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1971/69

UNITED STATES TARIFF COMMISSION

FOOTWEAR UPPERS: PRODUCTION WORKERS
OF THE SUN MANUFACTURING COMPANY
MAYAGUEZ, PUERTO RICO

Report to the President
Worker Investigation No. TEA-W-110
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 429
Washington, D. C.
October 1971

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 operations of an individual concern. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
October 26, 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 that act in response to a workers' petition.

On August 25, 1971, three former employees of the Sun Manufacturing Company plant, Mayaguez, P. R., one of the B. F. Goodrich Footwear Company plants, filed a petition for a determination of their eligibility to apply for adjustment assistance. The Commission instituted an investigation (TEA-W-110) on September 8, 1971, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the upper portions of men's, women's, and boys' tennis shoes of the kind produced by the Sun Manufacturing Co. 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 such company.

Public notice of the receipt of the petition and the institution of the investigation was published in the Federal Register on September 14, 1971 (36 F.R. 18443). No public hearing was requested, and none was held.

The information in this report was obtained from the B. F. Goodrich Footwear Co., domestic producers and importers of fabric uppers for canvas footwear, the U.S. Department of Labor, the Puerto Rican Department of Labor, and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds (Commissioner Moore dissenting) that articles like or directly competitive with the footwear uppers of the types produced by the Sun Manufacturing Company, Mayaguez, Puerto Rico, are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firms.

1/ Chairman Bedell and Vice Chairman Parker did not participate in the decision .

Views of Commissioner Sutton

Evidence developed in this investigation indicates that imports of footwear uppers, like or directly competitive with those produced by the workers of the Sun Manufacturing Co., Mayaguez, Puerto Rico, are not being imported in increased quantities. In fact, such imports have declined since 1967. Consequently, my determination in the instant case is negative.

Views of Commissioner Leonard

"Like or directly competitive"

To determine whether increased imports the result in major part of trade-agreement concessions are the major factor causing or threatening to cause unemployment or underemployment of workers petitioning for adjustment assistance, it first must be decided what the imported article is. The relevant provision of law describes the import to be considered as "an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof."^{1/}

"Like"

The petitioning workers of the Sun Manufacturing Company produced fabric uppers and vinyl uppers used in the construction of tennis and basketball shoes and other shoes generally referred to as sneakers. An article "like" another is substantially identical in inherent or intrinsic characteristics (i.e. materials from which made, appearance, quality, texture, etc.).^{2/} Thus, the imported article "like" the article produced by the workers of Sun would be an upper of fabric or vinyl used in the construction of shoes of the sneaker type.

^{1/} Trade Expansion Act of 1962, sec. 301(c)(2).

^{2/} Plastic- or Rubber-Soled Footwear With Fabric Uppers . . ., Investigation Nos. TEA-W-13 and TEA-W-14, TC Publication 321, 1970, pp. 14-15. The definition of "like" in the opinion of Commissioners Sutton and Newsom in the cited investigation appears to be based on an unpublished memorandum of the General Counsel of the Tariff Commission of February 3, 1953. The language was then used in H. Rept. 91-1435 to accompany H.R. 18970, The Trade Act of 1970, p. 25, and in S. Rept. 91-1431 to accompany H.R. 17550, p. 255. Neither H.R. 18970 nor H.R. 17550 was enacted into law.

There are no imports in increased quantities of such "like" articles. Estimated U.S. imports of cotton shoe uppers increased from 24 million pairs in 1966 to 26 million pairs in 1967, but then declined to 23 million pairs in 1969 and to 17 million pairs in 1970. Based on the first 6 months of 1971, such imports this year, while higher than for the comparable period of 1970, will apparently be below the 1966-69 levels. Likewise, the share of U.S. consumption of cotton shoe uppers supplied by imports has declined. That share was 14 percent in 1966, rose to 15 percent in 1967 and remained at that level in 1968 and in 1969, but declined to 13 percent in 1970 and to 11 percent thus far in 1971. No data are available on imports of shoe uppers of fabrics other than cotton and of vinyl, but imports are believed to be small and not to qualify under the language of the statute as "being imported . . . in such increased quantities."^{1/}

"Directly competitive"--horizontal

Besides the imports of an article "like" the article produced by the workers' firm, consideration must also be given to imports of an article "directly competitive with" an article produced by the workers' firm.

"Directly competitive" articles are 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.^{2/} Therefore, directly competitive with the shoe uppers of fabric and of vinyl produced

^{1/} Trade Expansion Act of 1962, sec. 301(c)(2).

^{2/} The definition of "directly competitive" referred to here has an identical lineage to that described in note 2 at p. 5 of this report.

by the workers at Sun are shoe uppers made of any other material. Leather is another material used for uppers that would be "substantially equivalent for commercial purposes" to the uppers of fabric and of vinyl produced by the workers at Sun. Again, however, available information discloses that leather uppers are not "being imported . . . in such increased quantities." In fact, on the basis of value, the imports have remained steady since 1968, which would indicate in times of rising prices a decline in the quantity of imports.

"Directly competitive"--vertical

In addition to the definition of "directly competitive" in terms of substantial equivalence for commercial purposes, which I term a "horizontal" definition, there is the "vertical" definition of directly competitive supplied by section 405(4) of the Trade Expansion Act of 1962. This provision expands upon what would otherwise be the definition of "directly competitive with" to state that an imported article is directly competitive with a domestic article at an earlier or later stage of processing and vice versa if the importation of the imported article has an economic effect on producers of the domestic article comparable to the effect of importation of articles in the same stage of processing as the domestic article.

For the purposes of the instant investigation, therefore, it must be determined whether the shoes for which the fabric and vinyl uppers are produced by the workers of the Sun plant, if imported, are directly competitive with the fabric and vinyl uppers; whether, under the statute, (1) the finished shoe is a fabric or vinyl upper at a later stage of processing, and (2) the importation of such a shoe has an economic effect on Sun comparable to the effect on Sun of the importation of fabric and vinyl uppers.

