
1,000 dollars--:	***	***	***	***	***
Net operating profit					
1,000 dollars--:	***	***	***	***	***
Other expense-----do-----:	***	***	***	***	***
Net profit before taxes					
1,000 dollars--:	***	***	***	***	***
Depreciation and amor-					
tization----1,000 dollars--:	***	***	***	***	***
Cash flow-----do-----:	***	***	***	***	***
Ratio of cost of goods sold					
to net sales-----percent--:	80.6	75.4	76.2	82.6	82.2
Ratio of gross profit to					
net sales-----percent--:	19.4	24.6	23.8	17.4	17.8
Ratio of general, selling,					
and administrative					
expenses to net sales					
percent--:	14.0	12.7	12.3	12.4	13.5
Ratio of net operating					
profit to net sales					
percent--:	5.3	11.9	11.5	4.9	4.3
Ratio of net profit before					
taxes to net sales					
percent--:	4.2	11.1	11.0	4.1	2.7
Responding companies-----:	5	5	5	5	5
Athletic:					
Net sales----1,000 dollars--:	149,121	168,882	225,361	273,429	328,333
Cost of goods sold					
1,000 dollars--:	104,273	119,293	153,738	181,167	216,540
Gross profit-----do-----:	44,848	49,589	71,623	92,262	111,793
General, selling, and					
administrative expenses					
1,000 dollars--:	40,915	40,523	50,969	61,005	73,349
Net operating profit					
1,000 dollars--:	3,933	9,066	20,654	31,257	38,444
Other expense-----do-----:	5,848	4,221	5,954	7,506	4,987
Net profit or (loss) before					
taxes-----1,000 dollars--:	(1,915)	4,845	14,700	23,751	33,457
Depreciation and amor-					
tization----1,000 dollars--:	1,734	2,200	2,815	3,660	3,969
Cash flow or (deficit)					
1,000 dollars--:	(181)	7,045	17,515	27,411	37,426

Table G-11.--Nonrubber footwear: Profit-and-loss data by type of output, accounting years 1979-83--Continued

Type of footwear and item	1979	1980	1981	1982	1983
Athletic--Continued					
Ratio of cost of goods sold to net sales-----percent--:	69.9	70.6	68.2	66.3	66.0
Ratio of gross profit to net sales-----percent--:	30.1	29.4	31.8	33.7	34.0
Ratio of general, selling, and administrative expenses to net sales percent--:	27.4	24.0	22.6	22.3	22.3
Ratio of net operating profit to net sales percent--:	2.6	5.4	9.2	11.4	11.7
Ratio of net profit or (loss) before taxes to net sales-----percent--:	(1.3)	2.9	6.5	8.7	10.2
Reporting companies-----:	10	11	11	11	11
Boots:					
Net sales----1,000 dollars--:	115,434	156,349	216,905	191,355	174,793
Cost of goods sold 1,000 dollars--:	86,846	113,502	157,776	154,615	129,244
Gross profit-----do-----:	28,588	42,847	59,129	36,740	45,549
General, selling, and administrative expenses 1,000 dollars--:	20,646	26,007	36,996	44,325	35,991
Net operating profit or loss-----1,000 dollars--:	7,942	16,840	22,133	(7,585)	9,558
Other income or (expense) 1,000 dollars--:	(3,122)	(1,134)	520	(926)	(3,455)
Net profit or (loss) before taxes----1,000 dollars--:	4,820	15,706	22,653	(8,511)	6,103
Depreciation and amortization---1,000 dollars--:	1,158	1,126	1,967	2,621	2,781
Cash flow-----do-----:	5,978	16,832	24,620	-5,890	8,884
Ratio of cost of goods sold to net sales-----percent--:	75.2	72.6	72.7	80.8	73.9
Ratio of gross profit to net sales-----percent--:	24.8	27.4	27.3	19.2	26.1
Ratio of general, selling, and administrative expenses to net sales percent--:	17.9	16.6	17.1	23.2	20.6
Ratio of net operating profit or (loss) to net sales-----percent--:	6.9	10.8	10.2	(4.0)	5.5
Ratio of net profit or (loss) before taxes to net sales-----percent--:	4.2	10.0	10.4	(4.4)	3.5
Reporting companies-----:	5	5	5	5	6

Table G-11.--Nonrubber footwear: Profit-and-loss data by type of output, accounting years 1979-83--Continued

Type of footwear and item	1979	1980	1981	1982	1983
Casual:					
Net sales----1,000 dollars--:	518,996	682,992	824,934	749,446	755,472
Cost of goods sold					
1,000 dollars--:	400,215	509,784	604,539	576,768	564,435
Gross profit-----do-----:	118,781	173,208	220,395	172,678	191,037
General, selling, and administrative expenses					
1,000 dollars--:	67,829	89,980	112,598	112,018	116,054
Net operating profit					
1,000 dollars--:	50,952	83,228	107,797	60,660	74,983
Other expense-----do-----:	4,725	6,077	4,851	6,938	4,839
Net profit before taxes					
1,000 dollars--:	46,227	77,151	102,946	53,722	70,144
Depreciation and amor- tization---1,000 dollars--:	5,575	6,205	8,193	9,384	10,262
Cash flow-----do-----:	51,802	83,356	111,139	63,106	80,406
Ratio of cost of goods sold to net sales----percent--:	77.1	74.6	73.3	77.0	74.7
Ratio of gross profit to net sales-----percent--:	22.9	25.4	26.7	23.0	25.3
Ratio of general, selling, and administrative expenses to net sales percent--:	13.1	13.2	13.6	14.9	15.4
Ratio of net operating profit to net sales percent--:	9.8	12.2	13.1	8.1	9.9
Ratio of net profit before taxes to net sales percent--:	8.9	11.3	12.5	7.2	9.3
Reporting companies-----:	27	30	30	31	30
Dress:					
Net sales----1,000 dollars--:	343,554	372,459	420,030	407,338	412,872
Cost of goods sold					
1,000 dollars--:	282,734	292,539	321,399	318,280	318,427
Gross profit-----do-----:	60,820	79,920	98,631	89,058	94,445
General, selling, and administrative expenses					
1,000 dollars--:	36,141	40,825	45,604	46,147	49,917
Net operating profit					
1,000 dollars--:	24,679	39,095	53,027	42,911	44,528
Other income-----do-----:	248	2,463	3,269	3,118	5,980
Net profit before taxes					
1,000 dollars--:	24,927	41,558	56,296	46,029	50,508
Depreciation and amor- tization---1,000 dollars--:	3,162	3,445	3,764	4,031	4,616
Cash flow-----do-----:	28,089	45,003	60,060	50,060	55,124



Table G-11.--Nonrubber footwear: Profit-and-loss data by type of output, accounting years 1979-83--Continued

Type of footwear and item	1979	1980	1981	1982	1983
Dress--Continued					
Ratio of cost of goods sold to net sales-----percent--:	82.3	78.5	76.5	78.1	77.1
Ratio of gross profit to net sales-----percent--:	17.7	21.5	23.5	21.9	22.9
Ratio of general, selling, and administrative expenses to net sales percent--:	10.5	11.0	10.9	11.3	12.1
Ratio of net operating profit to net sales percent--:	7.2	10.5	12.6	10.5	10.8
Ratio of net profit before taxes to net sales percent--:	7.3	11.2	13.4	11.3	12.2
Reporting companies-----:	19	19	20	20	21
Slippers:					
Net sales----1,000 dollars--:	25,399	29,350	35,242	38,201	34,290
Cost of goods sold 1,000 dollars--:	19,366	22,324	27,255	28,844	26,687
Gross profit-----do-----:	6,033	7,026	7,987	9,357	7,603
General, selling, and administrative expenses 1,000 dollars--:	4,379	5,349	5,721	6,685	6,441
Net operating profit 1,000 dollars--:	1,654	1,677	2,266	2,672	1,162
Other expense-----do-----:	467	496	788	720	351
Net profit before taxes 1,000 dollars--:	1,187	1,181	1,478	1,952	811
Depreciation and amortization---1,000 dollars--:	244	268	264	317	363
Cash flow-----do-----:	1,431	1,449	1,742	2,269	1,174
Ratio of cost of goods sold to net sales-----percent--:	76.2	76.1	77.3	75.5	77.8
Ratio of gross profit to net sales-----percent--:	23.8	23.9	22.7	24.5	22.2
Ratio of general, selling, and administrative expenses to net sales percent--:	17.2	18.2	16.2	17.5	18.8
Ratio of net operating profit to net sales percent--:	6.5	5.7	6.4	7.0	3.4
Ratio of net profit before taxes to net sales percent--:	4.7	4.0	4.2	5.1	2.4
Reporting companies-----:	5	5	5	5	5

Table G-11.--Nonrubber footwear: Profit-and-loss data by type of output, accounting years 1979-83--Continued

Type of footwear and item	1979	1980	1981	1982	1983
Variety:					
Net sales----1,000 dollars--:	1,523,344	1,697,068	1,860,047	1,937,351	1,862,301
Cost of goods sold					
1,000 dollars--:	1,184,894	1,284,685	1,405,611	1,437,659	1,388,778
Gross profit-----do----	338,450	412,383	454,436	499,692	473,523
General, selling, and administrative expenses					
1,000 dollars--:	244,439	286,194	303,019	335,302	327,502
Net operating profit					
1,000 dollars--:	94,011	126,189	151,417	164,390	146,021
Other expense-----do----	12,277	17,031	16,300	14,146	6,083
Net profit before taxes					
1,000 dollars--:	81,734	109,158	135,117	150,244	139,938
Depreciation and amortization---1,000 dollars--:	19,433	21,862	23,415	25,269	28,485
Cash flow-----do----	101,167	131,020	158,532	175,513	168,423
Ratio of cost of goods sold to net sales-----percent--:	77.8	75.7	75.6	74.2	74.6
Ratio of gross profit to net sales-----percent--:	22.2	24.3	24.4	25.8	25.4
Ratio of general, selling, and administrative expenses to net sales percent--:	16.0	16.9	16.3	17.3	17.6
Ratio of net operating profit to net sales percent--:	6.2	7.4	8.1	8.5	7.8
Ratio of net profit before taxes to net sales percent--:	5.4	6.4	7.3	7.8	7.5
Reporting companies-----:	57	59	60	61	60
Workshoes:					
Net sales----1,000 dollars--:	***	***	***	***	***
Cost of goods sold					
1,000 dollars--:	***	***	***	***	***
Gross profit-----do----	***	***	***	***	***
General, selling, and administrative expenses					
1,000 dollars--:	***	***	***	***	***
Net operating profit					
1,000 dollars--:	***	***	***	***	***
Other expense-----do----	***	***	***	***	***
Net profit before taxes					
1,000 dollars--:	***	***	***	***	***
Depreciation and amortization---1,000 dollars--:	***	***	***	***	***
Cash flow-----do----	***	***	***	***	***

Table G-11.--Nonrubber footwear: Profit-and-loss data by type of output,  
accounting years 1979-83--Continued

Type of footwear and item	1979	1980	1981	1982	1983
Workshoes--Continued					
Ratio of cost of goods sold to net sales----percent--	***	***	***	***	***
Ratio of gross profit to net sales-----percent--	***	***	***	***	***
Ratio of general, selling, and administrative expenses to net sales percent--	***	***	***	***	***
Ratio of net operating profit to net sales percent--	***	***	***	***	***
Ratio of net profit before taxes to net sales percent--	***	***	***	***	***
Reporting companies-----	1	2	2	2	2

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



APPENDIX H  
MISCELLANEOUS FINANCIAL DATA

Table H-1.--Nonrubber nonathletic footwear: Balance sheet data and capital expenditures, 1979-83 <sup>1/</sup>

(In thousands of dollars)

Item	1979	1980	1981	1982	1983
<b>Assets:</b>					
Cash-----	37,142	57,365	68,205	88,580	101,304
Receivables-----	462,495	510,192	599,938	636,640	674,166
Inventory-----	579,709	593,147	727,286	693,206	725,105
Fixed assets-----	250,264	274,141	322,592	342,645	337,658
Other assets-----	166,723	177,654	199,786	255,826	280,533
<b>Total assets-----</b>	<b>1,496,333</b>	<b>1,612,499</b>	<b>1,917,518</b>	<b>2,016,897</b>	<b>2,118,766</b>
<b>Liabilities:</b>					
Current liabilities----	387,657	414,951	464,068	479,172	456,915
Long-term liabilities--	312,035	316,711	377,429	385,860	373,921
<b>Net worth-----</b>	<b>796,641</b>	<b>880,837</b>	<b>1,076,021</b>	<b>1,151,865</b>	<b>1,287,930</b>
<b>Total liabilities-----</b>	<b>1,496,333</b>	<b>1,612,499</b>	<b>1,917,518</b>	<b>2,106,897</b>	<b>2,118,766</b>
<b>Capital expenditures:</b>					
Land-----	685	1,420	2,591	2,956	2,724
Buildings-----	14,837	15,784	26,808	26,553	18,134
Machinery and equip- ment-----	31,815	40,122	58,185	46,467	37,738
<b>Total-----</b>	<b>47,337</b>	<b>57,326</b>	<b>87,584</b>	<b>75,976</b>	<b>58,596</b>
<b>Expenditures for speci- fied technologies: <sup>2/</sup></b>					
Flow molding-----	67	64	55	59	29
Computer stitching----	3,637	1,029	971	638	353
New lasting machinery--	368	1,389	921	782	1,690
Injection molding-----	532	788	1,325	2,192	1,448
Unit bottoms-----	51	551	1,174	1,346	897
<b>Total-----</b>	<b>4,655</b>	<b>3,821</b>	<b>4,446</b>	<b>5,017</b>	<b>4,417</b>

<sup>1/</sup> 107 firms reporting in 1979, 110 in 1980, and 112 in all other years.

