

UNITED STATES TARIFF COMMISSION

**WOMEN'S LEATHER SHOES:
WORKERS OF CARESSA, INC., MIAMI, FLA.**

**Report to the President
Worker Investigation No. TEA-W-32
Under Sections 301 (c) (2) of the Trade Expansion Act of 1962**



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UNITED STATES TARIFF COMMISSION

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

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
January 5, 1971

To the President:

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

On November 6, 1970, Messrs. Reynaldo Flores, Juan Bolanos and Fortunato S. Cortina filed a petition for determination of eligibility to apply for adjustment assistance on behalf of workers formerly employed at Caressa Shoe, Inc., of Miami, Florida.

On November 13, 1970, the Commission instituted an investigation (TEA-W-32) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the women's leather shoes produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of that firm. The public notice of the receipt of the petition and of the institution of the investigation was given by publication in the Federal Register November 19, 1970 (35 F.R. 17809). No hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, the officials of Caressa Shoe, Inc., the Florida State Employment Service, and Commission files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds (Commissioner Leonard dissenting) that, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the women's leather shoes produced by Caressa Shoe, Inc. are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of that firm.

1/ Commissioner Sutton did not participate in the decision.

Considerations Supporting the Commission's Finding

This investigation has been conducted in response to a petition filed by workers of Caressa, Inc. of Miami, Florida. Caressa has been a domestic producer and importer of women's leather shoes. At its Miami plant, the company produced medium priced women's leather dress shoes; the shoes were retailed under the Caressa label in the United States in the \$20 to \$24 retail price range. In 1968 Caressa acquired a half interest in an establishment in Spain, and began to import a line of women's leather shoes from that establishment; the imported footwear was slightly lower priced than the domestically produced Caressa line, and was marketed under a different label. In August 1970, through an affiliate, Caressa acquired a second Spanish establishment which produced women's shoes similar to those manufactured in Miami to be marketed in the United States under the Caressa label. At about this time, Caressa shut down its Miami plant; production of footwear ceased there in mid-August. The petitioning workers allege that the great increase in imports of foreign-made women's shoes caused Caressa to seek a foreign source for its shoes, resulting in the shutdown of the Caressa plant and unemployment of the workers formerly employed there. Accordingly, the petitioning workers contend that they should be ruled eligible to apply for adjustment assistance under section 301 of the Trade Expansion Act. We agree.

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

- (1) Imports must be increasing;

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

We believe that each of these requirements has been met with respect to the petition of the workers formerly employed at Caressa.

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

The issues relating to the first and second requirements set forth above are similar in this investigation to those that faced the Commission in an earlier investigation--that of a petition filed by workers at Lemar Shoes, Inc. (TEA-W-18). Both Lemar and Caressa produced women's leather dress shoes, chiefly of cement construction; the footwear produced by the two companies was marketed at retail at nearly identical price ranges--\$19 to \$25 for the Lemar shoes and \$20 to \$24 for the Caressa shoes. In the Lemar case, which we decided in mid-1970, we concluded that imports of footwear like or directly competitive with those produced by Lemar had increased and that the increased imports were in major part the result of trade-agreement concessions. For the reasons set forth in the Lemar case, 1/ we reach a similar conclusion in the instant case.

1/ Women's and Misses' Dress Shoes with Leather, Vinyl, or Fabric Uppers . . . Lemar Shoes, Inc. . . . , T.C. Pub. 323, June 1970, at 11-14.

Unemployment

During the period 1965-69, annual employment at Caressa's Miami plant averaged about 440 production workers. In the first half of 1970, however, output at the plant was curtailed, and the number of production workers averaged only about half that of the preceding 5 years. In July 1970, after a customary vacation shutdown of a week's duration, the work force was reduced to only a few workers; those few were retained to complete the shoes in process, and have since been laid off. The third requirement thus is satisfied--the Caressa workers are unemployed.

