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UNITED STATES TARIFF COMMISSION

HEELS, SOLES, AND SOLING SHEETS
GOODYEAR TIRE AND RUBBER CO.
WINDSOR, VT.

Report to the President
Worker Investigation No. TEA-W-117
Under Section 301 (c)(2) of the Trade Expansion Act of 1962



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December 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 individual concerns. 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,
December 3, 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 for a determination of eligibility to apply for adjustment assistance.

The petition for this investigation was filed on October 4, 1971, by the attorneys for the International United Rubber, Cork, Linoleum and Plastic Workers of America, AFL-CIO, CLC, on behalf of the workers, and members of Local Union No. 289, URW, formerly employed by the Goodyear Tire and Rubber Company, Shoe Products Division, Windsor, Vt. The Commission instituted the investigation (TEA-W-117) on October 12, 1971, and gave public notice thereof in the Federal Register on October 16, 1971 (36 F.R. 20195). No public hearing was requested, and none was held.

The purpose of the Commission's investigation was to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with heels, soles, and soling strips and sheets produced by the aforementioned firm 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.

The information in this report was obtained principally from the petitioner, from officials of the Goodyear Tire and Rubber Co. (Windsor plant), and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds that articles like or directly competitive with soles, heels, and soling strips and sheets produced by the Goodyear Tire and Rubber Company, Shoe Products Division, Windsor, Vermont, 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 the division of such firm.

1/ Chairman Bedell and Commissioner Sutton did not participate in the decision.

Considerations Supporting the Commission's Finding

Our determination in this investigation is in the negative because all of the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 have not been met. Before an affirmative determination could be made, it would have to be established that each of the following conditions had been satisfied:

- (1) Articles like or directly competitive with those produced by the workers concerned are 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 workers are unemployed or underemployed or are threatened with unemployment or underemployment; 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.

If any one of the above criteria is not satisfied, we must make a negative determination. In the instant case, condition (4) has not been satisfied, namely, that any increased imports of articles like or directly competitive with those produced at the Windsor plant of the Goodyear Tire and Rubber Company where the petitioning workers were employed have not been the major factor causing any unemployment or underemployment of the workers of that plant. Under the circumstances, we are not required to reach a conclusion respecting the first three conditions, and we have not done so.

The Windsor plant, which is still in operation, is one of two establishments of the Goodyear Company in which footwear components

of rubber or plastics--soles, heels, combination soles and heels, soling slugs, and soling and top-lift sheets--are produced. About

* * * of the output is sold to shoe manufacturers and is utilized in the production of nonrubber footwear of various types for men, women and children; the balance is used in the repair of nonrubber footwear.

Imports of footwear components like those produced at the Windsor plant have been small. Such articles are not separately classified in the official U.S. import statistics, but the Commission estimated the volume of imports from data supplied by importers. According to these estimates, U.S. imports of such footwear components more than doubled in the period 1966-70 and the imports supplied about five percent of U.S. consumption of such articles in 1970. In the investigation at hand, the evidence indicates that sales of products produced at the Windsor plant have not been significantly displaced by imports of like products.

About * * * of the output of the Windsor plant was sold to * * * leading footwear manufacturing concerns in 1970. Although each of these customers had reduced their purchases of products from the Windsor plant in 1971, only one substituted imported products for the articles purchased from Windsor. * * *

* * * * *

Another factor that affected output of the Windsor plant was the establishment by Goodyear in June 1967 of an additional plant at Madisonville, Kentucky for the production of footwear components like those produced at the Windsor plant. The evidence shows that production at the Windsor plant of each type of footwear component declined as output at the Madisonville plant expanded. Thus, the Madisonville plant supplied an increasing share of Goodyear's total sales of footwear components.

In this case, representatives of the petitioning workers have claimed that increased U.S. imports of nonrubber footwear were a primary factor responsible for the unemployment of workers at the plant. Commissioners Moore and Young have not made a determination respecting this issue. It is their view that even if imported nonrubber footwear were, for purposes of the statute, like or directly competitive with articles produced at the Windsor plant, increased imports of such footwear were not the major factor causing or threatening to cause unemployment or underemployment of workers at the Windsor plant of the Goodyear Company.

In the view of Vice-Chairman Parker and Commissioner Leonard, the problems confronting Goodyear's Windsor plant are those brought on in large part by increased imports of nonrubber footwear, but such imports are not of an article like or directly competitive with the articles made at the plant. In other words, the increased imports are

of the final product on which the footwear components are used. 1/ However, under the Trade Expansion Act of 1962, even taking into consideration section 405(4) of that statute (which further defines "directly competitive with"), it cannot be said that an imported shoe or a heel, sole, or combination heel and sole on an imported shoe is an article directly competitive with the products made by the petitioner.

Section 405(4) of the Trade Expansion Act of 1962 reads:

An imported article is "directly competitive with" a domestic article at an earlier or later stage of processing, and a domestic article is "directly competitive with" an imported article at an earlier or later stage of processing, 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 purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

The House Report accompanying the Trade Expansion Act explains part of the provision as follows:

Your committee has incorporated in the bill a provision which has the effect of permitting an extension of the scope of the term "directly competitive." Under this provision, an imported article may be considered "directly competitive with" a domestic article, or vice versa, if the one is at an earlier or later stage of processing than the

1/ It is noteworthy that the manager of the Windsor plant, in a statement to the employees (see appendix B of this report) proposing that they forego scheduled wage increases as a prerequisite to keeping the plant open, made no mention of increased imports of articles like those produced at Windsor; rather he stated that "the increase in shoe imports has been responsible for the closing of many U.S. shoe plants and has cost many American shoe workers their job. * * * * Goodyear employees also have been affected. The import increase has reduced the demand for Goodyear soles and heels and has resulted in the lay-off of approximately one-fourth of the hourly employees at Windsor."

other, or if one is a processed and the other an unprocessed form of the same article, and if the economic effect of importation of the imported article is comparable to the effect of importation of articles in the same stage of processing as the domestic article.