<sup>2/</sup> Expenditures listed in first year of operation.

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

Table H-2.--Nonrubber nonathletic footwear: Financial ratios,  
accounting years 1979-83 <sup>1/</sup>

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.29	1.37	1.44	1.51	1.70
Current ratio-----	2.77	2.80	3.01	2.96	3.28
Debt/net worth-----	.87	.83	.78	.75	.65
Fixed assets/net worth-----	.31	.31	.30	.30	.26
Receivables turnover-----	6.63	7.11	6.74	6.37	6.10
Inventory turnover-----	4.05	4.49	4.05	4.27	4.07
Net sales/fixed assets-----	12.39	13.24	12.53	11.83	12.18
Ratio of specified technical expenditures to total capital expenditures-----	.10	.07	.05	.07	.08
Total capital expenditures/ net worth-----	.06	.07	.08	.07	.05
Total capital expenditures/ fixed assets-----	.19	.21	.27	.22	.17
Total capital expenditures/ total assets-----	.03	.04	.05	.04	.03
Net sales/total assets	2.05	2.25	2.11	2.01	1.94
Profits/total assets-----	.12	.17	.18	.13	.16
Profits/net worth-----	.22	.31	.33	.22	.26

<sup>1/</sup> 107 firms reporting in 1979, 110 firms in 1980, and 112 in all other years.

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

Table H-3.--Nonrubber athletic footwear: Balance sheet data and capital expenditures, 1979-83 <sup>1/</sup>

(In thousands of dollars)

Item	1979	1980	1981	1982	1983
<b>Assets:</b>					
Cash-----	36	1,792	4,482	9,274	7,554
Receivables-----	34,998	44,966	51,696	63,487	66,817
Inventory-----	34,957	55,080	52,181	67,683	94,483
Fixed assets-----	9,968	22,199	24,299	32,410	36,387
Other assets-----	1,718	9,488	10,649	14,036	16,316
<b>Total assets-----</b>	<b>81,677</b>	<b>133,525</b>	<b>143,307</b>	<b>186,891</b>	<b>221,556</b>
<b>Liabilities:</b>					
Current liabilities----	27,202	34,477	43,478	59,615	47,088
Long-term liabilities--	24,416	56,320	39,613	44,653	50,393
<b>Net worth-----</b>	<b>30,059</b>	<b>42,728</b>	<b>60,216</b>	<b>82,623</b>	<b>124,075</b>
<b>Total liabilities----</b>	<b>81,677</b>	<b>133,525</b>	<b>143,307</b>	<b>186,891</b>	<b>221,556</b>
<b>Capital expenditures:</b>					
Land-----	322	348	211	499	86
Buildings-----	1,854	3,184	1,072	3,559	1,402
Machinery and equip- ment-----	3,816	13,636	6,793	10,438	8,341
<b>Total-----</b>	<b>5,992</b>	<b>17,168</b>	<b>8,076</b>	<b>14,514</b>	<b>9,829</b>
<b>Expenditures for speci- fied technologies: <sup>2/</sup></b>					
Computer stitching-----	0	0	252	252	370
New lasting machinery--	0	0	115	0	0
Injection molding-----	906	392	393	1,621	800
<b>Total-----</b>	<b>906</b>	<b>392</b>	<b>760</b>	<b>1,873</b>	<b>1,170</b>

<sup>1/</sup> 10 firms reporting in 1979 and 11 firms in all other years.

<sup>2/</sup> Expenditures listed in first year of production. These 3 categories were the only types of technology for which expenditures were reported.

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



Table H-4.--Nonrubber athletic footwear: Financial ratios,  
accounting years 1979-83 <sup>1/</sup>

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.29	1.36	1.29	1.22	1.58
Current ratio-----	2.57	2.95	2.49	2.36	3.59
Debt/net worth-----	1.72	2.13	1.38	1.26	0.79
Fixed assets/net worth-----	.33	.52	.40	.39	.29
Receivables turnover-----	5.93	5.63	6.50	1.63	12.54
Inventory turnover-----	4.19	3.31	4.59	6.75	5.92
Net sales/fixed assets-----	20.82	11.40	13.82	20.92	23.03
Ratio of specified technical expenditures to total capital expenditures-----	.15	.02	.09	.13	.12
Total capital expenditures/ net worth-----	.20	.40	.13	.18	.08
Total capital expenditures/ fixed assets-----	.60	.77	.33	.45	.27
Total capital expenditures/ total assets-----	.07	.13	.06	.08	.04
Net sales/total assets-----	2.54	1.90	2.34	3.63	3.78
Profits/total assets-----	.11	.12	.20	.54	.61
Profits/net worth-----	.31	.39	.47	1.22	1.09

<sup>1/</sup> 10 firms reporting in 1979 and 11 firms in all other years.

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

Table H-5.--Nonrubber footwear: Financial ratios for firms producing 0 to 199,999 pairs annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	.95	0.93	1.00	0.87	0.88
Current ratio-----	1.95	2.06	2.19	2.03	1.96
Debt/net worth-----	1.20	1.04	0.93	1.02	1.17
Fixed assets/net worth-----	.30	.27	.21	.23	.28
Receivables turnover-----	5.37	5.69	5.89	6.07	6.09
Inventory turnover-----	3.67	3.21	2.64	2.52	2.89
Net sales/fixed assets-----	15.16	15.22	16.08	14.98	13.42
Ratio of specified technical expenditures to total capital expenditures-----	-	-	-	-	.03
Total capital expenditures/net worth-----	.13	.12	.10	.09	.08
Total capital expenditures/fixed assets-----	.44	.46	.50	.37	.28
Total capital expenditures/total assets-----	.06	.06	.05	.04	.04
Net sales/total assets-----	2.04	1.98	1.76	1.70	1.75
Profits/total assets-----	.08	.10	.17	.09	.05
Profits/net worth-----	.18	.21	.32	.18	.11

1/ 16 firms reporting in all years.

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

Table H-6.--Nonrubber footwear: Financial ratios for firms producing 200,000 to 499,999 pairs annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.47	1.54	1.52	1.50	1.56
Current ratio-----	2.67	2.63	2.61	2.52	2.59
Debt/net worth-----	.68	.76	.91	.87	.83
Fixed assets/net worth-----	.16	.16	.16	.16	.16
Receivables turnover-----	4.43	4.18	4.09	3.78	4.10
Inventory turnover-----	3.76	3.97	3.98	3.77	4.04
Net sales/fixed assets-----	19.80	21.00	22.40	2 .73	22.05
Ratio of specified technical expenditures to total capital expenditures-----	.00	.05	.08	.08	.08
Total capital expenditures/ net worth-----	.02	.03	.04	.05	.03
Total capital expenditures/ fixed assets-----	.12	.20	.24	.30	.17
Total capital expenditures/ total assets-----	.01	.02	.02	.03	.01
Net sales/total assets-----	1.91	1.89	1.93	1.78	1.88
Profits/total assets-----	.07	.07	.07	.07	.08
Profits/net worth-----	.11	.12	.13	.13	.15

1/ 20 firms reporting in 1979 and 22 firms in all other years.

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

Table H-7.--Nonrubber footwear: Financial ratios for firms producing 500,000 to 999,999 pairs annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.18	1.26	1.59	1.39	1.89
Current ratio-----	2.32	2.40	3.14	2.65	3.23
Debt/net worth-----	1.35	1.20	1.33	1.28	0.95
Fixed assets/net worth-----	.29	.26	.32	.33	.28
Receivables turnover-----	6.02	5.96	6.13	5.64	4.92
Inventory turnover-----	4.51	4.40	3.69	4.12	4.31
Net sales/fixed assets-----	18.26	19.41	14.03	13.34	12.92
Ratio of specified technical expenditures to total capital					
expenditures-----	.01	.02	.01	.01	.11
Total capital expenditures/ net worth-----	.05	.10	.17	.15	.07
Total capital expenditures/ fixed assets-----	.18	.38	.55	.44	.23
Total capital expenditures/ total assets-----	.02	.05	.07	.07	.03
Net sales/total assets-----	2.28	2.27	1.92	1.95	1.88
Profits/total assets-----	.07	.15	.13	-	.09
Profits/net worth-----	.16	.32	.30	-	.18

1/ 25 firms reporting in 1979-80 and 26 firms in all other years.

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

Table H-8.--Nonrubber footwear: Financial ratios for firms producing 1,000,000 to 1,999,999 pairs annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.26	1.26	1.14	1.22	1.26
Current ratio-----	2.40	2.45	2.11	2.12	2.15
Debt/net worth-----	.87	.88	.92	.83	.91
Fixed assets/net worth-----	.26	.25	.25	.27	.27
Receivables turnover-----	6.65	9.91	11.64	9.45	8.46
Inventory turnover-----	5.03	6.34	7.53	7.51	6.85
Net sales/fixed assets-----	16.88	23.73	27.79	19.80	19.36
Ratio of specified technical expenditures to total capital expenditures-----	.20	.09	.11	.11	.13
Total capital expenditures/ net worth-----	.05	.06	.05	.09	.06
Total capital expenditures/ fixed assets-----	.18	.24	.19	.31	.22
Total capital expenditures/ total assets-----	.02	.03	.03	.05	.03
Net sales/total assets-----	2.31	3.14	3.62	2.93	2.73
Profits/total assets-----	.15	.30	.44	.10	.19
Profits/net worth-----	.28	.57	.84	.18	.37

1/ 19 firms reporting in 1979 and 20 firms in all other years.

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

Table H-9.--Nonrubber footwear: Financial ratios for firms producing 2,000,000 to 3,999,999 pairs annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.06	1.15	1.43	1.39	1.42
Current ratio-----	2.74	2.72	3.06	2.96	3.03
Debt/net worth-----	.74	.74	.68	.57	.49
Fixed assets/net worth-----	.31	.30	.29	.30	.27
Receivables turnover-----	9.55	9.64	7.59	8.39	7.99
Inventory turnover-----	4.28	4.62	4.52	4.51	4.30
Net sales/fixed assets-----	13.84	14.75	14.17	12.25	12.48
Ratio of specified technical expenditures to total capital expenditures-----	.04	.30	.11	.17	.33
Total capital expenditures/ net worth-----	.05	.05	.09	.07	.04
Total capital expenditures/ fixed assets-----	.16	.16	.31	.23	.14
Total capital expenditures/ total assets-----	.03	.03	.05	.04	.02
Net sales/total assets-----	2.44	2.58	2.42	2.34	2.22
Profits/total assets-----	.16	.20	.20	.15	.15
Profits/net worth-----	.28	.35	.33	.23	.22

1/ 15 firms reporting in 1979-80 and 16 firms in all other years.

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

Table H-10.--Nonrubber footwear: Financial ratios for firms producing 4,000,000 pairs or more annually, accounting years 1979-83 1/

Item	1979	1980	1981	1982	1983
Quick ratio-----	1.36	1.46	1.50	1.68	1.91
Current ratio-----	2.99	3.03	3.30	3.36	3.86
Debt/net worth-----	.86	.80	.70	.70	.58
Fixed assets/net worth-----	.33	.34	.32	.31	.27
Receivables turnover-----	6.58	6.82	6.24	6.08	5.91
Inventory turnover-----	3.82	4.23	3.56	3.92	3.66
Net sales/fixed assets-----	10.79	10.93	9.99	10.21	10.71
Ratio of specified technical expenditures to total capital expenditures-----	.10	.04	.04	.05	.02
Total capital expenditures/ net worth-----	.06	.07	.08	.05	.04
Total capital expenditures/ fixed assets-----	.19	.19	.24	.18	.16
Total capital expenditures/ total assets-----	.03	.04	.04	.03	.02
Net sales/total assets-----	1.93	2.08	1.87	1.86	1.80
Profits/total assets-----	.12	.15	.16	.15	.17
Profits/net worth-----	.21	.28	.27	.26	.27

1/ 15 firms reporting in all years.