Imports the major factor

The adverse impact of imported goods on the unemployment of a petitioning group of workers is especially clear in this case. In recent years, U.S. imports of footwear have expanded greatly, both in absolute volume and relative to U.S. consumption. Taking imports of women's and misses' dress shoes alone, imports probably supplied nearly a fifth of domestic consumption in 1970, compared with only 2 percent as recently as 1965. As we have previously held, moreover, the types of imported footwear that are appropriately regarded as like or directly competitive with domestically produced women's dress shoes include a variety of dress and casual styles. 1/ As a competitive response to the increasing imports, Caressa itself decided to import--first a somewhat different line of women's dress shoes than produced at Miami and then footwear that directly replaced the Caressa line. In the absence of the increased imports, production would certainly have continued at Caressa's Miami plant, and the workers would not have been laid off. We conclude, therefore, that the fourth requirement has been met.

1/ Ibid.

Conclusion

Since all of the requirements established by section 301(c)(2) have been satisfied, we have made an affirmative determination.

Dissenting views of Commissioner Leonard

My determination is in the negative because all the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 have not been met. Before an affirmative determination can be made in this case, each of the following conditions has to be satisfied:

- (1) Footwear like or directly competitive with the women's and misses' footwear produced at the Miami plant of Caressa, Inc., is being imported in increased quantities;
- (2) the increased imports are in major part the result of concessions granted under trade agreements;
- (3) a significant number or proportion of the petitioning workers are unemployed or underemployed or are threatened therewith; and
- (4) the increased imports (resulting in major part from trade-agreement concessions) have been the major factor causing or threatening to cause the unemployment or underemployment.

Following the same views I expressed, along with Chairman Sutton and Commissioner Newsom, in the cases involving the workers at four other plants where women's dress shoes were made, 1/ I find that condition (2) has not been met in the instant case. Therefore, I am compelled to make a negative determination.

In this case, I have concluded that the imported footwear like or directly competitive with the footwear formerly manufactured by the petitioning workers consists of the types admitted under TSUS

1/ U.S. Tariff Commission, Women's and Misses' Dress Shoes . . ., TC Publication 323, June 1970, p. 4 ff.

items 700.20, 700.43, 700.45, and 700.68. Such imported footwear has consisted predominantly of dress shoes made by the cement process and selling at retail at \$8 to \$20. Thus, the imported shoes so identified are largely of the same type as, and sell in a price range competitive with, the domestic footwear covered in this investigation. After again considering all the factors that have contributed to the uninterrupted rise in imports of women's dress shoes in recent years, I hold to my earlier opinion that changes in market demand and commercial factors encouraging imports, rather than the slight, gradual reductions in duty shown in table 1 of the appendix to this report, were responsible for the increased imports of the footwear in question.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The output in recent years of the establishment in which the petitioning workers were employed consisted of footwear for women 1/ in styles known in the trade as dress shoes. Most of the footwear was made by the cement process and had uppers of leather; the small remainder included leather footwear made by the turn or turned process and before 1969 some had fabric uppers.

The term "dress shoes," originally limited only to shoes worn on formal occasions, is now used to describe footwear of the types generally worn for business and social activities; women's shoes intended for formal wear, which are regarded here also as "dress shoes," are now frequently referred to as evening shoes, slippers, or sandals. Generally the term "dress shoes" does not refer to footwear suitable for active sports, beach wear, other leisure activities for which casual attire is worn, or occupations requiring substantial amounts of walking or standing. The principal features of women's shoes that determine the activities for which a particular pair is suitable are the cut of the uppers, the style and height of the heels, the material used for the uppers, the kind of ornamentation, and the material and construction of the sole.