The House Report on the Trade Expansion Act of 1962 explained section 405(4) as follows:

The term "earlier or later stage of processing" contemplates that the article remains substantially the same during such stages of processing, and is not wholly transformed into a different article. Thus, for example, zinc oxide would be zinc ore in a later stage of processing, since it can be processed directly from zinc ore. For the same reason, a raw cherry would be a glace cherry in an earlier stage of processing, and the same is true of a live lamb and dressed lamb meat.^{1/}

The fabric and vinyl uppers produced by the workers at the Sun plant do not remain substantially the same article as they are transformed into shoes of the sneaker variety. As corroborated later in this report, the upper is combined with a sole and perhaps other components by one of three methods to become a new article of commerce, a shoe of the sneaker type. The upper by itself is not a sneaker. It cannot function as a sneaker. It is an important part, though not necessarily the most important in value or in function, but it is only a part which needs more than just refinement to become a sneaker. It needs to be combined with other parts to become a sneaker. Thus, the fabric and vinyl uppers produced at the Sun plant are not "directly competitive with" imports of the types of shoes--the tennis shoes, basketball shoes and other shoes generally referred to as sneakers--which are constructed from uppers of the kinds produced at the Sun plant.^{2/}

^{1/} H. Rept. 1818, 87th Cong. 2d sess., p. 24.

^{2/} Since sneakers are a different article and not uppers at a later stage of processing, it is unnecessary to examine the economic effect of the importation of shoes of the sneaker type.

Conclusion

Therefore, my determination in the instant case is in the negative because there have been no imports in increased quantities of an article like or directly competitive with the fabric and vinyl uppers made by the workers at Sun.

Views of Commissioner Young

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

- (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.

I find in the instant case that the fourth requirement of the act has not been satisfied. Consequently, my determination is in the negative. My reasons in support of my determination are set forth below.

On the basis of the evidence developed in this investigation, I conclude that changes in the levels of production and employment at the Sun Manufacturing Co. plant in recent years were, in major part, the result of the overall production-allocation policies of the parent organization--the B.F. Goodrich Footwear Co. Beginning in 1961 and through 1968, the B.F. Goodrich Footwear Co. reorganized and relocated its canvas footwear production. After 1968, with its new plants in production in North Carolina and South Carolina and Puerto Rico, the parent company allocated the production of such footwear among its plants, according to its needs and with the object of achieving optimum results. Allocations of production at the Sun plant by the

parent company depended in large part on the type of upper, style, and size of shoe to be produced, and on the adaptability of machinery.

Since imports of uppers for canvas footwear and of canvas footwear itself steadily declined during 1968-70, they could not have caused the irregular declines and increases in employment evident during this period at the Sun Manufacturing Co. plant. Moreover, when in the first half of 1971 imports increased, so did employment and man-hours worked at the plant.

For the foregoing reasons, my determination in the instant case is negative.

Dissenting Views of Commissioner Moore

The Sun Manufacturing Co., located at Mayaguez, P. R., is one of several U.S. subsidiaries of the B. F. Goodrich Footwear Co. which has its headquarters at Charlotte, North Carolina. As a part of the manufacturing complex of the B. F. Goodrich Co., the Sun Manufacturing Co. is engaged in the production of fabric and vinyl upper portions of rubber-soled (sneaker-type) footwear produced by the B. F. Goodrich Footwear Co. The entire output of the Sun Manufacturing Co. is used exclusively by the B. F. Goodrich Footwear Co. in the production of its footwear.

The process of manufacturing fabric and vinyl uppers for rubber-soled sneaker-type footwear (generally referred to as canvas footwear in this report) is an integral part of the manufacture of such footwear and cannot in any reasonable way be considered apart from the production of the finished product. The Sun Manufacturing Co. plant is as much an integral part of the B. F. Goodrich Footwear Co. as if it were located adjacent to the plant in which the soling is done to complete the finished sneaker-type or canvas footwear. Similarly, competitive conditions which affect the B. F. Goodrich Footwear Co. and its employees likewise affect the Sun Manufacturing Co. and its employees.

In previous cases before the Commission involving canvas footwear, 1/ I expressed the belief that all types of inexpensive footwear are, by and large, directly competitive with canvas footwear. That remains my view in this case.

In the Woonsocket (Uniroyal, Inc.) case, as one of the majority voting in the affirmative, I pointed out--

Today, the low-income purchaser has a wide selection of low-priced footwear readily available --the traditional sneaker, casual styles of sneakers, plastic (chiefly vinyl) shoes in dress and casual styles, sandals of both leather and plastics, etc. Within the sneaker price range all of his special requirements now can be satisfied with variety. Such footwear is frequently displayed in the retail stores side by side, and all is sold widely in many types of retail outlets. Hence, for purposes of this report, most types of footwear in the low-priced range, largely regardless of material and style, are directly competitive with each other and satisfy needs originally satisfied only by sneakers.

The Commission has frequently stated that the statute (TEA) establishes four requirements to be met for an affirmative determination in a worker case:

- (1) Imports of articles like or directly competitive with those produced by the petitioning workers must be increasing;
- (2) the increase in imports must be a result in major part of concessions granted under trade agreements;

1/ Plastic- or Rubber-soled Footwear with Fabric Uppers, Inv. Nos. TEA-W-13 and TEA-W-14 (April 1970) and Protective Footwear of Rubber or Plastics and Rubber- or Plastic-soled Footwear with Fabric Uppers, Inv. Nos. TEA-W-23, TEA-W-24, TEA-W-25, and TEA-W-26 (July 1970).

- (3) the workers concerned must be underemployed or unemployed, or threatened with underemployment or unemployment; and
- (4) the increased imports resulting from trade-agreement concessions must be the major factor causing or threatening to cause the unemployment or underemployment.

I believe that each of these requirements has been met with respect to the petition of the workers at the Sun Manufacturing Co. plant of the B. F. Goodrich Footwear Co.

Increasing imports and in major part

I have stated in previous cases, 1/ my reasons for concluding that footwear like or directly competitive with canvas footwear was being imported in increased quantities and that such increased imports have resulted in major part from trade-agreement concessions. That analysis applies equally here.

First, imports of the principal types of footwear like or directly competitive with canvas footwear produced at the B. F. Goodrich plants are estimated to have increased to 225 million pairs in 1970 from 112 million pairs in 1964.

Second, U.S. rates of duty applicable to most types of footwear directly competitive with canvas footwear have been reduced greatly by trade-agreement concessions. The bulk (about 60 percent) of the increase in imports of the footwear like or directly competitive with that produced at the Goodrich Footwear Co. plants, including the Sun plant, has consisted of footwear with supported vinyl uppers. The

1/ Ibid.

current rate of duty on these articles is 7 percent ad valorem--the fourth stage of a concession granted by the United States at the Kennedy Round negotiations under the General Agreement on Tariffs and Trade. The rate of duty applicable to such footwear under the provisions of the Tariff Act of 1930 before any trade-agreement concessions were granted was 35 percent ad valorem. 1/ Further, a 1955 trade-agreement concession applicable to the types of footwear produced at the Goodrich Footwear Co. plants, including the Sun plant (sneakers), resulted in a reduction of the rate of duty from 35 to 20 percent ad valorem, based on American selling price (ASP) valuation.