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





APPENDIX I

INFORMATION SUPPLIED BY THE U.S. EMBASSY OF MADRID

Table I-1.--Nonrubber footwear in Spain: Production, domestic shipments, and export shipments, by categories, 1979-83

Item	1979	1980	1981	1982	1983
Production:					
Men's <u>1</u> /-----million pairs--	34.8	32.1	32.5	32.9	32.6
Women's <u>2</u> /-----do-----	49.9	45.0	47.3	50.2	63.4
Children's <u>3</u> /-----do-----	13.9	11.9	11.7	11.6	12.8
Athletic-----do-----	15.5	14.7	14.0	13.5	13.8
Total-----do-----	114.1	103.7	105.5	108.2	122.6
Domestic shipments:					
Men's <u>1</u> /-----million pairs--	11.1	10.7	8.7	10.2	9.5
Women's <u>2</u> /-----do-----	31.9	30.4	28.6	29.0	32.7
Children's <u>3</u> /-----do-----	6.7	6.9	5.8	6.1	6.5
Athletic-----do-----	4/	4/	4/	4/	4/
Total <u>5</u> /-----do-----	49.7	48.0	43.1	45.3	48.7
Export shipments:					
Men's leather <u>1</u> /					
million pairs--	25.4	21.4	23.8	22.7	23.1
Women's leather <u>2</u> /-----do-----	18.0	14.6	18.7	21.2	30.7
Children's leather <u>3</u> /-----do-----	6.2	4.6	5.9	5.5	6.3
Rubber or plastic footwear					
million pairs--	7.7	4.8	6.0	8.5	7.5
All other-----do-----	19.4	16.9	16.3	15.0	19.2
Total-----do-----	76.7	62.3	70.7	72.9	86.8
Percentage distribution of export shipments of--					
Men's leather <u>1</u> /-----percent--	33.1	34.3	33.7	31.1	26.6
Women's leather <u>2</u> /-----do-----	23.5	23.4	26.4	29.1	35.4
Children's leather <u>3</u> /-----do-----	8.1	7.4	8.3	7.5	7.3
Rubber or plastic footwear					
percent--	10.1	7.7	8.5	11.7	8.6
All other-----do-----	25.3	27.1	23.1	20.6	22.1
Total-----do-----	100.0	100.0	100.0	100.0	100.0
Share of export shipments to the United States-----percent--	36.5	27.9	29.3	33.4	32.8

1/ Men's footwear also includes youths' and boys' but excludes athletic.

2/ Women's footwear also includes misses' but excludes athletic.

\* 3/ Children's footwear also includes infants' but excludes athletic.

4/ Data are not available.

5/ Excludes athletic footwear.

Source: Telegram, U.S. Embassy, Madrid.

Note.--The average capacity utilization for the years 1979-83 was 56 percent for men's; 65 percent for women's; 55 percent for children's, and 53 percent for athletic.

Table I-2. Nonrubber footwear: Exports from Spain, by principal markets, 1979-83

Market	1979	1980	1981	1982	1983
Quantity (million pairs)					
United States-----	27.4	17.4	20.7	23.8	28.3
Federal Republic of Germany-----	13.2	15.4	16.7	17.1	18.0
United Kingdom-----	6.5	5.0	6.7	7.2	10.2
France-----	7.2	7.3	7.9	7.0	7.9
All other-----	20.8	17.2	18.7	16.1	21.9
Total-----	75.1	62.3	70.7	71.2	86.3
Value (million dollars)					
United States-----	277.4	165.3	214.2	235.5	263.8
Federal Republic of Germany-----	114.3	141.6	114.0	107.8	100.7
United Kingdom-----	69.1	58.0	62.6	59.5	66.6
France-----	57.6	56.4	58.7	56.6	49.7
All other-----	157.6	143.0	151.6	117.1	123.8
Total-----	676.0	564.3	601.1	576.5	604.6

Source: U.S. Embassy, Madrid, May 1984, USITC Section 201 Investigation of Nonrubber Footwear: Request for Information.



APPENDIX J

DATA ON U.S. IMPORTS OF NONRUBBER FOOTWEAR

Table J-1.--Men's nonrubber footwear: 1/ U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Taiwan-----	18,043	21,595	20,732	34,058	46,496
Republic of Korea--	7,467	6,408	8,731	29,510	43,580
Italy-----	7,797	5,206	5,035	7,491	7,370
Brazil-----	3,885	3,168	3,682	4,108	6,588
Spain-----	7,509	5,194	4,358	4,964	6,569
Hong Kong-----	5,771	6,081	8,028	7,260	4,875
China-----	314	781	2,080	1,985	2,514
Philippines-----	1,173	3,596	2,988	2,324	2,207
Thailand-----	1,246	1,141	1,780	2,392	2,112
Canada-----	2,412	1,688	1,327	1,855	1,783
All other-----	14,588	13,768	11,482	9,082	9,314
Total-----	70,205	68,627	70,224	105,029	133,408
Customs value (1,000 dollars)					
Taiwan-----	79,471	105,620	130,548	187,528	252,459
Republic of Korea--	60,655	56,943	82,790	205,275	277,206
Italy-----	139,853	107,993	93,140	125,417	125,703
Brazil-----	47,770	43,577	55,260	53,586	68,774
Spain-----	70,589	51,718	49,306	50,722	58,669
Hong Kong-----	8,050	9,005	11,702	10,713	9,497
China-----	1,355	4,218	10,429	12,160	11,587
Philippines-----	2,479	6,444	5,624	4,146	6,644
Thailand-----	1,438	1,440	2,347	6,137	5,059
Canada-----	22,328	15,343	12,720	18,680	17,389
All other-----	124,375	136,545	116,374	115,578	112,501
All countries-----	558,363	538,846	570,241	789,942	945,488
Unit value (per pair)					
Taiwan-----	\$4.40	\$4.89	\$6.30	\$5.51	\$5.43
Republic of Korea--	8.12	8.89	9.48	6.96	6.36
Italy-----	17.94	20.74	18.50	16.74	17.06
Brazil-----	12.30	13.75	15.01	13.04	10.44
Spain-----	9.40	9.96	11.31	10.22	8.93
Hong Kong-----	1.40	1.48	1.46	1.48	1.95
China-----	4.32	5.40	5.01	6.12	4.61
Philippines-----	2.11	1.79	1.88	1.78	3.01
Thailand-----	1.15	1.26	1.32	2.57	2.39
Canada-----	9.26	9.09	9.58	10.07	9.75
All other-----	8.53	9.92	10.14	12.73	12.08
All countries-----	7.95	7.85	8.12	7.52	7.09

See footnote at end of table.

Table J-1.--Men's nonrubber footwear: <sup>1/</sup> U.S. imports for consumption, by principal sources, 1979-83--Continued

Source	1979	1980	1981	1982	1983
Percent of total quantity					
Taiwan-----:	25.7	31.5	29.5	32.4	34.8
Republic of Korea--:	10.6	9.3	12.4	28.1	32.7
Italy-----:	11.1	7.6	7.2	7.1	5.5
Brazil-----:	5.5	4.6	5.2	3.9	4.9
Spain-----:	10.7	7.6	6.2	4.7	4.9
Hong Kong-----:	8.2	8.9	11.4	6.9	3.6
China-----:	.4	1.1	3.0	1.9	1.9
Philippines-----:	1.7	5.2	4.3	2.2	1.6
Thailand-----:	1.8	1.7	2.5	2.3	1.6
Canada-----:	3.4	2.5	1.9	1.8	1.3
All other-----:	20.8	20.1	16.4	8.6	7.0
All countries----:	100.0	100.0	100.0	100.0	100.0

<sup>1/</sup> Men's footwear includes youths' footwear and workshoes, but excludes athletic footwear.

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

Note.--Because of rounding, figures may not add to the totals shown.

Table J-2.--Women's nonrubber footwear: 1/ U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Taiwan-----	89,530	102,305	79,151	109,882	140,145
Brazil-----	27,194	27,704	38,931	36,567	57,114
Italy-----	84,712	37,565	41,880	46,427	44,963
Republic of Korea--	661	1,338	1,975	6,982	18,729
Spain-----	17,306	11,029	12,129	14,632	17,360
Hong Kong-----	9,696	9,112	13,209	10,937	6,882
Philippines-----	8,381	7,540	6,868	5,080	4,427
Mexico-----	3,358	3,178	4,678	4,411	2,985
China-----	461	929	3,100	2,477	2,589
Romania-----	2,071	1,912	1,851	1,774	1,791
All other-----	28,257	18,723	19,236	13,687	10,930
All countries----	271,627	221,334	223,007	252,857	307,913
Customs value (1,000 dollars)					
Taiwan-----	300,859	405,445	370,572	420,013	549,046
Brazil-----	183,765	194,151	300,111	293,634	439,204
Italy-----	583,421	348,241	358,837	438,912	476,809
Republic of Korea--	2,916	6,514	10,821	33,871	87,857
Spain-----	194,535	112,368	131,198	165,401	180,706
Hong Kong-----	22,142	20,654	39,165	35,679	31,619
Philippines-----	19,533	16,425	21,552	14,684	18,087
Mexico-----	13,928	16,017	18,855	14,334	10,681
China-----	805	2,020	4,979	4,391	4,085
Romania-----	14,050	15,594	15,839	12,553	14,304
All other-----	149,812	115,574	111,129	103,297	89,611
All countries----	1,485,768	1,253,002	1,383,058	1,536,771	1,902,010
Unit value (per pair)					
Taiwan-----	\$3.36	\$3.96	\$4.68	\$3.82	\$3.92
Brazil-----	6.75	7.01	7.71	8.03	7.69
Italy-----	6.89	9.27	8.57	9.45	10.60
Republic of Korea--	4.41	4.87	5.48	4.85	4.69
Spain-----	11.24	10.19	10.82	11.30	10.41
Hong Kong-----	2.28	2.27	2.96	3.26	4.59
Philippines-----	2.33	2.18	3.14	2.89	4.09
Mexico-----	4.15	5.04	4.03	3.25	3.58
China-----	1.74	2.17	1.61	1.77	1.58
Romania-----	6.78	8.16	8.56	7.08	7.99
All other-----	5.30	6.17	5.78	7.55	8.20
All countries----	5.47	5.66	6.20	6.08	6.18

See footnote at end of table.



Table J-2.--Women's nonrubber footwear: <sup>1/</sup> U.S. imports for consumption,  
by principal sources, 1979-83--Continued

Source	1979	1980	1981	1982	1983
Percent of total quantity					
Taiwan-----	32.9	46.2	35.5	43.5	45.5
Brazil-----	10.0	12.5	17.5	14.5	18.6
Italy-----	31.2	17.0	18.8	18.4	14.6
Republic of Korea--	.2	.6	.9	2.8	6.1
Spain-----	6.4	5.0	5.4	5.8	5.6
Hong Kong-----	3.6	4.1	5.9	4.3	2.2
Philippines-----	3.1	3.4	3.1	2.0	1.4
Mexico-----	1.2	1.4	2.1	1.7	1.0
China-----	.2	.4	1.4	1.0	.8
Romania-----	.8	.9	.8	.7	.6
All other-----	10.4	8.4	8.6	5.4	3.5
All countries-----	100.0	100.0	100.0	100.0	100.0

<sup>1/</sup> Women's footwear includes misses' shoes, but excludes athletic footwear.

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

Note.--Because of rounding, figures may not add to the totals shown.

Table J-3.--Children's nonrubber footwear: 1/ U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Taiwan-----	6,185	7,451	6,201	15,963	27,021
Republic of Korea--	288	374	465	2,652	8,829
Hong Kong-----	6,069	5,357	6,661	5,839	5,969
Spain-----	2,421	1,779	2,355	2,457	2,671
Italy-----	2,320	1,715	1,940	2,032	2,381
China-----	64	453	1,748	1,336	1,847
Japan-----	2,005	2,559	2,430	1,585	982
Thailand-----	130	143	502	673	602
Brazil-----	455	451	405	270	364
Philippines-----	711	587	833	379	267
All other-----	1,589	1,296	1,470	1,391	1,343
All countries----	22,236	22,165	25,010	34,577	52,276
Customs value (1,000 dollars)					
Taiwan-----	19,729	26,135	25,437	48,077	80,050
Republic of Korea--	881	1,098	1,805	10,076	33,424
Hong Kong-----	5,007	5,568	6,487	5,842	5,681
Spain-----	9,066	9,462	12,664	13,798	14,414
Italy-----	9,224	6,799	7,852	7,125	10,491
China-----	170	811	1,361	1,295	1,129
Japan-----	990	1,493	1,783	1,443	826
Thailand-----	134	159	529	833	774
Brazil-----	1,897	1,786	1,803	1,875	1,645
Philippines-----	1,249	1,026	1,718	450	478
All other-----	5,383	5,317	6,478	5,992	5,762
All countries----	53,732	59,654	67,918	96,806	154,674
Unit value (per pair)					
Taiwan-----	\$3.19	\$3.51	\$4.10	\$3.01	\$2.96
Republic of Korea--	3.06	2.93	3.88	3.80	3.78
Hong Kong-----	.83	1.04	.97	1.00	.95
Spain-----	3.74	5.32	5.38	5.62	5.40
Italy-----	3.98	3.96	4.05	3.51	4.40
China-----	2.67	1.79	.78	.97	.61
Japan-----	.49	.58	.73	.91	.84
Thailand-----	1.03	1.11	1.05	1.24	1.28
Brazil-----	4.17	3.96	4.45	6.93	4.52
Philippines-----	1.76	1.75	2.06	1.19	1.79
All other-----	3.39	4.10	4.41	4.31	4.29
All countries----	2.42	2.69	2.72	2.80	2.96

See footnote at end of table.

Table J-3.--Children's nonrubber footwear: <sup>1/</sup> U.S. imports for consumption, by principal sources, 1979-83--Continued

Source	1979	1980	1981	1982	1983
	Percent of total quantity				
Taiwan-----	27.8	33.6	24.8	46.2	51.7
Republic of Korea--	1.3	1.7	1.9	7.7	16.9
Hong Kong-----	27.3	24.2	26.6	16.9	11.4
Spain-----	10.9	8.0	9.4	7.1	5.1
Italy-----	10.4	7.7	7.8	5.9	4.6
China-----	.3	2.0	7.0	3.9	3.5
Japan-----	9.0	11.5	9.7	4.6	1.9
Thailand-----	.6	.6	2.0	1.9	1.2
Brazil-----	2.0	2.0	1.6	.8	.7
Philippines-----	3.2	2.6	3.3	1.1	.5
All other-----	7.1	5.8	5.9	4.0	2.6
All countries-----	100.0	100.0	100.0	100.0	100.0

<sup>1/</sup> Children's shoes include infants', but exclude athletic.