1/ In this report, as in the TSUS, the terms "women" and "misses" are used to differentiate size categories of footwear, not age of wearer, as follows: "women" refers to footwear in American women's sizes 4 and larger and "misses" refers to American misses' sizes 12-1/2 and larger but not as large as American women's size 4. Women's sizes, which account for 90 percent of the total annual domestic output of women's and misses' shoes, are estimated to account for 95 percent of the total annual imports of women's and misses' shoes.

For many years the principal type of dress shoe worn by women in the United States was the classic style pump--a closed-toe, closed-back, slip-on shoe held to the foot without fasteners (such as laces, buckles, buttons, or snaps), with light-weight soles, and with heels of 2 inches or higher. Pumps have been made in a wide variety of styles distinguished by different pattern treatments (i.e., cut) of the uppers, the material (or combination of materials) of the uppers, and the amount and kind of ornamentation. Some pump-like shoes have been made with open toes and some with open backs. Other styles of dress shoes popular from time to time have included both pump-like types with various kinds of straps across the instep and high-heeled sandals (i.e., footwear with uppers consisting wholly or predominantly of straps or thongs).

The materials used for the uppers of dress shoes are usually finer (i.e., less sturdy), and the soles lighter in weight, than those of footwear intended for active sports or occupations requiring substantial amounts of walking or standing. Uppers may be calf, kid, or reptile leathers, and fabrics of silk, rayon, linen, or metallics--such as peau de soie, satin, brocade, or velvet; or supported vinyls or other plastics.

For several decades the principal method of attaching the outsole to women's and misses' shoes has been the cement process whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. An estimated 80 percent of total U.S. output of women's and misses' shoes in recent years (and probably an even higher

percentage of domestic dress shoes) have been made by the cement process. The cement process permits narrow edges on the outside to give a trim appearance and produces a lighter and more flexible shoe than other processes except the turn (or turned) process. In the turn process, which is currently used in very minor degree in the United States to produce dress shoes, 1/ the footwear is initially lasted inside out and then turned right side out for the finishing operations.

The Caressa establishment in which the petitioning workers were employed specialized in women's leather dress pumps, made by the cement process, in modified classic, but fashionable, styles. In recent years Caressa Inc. altered its shoe designs, without going to extremes, in an effort to keep pace with the changes in apparel fashions that are noted in the section of this report on U.S. consumption. The firm's domestically produced shoes sold at \$20 to \$24 a pair retail in 1969 and 1970. For a detailed account of the articles produced by Caressa Inc. in its plant in the United States, see the section of this report relating to that plant.

To the petitioners, imported footwear "like or similar" to the shoes formerly produced at Caressa's Miami plant includes turn or turned footwear for women and misses entered under TSUS item 700.20 and women's cement process footwear with a foreign (export) value of over \$2.50 a pair entered under TSUS item 700.45 (and reported separately

1/ Although the Caressa establishment in Miami produced a few thousand pairs of women's shoes by this process, the turn process has been used in the United States in recent years principally to produce footwear of the types reported in the official U.S. production statistics as slippers for housewear (SIC product code 3142).

under TSUSA item 700.4540). In addition, they express the belief that shoes with supported vinyl uppers entered under TSUS item 700.55 1/ are "directly competitive with the shoe formerly produced by Caressa." Moreover, they suggest that women's cement process shoes with a foreign value of not over \$2.50 a pair that are entered under TSUS item 700.43 (i.e., TSUSA item 700.4340) may also be considered as directly competitive with the more expensive shoes produced by Caressa. As explained briefly in the following paragraphs, the types of footwear classifiable under these four TSUS items--700.20, 700.43, 700.45, and 700.55--vary with respect to material, method of construction, price line, and/or style.

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

1/ Imports of women's footwear with supported vinyl uppers are reported under TSUSA item 700.5545.

of \$8 to \$20 a pair) but included sturdy types with vulcanized or injection-molded soles and expensive high-fashion types for leisure wear as well as formal and other dress wear.