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 (sec. 405(4)). 1/

In the context of the statute and the House report, a shoe cannot be deemed to be a heel, sole, soling sheet, etc., at a later stage of processing. A shoe is a different article from a heel, sole or soling sheet. It is a combination of components which have been transformed into a shoe. A heel or sole by itself, without other major components, is not a shoe and cannot function as a shoe. Under the statute, therefore, we are not permitted to regard an imported shoe or a heel, sole, or combination heel and sole on an imported shoe as directly competitive with the products made by Goodyear's Windsor plant.

In view of the above, our determination in the instant case is in the negative because any increased imports of articles like or directly competitive with the articles made by the workers at the Windsor plant are not the major factor causing or threatening to cause any unemployment or underemployment of the workers of this establishment of the Goodyear Company.

1/ House Report number 1818, 87th Cong., 2d Sess., p. 24.

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INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The Goodyear Tire and Rubber Co. plant in Windsor, Vt. (hereinafter referred to as the Windsor plant) which is still in operation produces the following: heels and combination heels and soles, accounting for about * * * of the production; soles, * * * ; soling and top-lift sheets (from which soles and heels, are die cut) for * * * *** ; and soling slugs (roughly shaped crude rubber pieces for molding of soles) and plastic heels, * * * . These products are of rubber or plastics; 1/ a number of them are produced under several trade names, including the well-known brand, "Neolite." The Windsor plant does not produce leather soles or heels, which in recent years have been used on about 15 percent of the nonrubber footwear produced in the United States.

In the manufacture of soling sheets, synthetic rubber and various chemicals are combined and mixed. The mixture is then extruded and transferred onto cooling conveyors. After cooling, the strip is cut into sheets. The sheets are fed into a large mill where the material is again mixed. It is then extruded, cut into sheets measuring 36 by 44 inches, and placed in presses for vulcanization. The sheets, ranging in thickness from 1/16 inch to 3/4 inch, are then ready to be cut into soles, heels, or top-lifts. The thicker heels for men's footwear are made individually on small vulcanizing presses in lots of 30 at a time. The soles, heels, heel and sole units, and soling sheets are sold to footwear producers and to distributors for use in the

1/ The term "rubber or plastics" means rubber (which is mostly synthetic), plastics, or combinations of rubber and plastics.

shoe-repair trade. About * * * of the output of the Windsor plant is utilized in the production of nonrubber footwear of various types for men, women, and children. The balance of the plant's production is utilized by the shoe-repair trade in the repair of non-rubber footwear. The products made at the plant are not ordinarily used in the production of rubber footwear (i.e., sneakers and protective footwear).

U.S. Tariff Treatment

Soling sheets

Soling sheets and top-lift sheets of rubber or plastics (except crepe) are reported under Tariff Schedules of the United States (TSUS) item 771.42, which provides for flexible film, strips, and sheets of rubber or plastics (except in imitation of patent leather). Under the Tariff Act of 1930, sheets in imitation of fancy leather (not including patent leather) were dutiable, by virtue of the similitude provision in paragraph 1559, at the rates applicable to such leather. The trade-agreement (column 1) rate established in the TSUS, effective August 31, 1963, was 12.5 percent ad valorem, representing the estimated average of the trade-agreement rates previously applicable. Concessions were granted under the Kennedy Round of the General Agreement on Tariffs and Trade (GATT) as shown in table 1 of appendix A. The current (1971) rate is 7 percent ad valorem.

Soling sheets of crepe are classified for duty purposes under the provisions of TSUS item 770.80, which covers expanded, foamed, or sponge rubber or plastics and articles not specially provided for, of such rubber or plastics (except of polyurethane, cellulose, or

natural rubber). Under the pre-TSUS schedules of the Tariff Act of 1930, the soling sheets now dutiable under item 770.80 were dutiable at various rates arrived at by virtue of the similitude provision in paragraph 1559. The trade-agreement (column 1) rate originally established in the TSUS in 1963 was 25 percent ad valorem, reflecting the estimated average trade-agreement rate then applicable to the small volume of imports covered; the statutory (column 2) rate in the TSUS is 50 percent ad valorem. Effective October 1, 1966, the 25-percent rate was reduced to 24 percent pursuant to a concession granted by the United States under article 28 1/ of the GATT. The current (1971) rate is 14.5 percent ad valorem, reflecting the fourth stage of the five stage GATT concession granted during the Kennedy Round (table 1).

Heels and soles of rubber or plastics

Heels and soles of natural rubber were originally dutiable under paragraph 1537 of the Tariff Act of 1930 at 25 percent ad valorem. That rate was reduced to 12.5 percent, effective September 10, 1955, pursuant to a GATT concession. When such articles of plastics were imported after World War II, they were probably dutiable at the same rate as the articles of natural rubber by virtue of the similitude provision of paragraph 1559. These articles of rubber or plastics are now reported under TSUS item 772.30, which provides for wearing

1/ Article 28 provides for compensatory concessions between the contracting parties.

apparel (including rainwear) not specially provided for, 1/ of rubber or plastics, and dutiable at 12.5 percent ad valorem, the 1955 concession rate on articles of natural rubber.