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

Note.--Because of rounding, figures may not add to the totals shown.

Table J-4.--Athletic nonrubber footwear: U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Republic of Korea--:	15,947	28,929	32,812	51,462	47,657
Taiwan-----:	11,072	12,680	12,804	23,225	29,703
France-----:	2,078	2,012	2,368	3,026	3,079
Italy-----:	2,242	1,733	1,322	1,464	1,635
Yugoslavia-----:	1,881	2,900	1,915	1,423	1,455
Japan-----:	588	800	992	1,098	807
Thailand-----:	67	31	531	655	731
Philippines-----:	2,971	2,572	2,543	2,361	731
Hong Kong-----:	595	211	403	470	439
Brazil-----:	493	15	10	143	322
All other-----:	2,433	1,688	1,595	1,668	1,484
All countries-----:	40,366	53,571	57,295	86,997	88,042
Customs value (1,000 dollars)					
Republic of Korea--:	102,075	198,282	226,565	341,778	301,635
Taiwan-----:	63,027	82,942	86,835	149,284	197,663
France-----:	30,343	34,126	39,916	57,981	53,297
Italy-----:	54,973	43,462	29,165	37,832	45,545
Yugoslavia-----:	25,304	40,255	25,844	14,432	14,117
Japan-----:	6,278	10,160	11,659	13,206	10,622
Thailand-----:	254	70	3,459	4,033	4,270
Philippines-----:	11,540	10,238	15,111	14,558	4,146
Hong Kong-----:	1,720	850	1,426	2,352	1,823
Brazil-----:	3,763	82	77	529	3,550
All other-----:	31,734	26,190	19,368	23,868	22,430
All countries-----:	331,011	446,657	459,425	659,852	659,098
Unit value (per pair)					
Republic of Korea--:	\$6.40	\$6.85	\$6.90	\$6.64	\$6.33
Taiwan-----:	5.69	6.54	6.78	6.43	6.65
France-----:	14.60	16.96	16.86	19.16	17.31
Italy-----:	24.52	25.08	22.06	25.84	27.86
Yugoslavia-----:	13.46	13.88	13.50	10.14	9.70
Japan-----:	10.68	12.69	11.75	12.03	13.17
Thailand-----:	3.81	2.25	6.52	6.15	5.84
Philippines-----:	3.88	3.98	5.94	6.17	5.68
Hong Kong-----:	2.89	4.02	3.54	5.00	4.15
Brazil-----:	7.63	5.52	8.02	3.69	11.01
All other-----:	13.04	15.52	12.14	14.31	15.12
All countries-----:	8.20	8.34	8.02	7.58	7.49

Table continued on following page.

Table J-4.--Athletic nonrubber footwear: U.S. imports for consumption,  
by principal sources, 1979-83--Continued

Source	1979	1980	1981	1982	1983
Percent of total quantity					
Republic of Korea--	39.5	54.0	57.3	59.2	54.1
Taiwan-----	27.4	23.7	22.3	26.7	33.7
France-----	5.1	3.8	4.1	3.5	3.5
Italy-----	5.6	3.2	2.3	1.7	1.8
Yugoslavia-----	4.6	5.4	3.3	1.6	1.6
Japan-----	1.4	1.5	1.7	1.3	.9
Thailand-----	.2	.1	.9	0.8	.8
Philippines-----	7.4	4.8	4.4	2.7	.8
Hong Kong-----	1.5	.4	.7	.5	.5
Brazil-----	1.2	<u>1/</u>	<u>1/</u>	.2	.4
All other-----	6.0	3.2	2.8	1.9	1.7
All countries-----	100.0	100.0	100.0	100.0	100.0

1/ Less than 0.05 percent.

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

Note.--Because of rounding, figures may not add to the totals shown.

Table J-5.--All other nonrubber footwear: U.S. imports for consumption, by principal sources, 1979-83

Source	1979	1980	1981	1982	1983
Quantity (1,000 pairs)					
Taiwan-----	35	0	18	73	66
Republic of Korea--	25	5	10	<u>1/</u>	59
Hong Kong-----	2	0	10	29	20
Afghanistan-----	12	14	5	21	18
Spain-----	2	1	1	2	10
United Kingdom----	4	1	3	10	7
Australia-----	0	<u>1/</u>	<u>1/</u>	<u>1/</u>	6
Italy-----	3	3	1	16	6
Federal Republic					
Germany-----	<u>1/</u>	<u>1/</u>	3	2	5
India-----	0	<u>1/</u>	8	1	4
All other-----	45	20	7	49	18
All countries----	129	46	65	204	218
Customs value (1,000 dollars)					
Taiwan-----	25	0	73	115	149
Republic of Korea--	83	12	18	1	66
Hong Kong-----	7	0	77	48	70
Afghanistan-----	24	25	6	16	8
Spain-----	19	2	8	14	46
United Kingdom----	54	21	42	54	61
Australia-----	0	2	4	<u>2/</u>	74
Italy-----	39	34	27	54	64
Federal Republic					
Germany-----	<u>2/</u>	6	22	8	55
India-----	0	<u>2/</u>	18	3	13
All other-----	160	47	39	173	80
All countries----	411	149	334	487	688
Unit value (per pair)					
Taiwan-----	\$0.69	-	\$4.18	\$1.57	\$2.28
Republic of Korea--	3.30	\$2.28	1.82	6.60	1.12
Hong Kong-----	3.30	-	7.73	1.65	3.42
Afghanistan-----	1.96	1.78	1.34	.76	.47
Spain-----	9.26	3.09	7.21	6.38	4.84
United Kingdom----	13.80	15.10	15.39	5.17	9.31
Australia-----	-	15.38	11.09	13.05	12.13
Italy-----	12.16	10.90	18.88	3.34	11.19
Federal Republic					
Germany-----	35.62	13.54	8.50	5.38	11.46
India-----	-	.77	2.20	2.65	3.12
All other-----	3.55	2.28	5.70	3.56	4.54
All countries----	3.18	3.23	5.11	2.39	3.16

See footnotes at end of table.

Table J-5.--All other nonrubber footwear: U.S. imports for consumption, by principal sources, 1979-83--Continued

Source	1979	1980	1981	1982	1983
	Percent of total quantity				
Taiwan-----	27.4	-	26.8	35.9	30.1
Republic of Korea--	19.4	11.7	15.2	.1	27.2
Hong Kong-----	1.6	-	15.3	14.2	9.4
Afghanistan-----	9.6	30.9	7.0	10.5	8.2
Spain-----	1.6	1.4	1.7	1.1	4.4
United Kingdom-----	3.0	3.0	4.1	5.1	3.0
Australia-----	-	.3	.5	<u>3/</u>	2.8
Italy-----	2.5	6.8	2.2	8.0	2.6
Federal Republic Germany-----	<u>3/</u>	.9	3.9	.8	2.2
India-----	-	.9	12.7	.6	1.9
All other-----	34.8	44.1	10.5	23.8	8.1
All countries----	100.0	100.0	100.0	100.0	100.0

1/ Less than 500 units.

2/ Less than \$500.

3/ Less than 0.05 percent.

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





APPENDIX K

PRICE INDEXES OF SELECTED COMMODITY CATEGORIES

Table K-1.--Indexes of U.S. producer prices of nondurable manufactured commodities, wearing apparel, nonrubber footwear, leather, and all intermediate products used in the manufacture of nondurables, by quarters, January 1979-March 1984

Period	(January-March 1979=100)				
	Nondurable manufactured commodities	Wearing apparel <sup>1/</sup>	Nonrubber footwear	Leather	Intermediate products used in nondurable manufacturing
1979:					
January-March-----	100	100	100	100	100
April-June-----	104	101	106	127	104
July-September-----	109	102	110	114	109
October-December-----	114	103	112	106	114
1980:					
January-March-----	120	106	113	103	120
April-June-----	125	108	114	90	124
July-September-----	129	111	115	95	126
October-December-----	131	113	117	101	129
1981:					
January-March-----	137	115	118	99	133
April-June-----	141	117	118	102	137
July-September-----	142	119	119	100	139
October-December-----	141	121	118	99	140
1982:					
January-March-----	142	123	118	98	139
April-June-----	141	123	120	96	137
July-September-----	143	124	121	97	135
October-December-----	142	124	122	98	135
1983:					
January-March-----	140	124	123	97	133
April-June-----	139	124	122	102	133
July-September-----	142	126	123	108	135
October-December-----	142	126	124	107	137
January-March 1984 <sup>2/</sup> -----	143	127	124	109	138

<sup>1/</sup> Excludes footwear.

<sup>2/</sup> Based on figures through February, the latest period for which data were available.

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

Table K-2.--Indexes of U.S. import prices of clothing and footwear, by quarters, January 1979-December 1983 1/

(January-March 1979=100)

Period	Clothing	Footwear <u>2/</u>
1979:		
January-March-----	100	100
April-June-----	102	105
July-September-----	104	108
October-December-----	105	109
1980:		
January-March-----	106	111
April-June-----	107	112
July-September-----	108	113
October-December-----	110	113
1981:		
January-March-----	111	116
April-June-----	114	116
July-September-----	114	114
October-December-----	115	113
1982:		
January-March-----	116	112
April-June-----	117	112
July-September-----	115	111
October-December-----	115	110
1983:		
January-March-----	114	110
April-June-----	114	108
July-September-----	114	110
October-December-----	117	109

1/ Import prices are c.i.f., duty-paid values, at the ports of entry.2/ Includes rubber as well as nonrubber footwear.

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

Table K-3.--Indexes of U.S. consumer prices of nondurable commodities, wearing apparel, and footwear, by quarters, January 1979-March 1984

(January-March 1979=100)

Period	Nondurable commodities <u>1/</u>	Wearing apparel <u>2/</u>	Footwear <u>3/</u>
1979:			
January-March-----	100	100	100
April-June-----	106	101	102
July-September-----	113	101	105
October-December-----	117	103	107
1980:			
January-March-----	125	105	109
April-June-----	130	107	110
July-September-----	131	108	112
October-December-----	133	109	114
1981:			
January-March-----	139	110	115
April-June-----	143	111	117
July-September-----	143	112	118
October-December-----	144	112	119
1982:			
January-March-----	143	113	120
April-June-----	142	113	120
July-September-----	146	113	121
October-December-----	147	114	120
1983:			
January-March-----	144	114	121
April-June-----	146	115	121
July-September-----	149	117	121
October-December-----	149	117	121
January-March 1984 <u>4/</u> -----	148	116	122

1/ Excludes food and beverages.

2/ Excludes footwear.

3/ Includes rubber as well as nonrubber footwear and imported as well as domestic footwear.

4/ Based on figures through February, the latest period for which data were available.

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

APPENDIX L

DEFINITIONS OF RETAIL OUTLETS AND FOOTWEAR CATEGORIES AND  
TABLES OF FOOTWEAR PRICES, QUANTITIES, AND QUANTITY PROPORTIONS  
DISCUSSED IN THE PRICE SECTION

### Retail Outlets

Independent shoe stores and department stores.--These retail outlets sell predominantly, if not exclusively, nationally branded footwear 1/ and provide full customer service. The largest group of stores in this category are the independent shoe stores; in the Washington, D.C., area, Rich's or Hahn's are examples. Also included in this category are producer-owned shoe chains selling producer-branded footwear, such as the Naturalizer stores, Red Cross, and Stride Rite. Included in this latter group are concept stores, such as the Foot Locker, which sells exclusively athletic footwear. In addition, department stores, such as those owned by the May Company Group or the Allied Group, and independent regional department stores, such as Woodward & Lothrop and Garfinckels (both in the Washington, D.C., area) are included. Similar regional department stores serve other cities. All the stores in this category typically sell better and higher priced footwear than those in the following two categories.

Chainstores.--These retail outlets sell predominantly their store brands (retailer branded) 2/ or unbranded footwear and provide full customer service. This category includes the nation's largest shoestore chains, such as Kinney and Thom McAn, and the nation's leading general merchandise store chains, such as Sears and J.C. Penney. Although many of these chainstores sell shoes for the entire family, some specialize in either men's or women's shoes. Edison Brothers Stores (operating under the store names of Chandler's and Baker's) and Butler's sell exclusively women's shoes, whereas Hanover sells exclusively men's shoes. All the stores in this category sell shoes in the middle and lower price ranges.

Self-service shoe stores and discount chains.--These retail outlets offer primarily retailer brands 2/ or unbranded footwear and are known as bin or rack stores, where customers serve themselves. This category includes self-service shoe chains, such as Pay Less shoe stores, Pic 'n Pay shoe stores, and Fayva; general-merchandise discount stores and discount chains, such as K-Mart and Zayre; and budget departments in department stores. Stores in this category typically sell the lowest priced footwear in the U.S. market. EXCLUDED from this category are the "off-price" retailers which sell predominantly nationally branded merchandise at discounted prices, which are significantly greater than those in self-service outlets offering primarily retailer brands or unbranded products.

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1/ Nationally branded footwear is labeled with brand names of domestic producers, foreign producers, or U.S. importers. Individual national brands are retailed by many different companies. Examples are Naturalizer (a label of Brown Shoe Co., a domestic producer) and Nine West (a label of Fisher Camuto Corp., a U.S. importer).