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

Information available to the Commission indicates that women's and misses' footwear with supported vinyl uppers that has entered under TSUS item 700.55 in recent years has consisted predominantly of two groups of footwear: (1) Street shoes of sturdy construction,

1/ TSUS item 700.68 provides for women's and misses' leather-soled footwear with uppers of fibers that have a foreign (export) value of over \$2.50 a pair. Imports of women's and misses' dress shoes having uppers of fibers, soles of leather, and a foreign value of not over \$2.50 per pair (provided for in item 700.66) are believed to have been negligible, if any. Also, imports of dress shoes having uppers of peau de soie (and other "dress" fabrics) and soles of plastics, which are classifiable under TSUS item 700.60 regardless of value, are known to be virtually nil. In recent years, imports admitted under item 700.60 have consisted principally of sneakers and have included significant amounts of folding slippers, scuffs, and so-called indoor-outdoor slippers of types produced in the United States by firms manufacturing house slippers.

produced in a single width for each particular length, for sale at \$3 to \$6 a pair at self-service counters in variety stores, discount stores, and department store basements and (2) folding slippers and sandals, all selling at retail for less than \$1 a pair. Virtually no imports of women's dress shoes of the type and quality produced by Caressa Inc. in the United States have been entered under TSUS item 700.55.

U.S. Tariff Treatment

In the Tariff Act of 1930, women's dress shoes of the type produced at the Caressa plant were originally dutiable under paragraph 1530(e) at 20 percent ad valorem if in chief value of leather (except if having fiber uppers) and at 35 percent ad valorem if having fiber uppers. Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers was imported during the period before the new tariff schedules (the TSUS) became effective on August 30, 1963, it was generally dutiable, by virtue of the similitude provisions of paragraph 1559, at a rate provided for "similar" leather footwear in paragraph 1530(e).

From 1930 until the first stage of the Kennedy Round of tariff concessions under the General Agreement on Tariffs and Trade (GATT) became effective on January 1, 1968, the only concessions granted by the United States on the footwear described in the preceding paragraph affected the rates applicable to turn or turned shoes of leather and to shoes with fiber (fabric) uppers. The rate on the turn or turned shoes (now TSUS item 700.20) was first reduced, pursuant to section 336 of the Tariff Act of 1930, from 20 percent ad valorem to 10 percent, effective January 1, 1932. The 10-percent rate, which was bound against increase in a concession granted to Switzerland, effective February 15, 1936, was reduced to 5 percent in a GATT concession, effective May 30, 1950. The rate on shoes with fabric uppers was reduced from 35 percent ad valorem to 20 percent in two GATT concessions--one, on footwear with soles of leather (now TSUS items 700.66

and 700.68), effective April 21, 1948, and the other on footwear with soles of rubber or plastics (now TSUS item 700.60), effective September 10, 1955.

Table 1 (in the appendix) shows for footwear of the types now dutiable under items 700.20, 700.43, 700.45, and 700.68 the reductions in rates of duty resulting from trade agreement concessions granted under the GATT. These are the four TSUS items under which women's dress shoes with leather or fabric uppers are known to have been admitted in recent years. Table 1 also shows the corresponding information for footwear of the types now dutiable under item 700.55, 700.60, and 700.66. In recent years imports of women's dress shoes admitted under these three classes combined are believed to have totaled no more than 100,000 pairs and to have consisted almost entirely of footwear with supported vinyl uppers under item 700.55.