Leather soling material

Imported leather of the type used for soles and heels is dutiable under TSUS item 121.57 at the current rate of 6 percent ad valorem. The rate of duty established under the Tariff Act of 1930 for such leather was 12.5 percent ad valorem. That rate was reduced to 10 percent ad valorem on January 1, 1939, and further reduced to 9 percent ad valorem on January 1, 1968, reflecting the first stage of the five-stage concession granted in the Kennedy Round (table 1).

Leather heels and soles

Leather heels and soles are dutiable under TSUS item 791.25 at the current rate of duty of 6 percent ad valorem (table 1). Such articles were dutiable under the Tariff Act of 1930 at 12.5 percent ad valorem. That rate was reduced to 10 percent ad valorem, effective Jan. 1, 1939, and to 9 percent ad valorem, effective Jan. 1, 1968, reflecting the first stage of the five-stage Kennedy Round concession.

1/ 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 rubber heels to be parts of footwear and not unfinished footwear, and, since the TSUS has no provision for parts of footwear, rubber heels are classified as wearing apparel of rubber or plastics in Schedule 7 of the TSUS. The term "wearing apparel, of rubber or plastics" is a general one including rainwear as well as footwear, and the Customs Bureau considers that parts of footwear such as rubber heels are more specifically wearing apparel of rubber than any other designation in the tariff schedules.

Nonrubber footwear

The petitioners claim injury not only from imports of heels, soles, combination heels and soles, and soling sheets for the manufacture of such articles, but also from imports of nonrubber footwear, which is classified for tariff purposes under 23 items in part 1A of schedule 7 of the TSUS (table 2).

The rates of duty applicable to nonrubber footwear remained unchanged from August 31, 1963, through December 31, 1967. On January 1, 1968; when the first stage of the concessions granted by the United States in the Kennedy Round tariff negotiations was placed in effect, the trade-agreement (column 1) rates for 19 of the 23 TSUS items were reduced. Most of the U.S. concessions granted on nonrubber footwear in the Kennedy Round are scheduled to be placed in effect in five stages. Table 2 shows the trade-agreement (column 1) tariff rates for nonrubber footwear during the period August 31, 1963, through December 31, 1967, together with the fourth stage of the Kennedy Round concessions (in effect during 1971) and the fifth-and final-stage rates scheduled to become effective January 1, 1972; it also shows the statutory (column 2) rates.

For the total imports of nonrubber footwear admitted at trade-agreement (column 1) rates, the ad valorem equivalent of the applicable duties was 12 percent in 1969, compared with 14 percent in 1967, the year before the Kennedy Round reductions were initiated. For the types of footwear that have accounted for the great bulk of the imports of nonrubber footwear in recent years, the volume of imports, by tariff rates, is shown in table 3 for 1964-70, January-June 1970, and January-June 1971.

Before the TSUS became effective, footwear in chief value of leather and footwear with uppers in chief value of fibers or substitutes therefor (regardless of the composition of the soles) were dutiable under paragraph 1530(e) of the Tariff Act of 1930. The rate of duty originally applicable to such articles under that act was 35 percent ad valorem for footwear with fiber uppers and 20 percent ad valorem for footwear in chief value of leather (except such footwear with fiber uppers). These were the only rate provisions in the 1930 statute that specifically named footwear. Footwear of other descriptions was dutiable at various rates, depending on the component material of chief value. For example, the original schedules of the Tariff Act of 1930 did not provide, by name, for the types of footwear of rubber or plastics that now constitute the bulk of the imports admitted under TSUS item 700.55. Such footwear (exclusive of rubber zoris, which are excluded from the import figures of table 3) is believed to have been dutiable, prior to August 31, 1963, by virtue of the similitude provisions of paragraph 1559 of the pre-TSUS tariff schedules, principally at the rates provided for leather footwear in paragraph 1530(e). Footwear of wood (now admitted under TSUS item 700.83) was dutiable under the provision in paragraph 412 for manufactures of which wood or bark is the component material of chief value, not specifically provided for.

From 1930 until January 1, 1946, very few tariff concessions were granted on nonrubber footwear classifiable under paragraph 1530(e). During the period January 1, 1946, to August 30, 1963, however, many trade-agreement concessions were granted under the GATT on various types of nonrubber footwear. The pre-TSUS trade-agreement concessions

that reduced tariff rates applicable to nonrubber footwear classified in paragraphs 1530(e) and 412 are shown in table 4.

Pursuant to Presidential Proclamation No. 4074, effective August 16, 1971, the column 1 rates of duty on most imported products were increased by the temporary imposition of an additional duty (surtax) of 10 percent ad valorem or less, as provided for in new subpart C to part 2 of the appendix to the TSUS. On the imports under the TSUS items shown in table 1, the new rates (i.e., the 1971 rates shown in that table plus the additional rate) are as follows: item 121.57, 12.5 percent ad valorem; item 770.80, 24.5 percent; item 771.42, 17.0 percent; item 772.30, 22.5 percent; and item 791.25, 15.0 percent.

On the imports under five of the TSUS items shown in table 2-- 700.05, 700.20, 700.41, 700.43, and 700.45--the new rates are the same as the column 2 rates shown in that table; on the imports under the remaining TSUS items in the table, the new rates are 10 percentage points higher than the 1971 rates.

U.S. Production

For the period 1963-70, 1963 and 1967 are the only years for which complete official statistics are available on the production of heels, soles and soling sheets. Estimated figures on the value of domestic shipments for the period 1963-70 were established on the basis of statistics available from the U.S. Department of Commerce and data provided by the Rubber Manufacturers Association. Total value of such shipments declined irregularly from \$135.3 million in 1963 to \$108.8 million in 1970, as shown in the following table.