2/ Retailer-branded footwear carries the label of the individual retailing company. An example of a retailer brand is Sears' shoes, which are sold only through Sears Roebuck outlets.

Footwear Categories

GENERAL TERMS

Leather and vinyl.--These terms, used in the footwear descriptions below, refer to the upper material.

Footwear sizes.--Men's = sizes 6 and over, including big boys' shoes.  
Women's = sizes 4 and over, including growing girls' shoes.  
Children's = sizes 8-1/2 to 12, including little boys' shoes.

Sandals.--Nonrubber footwear with uppers consisting primarily of straps, with any heel one inch or less in height.

Boots.--Nonrubber footwear with uppers extending at least to the ankle or higher.

CATEGORIES

1. Men's leather dress and casual shoes;
2. Men's leather boots (except cowboy boots);
3. Men's vinyl dress and casual shoes;
4. Men's vinyl boots (except cowboy boots);
5. Women's leather dress and casual shoes;
6. Women's leather sandals;
7. Women's vinyl dress and casual shoes;
8. Women's vinyl sandals;
9. Children's nonrubber footwear (all categories except slippers, sandals, and athletic shoes); and
10. Athletic footwear: Both men's and women's athletic footwear of any nonrubber upper material that is (a) suitable for use in playing "court" games, e.g., tennis, basketball, racketball, handball, or squash, (b) suitable for running or jogging, and (c) suitable for use as street wear. EXCLUDED are nonrubber footwear of special construction for specific sports.

Table L-1.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling 1/, by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins Percent
<b>Men's footwear:</b>			
Leather dress and casual shoes:			
Under \$10.01-----	\$5.58	\$9.04	(62)
\$10.01-\$18.00-----	14.68	13.38	9
\$18.01-\$25.00-----	21.05	19.62	7
\$25.01-\$38.00-----	30.80	27.73	10
Over \$38.00-----	48.93	45.00	8
Total-----	23.40	21.12	10
Leather boots: 2/			
Under \$10.01-----	9.42	9.06	4
\$10.01-\$18.00-----	16.28	12.12	26
\$18.01-\$25.00-----	23.95	19.42	19
\$25.01-\$38.00-----	30.48	29.03	5
Over \$38.00-----	41.81	51.53	(23)
Total-----	32.19	23.47	27
Vinyl dress and casual shoes:			
Under \$10.01-----	6.36	6.88	(8)
\$10.01-\$18.00-----	17.30	11.27	35
\$18.01-\$25.00-----	22.96	18.60	19
\$25.01-\$38.00-----	27.37	35.00	(28)
Over \$38.00-----	55.00	3/	4/
Total-----	12.77	7.48	41
Vinyl boots: 2/			
Under \$10.01-----	3/	8.88	4/
\$10.01-\$18.00-----	3/	12.30	4/
\$18.01-\$25.00-----	24.95	23.00	8
\$25.01-\$38.00-----	3/	3/	4/
Over \$38.00-----	3/	3/	4/
Total-----	24.95	12.42	50
<b>Women's footwear:</b>			
Leather dress and casual shoes :			
Under \$9.01-----	5.81	6.98	(20)
\$9.01-\$14.00-----	11.52	11.85	(3)
\$14.01-\$24.00-----	18.89	17.83	6
\$24.01-\$37.00-----	27.76	27.25	2
Over \$37.00-----	43.49	47.78	(10)
Total-----	19.71	21.75	(10)
Leather sandals:			
Under \$5.01-----	3/	4.00	4/
\$5.01-\$10.00-----	8.22	7.28	12
\$10.01-\$17.00-----	14.24	12.58	12
\$17.01-\$24.00-----	18.33	19.42	(6)
Over \$24.00-----	32.77	38.93	(19)
Total-----	16.66	16.92	(2)

See footnotes at end of table.



Table L-1.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling <sup>1/</sup>, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins
			Percent
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	\$4.90	\$6.20	(27)
\$9.01-\$14.00-----	10.76	10.96	(2)
\$14.01-\$24.00-----	17.03	15.95	6
\$24.01-\$37.00-----	24.25	<sup>3/</sup>	<sup>4/</sup>
Over \$37.00-----	38.00	<sup>3/</sup>	<sup>4/</sup>
Total-----	14.16	11.00	22
Vinyl sandals:			
Under \$5.01-----	<sup>3/</sup>	3.92	<sup>4/</sup>
\$5.01-\$10.00-----	9.69	7.25	25
\$10.01-\$17.00-----	14.21	13.03	8
\$17.01-\$24.00-----	18.00	19.00	(6)
Over \$24.00-----	29.00	<sup>3/</sup>	<sup>4/</sup>
Total-----	14.66	11.16	24
Children's footwear: <sup>5/</sup>			
Under \$5.01-----	3.32	4.19	(26)
\$5.01-\$9.00-----	8.29	7.82	6
\$9.01-\$13.00-----	12.24	11.10	9
\$13.01-\$18.00-----	15.04	16.97	(13)
Over \$18.00-----	22.64	<sup>3/</sup>	<sup>4/</sup>
Total-----	10.81	7.52	30
Athletic footwear: <sup>6/</sup>			
Under \$6.01-----	2.89	5.40	(87)
\$6.01-\$10.00-----	8.05	8.21	(2)
\$10.01-\$17.00-----	12.90	12.33	4
\$17.01-\$24.00-----	19.84	17.89	10
Over \$24.00-----	29.33	28.81	2
Total-----	21.86	16.12	26

<sup>1/</sup> Calculated as the percentage difference in the import price from the domestic price. Average margins resulting from domestic prices less than import prices are shown in parentheses ( ).

<sup>2/</sup> Excludes cowboy boots.

<sup>3/</sup> No sales data reported.

<sup>4/</sup> Not available.

<sup>5/</sup> Includes nonrubber footwear with leather and vinyl uppers.

<sup>6/</sup> Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-2.--Nonrubber footwear sold to CHAINSTORES: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling  $\frac{1}{4}$ , by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins
			Percent
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----:	8.14	8.55	(5)
\$10.01-\$18.00-----:	14.42	14.26	1
\$18.01-\$25.00-----:	21.48	19.73	8
\$25.01-\$38.00-----:	29.42	27.54	6
Over \$38.00-----:	48.13	45.00	7
Total-----:	21.08	14.03	33
Leather boots: $\frac{2}{4}$ :			
Under \$10.01-----:	$\frac{3}{15.66}$	8.98	$\frac{4}{14.82}$
\$10.01-\$18.00-----:	22.88	22.23	3
\$25.01-\$38.00-----:	30.06	29.25	3
Over \$38.00-----:	40.92	$\frac{3}{40.92}$	$\frac{4}{29.25}$
Total-----:	27.85	20.23	27
Vinyl dress and casual shoes:			
Under \$10.01-----:	8.29	5.30	36
\$10.01-\$18.00-----:	12.33	10.57	14
\$18.01-\$25.00-----:	18.53	$\frac{3}{18.53}$	$\frac{4}{10.57}$
\$25.01-\$38.00-----:	$\frac{3}{18.53}$	$\frac{3}{18.53}$	$\frac{4}{10.57}$
Over \$38.00-----:	$\frac{3}{18.53}$	$\frac{3}{18.53}$	$\frac{4}{10.57}$
Total-----:	11.08	5.97	46
Vinyl boots: $\frac{2}{4}$ :			
Under \$10.01-----:	9.25	7.92	14
\$10.01-\$18.00-----:	$\frac{3}{9.25}$	10.27	$\frac{4}{7.92}$
\$18.01-\$25.00-----:	$\frac{3}{9.25}$	$\frac{3}{9.25}$	$\frac{4}{7.92}$
\$25.01-\$38.00-----:	28.00	$\frac{3}{28.00}$	$\frac{4}{7.92}$
Over \$38.00-----:	$\frac{3}{28.00}$	$\frac{3}{28.00}$	$\frac{4}{7.92}$
Total-----:	27.91	9.76	65
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----:	7.53	7.68	(2)
\$9.01-\$14.00-----:	11.31	11.54	(2)
\$14.01-\$24.00-----:	17.16	19.09	(11)
\$24.01-\$37.00-----:	31.01	28.38	8
Over \$37.00-----:	45.42	$\frac{3}{45.42}$	$\frac{4}{28.38}$
Total-----:	13.52	14.40	(6)
Leather sandals:			
Under \$5.01-----:	$\frac{3}{6.34}$	4.24	$\frac{4}{6.56}$
\$5.01-\$10.00-----:	13.48	13.36	1
\$10.01-\$17.00-----:	19.00	19.00	0
Over \$24.00-----:	29.20	35.97	(23)
Total-----:	10.19	7.57	26

See footnotes at end of table.

Table L-2.--Nonrubber footwear sold to CHAINSTORES: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling 1/, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins
Women's footwear--Continued			<u>Percent</u>
Vinyl dress and casual shoes:			
Under \$9.01-----	\$7.20	\$6.08	15
\$9.01-\$14.00-----	10.34	10.10	2
\$14.01-\$24.00-----	14.84	20.00	(35)
\$24.01-\$37.00-----	29.00	28.00	3
Over \$37.00-----	38.00	3/	4/
Total-----	9.03	8.50	6
Vinyl sandals:			
Under \$5.01-----	3/	3.43	4/
\$5.01-\$10.00-----	6.84	6.04	12
\$10.01-\$17.00-----	3/	14.86	4/
\$17.01-\$24.00-----	18.00	18.86	(5)
Over \$24.00-----	31.00	3/	4/
Total-----	8.10	6.78	16
Children's footwear: <u>5/</u>			
Under \$5.01-----	3.16	3.80	(20)
\$5.01-\$9.00-----	7.36	6.72	9
\$9.01-\$13.00-----	11.18	10.79	3
\$13.01-\$18.00-----	14.13	14.01	1
Over \$18.00-----	3/	24.00	4/
Total-----	8.03	7.37	8
Athletic footwear: <u>6/</u>			
Under \$6.01-----	3.56	5.60	(57)
\$6.01-\$10.00-----	8.50	6.75	21
\$10.01-\$17.00-----	12.41	13.09	(5)
\$17.01-\$24.00-----	20.48	21.52	(5)
Over \$24.00-----	28.27	27.42	3
Total-----	15.25	9.94	35

1/ Calculated as the percentage difference in the import price from the domestic price. Average margins resulting from domestic prices less than import prices are shown in parentheses ( ).

2/ Excludes cowboy boots.

3/ No sales data reported.

4/ Not available.

5/ Includes nonrubber footwear with leather and vinyl uppers.

6/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-3.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling 1/, by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins
			<u>Percent</u>
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----:	\$5.14	\$7.76	(51)
\$10.01-\$18.00-----:	13.03	12.07	7
\$18.01-\$25.00-----:	19.61	18.45	6
\$25.01-\$38.00-----:	27.73	3/	4/
Over \$38.00-----:	3/	3/	4/
Total-----:	12.01	9.83	18
Leather boots: 2/ :			
Under \$10.01-----:	3/	7.97	4/
\$10.01-\$18.00-----:	15.18	13.75	9
\$18.01-\$25.00-----:	22.35	19.77	12
\$25.01-\$38.00-----:	25.10	3/	4/
Over \$38.00-----:	3/	3/	4/
Total-----:	21.83	13.09	39
Vinyl dress and casual shoes:			
Under \$10.01-----:	5.40	5.96	(10)
\$10.01-\$18.00-----:	3/	13.38	4/
\$18.01-\$25.00-----:	3/	18.36	4/
\$25.01-\$38.00-----:	3/	3/	4/
Over \$38.00-----:	3/	3/	4/
Total-----:	5.40	6.87	(27)
Vinyl boots: 2/ :			
Under \$10.01-----:	9.65	8.26	14
\$10.01-\$18.00-----:	3/	11.17	4/
\$18.01-\$25.00-----:	3/	3/	4/
\$25.01-\$38.00-----:	3/	3/	4/
Over \$38.00-----:	3/	3/	4/
Total-----:	9.65	9.24	2
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----:	5.18	6.74	(30)
\$9.01-\$14.00-----:	11.82	11.65	1
\$14.01-\$24.00-----:	15.96	15.53	3
\$24.01-\$37.00-----:	3/	26.60	4/
Over \$37.00-----:	3/	38.00	4/
Total-----:	9.75	10.30	(6)
Leather sandals:			
Under \$5.01-----:	3/	3.73	4/
\$5.01-\$10.00-----:	10.00	6.72	33
\$10.01-\$17.00-----:	11.00	10.75	2
\$17.01-\$24.00-----:	3/	3/	4/
Over \$24.00-----:	3/	3/	4/
Total-----:	10.98	4.72	A-17257

See footnotes at end of table.