Table 2 shows for the years 1965-69 and for the first 6 months of 1969 and 1970 estimated U.S. imports of women's shoes and misses' shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. Consumption

During the period 1965-69 apparent annual U.S. consumption of women's and misses' dress shoes is estimated to have followed an irregular trend, reaching a peak of 231 million pairs in 1968; consumption then declined to 205 million pairs in 1969. ^{1/} It amounted to 109 million pairs in the first half of 1969 and 107 million pairs in the corresponding period in 1970. In the period studied, the share of consumption consisting of imports increased without interruption--from 2 percent in 1965 to 14 percent in 1969 and to 17 percent in the first half of 1970. Consumption of women's and misses' dress shoes is shown for 1965-69 and for the first half of 1969 and 1970 in the following tabulation (in millions of pairs):

Period	Production	Imports	Apparent consumption ^{1/}	Ratio (percent) of imports to apparent consumption
1965-----	200	4	204	2
1966-----	206	7	213	3
1967-----	188	11	199	6
1968-----	210	21	231	9
1969-----	177	28	205	14
January-June--				
1969-----	95	14	109	13
1970-----	89	18	107	17

^{1/} Estimated production plus estimated imports. In recent years, exports have averaged about one million pairs annually.

The annual variation in consumption of women's and misses' dress shoes in recent years is explained by several factors, but is largely attributable to changes in fashion. Shoe styles have kept pace with

^{1/} Data on consumption (production plus imports) are estimated on the basis of information supplied to the Commission during this and previous investigations.

changes in women's apparel fashions which dictate or influence footwear designs. New materials (or existing materials not previously used for footwear) and new manufacturing processes have resulted in a wide variety of qualities and prices. New marketing techniques have facilitated retail distribution. Further, the changing age structure of the population, the growth in per capita income, and the increase in leisure activities, have all contributed to greater consumer interest in many varieties of women's shoes for both dress and leisure activities. For example, there has been a growing propensity to utilize loafers, sandals, slippers, and--very recently--clogs in lieu of both dress shoes and traditional styles of casual or play shoes, such as sneakers and footwear of wedge-type construction. For several years boots have also been gaining favor as a fashionable substitute for dress shoes.

In the late 1960's, footwear with heels of 2 inches or higher lost favor, and the low-heel, heavy-appearing "monster" styles became increasingly popular as the proper accessory for the styles of dress then current (i.e., miniskirts). Many consumers, however, continued to desire the more traditional styles of dress pumps. The higher heel was the principal new feature in shoe styling during 1970. For the midi-length clothes, pumps with higher heels and high-cut vamps (uppers) were produced; and for the increasingly accepted long skirts for evening wear and pantsuits for street, office, and formal attire, the higher heeled shoes with more completely covered vamps became popular. The new styles featured higher tongues, flaps, or straps--often ornamented with metal, rhinestones, gold cord, or other edges--laces, or buttons.

In 1969, manufacturers continued a high level of output of the heavier-appearing shoes popular the year before but consumers' acceptance of such styles was disappointing. In 1970, acceptance of the pumps designed as accessories to the midi-length clothing was also disappointing in some markets. The rising cost of living and the business slowdown were also responsible, in part, for higher retail inventories and declining sales in some retail outlets in both 1969 and 1970.

U.S. Production

Volume

During the past decade, annual U.S. production of women's and misses' shoes, including dress, service, and play shoes (as reported in official statistics 1/) declined irregularly, as shown in the following tabulation (in millions of pairs):

<u>Year</u>	<u>Production</u>	<u>Year</u>	<u>Production</u>
1960-----	320	1967-----	286
1961-----	313	1968-----	317
1962-----	325	1969-----	267
1963-----	311	Jan.-June--	
1964-----	308	1969-----	143
1965-----	316	1970-----	134
1966-----	320		

Annual domestic output of women's and misses' shoes during the first seven years of the past decade (i.e., during 1960-66) was fairly stable; the greatest year-to-year change in output during that period was 14 million pairs. As noted in the Commission's report of January 1969, 2/ the decline in production in 1967 was induced in part by the drastic style changes in feminine apparel. Retailers delayed placing orders for the new styles of footwear and producers were also late in "retooling," which caused a backlog of orders. Increasing consumer acceptance of the new styling during 1968 was a factor in the increased output in that year. In 1969, production again declined when many consumers did not accept the styles of footwear offered. Trade sources

1/ In SIC No. 3141 (footwear, except house slippers and rubber footwear). These data do not include shipments from Puerto Rico to continental United States, which increased from 2.8 million pairs in 1965 and 1966 to 5.5 million pairs in 1968 and 1969.