Heels, soles and soling sheets of rubber or plastics: Estimated value of U.S. shipments, 1963-70

(In thousands of dollars)

Year	Heels	Soles	Soling sheets	Total
1963-----	30,700	49,100	55,500	135,300
1964-----	<u>1/</u>	<u>1/</u>	<u>1/</u>	140,300
1965-----	23,900	52,400	52,300	128,600
1966-----	22,600	54,100	56,300	133,000
1967-----	21,900	50,100	54,100	126,100
1968-----	21,600	52,600	60,400	134,600
1969-----	19,500	50,000	60,300	129,800
1970-----	18,600	33,100	57,100	108,800

1/ No basis for estimate.

During the period 1965-70, the production of heels by the member firms of the Heel and Sole Division of the Rubber Manufacturers Association * * * .

* * * * *

The data in the following table show that the production of sole leather, as reported by the Tanners' Council of America, Inc., declined during the period 1966-70.

Sole leather: U.S. production of sole leather, by type, 1966-70

Year	: Backs, bends, and : sides : <u>1,000 pieces</u>	: Heads, bellies, and : shoulders : <u>1,000 pounds</u>
1966-----	8,910	26,988
1967-----	8,601	24,353
1968-----	8,231	19,604
1969-----	6,753	14,077
1970-----	5,349	9,063

It should be noted, however, that in the same period 1966-70 production of nonrubber footwear decreased from 642 million pairs to 559 million pairs (table 5).

U.S. Exports

The value of U.S. exports of rubber heels and soles declined by 37 percent during the period 1966-70, as shown in the following table.

Heels and soles of rubber or plastics: U.S. exports, 1966-70

(In thousands of dollars)

Year	Heels and soles <u>1/</u>
1966-----	2,314
1967-----	2,312
1968-----	2,283
1969-----	1,796
1970-----	1,453

1/ Exports of top-lift sheets in 1970 were valued at \$1.2 million. These sheets were not separately classified prior to 1970.

U.S. Imports

Data on U.S. imports of articles like or competitive with those produced at the Goodyear Windsor plant are not separately reported in official statistics; such articles, when imported, are dutiable under one of several basket categories (categories which include a number of other articles) in the TSUS--121.57 (sole leather); 770.80 (expanded, foamed or sponge rubber or plastics); 771.42 (film, strips, sheets, of rubber or plastics) 1/; 772.30 (wearing apparel n.s.p.f. of rubber or plastics); and 791.25 (leather cut or wholly or partly manufactured into forms or shapes suitable for conversion into footwear). Although

1/ On January 1, 1971, a statistical category (771.4230) was established for flat sheets of rubber or plastics (except crepe). Total imports in this new category for the period January thru August 1971 amounted to 8.8 million square yards, valued at about \$5 million. Although this category includes sheets which can be used for other than soling purposes, it is believed that the vast majority are used as soling on nonrubber footwear.

the value of total imports in each of these basket categories increased in every year from 1966 thru 1970, there is no basis for determining from official statistics the volume or trend of imports of articles like or competitive with those produced at the Goodyear Windsor plant; it is probable that such products account for only a small part of the imports entered in each of these categories.

Questionnaires were sent to all known importers of heels, soles, soling sheets, etc., of rubber or plastics or of leather. The following table, compiled from data submitted in response to these questionnaires, shows U.S. imports of footwear products of rubber or plastics, like or competitive with those produced at the Goodyear Windsor plant.

Soling sheets, top-lift sheets, soles and heels, of rubber or plastics or of leather: U.S. imports, 1966-70, January-August 1970 and January-August 1971

(In thousands of dollars)

Period	Soling sheets	Top-lift sheets	Soles	Heels <u>1/</u>	Total
1966-----	2,670	3	<u>2/</u>	<u>2/</u>	2,673
1967-----	3,269	14	<u>2/</u>	<u>2/</u>	3,283
1968-----	4,248	6	<u>2/</u>	<u>2/</u>	4,254
1969-----	4,261	1	153	2	4,417
1970-----	5,464	5	109	26	5,604
January-August--					
1970-----	3,889	1	2	15	3,907
1971-----	5,774	1	171	<u>3/</u>	5,946

1/ Includes combined heel-sole unit.

2/ No imports reported.

3/ Less than \$1,000.

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Officials of the Bureau of Customs indicate that of total imports of leather entered in TSUS item 121.57, only that imported from Yugoslavia is of a type generally used for soling purposes. Leather imports from Yugoslavia were valued at \$90,000 in 1966, \$53,000 in 1967, \$103,000 in 1968, \$6,000 in 1969, and \$35,000 in 1970.

Both the petitioners and officials of Goodyear contend that the increased imports of nonrubber footwear has reduced the demand for rubber heels, soles and soling sheets. The quantity of imports of all nonrubber footwear which increased from 96 million pairs in 1965 to 242 million pairs in 1970 is shown in table 6 by type and TSUS item number.

Data Relating to Goodyear Windsor Plant

Corporate structure, plant, and equipment

The Goodyear Tire and Rubber Co., with plants throughout the United States and in numerous foreign countries, is principally engaged in the production and distribution of various rubber and plastics products, including tires, industrial and aviation products, film and sheeting, floor- and counter-coverings, and footwear components. Goodyear also operates an Aerospace Division engaged in the development, production and sale of blimps, missile components, and so forth. In addition to products of its own manufacture, Goodyear sells to dealers and through its own stores, certain automobile and home supplies made by others. Employees in 1970 averaged about 137,000.