Table L-3.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Weighted-average wholesale selling prices (per pair) of domestic and imported nonrubber footwear and average margins of underselling or overselling 1/, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Domestic price	Import price	Average margins
			Percent
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	4.57	5.29	(16)
\$9.01-\$14.00-----	11.03	10.91	1
\$14.01-\$24.00-----	3/	14.66	4/
\$24.01-\$37.00-----	3/	3/	4/
Over \$37.00-----	3/	3/	4/
Total-----	8.40	5.43	35
Vinyl sandals:			
Under \$5.01-----	3/	2.78	4/
\$5.01-\$10.00-----	3/	6.61	4/
\$10.01-\$17.00-----	3/	10.51	4/
\$17.01-\$24.00-----	3/	3/	4/
Over \$24.00-----	3/	3/	4/
Total-----	3/	5.24	4/
Children's footwear: 5/			
Under \$5.01-----	3.48	3.60	(3)
\$5.01-\$9.00-----	6.00	6.27	(5)
\$9.01-\$13.00-----	9.84	10.46	(6)
\$13.01-\$18.00-----	17.00	3/	4/
Over \$18.00-----	3/	3/	4/
Total-----	4.86	5.09	(5)
Athletic footwear: 6/			
Under \$6.01-----	4.07	4.64	(14)
\$6.01-\$10.00-----	9.16	7.47	18
\$10.01-\$17.00-----	16.05	12.64	21
\$17.01-\$24.00-----	22.00	19.50	11
Over \$24.00-----	38.33	31.06	19
Total-----	4.20	6.55	(56)

1/ Calculated as the percentage difference in the import price from the domestic price. Average margins resulting from domestic prices less than import prices are shown in parentheses ( ).

2/ Excludes cowboy boots.

3/ No sales data reported.

4/ Not available.

5/ Includes nonrubber footwear with leather and vinyl uppers.

6/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-4.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

(In thousands of pairs)			
Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Import quantities
<b>Men's footwear:</b>			
Leather dress and casual shoes :			
Under \$10.01-----	665.6	314.0	351.6
\$10.01-\$18.00-----	4,294.5	3,849.5	445.0
\$18.01-\$25.00-----	17,366.9	15,493.0	1,873.9
\$25.01-\$38.00-----	6,046.8	4,459.8	1,587.0
Over \$38.00-----	1,666.9	1,665.9	1.0
Total-----	30,040.7	25,782.2	4,258.5
Leather boots: <u>1/</u>			
Under \$10.01-----	47.0	5.0	42.0
\$10.01-\$18.00-----	482.6	198.6	284.0
\$18.01-\$25.00-----	2,055.7	1,995.7	60.0
\$25.01-\$38.00-----	3,314.1	2,663.5	650.6
Over \$38.00-----	2,542.1	2,526.1	16.0
Total-----	8,441.5	7,388.9	1,052.6
Vinyl dress and casual shoes:			
Under \$10.01-----	1,872.0	1,313.0	559.0
\$10.01-\$18.00-----	62.0	13.0	49.0
\$18.01-\$25.00-----	292.0	288.0	4.0
\$25.01-\$38.00-----	157.7	153.7	4.0
Over \$38.00-----	75.0	75.0	2/
Total-----	2,458.7	1,842.7	616.0
Vinyl boots: <u>1/</u>			
Under \$10.01-----	17.0	2/	17.0
\$10.01-\$18.00-----	30.0	2/	30.0
\$18.01-\$25.00-----	13.9	7.9	6.0
\$25.01-\$38.00-----	2/	2/	2/
Over \$38.00-----	2/	2/	2/
Total-----	60.9	7.9	53.0
<b>Women's footwear:</b>			
Leather dress and casual shoes :			
Under \$9.01-----	910.0	632.0	278.0
\$9.01-\$14.00-----	3,041.5	2,035.0	1,006.5
\$14.01-\$24.00-----	35,424.7	20,487.7	14,937.0
\$24.01-\$37.00-----	12,065.8	2,566.8	9,499.0
Over \$37.00-----	1,694.0	912.0	782.0
Total-----	53,136.0	26,633.5	26,502.5
Leather sandals:			
Under \$5.01-----	21.0	2/	21.0
\$5.01-\$10.00-----	1,206.0	407.0	799.0
\$10.01-\$17.00-----	4,268.3	2,693.3	1,575.0
\$17.01-\$24.00-----	2,991.5	1,932.5	1,059.0
Over \$24.00-----	971.0	418.0	553.0
Total-----	9,457.8	5,450.8	4,007.0

See footnotes at end of table.

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Table L-4.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

(In thousands of pairs)			
Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Import quantities
Women's footwear:--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	2,475.7	1,427.7	1,048.0
\$9.01-\$14.00-----	3,461.0	1,415.0	2,046.0
\$14.01-\$24.00-----	7,258.0	6,220.0	1,038.0
\$24.01-\$37.00-----	1.6	1.6	2/
Over \$37.00-----	7.0	7.0	2/
Total-----	13,203.3	9,071.3	4,132.0
Vinyl sandals:			
Under \$5.01-----	146.0	2/	146.0
\$5.01-\$10.00-----	446.0	74.0	372.0
\$10.01-\$17.00-----	2,167.0	899.0	1,268.0
\$17.01-\$24.00-----	141.0	122.0	19.0
Over \$24.00-----	25.0	25.0	2/
Total-----	2,925.0	1,120.0	1,805.0
Children's footwear: <u>3/</u>			
Under \$5.01-----	926.0	815.0	111.0
\$5.01-\$9.00-----	4,693.0	4,412.0	281.0
\$9.01-\$13.00-----	6,296.0	6,238.0	58.0
\$13.01-\$18.00-----	1,440.8	1,432.8	8.0
Over \$18.00-----	190.5	190.5	2/
Total-----	13,546.3	13,088.3	458.0
Athletic footwear: <u>4/</u>			
Under \$6.01-----	514.0	450.0	64.0
\$6.01-\$10.00-----	3,494.2	222.9	3,271.3
\$10.01-\$17.00-----	25,564.0	3,910.4	21,653.6
\$17.01-\$24.00-----	14,327.6	1,463.6	12,864.0
Over \$24.00-----	13,400.7	6,641.9	6,758.8
Total-----	57,300.5	12,688.8	44,611.7

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-5.--Nonrubber footwear sold to CHAINSTORES: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

(In thousands of pairs)			
Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Import quantities
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----:	976.4	188.0	788.4
\$10.01-\$18.00-----:	7,414.8	5,792.9	1,621.9
\$18.01-\$25.00-----:	3,920.7	3,292.7	628.0
\$25.01-\$38.00-----:	4,759.0	4,735.0	24.0
Over \$38.00-----:	10.0	9.0	1.0
Total-----:	17,080.9	14,017.6	3,063.3
Leather boots: 1/ :			
Under \$10.01-----:	29.4	2/	29.4
\$10.01-\$18.00-----:	865.8	58.8	807.0
\$18.01-\$25.00-----:	2,328.6	1,208.8	1,119.8
\$25.01-\$38.00-----:	1,704.0	1,432.0	272.0
Over \$38.00-----:	272.0	272.0	2/
Total-----:	5,199.8	2,971.6	2,228.2
Vinyl dress and casual shoes:			
Under \$10.01-----:	1,478.5	594.0	884.5
\$10.01-\$18.00-----:	242.2	113.0	129.2
\$18.01-\$25.00-----:	203.0	203.0	2/
\$25.01-\$38.00-----:	2/	2/	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	1,923.7	910.0	1,013.7
Vinyl boots: 1/ :			
Under \$10.01-----:	70.2	0.2	70.0
\$10.01-\$18.00-----:	250.0	2/	250.0
\$18.01-\$25.00-----:	2/	2/	2/
\$25.01-\$38.00-----:	43.0	43.0	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	363.2	43.2	320.0
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----:	4,785.0	1,216.0	3,569.0
\$9.01-\$14.00-----:	17,575.6	7,724.0	9,851.6
\$14.01-\$24.00-----:	4,569.1	2,293.7	2,275.4
\$24.01-\$37.00-----:	3,134.0	168.0	2,966.0
Over \$37.00-----:	410.0	410.0	2/
Total-----:	30,473.7	11,811.7	18,662.0
Leather sandals:			
Under \$5.01-----:	1,295.0	2/	1,295.0
\$5.01-\$10.00-----:	5,936.1	494.5	5,441.6
\$10.01-\$17.00-----:	491.0	107.0	384.0
\$17.01-\$24.00-----:	228.0	10.0	218.0
Over \$24.00-----:	256.0	77.0	179.0
Total-----:	8,206.1	688.5	7,517.6

See footnotes at end of table.



Table L-5.--Nonrubber footwear sold to CHAINSTORES: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

(In thousands of pairs)

Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Import quantities
Women's footwear:--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	10,913.1	4,350.5	6,562.6
\$9.01-\$14.00-----	6,131.3	4,647.7	1,483.6
\$14.01-\$24.00-----	1,050.0	286.0	764.0
\$24.01-\$37.00-----	248.0	7.0	241.0
Over \$37.00-----	4.0	4.0	2/
Total-----	18,346.4	9,295.2	9,051.2
Vinyl sandals:			
Under \$5.01-----	1,644.0	2/	1,644.0
\$5.01-\$10.00-----	2,057.5	189.5	1,868.0
\$10.01-\$17.00-----	600.0	2/	600.0
\$17.01-\$24.00-----	171.0	1.0	170.0
Over \$24.00-----	10.0	10.0	2/
Total-----	4,482.5	200.5	4,282.0
Children's footwear: 3/			
Under \$5.01-----	1,248.4	547.0	701.4
\$5.01-\$9.00-----	5,131.3	4,395.0	736.3
\$9.01-\$13.00-----	1,646.3	1,204.7	441.6
\$13.01-\$18.00-----	447.0	299.0	148.0
Over \$18.00-----	30.0	2/	30.0
Total-----	8,503.0	6,445.7	2,057.3
Athletic footwear: 4/			
Under \$6.01-----	7,224.5	5,210.0	2,014.5
\$6.01-\$10.00-----	14,707.1	23.6	14,683.5
\$10.01-\$17.00-----	11,717.5	2,189.5	9,528.0
\$17.01-\$24.00-----	2,016.9	396.1	1,620.8
Over \$24.00-----	5,385.8	5,003.3	382.5
Total-----	41,051.8	12,822.5	28,229.3

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-6.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

(In thousands of pairs)			
Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Import quantities
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----:	2,502.0	399.0	2,103.0
\$10.01-\$18.00-----:	1,962.1	244.0	1,718.1
\$18.01-\$25.00-----:	348.3	289.0	59.3
\$25.01-\$38.00-----:	19.0	19.0	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	4,831.4	951.0	3,880.4
Leather boots: 1/ :			
Under \$10.01-----:	990.4	2/	990.4
\$10.01-\$18.00-----:	3,046.4	53.0	2,993.4
\$18.01-\$25.00-----:	787.3	322.0	465.3
\$25.01-\$38.00-----:	4.0	4.0	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	4,828.1	379.0	4,449.1
Vinyl dress and casual shoes:			
Under \$10.01-----:	5,204.1	1,300.0	3,904.1
\$10.01-\$18.00-----:	498.5	2/	498.5
\$18.01-\$25.00-----:	27.4	2/	27.4
\$25.01-\$38.00-----:	2/	2/	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	5,730.0	1,300.0	4,430.0
Vinyl boots: 1/ :			
Under \$10.01-----:	1,094.8	388.0	706.8
\$10.01-\$18.00-----:	357.4	2/	357.4
\$18.01-\$25.00-----:	2/	2/	2/
\$25.01-\$38.00-----:	2/	2/	2/
Over \$38.00-----:	2/	2/	2/
Total-----:	1,452.2	388.0	1,064.2
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----:	4,045.8	1,011.0	3,034.8
\$9.01-\$14.00-----:	2,845.1	1,090.0	1,755.1
\$14.01-\$24.00-----:	534.8	382.0	152.8
\$24.01-\$37.00-----:	466.4	2/	466.4
Over \$37.00-----:	1.0	2/	1.0
Total-----:	7,893.1	2,483.0	5,410.1
Leather sandals:			
Under \$5.01-----:	4,108.5	2/	4,108.5
\$5.01-\$10.00-----:	1,870.4	5.0	1,865.4
\$10.01-\$17.00-----:	319.2	264.0	55.2
\$17.01-\$24.00-----:	2/	2/	2/
Over \$24.00-----:	2/	2/	2/
Total-----:	6,298.1	269.0	6,029.1

See footnotes at end of table.

Table L-6.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

(In thousands of pairs)			
Nonrubber footwear categories and wholesale price brackets	Total quantities	Domestic quantities	Imported quantities
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	21,062.9	1,084.0	19,978.9
\$9.01-\$14.00-----	1,991.9	1,575.0	416.9
\$14.01-\$24.00-----	50.4	<u>2/</u>	50.4
\$24.01-\$37.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$37.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	23,105.2	2,659.0	20,446.2
Vinyl sandals:			
Under \$5.01-----	7,009.8	<u>2/</u>	7,009.8
\$5.01-\$10.00-----	12,583.0	<u>2/</u>	12,583.0
\$10.01-\$17.00-----	1.5	<u>2/</u>	1.5
\$17.01-\$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	19,594.3	<u>2/</u>	19,594.3
Children's footwear: <u>3/</u>			
Under \$5.01-----	5,030.2	1,553.0	3,477.2
\$5.01-\$9.00-----	3,781.2	634.0	3,147.2
\$9.01-\$13.00-----	307.6	33.5	274.1
\$13.01-\$18.00-----	103.0	103.0	<u>2/</u>
Over \$18.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	9,222.0	2,323.5	6,898.5
Athletic footwear: <u>4/</u>			
Under \$6.01-----	14,667.6	5,543.5	9,124.1
\$6.01-\$10.00-----	12,534.5	2.3	12,532.2
\$10.01-\$17.00-----	883.2	22.6	860.6
\$17.01-\$24.00-----	44.0	9.0	35.0
Over \$24.00-----	22.0	9.0	13.0
Total-----	28,151.3	5586.4	22,564.9

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-7.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----	100	47	53
\$10.01-\$18.00-----	100	90	10
\$18.01-\$25.00-----	100	89	11
\$25.01-\$38.00-----	100	74	26
Over \$38.00-----	100	100	2/
Total-----	100	86	14
Leather boots: 1/			
Under \$10.01-----	100	11	89
\$10.01-\$18.00-----	100	41	59
\$18.01-\$25.00-----	100	97	3
\$25.01-\$38.00-----	100	80	20
Over \$38.00-----	100	99	1
Total-----	100	88	12
Vinyl dress and casual shoes:			
Under \$10.01-----	100	70	30
\$10.01-\$18.00-----	100	21	79
\$18.01-\$25.00-----	100	99	1
\$25.01-\$38.00-----	100	97	3
Over \$38.00-----	100	100	2/
Total-----	100	75	25
Vinyl boots: 1/			
Under \$10.01-----	100	2/	100
\$10.01-\$18.00-----	100	2/	100
\$18.01-\$25.00-----	100	57	43
\$25.01-\$38.00-----	2/	2/	2/
Over \$38.00-----	2/	2/	2/
Total-----	100	13	87
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----	100	69	31
\$9.01-\$14.00-----	100	67	33
\$14.01-\$24.00-----	100	58	42
\$24.01-\$37.00-----	100	21	79
Over \$37.00-----	100	54	46
Total-----	100	50	50
Leather sandals:			
Under \$5.01-----	100	2/	100
\$5.01-\$10.00-----	100	34	66
\$10.01-\$17.00-----	100	63	37
\$17.01-\$24.00-----	100	65	35
Over \$24.00-----	100	43	57
Total-----	100	58	42

See footnotes at end of table.