2/ Nonrubber Footwear, TC Publication 276, p. 35.

reported that at least 50 footwear plants manufacturing women's and misses' shoes discontinued operations in 1969.

Data on U.S. production of dress shoes are not reported separately in the statistics published by the Bureau of the Census. Since 1965, however, data are available on production of women's and misses' shoes (1) with a wedge heel or with an open toe and a heel not over 1 inch, which would generally be considered casual shoes or sandals, and (2) "other" shoes, which would consist principally of dress shoes.

U.S. production of women's and misses' shoes, by category, is shown for 1965-69, January-June 1969, and January-June 1970, in the following tabulation (in millions of pairs):

Period	Total	Shoes with wedge heel or open toe	Other shoes	
			Total	Dress shoes (estimated) ^{1/}
1965-----	316	40	276	200
1966-----	320	40	280	206
1967-----	286	32	254	188
1968-----	317	36	281	210
1969-----	267	26	241	177
January-June--				
1969-----	143	14	129	95
1970-----	134	14	120	89

As shown above, estimated production of women's dress shoes declined by 18 million pairs--or 9 percent--from 1966 to 1967; it rose

^{1/} From information supplied to the Commission, dress shoes are believed to account for about two-thirds of the annual output.

to a peak of 210 million pairs in 1968; declined to 177 million pairs in 1969--a drop of 16 percent. Production was estimated at 89 million pairs during the first six months of 1970 compared with 95 million pairs in the same months of 1969, representing a further decline of 6 percent.

Prices

Information obtained in connection with an investigation of nonrubber footwear conducted by the Tariff Commission in 1970 (investigation No. TEA-I-18) indicates that 10 percent of the U.S. manufacturers' sales in 1969 of domestically produced women's footwear (except with wedge heel or open toe and heel of not over 1 inch) were priced at \$10.21 a pair or over--the wholesale price range of the leather dress shoes produced at Caressa's Miami plant. In 1967, a smaller proportion, 4 percent, of U.S. manufacturers' sales of such footwear was in that price range.

The distribution of manufacturers' sales of domestic women's footwear (except with wedge heel or open toe and heel of not over 1 inch) is shown in the following tabulation for 1967 and 1969 (in percent):

Manufacturers' selling price per pair, f.o.b. plant or warehouse	1967	1969
Less than \$1.81-----	2	2
\$1.81 to \$2.40-----	6	5
\$2.41 to \$3.00-----	14	3
\$3.01 to \$4.20-----	35	24
\$4.21 to \$6.00-----	14	13
\$6.01 to \$7.80-----	16	15
\$7.81 to \$10.20-----	9	28
\$10.21 and over-----	4	10
Total-----	100	100

U.S. Imports

Volume

As indicated in earlier sections of this report, precise data are not available on U.S. imports of women's dress shoes of the types produced in the Miami plant of Caressa Inc. However, it is known that such imports, which consist principally of leather shoes made by the cement process, were negligible in 1960 and were not significant until the mid-1960's.

Imports of women's and misses' dress shoes probably amounted to less than 300,000 pairs in 1960, 2 million in 1962, about 4 million pairs in 1964, and then increased to an estimated 28 million pairs in 1969. Imports in the first half of 1970 were about 18 million pairs, compared to 14 million pairs in the corresponding period of 1969. Estimates of total U.S. imports of women's and misses' dress shoes, by types, are shown in table 2 for the years 1965-69, and for the first 6 months of 1969 and 1970. Those estimates indicate that imports of such shoes nearly doubled from 1967 to 1968 and then increased in 1969 by a third. Imports for the first half of 1970 increased by 25 to 30 percent above those in the corresponding period of 1969. Italy and Spain have been the principal suppliers of the women's leather dress shoes of the types considered here.