The Shoe Products Division of Goodyear operates two plants, one situated in Windsor, Vermont and the other in Madisonville, Kentucky. ^{1/} The original plant in Windsor was acquired in 1936 from Acme Tool. Additional space was added in 1953 with the construction of the banbury (rubber-processing) section, and further additions were made in 1956 to the warehouse and engineering building. The structures are mainly single story with some sections housing a second floor for offices and for the compounding (mixing) rooms. Total floor space covers about 326,000 square feet.

The machinery in the Windsor plant is as modern as that of other soling manufacturers in the area. In 1966 more than \$300,000 was spent for new production machinery at the Windsor plant. Practically

^{1/} The petition in this investigation is filed on behalf of all the production and maintenance workers of Local Union No. 289, URW, Goodyear Tire and Rubber Co., Windsor, Vt.

all of the machines are owned by Goodyear; there are, however, a few which are leased from United Shoe Machinery Co.

Product

The Windsor plant currently produces heels, soles, heel-and-sole combination units, and soling sheets (from which heels and soles are die-cut). Small amounts of plastic heels and uncured rubber sole slugs (for molding of soles) are also produced.

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A-15 through A-19

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In June 1971 the manager of the Windsor plant issued a statement to the employees on the future of the plant (appendix B). The announcement stated that while U.S. shoe industry wages in 1970 averaged \$2.90 per hour, they averaged \$1.25 in Italy, 80 cents in Japan and 65 cents per hour in Spain; it further stated that the increase in shoe imports has reduced the demand for Goodyear soles and heels and has caused the lay-off of production workers at the Windsor plant. This announcement called for certain concessions by the employees to enable the plant to maintain its production volume, and stated that unless such concessions were made Goodyear would eventually be forced to close the plant.

According to Standard & Poor's, the Goodyear Company reported on July 27, 1971, that 431 hourly employees at its Windsor plant had agreed to give up scheduled wage increases of 26 cents an hour in the current year and in 1972 to keep the facility in operation.

APPENDIX A
Statistical Tables

Table 1.--Heels, soles, and soling materials of rubber, plastics or leather: U.S. rates of duty applicable to specified TSUS items, June 18, 1930-December 31, 1971 and final stage of Kennedy Round scheduled to become effective January 1, 1972

TSUS item	Abbreviated description	1930 rate	Concession rates	Effective date
121.57	Bovine leather in the rough, partially finished or finished.	12.5% ad val.	10% ad val. 9% ad val. 8% ad val. 7% ad val. 6% ad val. 5% ad val.	Aug. 31, 1963 <u>1/</u> Jan. 1, 1968 Jan. 1, 1969 Jan. 1, 1970 Jan. 1, 1971 Jan. 1, 1972
770.80	Expanded, foamed, or sponge rubber or plastics, and articles n.s.p.f., of rubber or plastics.	Various (estimated average 50% ad val.)	25% ad val. 24% ad val. 21.5% ad val. 19% ad val. 17% ad val. 14.5% ad val. 12.5% ad val.	Aug. 31, 1963 Oct. 1, 1966 Jan. 1, 1968 Jan. 1, 1969 Jan. 1, 1970 Jan. 1, 1971 Jan. 1, 1972
771.42	Film, strips, and sheets, of rubber or plastics.	25% ad val.	12.5% ad val. 11% ad val. 10% ad val. 8.5% ad val. 7% ad val. 6% ad val.	Aug. 31, 1963 <u>2/</u> Jan. 1, 1968 Jan. 1, 1969 Jan. 1, 1970 Jan. 1, 1971 Jan. 1, 1972
772.30	Wearing apparel (including rainwear) n.s.p.f., of rubber or plastics.	25% ad val.	12.5% ad val. 12.5% ad val.	Aug. 31, 1963 <u>2/</u> Jan. 1, 1972
791.25	Leather cut or wholly or partly manufactured into forms or shapes suitable for conversion into footwear, other than patent leather.	Various (estimated average 15% ad val.)	10% ad val. 9% ad val. 8% ad val. 7% ad val. 6% ad val. 5% ad val.	Aug. 21, 1963 Jan. 1, 1968 Jan. 1, 1969 Jan. 1, 1970 Jan. 1, 1971 Jan. 1, 1972

1/ The rate established in the TSUS reflects a concession which became effective on January 1, 1939.

2/ The rate established in the TSUS reflects a concession which became effective on September 10, 1955.



Table 2.--Nonrubber footwear: U.S. rates of duty applicable to specified items in schedule 7, part 1A, of the Tariff Schedules of the United States (TSUS), Aug. 31, 1963-Dec. 31, 1967, 1971, and final stage of Kennedy Round concessions