Table L-7.--Nonrubber footwear sold to INDEPENDENT SHOE STORES AND DEPARTMENT STORES: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	100	58	42
\$9.01-\$14.00-----	100	41	59
\$14.01-\$24.00-----	100	86	14
\$24.01-\$37.00-----	100	100	2/
Over \$37.00-----	100	100	2/
Total-----	100	69	31
Vinyl sandals:			
Under \$5.01-----	100	2/	100
\$5.01-\$10.00-----	100	17	83
\$10.01-\$17.00-----	100	41	59
\$17.01-\$24.00-----	100	87	13
Over \$24.00-----	100	100	2/
Total-----	100	38	62
Children's footwear: 3/			
Under \$5.01-----	100	88	12
\$5.01-\$9.00-----	100	94	6
\$9.01-\$13.00-----	100	99	1
\$13.01-\$18.00-----	100	99	1
Over \$18.00-----	100	100	2/
Total-----	100	97	3
Athletic footwear: 4/			
Under \$6.01-----	100	88	12
\$6.01-\$10.00-----	100	6	94
\$10.01-\$17.00-----	100	15	85
\$17.01-\$24.00-----	100	10	90
Over \$24.00-----	100	50	50
Total-----	100	22	78

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-8.--Nonrubber footwear sold to CHAINSTORES: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
<b>Men's footwear:</b>			
Leather dress and casual shoes :			
Under \$10.01-----	100	19	81
\$10.01-\$18.00-----	100	78	22
\$18.01-\$25.00-----	100	84	16
\$25.01-\$38.00-----	100	99	1
Over \$38.00-----	100	90	10
Total-----	100	82	18
Leather boots: 1/ :			
Under \$10.01-----	100	2/	100
\$10.01-\$18.00-----	100	7	93
\$18.01-\$25.00-----	100	52	48
\$25.01-\$38.00-----	100	84	16
Over \$38.00-----	100	100	2/
Total-----	100	57	43
Vinyl dress and casual shoes:			
Under \$10.01-----	100	40	60
\$10.01-\$18.00-----	100	47	53
\$18.01-\$25.00-----	100	100	2/
\$25.01-\$38.00-----	2/	2/	2/
Over \$38.00-----	2/	2/	2/
Total-----	100	47	53
Vinyl boots: 1/ :			
Under \$10.01-----	100	2/	100
\$10.01-\$18.00-----	100	2/	100
\$18.01-\$25.00-----	2/	2/	2/
\$25.01-\$38.00-----	100	100	2/
Over \$38.00-----	2/	2/	2/
Total-----	100	12	88
<b>Women's footwear:</b>			
Leather dress and casual shoes :			
Under \$9.01-----	100	25	75
\$9.01-\$14.00-----	100	44	56
\$14.01-\$24.00-----	100	50	50
\$24.01-\$37.00-----	100	5	95
Over \$37.00-----	100	100	2/
Total-----	100	39	61
Leather sandals:			
Under \$5.01-----	100	2/	100
\$5.01-\$10.00-----	100	8	92
\$10.01-\$17.00-----	100	22	78
\$17.01-\$24.00-----	100	4	96
Over \$24.00-----	100	30	70
Total-----	100	8	92

See footnotes at end of table.

Table L-8.--Nonrubber footwear sold to CHAINSTORES: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	100	40	60
\$9.01-\$14.00-----	100	76	24
\$14.01-\$24.00-----	100	27	73
\$24.01-\$37.00-----	100	3	97
Over \$37.00-----	100	100	2/
Total-----	100	51	49
Vinyl sandals:			
Under \$5.01-----	100	2/	100
\$5.01-\$10.00-----	100	9	91
\$10.01-\$17.00-----	100	2/	100
\$17.01-\$24.00-----	100	1	99
Over \$24.00-----	100	100	2/
Total-----	100	4	96
Children's footwear: 3/			
Under \$5.01-----	100	44	56
\$5.01-\$9.00-----	100	86	14
\$9.01-\$13.00-----	100	73	27
\$13.01-\$18.00-----	100	67	33
Over \$18.00-----	100	2/	100
Total-----	100	76	24
Athletic footwear: 4/			
Under \$6.01-----	100	72	28
\$6.01-\$10.00-----	100	2/	100
\$10.01-\$17.00-----	100	19	81
\$17.01-\$24.00-----	100	20	80
Over \$24.00-----	100	93	7
Total-----	100	31	69

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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

Table L-9.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
Men's footwear:			
Leather dress and casual shoes :			
Under \$10.01-----	100	16	84
\$10.01-\$18.00-----	100	12	88
\$18.01-\$25.00-----	100	83	17
\$25.01-\$38.00-----	100	100	<u>2/</u>
Over \$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	20	80
Leather boots: <u>1/</u>			
Under \$10.01-----	100	<u>2/</u>	100
\$10.01-\$18.00-----	100	2	98
\$18.01-\$25.00-----	100	41	59
\$25.01-\$38.00-----	100	100	<u>2/</u>
Over \$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	8	92
Vinyl dress and casual shoes:			
Under \$10.01-----	100	25	75
\$10.01-\$18.00-----	100	<u>2/</u>	100
\$18.01-\$25.00-----	100	<u>2/</u>	100
\$25.01-\$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	23	77
Vinyl boots: <u>1/</u>			
Under \$10.01-----	100	35	65
\$10.01-\$18.00-----	100	<u>2/</u>	100
\$18.01-\$25.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
\$25.01-\$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$38.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	27	73
Women's footwear:			
Leather dress and casual shoes :			
Under \$9.01-----	100	25	75
\$9.01-\$14.00-----	100	38	62
\$14.01-\$24.00-----	100	71	29
\$24.01-\$37.00-----	100	<u>2/</u>	100
Over \$37.00-----	100	<u>2/</u>	100
Total-----	100	31	69
Leather sandals:			
Under \$5.01-----	100	<u>2/</u>	100
\$5.01-\$10.00-----	100	<u>2/</u>	100
\$10.01-\$17.00-----	100	83	17
\$17.01-\$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	4	96

See footnotes at end of table.



Table L-9.--Nonrubber footwear sold to SELF-SERVICE SHOE STORES AND DISCOUNT CHAINS: Percentage distribution of quantities of domestic and imported nonrubber footwear, by major footwear categories and by wholesale price brackets, 1983--Continued

Nonrubber footwear categories and wholesale price brackets	Total	Domestic	Imported
Women's footwear--Continued			
Vinyl dress and casual shoes:			
Under \$9.01-----	100	5	95
\$9.01-\$14.00-----	100	79	21
\$14.01-\$24.00-----	100	<u>2/</u>	100
\$24.01-\$37.00-----	100	<u>2/</u>	<u>2/</u>
Over \$37.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	12	88
Vinyl sandals:			
Under \$5.01-----	100	<u>2/</u>	100
\$5.01-\$10.00-----	100	<u>2/</u>	100
\$10.01-\$17.00-----	100	<u>2/</u>	100
\$17.01-\$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Over \$24.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	<u>2/</u>	100
Children's footwear: <u>3/</u>			
Under \$5.01-----	100	31	69
\$5.01-\$9.00-----	100	17	83
\$9.01-\$13.00-----	100	11	89
\$13.01-\$18.00-----	100	100	<u>2/</u>
Over \$18.00-----	<u>2/</u>	<u>2/</u>	<u>2/</u>
Total-----	100	25	75
Athletic footwear: <u>4/</u>			
Under \$6.01-----	100	38	62
\$6.01-\$10.00-----	100	<u>2/</u>	100
\$10.01-\$17.00-----	100	3	97
\$17.01-\$24.00-----	100	20	80
Over \$24.00-----	100	41	59
Total-----	100	20	80

1/ Excludes cowboy boots.

2/ No sales data reported.

3/ Includes nonrubber footwear with leather and vinyl uppers.

4/ Includes men's and women's nonrubber footwear, with leather and vinyl uppers.

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



APPENDIX M

A DISCUSSION OF DATA COLLECTED ON RETAILERS' MARKUP

Footwear retailers' net markups in 1983, as a share of retail prices, were reported by 71 firms for domestic and imported footwear, and by the 10 nonrubber footwear categories and 3 retail outlet categories discussed in the price section (table M-1). 1/ Combining all reported net markup data within each of the retail store categories, discount retailers reported an average net markup of approximately 46.2 percent on domestic footwear versus 51.3 percent on imported footwear. 2/ In contrast, data reported by shoe store/department store retailers and by chainstore retailers showed no significant difference in average net markups on domestic versus imported footwear. 3/

Hearing testimony that addressed the markup issue in the discount retailer category was consistent with the above findings. 4/ Testimony by Mr. Levine of PIC N' PAY stores and Mr. Hilpert of Volume Shoe Corp., both discount retailers, cited higher markups on imported versus domestic nonrubber footwear. Both stated, however, that their companies rely primarily on imported merchandise, which establishes the prices. They purchase domestic product, despite its higher cost, primarily as loss leaders to build store traffic or as "backfill" to replace unanticipated inventory gaps. The lower markup on domestic footwear, therefore, results from higher cost domestic footwear selling at the import-established price.

Hearing testimony that addressed the markup issue in the chainstore category (no testimony directly addressed markups in the independent shoe store/department store category) differed from the above findings. 5/ Testimony by Mr. Mick of J.C. Penney and Mr. Edison of Edison Brothers Stores, both chainstore retailers, cited lower markups on imported versus domestic nonrubber footwear. Mr. Mick explained that J.C. Penney realizes lower markups on its imported footwear because he uses imports for promotional offerings but domestic footwear for regular priced merchandise. Mr. Edison explained that his firm realizes lower markups on its imported footwear because the longer leadtimes required for imported versus domestic footwear and the rapid change in styles associated with the fashion character of his business result in greater markdowns on imported versus domestic footwear.

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1/ Reported retailer markups are net of any markdowns.

2/ Another way of expressing this markup would be as a percentage of the wholesale price. Using this method, the markups would be 92.4 percent for domestic footwear versus 102.6 percent on imported footwear.

3/ Shoe store/department store retailers reported an average net markup of approximately 48.8 percent on domestic footwear versus 50.6 percent on imported footwear, and chainstore retailers reported an average net markup of approximately 53.2 percent on domestic footwear versus 54.1 percent on imported footwear. The difference between the average net markups in each of these two store categories was not statistically different from zero (at the 5 percent significance level).

4/ Official Transcript of Proceedings, Nonrubber Footwear, investigation No. TA-201-50, May 3, 1984, pp. 372, 373, and 394.

5/ Official Transcript of Proceedings, Nonrubber Footwear, Investigation No. TA-201-50, May 3, 1984, pages 371-373.