When the Tariff Schedules of the United States were adopted in 1963, a rate of 12-1/2 percent ad valorem was established as the trade-agreement rate applicable, among others, to footwear with supported vinyl uppers. This rate, as noted above, has been reduced to 7 percent ad valorem pursuant to Kennedy Round concessions. Imports of vinyl footwear were three times larger in 1970 than in 1964.

In the highly competitive market for low-priced footwear--particularly at the wholesale level--these duty reductions have meant the difference to domestic producers between sales and no sales and they provided a significant stimulus to imports of such footwear.

In view of the foregoing, after taking into account trade-agreement concessions on other pertinent types of footwear, I conclude that the increase in imports of footwear like or directly

1/ Nonrubber Footwear, Inv. No. TEA-I-18, January 1971.

competitive with that produced at the Goodrich Footwear Co. plants, including the Sun plant, has been in major part a result of trade-agreement concessions.

Unemployment or underemployment

The third requirement to be met is that a significant number of workers must be unemployed or underemployed or both. The petitioners claimed that 86 workers had lost their jobs which is substantiated by evidence secured by the Commission. The annual average number of production workers in the Sun plant decreased from 267 in 1966 to 227 in 1970 and averaged 256 in the January-August 1971 period. Similarly, the annual average number of production workers in all Goodrich Footwear Co. plants decreased from 4,143 in 1966 to 3,423 in 1970 and the average for the first 8 months of 1971 decreased to 3,148. Production and sales of the Goodrich Footwear Co. declined from 1966 to 1970 and, based on the first 8 months of 1971, will probably be lower this year than in 1970.

Major factor

The final statutory requirement is that the like or directly competitive increased imports must be the major factor causing the unemployment or underemployment of the petitioning workers. As I have stated in previous opinions, I believe this requirement is satisfied if the unemployment or underemployment would not have occurred had such imports not increased.

In this instance, the domestic demand for canvas footwear has suffered from the increasing availability to the consumer of inexpensive footwear of other types, mostly from imports. U.S. consumption of canvas footwear has not only failed to keep pace with the growing population, but has declined in absolute terms. In the context of declining demand, the large annual imports of sneakers plus the rapidly increasing imports of other types of inexpensive footwear, have adversely affected the operations of the Goodrich Footwear Co. plants, including the Sun plant. I believe that, had like or directly competitive imported footwear in the low-priced category not been available in such increased quantities, unemployment at the Sun plant of the B. F. Goodrich Co. would not have occurred.

I find that the petitioners have met the requirements established by the Trade Expansion Act, and I believe that they are entitled to adjustment assistance as provided by that act.



INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Prior to 1970, the entire output of the Sun Manufacturing Co. of Mayaguez, P.R., a subsidiary of the B. F. Goodrich Footwear Co., consisted of fabric uppers that are used in the construction of tennis shoes, basketball shoes, and other shoes that are generally referred to as sneakers. During 1970 and the first 8 months of 1971 (the plant is still in operation), about half of the output consisted of fabric uppers and half, of vinyl uppers.

The fabric and vinyl uppers produced in the Sun plant are shipped to other Goodrich plants--mainly to the Elgin, S.C., or Lumberton, N.C. plants, but some also go to the Cabo Rojo plant in Puerto Rico for further processing into sneakers. The operations performed at the Sun plant are cutting, casing, stamping, marking, sewing, eyeleting, packing, and shipping. The cutting and stitching operations are the most important.

The petitioners identify the imports competing with the shoe uppers produced at the Sun plant as those classified under item 380.3980 of the Tariff Schedules of the United States Annotated (TSUSA) (men's and boys' cotton shoe uppers, not knit, not ornamented), and TSUSA item 382.3380 (women's, girls', and infants' cotton shoe uppers, not knit, not ornamented). They also consider shoe uppers of manmade fibers, not ornamented, not knit (part of TSUSA items 380.8490 and 382.8150) and footwear for men, boys, youths, women, misses, children, and infants that retails at under \$7 a pair (entered under

Tariff Schedules of the United States (TSUS) items 700.35, 700.43, 700.45, 700.55 and 700.60 to be competitive.

Vinyl uppers are(not mentioned in the petition, but produced in the Sun plant) dutiable under item 772.30; leather uppers under items 791.20 and 791.25.

The imported footwear admitted under items 700.35, 700.43, and 700.45 is in chief value of leather. The footwear admitted under item 700.35 is for men, youths, and boys, and that under item 700.43 and 700.45 is for women, misses, infants, and children. These imports range in style from sandals and sturdier shoes made in limited sizes, for sale at self-service counters, to high-fashion shoes made in the same detailed sizes, and sold in the same outlets, as domestic leather shoes.

The footwear admitted under item 700.55 consists predominantly of shoes with uppers of supported vinyl that are produced one width to a length and are usually sold at self-service counters in variety stores, discount stores, department-store basements, and by small stores in low-income neighborhoods. A considerable part of the imports have consisted of zoris (thonged sandals suitable for beach and other casual wear), folding slippers, and sandals that generally sell at retail for less than \$2 a pair. Most of the remainder have been street shoes of sturdy construction, mostly in popular casual styles resembling similar shoes of leather, retailing at under \$5 a pair. Imported footwear of the type in which uppers produced at the Sun plant are used is dutiable under item 700.60.

Sneakers are made by three methods: The conventional process (autoclave method), the injection-molded process, and the compression-molded process. In the conventional process, the assembly of the components is largely a hand operation. The shoe upper is pulled over a last (the form on which the shoe is made) and attached to the insole, the rubber outsole is cemented in place, and the foxing (a narrow strip of rubber) is wrapped around the shoe at the sole so that it overlaps the upper. The assembled shoe is then vulcanized. Sneakers produced by the conventional process are generally considered to be of better quality than those made by other processes.

In the injection-molded process, an assembled upper is positioned on a footlike mold of a multiple-station machine; at the proper time a molten charge of polyvinyl chloride (PVC) or rubber is forced into a cavity to simultaneously mold and attach the sole to the canvas upper.