TSUS item No.	Reference No. (key to table 1)	Description	Rate of duty 1/			Statutory rate
			Column 1 rate			
			Fourth stage (effective Jan. 1-Dec. 31, 1971)	Kennedy Round	Final stage, scheduled to become effective Jan. 1, 1972 except as noted	
700.05	1	Footwear of leather (except footwear with uppers of fibers):				
700.10	2	Huaraches-----	20% ad val.	2/	---	20% ad val.
700.15	3	McKay-sewed-----	20% ad val.	12% ad val.	10% ad val.	30% ad val.
700.20	4	Moccasins-----	10% ad val.	2/	---	20% ad val.
		Turn or turned-----	5% ad val.	3% ad val.	2.5% ad val.	10% ad val.
700.25	5	Welt, valued per pair--				20% ad val.
700.26 3/	6	Not over \$2-----	17% ad val.	2/	---	20% ad val.
700.27 3/	7	Over \$2 but not over \$5-----	34¢ per pair	20¢ per pair	17¢ per pair	20% ad val.
		Over \$5 but not over \$6.80-----	34¢ per pair	5% ad val.	5% ad val. 4/	20% ad val.
700.28 3/	8	Over \$6.80:				
700.29 3/	8	Ski boots-----	5% ad val.	1% ad val.	Free	20% ad val.
700.30	9	Other-----	5% ad val.	2/	---	20% ad val.
700.32	10	With molded soles laced to uppers-----	10% ad val.	6% ad val.	5% ad val.	20% ad val.
		Slippers-----	10% ad val.	6% ad val.	5% ad val.	20% ad val.
		Other:				
700.35	11	For men, youths, and boys-----	10% ad val.	8.5% ad val.	8.5% ad val. 4/	20% ad val.
700.41 5/	12	For other persons:				
		Sandals of buffalo leather, the uppers of which consist primarily of straps across the instep and big toe.	20% ad val.	12% ad val.	10% ad val.	20% ad val.
700.43 5/	12	Other, valued per pair--				
700.45 5/	12	Not over \$2.50-----	20% ad val.	16% ad val.	15% ad val.	20% ad val.
		Over \$2.50-----	20% ad val.	12% ad val.	10% ad val.	20% ad val.
700.55	6/	Footwear (whether or not described elsewhere in this subpart) which, by weight, is over 50 percent of rubber or plastics or over 50 percent of fibers and rubber or plastics with at least 10 percent being rubber or plastics: Having uppers of which over 90 percent of the exterior surface area is rubber or plastics (except (1) the protective-type footwear provided for in items 700.51, 700.52, and 700.53 1/ and (2) footwear having foxing or foxing-like band applied or molded at the sole: and overlapping the upper).	12.5% ad val.	7% ad val.	6% ad val.	35% ad val.

1/ See footnotes at end of table.

Table 2.--Nonrubber footwear: U.S. rates of duty applicable to specified items in schedule 7, part 1A, of the Tariff Schedules of the United States (TSUS) Aug. 31, 1963-Dec. 31, 1967, 1971, and final stage of Kennedy Round concessions--Continued

TSUS item No.	Reference No. (key to table 4)	Description	Rate of duty 1/		Statutory rate
			Column 1 rate	Kennedy Round	
700.66 8/	13	Footwear with uppers of fibers:			
700.68 9/	13	With soles of leather, valued per pair--			
		Not over \$2.50-----	20% ad val.	16% ad val.	35% ad val.
		Over \$2.50-----	20% ad val.	12% ad val.	35% ad val.
700.70	14	With soles of other material--			
700.75	15	With uppers of vegetable fibers-----	15% ad val.	9% ad val.	35% ad val.
700.80	16	With soles and uppers of wool felt-----	14% ad val.	8% ad val.	35% ad val.
		Other-----	25% ad val.	15% ad val.	35% ad val.
700.83	17	Other footwear:			
700.85	9/	Of wood-----	16-2/3% ad val.	10% ad val.	33-1/3% ad val.
		Other-----	25% ad val.	15% ad val.	35% ad val.

1/ The column 1 rates are applicable to the products of all countries except the countries designated as Communist in General Headnote 3(e) of the TSUS. Products of Communist countries are dutiable at the column 2 rates; footwear from Communist countries has accounted for about 2 percent of total U.S. imports of nonrubber footwear in recent years. Pursuant to sec. 203(1) of the Tariff Classification Act of 1962 (Public Law 87-456), the column 2 rates are treated as the rates "existing on July 1, 1934" for the purposes of the Trade Expansion Act. Philippine products are subject to the column 1 rates or to fractional parts thereof, as provided in General Headnote 3(c) (in 1970, such rates were equivalent to 80 percent of the column 1 rates); U.S. imports of Philippine footwear have been negligible in recent years.

2/ Not negotiated; therefore the rate was the same in 1971 and in 1967.

3/ Effective Jan. 1, 1968, new items 700.26-700.29 replaced former items 700.26 and 700.27.

4/ Effective Jan. 1, 1971.

5/ The various pre-TSUS rates for nonrubber footwear of the types now classifiable under item 700.40.

6/ The various pre-TSUS rates for nonrubber footwear of the types now classifiable under item 700.55 are not shown separately in table 4. Such footwear (exclusive of rubber zoris, which are excluded from the import figures of this report) is believed to have been dutiable, prior to Aug. 31, 1963, by virtue of the similitude provisions of par. 1559 of the pre-TSUS tariff schedules, principally at the rates provided for leather footwear in par. 1530(e).

7/ Items 700.51, 700.52, and 700.53 provide for hunting boots, galoshes, rainwear, and other footwear designed to be worn over, or in lieu of, other footwear as a protection against water, oil, grease, or chemicals or cold or inclement weather, all of the foregoing having soles and uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear with uppers of nonmolded construction formed by sewing the parts thereof together and having exposed on the outer surface a substantial portion of functional stitching).

8/ Effective Jan. 1, 1968, new items 700.66 and 700.68 replaced item 700.65.

9/ The various pre-TSUS rates for the miscellaneous footwear covered by item 700.85 are not shown in table 4.