Table M-1.--Retailers' markup 1/ on domestically produced and imported nonrubber footwear, by types of shoes and by selected types of stores, 1983

Item	:Shoe stores and : concept or :department stores:		:Chainstores or :specialty stores		:Self-service shoe : stores and : discount chains	
	: U.S. :produced:	:Imported:	: U.S. :produced:	:Imported:	: U.S. :produced:	:Imported:
	:	:	:	:	:	:
Mens':	:	:	:	:	:	:
Leather shoes:	:	:	:	:	:	:
Average-----percent--:	48.8	50.8	54.0	53.5	45.8	50.8
Range-----do-----:	63-41	64-40	60-50	62-45	57-35	63-39
Number of responding firms-----:	25	16	7	12	10	12
Vinyl shoes:	:	:	:	:	:	:
Average-----percent--:	49.4	48.5	58.0	51.6	46.5	51.2
Range-----do-----:	55-42	45-50	-	62-45	56-35	61-38
Number of responding firms-----:	5	4	1	8	8	11
Leather boots:	:	:	:	:	:	:
Average-----percent--:	46.4	51.8	49.6	53.5	40.9	<u>2/</u> 49.2
Range-----do-----:	65-30	67-42	65-30	63-45	53-35	60-38
Number of responding firms-----:	24	9	9	11	11	11
Vinyl boots:	:	:	:	:	:	:
Average-----percent--:	48.0	46.7	49.0	53.3	43.9	47.9
Range-----do-----:	55-42	50-41	58-40	62-45	53-35	60-38
Number of responding firms-----:	4	3	2	12	8	8
Womens':	:	:	:	:	:	:
Leather shoes:	:	:	:	:	:	:
Average-----percent--:	48.5	52.4	53.6	56.2	48.4	52.6
Range-----do-----:	65-30	67-42	65-30	63-45	60-38	62-39
Number of responding firms-----:	27	19	12	12	8	8
Vinyl shoes:	:	:	:	:	:	:
Average-----percent--:	49.7	54.2	55.7	57.2	48.7	53.6
Range-----do-----:	60-40	74-46	65-50	65-45	60-38	62-39
Number of responding firms-----:	12	8	9	12	9	12
Leather sandals:	:	:	:	:	:	:
Average-----percent--:	49.6	52.3	54.5	56.2	46.8	53.4
Range-----do-----:	68-40	76-43	57-50	67-45	55-38	67-39
Number of responding firms-----:	19	15	8	12	9	11
Vinyl sandals:	:	:	:	:	:	:
Average-----percent--:	50.6	55.4	55.7	56.8	49.6	53.8
Range-----do-----:	60-40	77-44	63-50	65-45	57-40	62-39
Number of responding firms-----:	9	7	7	12	10	12
	:	:	:	:	:	:

See footnotes at end of table.

Table M-1.--Retailers' markup <sup>1/</sup> on domestically produced and imported nonrubber footwear, by types of shoes and by selected types of stores, 1983--Continued

Item	:Shoe stores and : concept or : department stores:		:Chainstores or : specialty stores		:Self-service shoe : stores and : discount chains	
	: U.S. : produced:	: Imported	: U.S. : produced:	: Imported	: U.S. : produced:	: Imported
Children's:	:	:	:	:	:	:
Average-----percent--:	47.7	48.0	53.1	52.2	46.7	51.8
Range-----do-----:	55-38	54-46	57-50	62-45	55-42	60-39
Number of responding firms-----:	15	6	7	10	10	12
Athletic:	:	:	:	:	:	:
Average-----percent--:	48.8	45.9	49.2	50.5	44.9	48.5
Range-----do-----:	65-38	64-37	55-40	62-41	54-35	61-38
Number of responding firms-----:	14	16	6	10	11	11

<sup>1/</sup> The data were to reflect the sustained markup. Sustained markup basically refers to the difference between the aggregate acquisition cost and the final sales value of the products, as a share of the final sales value. For example, if the final sales value of a pair of shoes were \$20 and the final acquisition cost of that pair of shoes were \$12, the markup on the shoes would be 40 percent.

<sup>2/</sup> The average markup for the same respondents reporting markups on men's vinyl boots was 45.8 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. Data are based on responses of 71 firms with retailing operations, including 30 U.S. producers (6 of which were also importers), 19 importers, and 22 independent retailers.

APPENDIX N

A DISCUSSION OF EXCHANGE-RATE CHANGES AMONG SELECTED  
U.S. TRADING PARTNERS

Unless offset by other factors, including differences in relative inflation rates, changes in the value of the U.S. dollar vis-a-vis a foreign currency can alter the competitiveness of imports in the United States. For example, a strong dollar and a relatively high rate of U.S. inflation can cause the dollar to increase in value, increasing the competitiveness of imports in the United States.

To determine if changes in exchange rates could have been affected by changes in inflation rates, real exchange-rate indexes are often used. These indexes deflate changes in nominal exchange rates by changes in relative price levels. They show the change in competitiveness between the products of two countries since a base period. 1/ Real exchange rates for the U.S. dollar are determined by the following formula: 2/

$$\text{Real exchange-rate index} = \frac{\text{Nominal exchange rate index} \times \text{U.S. price index}}{\text{Foreign price index}}$$

If the real exchange-rate index equals 100, the real value of the U.S. dollar has not changed since a base year. If the real exchange rate index is greater than 100, the dollar has increased in value compared with a base year, and U.S. products in general have become less competitive with foreign products. The index would be greater than 100 if either the U.S. price level has risen relative to the foreign price level with no change in nominal exchange rates or the value of the dollar has risen in foreign exchange markets with no offsetting movement in relative price levels. If the real exchange-rate index is less than 100, the dollar has decreased in value compared with the base year, and U.S. products in general have become more competitive with foreign products.

Tables N-1 through N-5 present quarterly indexes of producer prices in the United States and in the top five foreign countries supplying nonrubber footwear to the U.S. market, from January-March 1981 (the base period) through October-December 1983. These tables also show, for the same period, quarterly indexes of the nominal and real exchange rates between the U.S. dollar and the currencies of these five countries. 3/ As shown in tables N-1 through N-5, the U.S. dollar appreciated in real terms against the currencies of all five countries since January-March 1981. The real exchange-rate indexes in October-December 1983, for the U.S. dollar against the foreign currencies of

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1/ The price advantage from exchange-rate changes that foreign producers enjoy in the United States applies only to those imported products that use inputs that are priced in foreign currency. If the foreign producers pay U.S. dollars for all of their inputs, they gain no competitive advantage, vis-a-vis U.S. producers, from currency fluctuations. The price of some inputs must be denominated in the foreign currency for the foreign producer to gain some competitive advantage.

2/ The index of real exchange rates is based on nominal exchange rates expressed in units of foreign currency per U.S. dollar.

3/ The indexes of producer prices and exchange rates were calculated from data reported by the International Monetary Fund, International Financial Statistics.



the five countries, ranged from 115 to 140 and averaged (on an unweighted basis) approximately 125. The U.S. dollar appreciated in real terms against the Korean won by approximately 15 percent (table N-2), but appreciated more sharply against the Spanish peseta by approximately 40 percent (table N-4). 1/

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1/ A recent study of the U.S. International trade Commission found that although changes in exchange rates influence trade, other factors including competitors' prices, product demand, and manufacturing costs are often equally important--The Effect of Changes in the Value of the U.S. Dollar on Trade in Selected Commodities, Investigation No. 332-150, USITC Publication No. 1423, August 1983.

Table N-1.--Indexes of producer prices in the United States and Taiwan and indexes of the nominal and real exchange rates between the U.S. dollar and the new Taiwan dollar, by quarters, January 1981-December 1983

(January-March 1981=100)

Period	Producer price index in the United States	Producer price index in Taiwan	Nominal exchange rate index <u>1/</u>	Real exchange rate index <u>1/</u>
1981:				
January-March----	100.0	100.0	100.0	100.0
April-June-----	102.4	100.6	100.0	101.8
July-September---	103.3	100.7	102.9	105.6
October-December-	103.2	100.6	104.1	106.8
1982:				
January-March----	104.0	100.1	105.0	109.1
April-June-----	104.2	100.3	108.5	112.7
July-September---	104.8	99.9	109.8	115.2
October-December-	104.8	99.2	109.9	116.1
1983:				
January-March----	104.9	99.1	111.3	117.8
April-June-----	105.2	98.9	110.7	117.8
July-September---	106.3	99.2	110.7	118.6
October-December-	106.7	99.3	110.7	118.9

1/ Based on exchange rates expressed in new Taiwan dollars per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics.

Table N-2.--Indexes of producer prices in the United States and Korea and indexes of the nominal and real exchange rates between the U.S. dollar and the Korean (won), by quarters, January 1981-December 1983

(January-March 1981=100)

Period	: Producer price : : index in the : : United States :	: Producer price : : index in : : Korea :	: Nominal : : exchange-rate : : index <u>1/</u> :	: Real : : exchange-rate : : index <u>1/</u> :
1981:	:	:	:	:
January-March----	100.0 :	100.0 :	100.0 :	100.0
April-June-----	102.4 :	105.8 :	102.1 :	98.8
July-September---	103.3 :	108.3 :	102.8 :	98.1
October-December-	103.2 :	108.4 :	103.6 :	98.6
1982:	:	:	:	:
January-March----	104.0 :	110.0 :	106.4 :	100.6
April-June-----	104.2 :	110.4 :	109.1 :	103.0
July-September---	104.8 :	110.8 :	111.2 :	105.2
October-December-	104.8 :	111.1 :	111.6 :	105.3
1983:	:	:	:	:
January-March----	104.9 :	111.6 :	112.9 :	106.1
April-June-----	105.2 :	110.7 :	115.3 :	109.6
July-September---	106.3 :	113.0 :	117.7 :	110.7
October-December-	106.7 :	110.4 :	119.1 :	115.1
:	:	:	:	:

1/ Based on exchange rates expressed in Korean won per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics.

Table N-3.--Indexes of producer prices in the United States and Brazil and indexes of the nominal and real exchange rates between the U.S. dollar and the Brazilian cruzeiro, by quarters, January 1981-December 1983

(January-March 1981=100)

Period	: Producer price : : index in the : : United States :	: Producer price : : index in : : Brazil :	: Nominal : : exchange-rate : : index <u>1/</u> :	: Real : : exchange-rate : : index <u>1/</u> :
1981:	:	:	:	:
January-March----	100.0 :	100.0 :	100.0 :	100.0
April-June-----	102.4 :	119.7 :	118.5 :	101.4
July-September---	103.3 :	138.2 :	140.8 :	105.2
October-December-	103.2 :	160.5 :	166.8 :	107.3
1982:	:	:	:	:
January-March----	104.0 :	188.4 :	194.7 :	107.5
April-June-----	104.2 :	227.5 :	226.2 :	103.6
July-September---	104.8 :	269.1 :	267.9 :	104.3
October-December-	104.8 :	310.8 :	325.4 :	109.7
1983:	:	:	:	:
January-March----	104.9 :	388.0 :	461.1 :	124.7
April-June-----	105.2 :	512.9 :	672.2 :	137.9
July-September---	106.3 :	734.7 :	901.6 :	130.4
October-December-	106.7 :	1035.5 :	1225.3 :	126.3
:	:	:	:	:

1/ Based on exchange rates expressed in Brazilian cruzeiros per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics.

Table N-4.--Indexes of producer prices in the United States and Spain and indexes of the nominal and real exchange rates between the U.S. dollar and the Spanish peseta, by quarters, January 1981-December 1983

(January-March 1981=100)

Period	: Producer price : : index in the : : United States :	: Producer price : : index in : : Spain :	: Nominal : : exchange-rate : : index <u>1/</u> :	: Real : : exchange-rate : : index <u>1/</u> :
1981:	:	:	:	:
January-March----	100.0 :	100.0 :	100.0 :	100.0
April-June-----	102.4 :	102.9 :	108.4 :	107.9
July-September---	103.3 :	106.3 :	116.5 :	113.2
October-December-	103.2 :	109.6 :	114.2 :	107.5
1982:	:	:	:	:
January-March----	104.0 :	114.3 :	120.4 :	109.6
April-June-----	104.2 :	118.4 :	126.1 :	111.0
July-September---	104.8 :	121.8 :	133.4 :	114.8
October-December-	104.8 :	124.7 :	142.7 :	119.9
1983:	:	:	:	:
January-March----	104.9 :	129.3 :	154.5 :	125.3
April-June-----	105.2 :	132.5 :	165.2 :	131.2
July-September---	106.3 :	135.3 :	178.7 :	140.4
October-December-	106.7 :	140.1 :	183.8 :	140.0

1/ Based on exchange rates expressed in Spanish pesetas per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics.

Table N-5.--Indexes of producer prices in the United States and Italy and indexes of the nominal and real exchange rates between the U.S. dollar and the Italian lire, by quarters, January 1981-December 1983

(January-March 1981=100)					
Period	Producer price index in the United States	Producer price index in Italy	Nominal exchange-rate index <u>1/</u>	Real exchange-rate index <u>1/</u>	
1981:					
January-March----	100.0	100.0	100.0	100.0	100.0
April-June-----	102.4	105.1	113.3	110.4	110.4
July-September---	103.3	108.9	121.4	115.2	115.2
October-December-	103.2	113.2	119.5	108.9	108.9
1982:					
January-March----	104.0	116.8	126.0	112.2	112.2
April-June-----	104.2	119.2	131.7	115.1	115.1
July-September---	104.8	123.1	139.2	118.5	118.5
October-December-	104.8	127.2	143.3	118.1	118.1
1983:					
January-March----	104.9	129.5	139.7	113.2	113.2
April-June-----	105.2	131.3	147.5	118.2	118.2
July-September---	106.3	134.3	157.1	124.3	124.3
October-December-	106.7	138.3	162.3	125.2	125.2

1/ Based on exchange rates expressed in Italian lire per U.S. dollar.

Source: International Monetary Fund, International Financial Statistics.

APPENDIX O

EXCERPTS FROM SELECTED PRODUCERS' QUESTIONNAIRES ON EFFORTS TO COMPETE

The following is an excerpt from the questionnaire provided by \* \* \* of \* \* \*. This firm produces between 1,000,000 and 1,999,999 pairs of nonrubber footwear annually.



\* \* \* \* \*

The following is an excerpt of the questionnaire response provided by \* \* \*, of \* \* \*. The firm produces between 1,000,000 and 1,999,999 pairs of nonrubber footwear annually.

\* \* \* \* \*

The following is an excerpt of the questionnaire response of \* \* \*, of \* \* \*. This firm produces about \* \* \* pairs of nonrubber footwear annually.

\*

\*

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