In the compression-molded process, a rubber compound in the form of blanks, plugs, or crumbs is placed in an electrically heated mold; the shoe upper is attached to a last which fits tightly into the mold block. Under pressure and heat the rubber compound is formed into a sole which adheres to the upper; the curing takes place in the mold, thus eliminating the need for a vulcanizer.

U.S. Tariff Treatment

Rates of duty

General Headnote 10(h), of the TSUS provides that, unless the context requires otherwise, a tariff description for an article

covers such articles, whether assembled or not assembled, and whether finished or not finished. The Bureau of Customs considers canvas shoe uppers to be parts of footwear and not unfinished footwear, and, since the TSUS has no provision for parts of footwear, the Bureau classifies canvas shoe uppers as wearing apparel in schedule 3 of the TSUS. The term "wearing apparel" is a general one, including headwear, gloves, coats, and so forth, as well as footwear, and the Bureau considers that parts of footwear are more specifically wearing apparel than any other designation in the tariff schedules. Canvas shoe uppers were similarly classified under the Tariff Act of 1930.

Cotton uppers.-- In the Tariff Act of 1930, cotton uppers of the type produced at the Sun plant were originally dutiable at the rate of 37.5 percent ad valorem under paragraph 919. Pursuant to concessions granted by the United States in the General Agreement on Tariffs and Trade (GATT), the rate of duty was reduced to 20 percent ad valorem, effective January 1, 1948. In the TSUSA (effective August 31, 1963), cotton uppers are provided for in items 380.3980 and 382.3380 at the rate of 20 percent ad valorem. Pursuant to concessions granted by the United States in the GATT, the rates of duty on both items were reduced to 19 percent, effective January 1, 1968; 18.5 percent, effective January 1, 1969; 17.5 percent, effective January 1, 1970; 17 percent, effective January 1, 1971; and they are scheduled to be reduced to 16.5 percent, effective January 1, 1972 (table 1).

Imports of cotton uppers are subject to restraint under the Long-Term Arrangement Regarding International Trade in Cotton Textiles (LTA); however, imports of such uppers from Japan (the principal U.S.

supplier) were not **under** restraint pursuant to the United States-Japan bilateral agreement under the LTA. Neither the imports from Japan, nor those from other sources, are subject to the 10-percent ad valorem surcharge, 1/ since articles included in the LTA from all countries are exempt from such surcharge.

Manmade fiber uppers.--In the Tariff Act of 1930, uppers in chief value of manmade fibers of the type produced at the Sun plant were originally dutiable at the compound rate of 45 cents per pound plus 65 percent ad valorem under paragraph 1311. Pursuant to concessions **granted** by the United States in the GATT, the rate of duty was reduced to 27.5 cents per pound plus 35 percent ad valorem, effective January 1, 1948; 25 cents per pound plus 32.5 percent ad valorem, effective June 6, 1951; 25 cents per pound plus 30.5 percent ad valorem, effective January 1, 1956; and 25 cents per pound and 27.5 percent ad valorem, effective January 1, 1958. Uppers of manmade fibers are provided for in TSUSA items 380.8490 and 382.8150 at the rate of 25 cents per pound plus 27.5 percent ad valorem.

Vinyl uppers.--Vinyl uppers would have been dutiable in the Tariff Act of 1930 at probably 25 percent ad valorem. 2/ In 1951, pursuant to a concession granted in the GATT, the rate was reduced to 12.5 percent, which is also the rate at the present time (item 772.30).

Leather uppers.--Most leather cut stock for footwear uppers has been made from bovine leather, the duty on which was 15 percent ad valorem in the Tariff Act of 1930; the duty was subsequently reduced to

1/ See note to table 1.

2/ Vinyl did not become an article of commerce for shoe uppers till the early 1950's.

12 1/2 percent in the trade agreement with the United Kingdom, effective January 1, 1939 and to 10 percent, effective January 1, 1948, in the negotiations under the GATT. The rate of duty remained at 10 percent until the Kennedy Round of negotiations under the GATT, when the United States agreed to further reduce the rate in 5 annual stages (effective January 1 of each year) to 5 percent ad valorem in 1972.

Cut stock of patent leather which was also dutiable at 15 percent ad valorem in Tariff Act of 1930 was reduced to 10 percent, effective January 1, 1936 and to 7 1/2 percent, effective January 1, 1939 in trade agreements with Canada. The 7 1/2 percent rate was established under the GATT, effective January 1, 1948. The duty was further reduced, pursuant to the Kennedy Round of negotiations, in 5 stages (effective January 1 of each year) to 3 1/2 percent ad valorem in 1972.

Canvas and other footwear.--In the Tariff Act of 1930, canvas footwear (tennis shoes, basketball shoes, and sneakers) was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). The President, acting on the basis of an investigation made by the Tariff Commission under section 336 of that act, increased the duty on such footwear "with soles composed wholly or in chief value of India rubber or substitutes for rubber" by changing the basis for assessing the statutory rate from the foreign (or export) value to the American selling price (as defined in sec. 402(g) of the 1930 act) of like or similar articles produced in the United States (T.D. 46158, effective Marc. 3, 1933). Effective September 10, 1955, pursuant to a concession granted by the United States in the GATT, the rate of duty on

canvas footwear was reduced to 20 percent ad valorem of the American selling price (ASP).

Canvas footwear is presently provided for in TSUS item 700.60 at the rate of 20 percent, subject to the ASP provision. 1/ TSUS item 700.60 also provides for footwear which is not like or similar to the domestic articles for which the 1933 ASP proclamation was intended to provide increased tariff protection. The "not like" footwear is dutiable at 20 percent of the export value in the country of exportation. 2/ During 1968-70, about 40 percent of total imports of canvas footwear were dutiable on the ASP basis of valuation.

Table 2 in the appendix shows the statutory and GATT concession rates for TSUS item 700.60, as well as items 700.43, 700.45, and 700.55.

Administration of ASP provision

Until the early 1950's, Customs encountered no special problems in the administration of the ASP provision. From 1934 through 1945 most of the small volume of imports consisted of low-priced footwear of a type not produced in the United States; in 1946 and 1947 nearly all the imports were of a kind produced in the United States for use by the

1/ In the Commission's investigation No. 332-47 (TC Publication 181, 1966), it was estimated that, on the footwear dutiable in 1965 on the basis of the ASP guidelines adopted in February 1966 (see discussion in the following section), the duties assessed would have averaged 60 percent of the export values.