Table 3.--Nonrubber footwear: Total U.S. imports, all nonrubber footwear and leather footwear, and U.S. tariff rates and imports by specified TSUS items and by specified types, 1964-70, January-June 1970, and January-June 1971

Period	Total, all nonrubber footwear	Total, leather footwear	Certain footwear of leather				
			For men, youths, and boys (700.35)		For other people (700.43 and 700.45) 1/		
			Tariff rate	Quantity	Tariff rate	Quantity	
			Percent ad val.	Million pairs	Percent ad val.	Total Million pairs	For women and misses Million pairs
1964	81	31	10	6	20	20	19
1965	96	35	10	8	20	22	21
1966	102	46	10	10	20	30	28
1967	133	62	10	14	20	41	38
1968	181	86	9.5	20	2/ 19 3/ 18	2/ 37 3/ 21	2/ 34 3/ 20
1969	202	97	9	25	2/ 18 3/ 16	2/ 34 3/ 28	2/ 29 3/ 27
1970	242	120	9	30	2/ 17 3/ 14	2/ 44 3/ 36	2/ 37 3/ 35
January-June--							
1970	137	69	9	16	2/ 17 3/ 14	2/ 30 3/ 18	2/ 25 3/ 18
1971	164	80	8.5	20	2/ 16 3/ 12	2/ 31 3/ 24	2/ 26 3/ 23
Certain footwear with uppers of rubber or plastics (700.55)							
				Quantity			
	Tariff rate	Total		With supported vinyl uppers			
				Total	For men, youths, and boys	For women and misses	
	Percent ad val.	Million pairs	Million pairs	Million pairs		Million pairs	
1964	12.5	40	37		7	29	
1965	12.5	55	48		9	35	
1966	12.5	51	44		6	33	
1967	12.5	67	62		7	50	
1968	11	90	83		8	69	
1969	10	97	89		10	71	
1970	8.5	109	101		16	77	
January-June--							
1970	8.5	62	58		8	45	
1971	7	78	72		13	54	

1/ Before Jan. 1, 1968, in TSUS item 700.40.

2/ TSUS item 700.43.

3/ TSUS item 700.45.

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

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Table 4. --Nonrubber footwear: U.S. rates of duty applicable to specified types under the
Tariff Act of 1930, June 18, 1930-Aug. 30, 1963--Continued

Tariff paragraph and description	Rate of duty		Refer- ence No. (see table 2)
	Jan. 1, 1934 ^{1/}	Changes through Aug. 30, 1963	
		Rate	
Par. 1530(e)--Continued			
Footwear of leather--Continued			
Welt, valued per pair--			
Continued			
Over \$6.80-----	20% ad val.	10% ad val. : Concession to the United Kingdom, : : 40¢ per pair : eff. Jan. 1, 1939. : : but not less : GATT concession, eff. Jan. 1, 1948 : : than 5% ad : : : val. : : : 38¢ per pair, :) : but not less :) : than 5% ad :) : val. :) GATT concession, eff. in 3 annual : : 36¢ per pair, :) stages, the first on June 30, 1956 : : but not less :) : than 5% ad :) : val. :) : 5% ad val. :)	8
With molded soles laced to uppers:			
For men, youths, or boys-----	20% ad val.	10% ad val. ^{4/} : Concession to Mexico, eff. : : Jan. 30, 1943-Dec. 31, 1950; : : GATT concession, eff. Jan. 1, 1948 :)	9
For other persons-----	20% ad val.	10% ad val. ^{4/} : GATT concession, eff. Apr. 21, 1948 :)	
Slippers (for housewear)-----	20% ad val.	10% ad val. : Concession to Mexico, eff. : : Jan. 30, 1943-Dec. 31, 1950; : : GATT concession, eff. Jan. 1, 1948 :)	10
Other:			
For men, youths, or boys-----	20% ad val.	10% ad val. : Concession to Mexico, eff. : : Jan. 30, 1943-Dec. 31, 1950. : : 20% ad val. : Statutory rate restored Jan. 1- : : June 5, 1951. :)	11
For other persons-----	20% ad val.	10% ad val. : GATT concession, eff. June 6, 1951 :)	
Footwear with uppers of fibers:			
With soles of leather-----	35% ad val.	25% ad val. : Concession to Czechoslovakia, eff. : : Apr. 16, 1938-Apr. 22, 1939. : : 20% ad val. : GATT concession, eff. Apr. 21, 1948 :)	13
With soles of other material (except india rubber or substitutes for rubber ^{6/}):			
Footwear known as alpar- gatas, the uppers of which are of cotton.	35% ad val.	17.5% ad val. : Concession to Argentina, eff. : : Nov. 15, 1941; GATT concession, : : eff. Jan. 1, 1950. : : 16.5% ad val. :) GATT concession, eff. in 3 annual : : 15.5% ad val. :) stages, the first on June 30, 1956 : : 15% ad val. :)	14
With uppers of vegetable fibers other than cotton.	35% ad val.	17.5% ad val. ^{7/} : GATT concession, eff. Jan. 1, 1950 : : 16.5% ad val. :) GATT concession, eff. in 3 annual : : 15.5% ad val. :) stages, the first on June 30, 1956 : : 15% ad val. :)	
With soles and uppers of wool felt.	35% ad val.	17.5% ad val. : GATT concession, eff. June 6, 1951 :) : 15.5% ad val. :) GATT concession, eff. in 2 annual : : 14% ad val. :) stages, the first on July 1, 1962 :)	15
Other-----	35% ad val.	25% ad val. : GATT concession, eff. Sept. 10, 1955 :)	16
Par. 412:			
Footwear of wood-----	33-1/3% ad val.	25% ad val. : GATT concession, eff. Apr. 21, 1948 :) : 16-2/3% ad : GATT concession, eff. May 30, 1950 :) : val. :)	17

^{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/} Footwear with permanently attached skates or snowshoes is not covered by part 1(A) of schedule 7 of the TSUS (see headnote 1(i) to that subpart).

^{3/} Effective Jan. 1, 1932, the statutory rate of 20% ad valorem was increased to 30% ad valorem, pursuant to sec. 336 of the Tariff Act of 1930.