In recent years, women's and misses' dress shoes have accounted for an increasing share of total U.S. imports of women's and misses'

nonrubber footwear 1/---rising from about 6 percent in 1965 to about 20 percent in 1969. Table 3 shows, for the years 1965-69 and the first half of 1969 and 1970, total U.S. imports of women's and misses' nonrubber footwear, by type of upper, and by the TSUSA classifications under which most of the imports were admitted. As already indicated, women's dress shoes were admitted principally under TSUSA item 700.4540 (footwear with leather uppers, valued over \$2.50 a pair).

Prices

Of the estimated imports of 28 million pairs of women's and misses' dress shoes in 1969, 2 million pairs, entered under item 700.20, had an average dutiable value of \$6.50 per pair; 4 million pairs, entered under item 700.43, had an average dutiable value of \$2 per pair; and 22 million pairs, under item 700.45, averaged \$4.75 per pair.

It is believed that the bulk of imports of women's dress shoes were sold in the retail price range of \$8 to \$14 a pair; the remainder were sold principally in the retail price range of \$14 to \$20 per pair.

1/ The term "nonrubber footwear" is used here, as in earlier investigations by the Commission, to refer to footwear of the kinds described in part 1A of schedule 7 of TSUS other than in items 700.51, 700.52, 700.53, and 700.60.

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Caressa, Incorporated

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Appendix

Table 1.--U.S. rates of duty applicable to women's and misses' footwear of types provided for in specified TSUS items, Jan. 1, 1934, and GATT concessions

TSUS item No.	Abbreviated description	Rate of duty		
		Jan. 1, 1934 ^{1/}	GATT concessions ^{2/}	
			Rate	Effective dates
		Percent ad val.	Percent ad val.	
700.20	Leather footwear: Turn or turned-----	10% ^{3/}	5% 4% 3% 2.5%	May 30, 1950-Dec. 31, 1967 Jan. 1, 1968-Dec. 31, 1969 Jan. 1, 1970-Dec. 31, 1971 Jan. 1, 1972
700.43	"Other" (including cement process): Valued not over \$2.50 per pair-----	20%	19% 18% 17% 16% 15%	Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972
700.45	Valued over \$2.50 per pair-----	20%	18% 16% 14% 12% 10%	Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972
700.55	Footwear having uppers of supported vinyl.	principally 20% ^{4/}	12.5% ^{5/} 11% 10% 8.5% 7% 6%	Aug. 31, 1963-Dec. 31, 1967 Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972
700.60	Footwear with uppers of fabrics and soles of rubber or plastics.	35% ^{6/}	20% ^{7/}	Sept. 10, 1955 to date
700.66	Footwear with uppers of fabrics and soles of leather: Valued not over \$2.50 per pair-----	35%	20% 19% 18% 17% 16% 15%	Apr. 21, 1948-Dec. 31, 1967 Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972
700.68	Valued over \$2.50 per pair-----	35%	20% 18% 16% 14% 12% 10%	Apr. 21, 1948-Dec. 31, 1967 Jan. 1-Dec. 31, 1968 Jan. 1-Dec. 31, 1969 Jan. 1-Dec. 31, 1970 Jan. 1-Dec. 31, 1971 Jan. 1, 1972

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

^{2/} For concessions granted in the Kennedy Round, effective Jan. 1, 1968, the table shows staged rates scheduled to become effective up to and including Jan. 1, 1972.

^{3/} Effective Jan. 1, 1932, the statutory rate of 20% ad valorem was reduced to 10% ad valorem, pursuant to sec. 336 of the Tariff Act of 1930.

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

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

^{6/} Effective Mar. 3, 1933, the basis for assessing the duty was changed from foreign (export) value to the American selling price (ASP) of the "like or similar domestic product" (T.D. 46158). In practice, the ASP basis for assessing the duty has been applied to imports of sneakers, not to imports or other types of footwear such as folding slippers and scuffs.