2/ Rubber-soled fabric-upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927, 84th Cong. (T.D. 54521). Such footwear is therefore subject to valuation under sec. 402(a), Tariff Act of 1930, as amended. Generally speaking, in the absence of an ASP valuation, the valuation would be based on the export value.

Government and therefore duty free. During the 1950's and 1960's, however, various innovations were made in the construction of imported canvas footwear having the general appearance of sneakers in order to avoid assessment of the duty on the ASP valuation. For example, small pieces of high-value leather were inserted in the midsoles, thus making the footwear classifiable as footwear with soles in chief value of leather and fabric uppers, dutiable at 20 percent ad valorem based on the export value. When this opportunity for circumvention of the ASP provision was removed by legislation, 1/ pieces of high-value leather were used in the uppers to make the footwear classifiable as footwear in chief value of leather. This opportunity for circumvention was also removed by legislation. 2/

Subsequently, the use of various plastics in the construction of the sole and/or the uppers generally avoided the ASP provision until Customs issued a ruling to the contrary. In T.D. 55364(2) of April 7, 1961, for example, Customs ruled that footwear having uppers of fibers and soles that resembled those of tennis shoes, basketball shoes, "Ked-type" shoes, and sneakers in appearance and in general characteristics such as flexibility and resiliency, but was not in chief value of India rubber, was classifiable as footwear with uppers of fibers and soles wholly or in chief value of substitutes for rubber (in par. 1530(e)). This footwear would be subject to ASP valuation unless it could be established that the material in the sole was used in its

1/ Public Law 479, 83rd Cong., approved July 8, 1954 (68 Stat. 454).

2/ Public Law 85-454, 85th Cong., approved July 11, 1958 (72 Stat. 185).

own right and for its own characteristics. Subsequently the Bureau of Customs stated (T.D. 55583 of Mar. 12, 1962) that footwear resembling the canvas shoes here considered and having PVC and styrene soles and other soles with the characteristics of soles commonly found on such canvas shoes would be dutiable on the basis of ASP whether or not the component material in chief value of the sole was used in its own right and for its own characteristics and not as a substitute for India rubber.

Prior to 1963 the practice of Customs examiners in appraising the dutiable value of canvas footwear which they determined to be like or similar to domestic footwear was to use the unit value of the highest priced like or similar domestic article. In February 1963 the Bureau suspended appraisement of such footwear pending a possible change in the method of determining the ASP. Under the new guidelines adopted in February 1966 and later confirmed by the Customs Court (R67-10315, Converse Rubber Co.) on June 30, 1970, the appraisement of canvas footwear is made at the value of the like or similar domestic article closest in price to the price of the imported article. In investigation No. 332-47 (see note 1, p. A-7) the Commission estimated that, on the footwear dutiable in 1965 on the basis of ASP, the duties assessed on the basis of the old guidelines would have averaged about 95 percent of the export values, whereas the duties assessed on the basis of the new guidelines would have averaged 60 percent of the export values.

U.S. Consumption

Canvas footwear uppers

Apparent U.S. consumption of canvas shoe uppers declined from about 173 million pairs in 1966 to about 151 million pairs in 1970. However, consumption amounted to about 94 million pairs in the first 6 months of 1971, compared with about 80 million pairs in the corresponding period of 1970, as shown in the following table.

Canvas shoe uppers: U.S. consumption in the production of canvas footwear produced on the U.S. mainland and in Puerto Rico, 1966-70, January-June 1970, and January-June 1971

Period	Domestically made uppers	Imported uppers <u>1/</u>	Consumption	Ratio of imports to consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Percent</u>
1966-----	149	24	173	14
1967-----	142	26	168	15
1968-----	145	25	170	15
1969-----	133	23	156	15
1970-----	134	17	151	13
Jan.-June---				
1970-----	72	8	80	10
1971-----	84	10	94	11

1/ Estimated from quantity data on imports of uppers reported in pounds and converted on the basis of 6.5 pairs per pound.

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

Footwear uppers of other materials

Estimated apparent U.S. consumption of vinyl shoe uppers (including Puerto Rico) increased from 163 million pairs in 1966 to 174 million pairs in 1970. Estimated apparent U.S. consumption of leather shoe uppers declined from 487 million pairs in 1966 to 400 million pairs in 1970. This decline in consumption of leather shoe uppers is the result of the drop in U.S. production of nonrubber footwear and also the decline in the use of leather as shoe upper material.

Canvas footwear

Apparent U.S. consumption of canvas footwear increased from about 120 million pairs in 1960 to 201 million pairs in 1965. Trade sources reported that a number of factors in addition to the rise in population caused the sales boom of canvas shoes in this period--the economy of their use, their washable qualities, and the rising need for shoes designed for sports and leisure-time activities. Since 1965, however, there has been a noticeable shift, especially among teenagers and women, from canvas footwear to thong-and-strap sandals and to various styles of nonrubber footwear for street wear and some leisure activities. Accordingly, apparent consumption of canvas footwear did not keep pace with the rise in population. In 1970, apparent consumption amounted to 174 million pairs. Data for the

first half of 1971 indicate that apparent consumption is increasing over that in 1970, as shown in the following table.

Canvas footwear: U.S. production, imports for consumption, and apparent consumption, 1966-70, January-June 1970, and January-June 1971

Period	U.S. production			Im-ports 2/	Apparent consumption 3/	Ratio of imports to apparent consumption
	Main-land	Puerto Rico 1/	Total			
	Million pairs	Million pairs	Million pairs	Million pairs	Million pairs	Percent
1966-----	160	13	173	22	195	11
1967-----	153	15	168	29	197	15
1968-----	155	15	170	30	200	15
1969-----	141	15	156	25	181	14
1970-----	137	14	151	23	174	13
Jan.-June--						
1970-----	72	8	80	13	93	14
1971-----	86	8	94	18	112	16

1/ Shipments to the U.S. mainland.

2/ Estimated by the Tariff Commission on the basis of official statistics of the U.S. Department of Commerce.

3/ Production plus imports; **exports** of canvas shoes have been negligible.

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

Other footwear

U.S. consumption of nonrubber footwear (including Puerto Rico) increased from 752 million pairs in 1966 to 815 million pairs in 1970 (table 3).

U.S. Production

Canvas footwear uppers

Estimated U.S. production (including Puerto Rico) of canvas footwear uppers 1/ declined from 149 million pairs in 1966 to 134 million pairs in 1970; in the first 6 months of 1971 it amounted to 84 million pairs, compared with 72 million pairs in the corresponding period of 1970.