^{4/} Same rate in effect Apr. 16, 1938-Apr. 22, 1939, pursuant to a trade-agreement concession granted to Czechoslovakia.

^{5/} 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.

^{6/} Footwear with uppers of fibers and soles of india rubber or substitutes for rubber is currently included in item 700.60 and therefore is not covered by this investigation.

^{7/} If known as alpargatas, 17.5% ad valorem, effective Nov. 15, 1941, pursuant to a concession granted to Argentina.

Table 5.--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	14	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 million pairs in 1970.

^{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 6.--Nonrubber footwear: U.S. imports for consumption, by types and TSUS items, 1965-70
(In thousands of pairs)

TSUS item	Description	1965	1966	1967	1968	1969	1970
	Total, all nonrubber footwear	95,991	101,746	133,259	181,492	202,208	211,660
	Footwear of leather (except footwear with uppers of fibers), total	34,722	46,037	61,550	86,343	96,851	119,969
700.05	Huaraches	25	37	48	163	73	221
700.10	McKay-sewed footwear	7	16	27	20	36	45
700.15	Moccasins	521	963	1,402	590	624	461
700.20	Turn or turned footwear	1,399	1,389	1,498	2,005	2,599	2,502
	Welt footwear:						
700.25	Valued not over \$2 per pair	138	75	52	45	52	53
700.26 1/	Valued over \$2 but not over \$6.80 per pair	1,384	1,893	2,423	3,147	3,098	2,536
700.27 1/	Valued over \$6.80 per pair	1,033	1,158	1,233	1,438	2,173	2,115
700.30	Footwear with molded soles laced to uppers	9	9	11	649	515	1,174
700.32	Slippers	495	556	434	462	357	313
	Other:						
700.35	For men, youths, and boys	7,826	9,991	13,545	19,922	25,009	30,203
700.40 2/	For other persons	21,885	29,950	40,877	57,902	62,315	80,346
	Footwear having uppers of plastics, 3/ total	54,926	50,629	66,686	89,861	96,909	109,362
700.55	Other nonrubber footwear, total	6,343	5,080	5,023	5,288	8,448	12,329
	Footwear with uppers of fibers:						
700.65 4/	With soles of leather	2,665	1,891	1,385	1,256	694	526
	With soles of material other than leather:						
700.70	With uppers of vegetable fibers	1,354	969	1,351	1,412	2,007	2,378
700.75	With soles and uppers of wool felt	4	57	182	378	957	2,376
700.80	Other	1,384	1,285	1,325	1,513	2,397	2,158
700.83	Footwear of wood	122	203	198	231	1,524	3,892
700.85	Other	814	675	582	498	869	999

1/ Effective Jan. 1, 1968, new items 700.26 to 700.29 replaced former items 700.26 and 700.27.

2/ Effective Jan. 1, 1968, new items 700.41, 700.43, and 700.45 replaced item 700.40.

3/ Principally footwear having supported vinyl uppers.

4/ Effective Jan. 1, 1968, new items 700.66 and 700.68 replaced item 700.65.

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

APPENDIX B
Statement to Employees From Manager of
Windsor Plant

TO: Windsor Plant Employees

The U.S. footwear industry is being strangled by the steady growth of shoe imports. Imports already account for more than 40 per cent of the American market and, if they continue to increase at their present pace, they could claim more than half of the market in the next few years.

The reason that imported shoes are having such success in this country is that they cost less than American-made footwear. Foreign manufacturers are able to sell their shoes at lower prices because the cost of their wages and fringe benefits are far below those of the U.S.

While U.S. shoe industry wages in 1970 averaged \$2.90 per hour, they averaged \$1.25 in Italy, 80 cents in Japan and 65 cents per hour in Spain.

The increase in shoe imports has been responsible for the closing of many U.S. shoe plants and has cost many American shoe workers their jobs. Since 1968, more than 90 factories have been closed in New England and approximately 25,000 jobs have been lost.

Goodyear employes also have been affected. The import increase has reduced the demand for Goodyear soles and heels and has resulted in the lay-off of approximately one-fourth of the hourly employes at Windsor. There is no evidence that this trend will reverse itself in the foreseeable future.

(more)

OFFICE OF VICE PRES.
RECEIVED
JUN 28 1971
BY *K.O.*

In answer to the questions that have been raised by union representatives at Windsor about the future of our Shoe Products operation, it is the opinion of Goodyear management that we cannot continue to operate under present conditions.

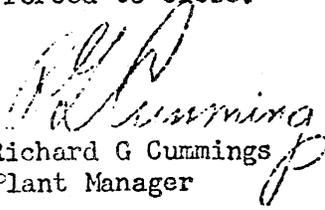
We believe the Windsor plant could be salvaged and the production ticket increased by taking the following steps: (1) Excluding the plant from company-wide wage bargaining; (2) bypassing agreed-upon wage increases for this year and for the foreseeable future, and (3) rolling back wage rates to a competitive level with other U.S. shoe product plants.

This formula is similar to that agreed upon last year by local employes, the United Rubber Workers International Union and Uniroyal, Inc., in effecting the economies which enabled Uniroyal's Naugatuck, Conn., footwear plant to continue in production.

Such an approach at Windsor could help us prevent further losses and re-establish the confidence of our customers so that we could maintain our present production volume and have an opportunity to increase it.

Regrettably, we have had no favorable reaction from representatives of our Shoe Products employes following our response to their questions.

Unless a satisfactory solution can be reached, we must consider allocating production to the plant which can provide us with the most efficient and economical operation, for it is obvious that under present conditions, manufacturing operations at Windsor will decline to the point where the plant will be forced to close.


Richard G. Cummings
Plant Manager