^{7/} Based on ASP; see footnote 6.

Table 2.--Women's and misses' dress shoes: U.S. tariff rates and estimated imports, by types, 1965-69, January-June 1969, and January-June 1970

Year	Total	Leather uppers, leather or plastics soles			
		Cement process (in 700.43 and 700.45)		Turn or turned (in 700.20)	
		Tariff rate	Quantity	Tariff rate	Quantity
	Million pairs	Percent ad valorem	Million pairs	Percent ad valorem	Million pairs
1965-----	4	20	3	5	1
1966-----	7	20	6	5	1
1967-----	11	20	10	5	1
1968-----	21	(19 : (18 :	3 :) 16 :)	4	2
1969-----	28	(18 : (16 :	4 :) 22 :)	4	2
January- June--					
1969-----	14	(18 : (16 :	2 :) 11 :)	4	1
1970-----	18	(17 : (14 :	2 :) 15 :)	3	1
		Fabric uppers, leather soles (in 700.68) ^{1/}		Supported vinyl uppers (in 700.55)	
		Tariff rate	Quantity	Tariff rate	Quantity
		Percent ad valorem	Million pairs	Percent ad valorem	Million pairs
1965-----		20	<u>2/</u>	12.5	<u>2/</u>
1966-----		20	<u>2/</u>	12.5	<u>2/</u>
1967-----		20	<u>2/</u>	12.5	<u>2/</u>
1968-----		18	<u>2/</u>	11	<u>2/</u>
1969-----		16	<u>2/</u>	10	<u>2/</u>
January- June--					
1969-----		16	<u>2/</u>	10	<u>2/</u>
1970-----		14	<u>2/</u>	8.5	<u>2/</u>

^{1/} Imports of dress shoes with fabric uppers under items 700.60 and 700.66 are believed to have been virtually nil in recent years.

^{2/} Imports have been negligible, probably less than 100,000 pairs each year.

Table 3.--Nonrubber footwear for women and misses: U.S. imports, by type of upper, and by specified TSUSA items, 1965-69, January-June 1969, and January-June 1970

(In millions of pairs)									
Period	Total <u>1/</u>	With uppers of leather				With uppers of plastics or rubber			Other <u>4/</u>
		Total <u>1/</u>	Casual, for women (700.4022 <u>2/</u>)	Cement process, for women (700.4051 <u>3/</u>)	Total <u>1/</u>	With uppers of supported vinyl, for women and misses (700.5545)			
1965-----	67	22	15	5	42	<u>1/</u> 35	3		
1966-----	70	29	18	9	39	33	2		
1967-----	96	40	22	14	54	50	2		
			Valued per pair--	Valued per pair--					
			Not over \$2.50	Over \$2.50	Not over \$2.50	Over \$2.50			
1968-----	133	57	19	1	12	17	75	69	1
1969-----	139	59	12	2	14	23	77	71	3
January-June--									
1969-----	78	34	9	1	9	11	43	39	1
1970-----	96	44	8	1	14	15	48	45	4

1/ Partly estimated.

2/ Effective Jan. 1, 1948, TSUSA item 700.4022 was replaced by items 700.4310 and 700.4510. The term "casual" relates to footwear constructed with a wedge heel, or with an open toe and a heel not over 1 inch in height.

3/ Effective Jan. 1, 1948, item 700.4051 was replaced by item 700.4340 and 700.4540. The term "cement process" relates to 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 and not including "casual" footwear described in footnote 2.

4/ Principally footwear with uppers of fibers; also includes clogs in chief value of wood, which by January-June 1970 accounted for half of the imports. However, does not include footwear with fabric uppers and soles of plastics or rubber of the types classifiable under TSUS item 700.60; such footwear is generally considered "rubber" footwear, rather than "nonrubber" footwear.