Footwear uppers of other materials

Estimated U.S. production of vinyl shoe uppers (including Puerto Rico) increased from 163 million pairs in 1966 to 174 million pairs in 1970. During this period, such production of leather shoe uppers declined from 487 million pairs to 400 million pairs.

Canvas footwear

U.S. production (including that of Puerto Rico) of canvas footwear declined from 173 million pairs in 1966 to an estimated 151 million pairs in 1970. The value of production in 1970 was about \$260 million. The decline from 1966 to 1967 resulted from the shut-down of some plants because of a labor strike in 1967, and that from 1968 to 1970 was accounted for in part by the closing of plants. The

1/ Estimated on the basis of subtracting the estimated quantity of canvas uppers imported in each year from total U.S. production of finished canvas footwear.

total output in 1969 and 1970 was smaller than in any preceding year since 1961. U.S. production of canvas footwear, by types, is shown in the following table.

Canvas footwear: U.S. production on the mainland, by type, and production shipped from Puerto Rico to the mainland, 1967-70, January-June 1970, and January-June 1971

(In millions of pairs)

Item	1967	1968	1969	1970	Jan.-June 1970	Jan.-June 1971
Mainland:						
Bals (high cuts)-----	13	14	15	<u>1/</u>	<u>1/</u>	<u>1/</u>
Oxfords-----	99	102	89	<u>1/</u>	<u>1/</u>	<u>1/</u>
Casuals (men's and boys')---	8	7	6	<u>1/</u>	<u>1/</u>	<u>1/</u>
Specialties (women's, misses', and children's)--	33	32	31	<u>1/</u>	<u>1/</u>	<u>1/</u>
Total-----	153	155	141	137	72	86
Puerto Rico-----	15	15	15	14	8	8
Grand total	168	170	156	151	80	94

1/ Not available.

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

There has been an upward trend in the production of canvas footwear made by the injection-molded and compression-molded processes. The output of such footwear increased from a small part of the total in early 1960 to an estimated half of the total at the present time. It is expected that the output of such footwear will continue its upward trend.

Other footwear

U.S. production of nonrubber footwear (including Puerto Rico) declined from 650 million pairs in 1966, to 573 million pairs in 1970 (table 3).

U.S. Imports

Canvas footwear uppers

Official data have been available only since January 1968 on cotton shoe uppers; no data are available on imports of shoe uppers of vinyl fibers other than cotton, but imports are believed to be small. Estimated U.S. imports of cotton shoe uppers increased from 24 million pairs in 1966 to 26 million pairs in 1967, then declined to 23 million pairs in 1969 and dropped to 17 million pairs in 1970. ^{1/} U.S. imports amounted to 10 million pairs in the first half of 1971, indicating a probable increase over annual imports in 1970, but below the annual imports in each year 1966-69. U.S. imports of canvas shoe uppers have followed the general pattern of U.S. production of canvas footwear.

The share of U.S. consumption of canvas shoe uppers supplied by imports was about 14 percent in 1966, 15 percent in 1967, 1968, and 1969, 13 percent in 1970, and 11 percent in the period January-June 1971.

^{1/} In official statistics imports are reported in pounds; such data were converted into pairs on the basis of 6.5 pairs per pound.

Japan has supplied nearly all of the men's and boys' **cotton** shoe uppers and over four-fifths of the women's, girls', and infants', with Hong Kong supplying most of the remainder.

Most of the U.S. imports of canvas shoe uppers have been of cotton. Women's, girls', and infants' cotton canvas shoe uppers have accounted for a majority of the U.S. imports of canvas shoe uppers since 1968, ranging from two-thirds to three-fourths of the total during 1968-70 and January-June 1971. The same rate of duty applies to men's and boys' canvas shoe uppers as to women's, girls', and infants' canvas shoe uppers; no distinction has been made since 1930. The rate of duty on cotton canvas shoe uppers, not ornamented, not knit, was reduced from the 1930 rate of 37.5 percent ad valorem to 20 percent ad valorem, effective January 1, 1948. Between 1948 and 1960 U.S. imports of cotton canvas shoe uppers were believed to be very small or nil. The next reduction to 19 percent ad valorem, effective January 1, 1968, was part of a total reduction of 3.5 percentage points over a 5-year period, January 1, 1968-January 1, 1972, negotiated in the Kennedy Round of negotiations under the GATT.

Footwear uppers of other materials

Data are not available on U.S. imports of vinyl shoe uppers. However, such imports are believed to be negligible. The value of U.S. imports of leather cut into forms or shapes suitable for conversion into footwear (items 791.20 and 791.25) amounted to \$1.9 million in 1967, \$2.2 million in 1968, \$2.8 million in 1969, and \$2.7 million in 1970. Most of these imports would probably be leather shoe uppers.

Canvas footwear

Because of the various innovations in construction designed to avoid assessment of the duty on an ASP valuation (see tariff treatment section of this report), the official statistics on imports of canvas footwear, especially during the 1950's and early 1960's, understate the volume of imports of such footwear. During 1950-54, estimated annual imports of canvas footwear averaged about 100,000 pairs. The rate of duty was reduced from 35 to 20 percent, effective September 10, 1955. U.S. imports amounted to an estimated 1 million pairs in 1957, and thereafter increased sharply, reaching an estimated 13 million pairs in 1959, 30 million pairs in 1960, and 47 million pairs in 1962. Imports then declined to about 35 million pairs in 1963 1/ and to

1/ Beginning in 1961, the Bureau of Customs implemented various changes in the administration of the ASP provision as applicable to canvas footwear. The result of such changes was that certain footwear previously not dutiable under the ASP provision became dutiable.

22 million pairs in 1966, rose to 30 million pairs in 1968, then declined to 23 million pairs in 1970, as shown in the following table.

Canvas footwear: U.S. imports for consumption, by classes, 1962-70

(In millions of pairs)

Year	:Footwear dutiable: : on ASP basis :	Other <u>1/</u> :	: Total
1962-----	28 :	19 :	47
1963-----	25 :	10 :	35
1964-----	21 :	4 :	25
1965-----	18 :	5 :	23
1966-----	17 :	5 :	22
1967-----	23 :	6 :	29
1968-----	24 :	6 :	30
1969-----	19 :	6 :	25
1970-----	18 :	5 :	23

1/ Estimated by the Tariff Commission.

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

The share of U.S. consumption of canvas footwear supplied by imports was about 25 percent in 1962, 11 percent in 1965 and 1966, 15 percent in 1968, and 13 percent in 1970 (see table on p. A-12).

Table 4 in the appendix shows the foregoing estimates of U.S. imports of canvas footwear in 1964-70, together with imports of all footwear and of the various types specifically mentioned by the petitioners. Total imports of footwear increased about 93 percent from 1964 to 1970; in 1970, imports of sneakers accounted for 7 percent of the total quantity of footwear imported.

Other footwear

U.S. imports of nonrubber footwear increased from 102 million pairs in 1966 to 242 million pairs in 1970; they supplied 14 percent of U.S. consumption in 1966, compared with 30 percent in 1970.

Prices

Canvas footwear uppers

Most of the canvas footwear manufacturers have their own plants which make the canvas shoe uppers. However, some of the small manufacturers which do not have facilities for the cutting and stitching operations import the canvas shoe uppers. Approximate current selling-price ranges of canvas shoe uppers from Japan to U.S. manufacturers (landed, duty paid) are shown in the table below.

Price ranges of canvas shoe uppers from Japan to U.S. manufacturers, by types, January-June 1971

Type	Price range
	<u>Per pair</u>
Tennis shoes:	
Women's-----	29¢-38¢
Misses'-----	26¢-30¢
Girls' or boys'-----	23¢-26¢
Infants'-----	20¢-24¢
Basketball shoes:	
Men's-----	45¢-50¢
Boys'-----	38¢-43¢

Owing to the wage rates, tax-exempt status of companies, and other benefits in Puerto Rico, costs of canvas shoe uppers made in Puerto Rican plants are reportedly close to these Japanese selling prices. Five years ago, the Japanese selling prices were about 20 percent lower than the current prices; wage rates in Puerto Rico were about 40 percent less 5 years ago.

U.S. manufacturers with their own cutting and stitching facilities for making canvas shoe uppers have made all or most of the shoe uppers needed. Although the costs of uppers made on the U.S. mainland may be higher than those of imported uppers, the difference in cost is not enough to compensate for the advantages of timeliness and control over the production of the uppers.

Trade sources report that the cost of making canvas shoe uppers in Japan has risen to the point that there is little price advantage over those made in the United States. If the 1930 rate for cotton canvas shoe uppers were in effect, an additional 20.5 percent ad valorem would be applied to the f.o.b. value of imported cotton canvas shoe uppers and would cause them to be higher priced than domestic ones.

Canvas footwear

The great bulk of the canvas footwear imported into the United States in recent years has sold at retail in the lower price ranges. In 1970, about two-fifths of the canvas footwear imported was sold for less than \$2 a pair; about a third, in the \$2-to-\$3 price range; and the remainder was sold principally in the \$3-to-\$4 retail-price range. U.S. imports of canvas footwear are sold principally in the same retail price range as machine-made domestically produced sneakers. As indicated earlier, U.S. production of machine-made sneakers increased greatly in the 1960's.

Japan, Taiwan, and Hong Kong have been the principal suppliers of canvas footwear. In 1970, such imports from Japan (principally footwear for women and misses) had an average export value of about \$1.15 a pair and accounted for about half of total imports; imports from Taiwan (principally footwear for women, misses, men, and boys) had an average export value of about 65 cents per pair and accounted for about one-third of the total; and imports from Hong Kong (principally footwear for men and boys) had an average export value of about 70 cents per pair and accounted for most of the remainder.

Operations of B. F. Goodrich Co.

All products

The Sun Manufacturing Co. is a subsidiary of the B. F. Goodrich Footwear Co., a division of B. F. Goodrich Co. of Akron, Ohio.

B. F. Goodrich Co. was founded by Benjamin F. Goodrich in 1870, incorporated in Ohio in 1880, and was succeeded by a New York corporation of the same name in 1912. B. F. Goodrich Co. is one of the four leading U.S. producers of rubber tires. It is also an important producer of a variety of other rubber products, including canvas footwear, and of industrial products (hoses, belts, and so forth), chemicals, plastics, textiles, products for the aerospace and defense industries, and automobile and household products. It also operates a trucking company with 19 terminals, owns 500 retail stores, supplies 5,000 franchised independent dealer stores, and operates rubber plantations.

In the United States the B. F. Goodrich Co. has seven divisions including Goodrich Footwear. Outside the United States the B. F. Goodrich Co. has over 35 subsidiaries or associated companies. With its consolidated domestic and foreign subsidiaries, B. F. Goodrich Co. operates about 85 plants, 44 of which are in the United States. Total sales amounted to \$1.0 billion in 1967 and \$1.2 billion in each of the years 1968-70. * * *

Canvas footwear

Goodrich Footwear's Watertown, Mass., plant began operations under the ownership of the Hood Rubber Co. in 1896. The B. F. Goodrich Co. acquired all of Hood's capital stock in 1929 and established it as a new subsidiary. In 1942 B. F. Goodrich converted the subsidiary into a division, the Hood Rubber Co. Later, this division was merged into, or renamed, the B. F. Goodrich Footwear Co., and unincorporated division of the parent company.

* * * * *

The Sun Manufacturing Co. plant

Production and use of production.—The Sun Manufacturing Co. plant in Mayaguez, P. R., was opened in 1961 and has been in operation since that year. Cutting, casing, stamping, marking, sewing, eyeletting, packing, and shipping of canvas shoe uppers are performed in this plant. * * *

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STATISTICAL APPENDIX



Table 1.--U.S. rates of duty applicable to footwear uppers of the types provided for in specified TSUS items, 1930 and GATT concessions to Jan. 1, 1972

TSUS item no.	Abbreviated description	GATT Concessions ^{1/}	
		1930 rate	Rate
		<u>Percent ad</u>	<u>Percent ad</u>
		<u>: val. and cents:</u>	<u>: val. and cents:</u>
		<u>per pound</u>	<u>per pound</u>
			Effective dates
380.39	Men's and boys' cotton shoe uppers, not ornamented, not knit	37.5%	: Jan. 1, 1948-Dec. 31, 1967
382.33	Women's, girls', and infants' cotton shoe uppers, not ornamented, not knit		: Jan. 1-Dec. 31, 1968.
			: Jan. 1-Dec. 31, 1969.
			: Jan. 1-Dec. 31, 1970.
			: Jan. 1-Dec. 31, 1971.
			: Jan. 1, 1972.
380.84	Men's and boys' shoe uppers of manmade fibers, not ornamented, not knit		
382.81	Women's, girls', and infants' shoe uppers of manmade fibers, not ornamented, not knit	45¢ + 65%	: Jan. 1, 1948-June 5, 1951.
			: Jan. 1, 1948-June 5, 1951.
			: June 6, 1951-Dec. 31, 1955.
			: Jan. 1-Dec. 31, 1956.
			: Jan. 1-Dec. 31, 1957.
			: Jan. 1, 1958.

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

Note: Effective Aug. 16, 1971, and additional 10-percent surcharge provided for in item 948.00 of the Tariff Schedules of the United States is applicable to the above items of manmade fibers, but not to those of cotton, which are under the Long-Term Arrangement Regarding International Trade in Cotton Textiles and are exempt.

Table 2.--U.S. rates of duty applicable to footwear of the types provided for in specified TSUS items, 1930 and GATT concessions to Jan. 1, 1972

TSUS item No.	Abbreviated description	1930 rate	GATT concessions ^{1/}	
			Rate	Effective dates
700.35	"Other" leather footwear: For men, youths, and boys	20% ad val.	16% 9.5% 9% 8.5%	Jan. 1, 1948 - Dec. 31, 1967 Jan. 1 - Dec. 31, 1968 Jan. 1, 1969 - Dec. 31, 1970 Jan. 1, 1971
700.43	For other persons: Valued not over \$2.50 per pair	20% ad val.	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% ad val.	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 which over 90% of the ex- terior surface area is rubber or plastics	Principally: 20% ad val. ^{2/}	^{3/} 12.5% 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	"Other" footwear with uppers of fabrics and soles of rubber or plastics	35% ad val. ^{4/}	^{4/} 20%	Sept. 10, 1955 to date

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

^{2/} 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).

^{3/} 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 types of footwear provided for in this TSUS item.

^{4/} Effective Mar. 3, 1933; the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

Note.--Pursuant to Presidential Proclamation No. 4074, effective Aug. 16, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS. On the imports under the TSUS items considered here, the new rates (i.e., the 1971 rates plus the additional rate) are as follows: item 700.35, 18.5 percent; item 700.43, 20 percent (the col. 2 rate); item 700.45, 20 percent (the col. 2 rate); item 700.55, 17 percent; and item 700.60, 30 percent. Goods exported to the United States before Aug. 16, 1971, are exempt from the additional duty, but any such goods entered for warehouse or entered into a foreign trade zone will be subject to the additional duty unless they are withdrawn for consumption on or before Oct. 1, 1971.

Table 3.--Nonrubber footwear: U.S. production, imports for consumption, and apparent consumption by types, 1966-70, January-June 1970, and January-June 1971

Period and item	(Quantity figures in millions of pairs)							Total
	Athletic	Slippers ^{1/}	Work	All other				
				For men and boys	For women and misses	For children and infants ^{2/}		
1966:								
Production-----	7	94	38	113	320	70	642	
Imports-----	1	1	1	18	70	11	102	
Apparent consumption-----	8	95	39	131	390	81	744	
Ratio (percent) of imports to consumption-----	13	1	3	14	18	14	14	
1967:								
Production-----	7	96	39	110	286	62	600	
Imports-----	1	1	1	22	96	12	133	
Apparent consumption-----	8	97	40	132	382	74	733	
Ratio (percent) of imports to consumption-----	13	1	3	17	25	16	18	
1968:								
Production-----	8	105	36	114	317	62	642	
Imports-----	2	^{3/}	2	30	133	11	181	
Apparent consumption-----	10	105	38	144	450	76	823	
Ratio (percent) of imports to consumption-----	20	^{4/}	5	21	30	18	22	
1969:								
Production-----	9	101	36	105	267	59	577	
Imports-----	2	1	2	38	139	20	202	
Apparent consumption-----	11	102	38	143	406	79	779	
Ratio (percent) of imports to consumption-----	18	1	5	27	34	25	26	
1970:								
Production-----	10	107	36	106	251	49	559	
Imports-----	4	^{3/}	2	49	165	21	242	
Apparent consumption-----	14	107	38	155	416	70	801	
Ratio (percent) of imports to consumption-----	29	^{4/}	5	32	40	30	30	
Jan.-June:								
1970:								
Production-----	5	52	18	54	133	26	288	
Imports-----	2	^{3/}	1	26	96	12	137	
Apparent consumption-----	7	52	19	80	229	38	425	
Ratio (percent) of imports to consumption-----	29	^{4/}	5	33	42	32	32	
1971:								
Production-----	5	47	19	53	125	28	276	
Imports-----	3	^{3/}	1	33	112	14	164	
Apparent consumption-----	8	47	20	86	237	42	440	
Ratio (percent) of imports to consumption-----	38	^{4/}	5	38	47	33	37	

^{1/} Import data relate only to the type of leather slippers reported under TSUS item 700.32; imported nonrubber slippers of other construction and material are included in the import figures relating to "All other" footwear.

^{2/} Production data include the output of footwear not specified by kind, which amounted to 3.3 million pairs in 1970, as well as footwear for children and infants.

^{3/} Less than 500,000 pairs.

^{4/} Less than 0.5 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and partly estimated by the U.S. Tariff Commission.

Note: Data in this table do not include production in Puerto Rico. Such production amounted to (in millions of pairs) 8 in 1966, 11 in 1967, 14 in 1968, 13 in 1969, and 14 in 1970.

Table 4.--Footwear: U.S. imports for consumption, total and specified types, 1964-70

(In millions of pairs)

Year	Total	Certain footwear of leather				
		For men, youths, and boys (700.35)		For other people (700.43 & 700.45)		
		Total	Sandals <u>1/</u>	Total	Sandals for women and misses <u>1/</u>	
1964-----	153	6	1	20	14	
1965-----	176	8	1	22	16	
1966-----	178	10	2	30	21	
1967-----	216	14	3	41	27	
1968-----	273	20	4	58	30	
1969-----	284	25	4	62	30	
1970-----	296	31	5	79	41	
		Certain footwear with uppers of rubber or plastics, (700.55)		Plastic- or rubber-soled footwear with fabric uppers (700.60)		
	Total	Zoris	With supported vinyl uppers	Total	Sneakers <u>1/</u>	All other
1964-----	72	32	35	29	25	4
1965-----	89	34	41	33	23	10
1966-----	83	32	43	35	22	13
1967-----	94	22	62	45	29	16
1968-----	120	30	83	49	30	19
1969-----	122	25	89	44	25	19
1970-----	136	26	102	50	23	27

1/ Estimated by the U.S. Tariff Commission.

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

* * * * *



