

op. 2

1972 60

UNITED STATES TARIFF COMMISSION

WOMEN'S CASUAL SHOES
WILSON SHOE CORP.
SHAMOKIN, PA.

Report to the President on
Firm Investigation No. TEA-F-43
Under Section 301(c)(1) of the Trade Expansion Act of 1962



TC Publication 518
Washington, D. C.
October 1972

UNITED STATES TARIFF COMMISSION

Catherine Bedell, *Chairman*

Joseph O. Parker, *Vice Chairman*

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

Italo H. Ablondi

Kenneth R. Mason, *Secretary*

Address all communications to

United States Tariff Commission

Washington, D. C. 20436

C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	3
Views of Chairman Bedell, Vice Chairman Parker, and Commissioner Moore-----	4
Views of Commissioners Leonard and Young-----	7
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment-----	A-5
U.S. consumption, production, and imports-----	A-8
U.S. and foreign wage rates-----	A-12
Data relating to Wilson Shoe Corp.:	
* * * * * *	
Statistical appendix-----	A-24

Appendix Tables

1. U.S. rates of duty applicable to footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972-----	A-25
2. Footwear for women and misses: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-71---	A-28
3. Leather footwear for women and misses made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-71-----	A-29
4. Leather footwear for women and misses made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-71---	A-30
5. Footwear having supported vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934 and 1964-71-----	A-31
6. U.S. rates of duty applicable to women's footwear entered under certain TSUS items and duty collected based on specified values, June 18, 1930, Aug. 31, 1963, and GATT concessions-----	A-32
7. Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-71-----	A-33
8. Canvas footwear: U.S. production, imports for consumption, and apparent consumption, 1966-71-----	A-34
9. Sham-O-Kin Shoe Corp.: Sales of women's casual shoes and average number of production workers, 1967-71 and January-July 1972-----	***

C O N T E N T S

	<u>Page</u>
10. Wilson Shoe Corp.: Comparative statements of profit or loss, 1968-72-----	***
11. Wilson Shoe Corp.: Ratios of financial data, 1968-72-----	***
12. Wilson Shoe Corp.: Comparative statement of financial condition, 1968-72-----	***
13. Individual and consolidated profit and loss experience of Wilson Shoe Corp. and Sham-O-Kin Shoe Corp-----	***
14. Compensation (salaries to executives of Wilson Shoe Corp. and Sham-O-Kin Shoe Corp.)-----	***

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 31, 1972.

To the President:

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

On September 1, 1972, Mr. Milton Carmel, treasurer, filed a petition on behalf of Wilson Shoe Corp., Shamokin, Pa., for a determination of the firm's eligibility to apply for adjustment assistance. Accordingly, on September 8, 1972, the Commission instituted an investigation (TEA-F-43) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the women's footwear produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm.

Public notice of the receipt of the petition and of the institution of the investigation was given by publication in the Federal Register on September 13, 1972 (37 F.R. 18589). No public hearing was requested, and none was held.

The information in this report was obtained principally from officials of the Wilson Shoe Corp. and from the Commission's files.

This is the second investigation conducted by the Commission with respect to the Wilson Shoe Corp. On April 26, 1972, the Commission instituted an investigation (TEA-W-141) under section

301(c)(2) of the TEA to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear produced by the Wilson Shoe Corp. were 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. As stated in the Commission's report to the President on June 20, 1972, a majority of the Commissioners made an affirmative determination in that investigation. 1/

Subsequently, the Department of Labor announced on July 13, 1972, that former workers of the Wilson Shoe Corp. who became unemployed or underemployed after November 24, 1968, were eligible to apply for adjustment assistance under the provisions of the TEA.

1/ Commissioners Leonard and Young made a negative determination.

Finding of the Commission

On the basis of its investigation, the Commission, being equally divided, 1/ makes no finding under section 301(c)(1) of the Trade Expansion Act of 1962 with respect to whether articles like or directly competitive with footwear for women and misses manufactured by the Wilson Shoe Corp., Shamokin, Pa., are, 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, serious injury to that firm.

1/ Chairman Bedell, Vice Chairman Parker, and Commissioner Moore find in the affirmative; Commissioner Leonard, Young, and Ablondi find in the negative.

Views of Chairman Bedell, Vice Chairman Parker, and
Commissioner Moore

We have made an affirmative determination in this investigation because the four criteria, which must be considered by the Commission in a firm investigation under section 301(c)(1) of the Trade Expansion Act of 1962, have all been met. The four criteria are as follows:

- (1) Articles like or directly competitive with the women's and misses' footwear produced by the petitioning firm are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) The petitioning firm is being seriously injured or threatened with serious injury; and
- (4) The increased imports, resulting in major part from trade-agreement concessions, are the major factor causing or threatening to cause serious injury to the firm.

The Wilson Shoe Corp., Shamokin, Pa., is a corporation wholly owned by two officers of the company. The two officers also own Sham-O-Kin Shoe Corp., which is located on the same premises as Wilson Shoe. Our affirmative determination concerns only the Wilson Shoe Corp., and does not apply in any manner to the Sham-O-Kin Shoe Corp.

Increased imports a result in major part of trade
agreement concessions

This is the second investigation relating to the Wilson Shoe Corp. conducted by the Tariff Commission under the adjustment assistance provisions of the Trade Expansion Act. In the previous investigation, which concerned a petition filed by the workers of the Wilson Shoe Corp., 1/ we determined that the first and second criteria had been

1/ Women's Casual Shoes: Wilson Shoe Corp., Shamokin, Pa., Report to the President on Worker Investigation No. 144-W-111 . . . , IC Publication 495, June 1972.

met. Our considerations supporting this determination are set forth in the report on that investigation; they are equally persuasive in the current investigation.

Serious injury

With respect to the third criterion, it is our view that the Wilson Shoe Corp., the petitioning firm, has been seriously injured. The company, which ceased production in February 1972, lost money in two of its last three years of operation. Sales had * * * in fiscal year 1969, but they * * * in both 1970 and 1971, then to * * * in 1972. The high volume of sales in 1969 reflected the introduction of a new style shoe; however, the company was forced to discontinue this product because it could not be produced profitably at the price which could be obtained.

During its final years of operation, the company was short of working capital. The lack of profits made it impossible to obtain additional capital. * * * Unable to obtain additional capital, and faced with declining sales and recurring losses, the firm had to cease production. It is clear that the Wilson Shoe Corp. has suffered serious injury.

Imports the major factor causing injury

Our reasoning with respect to the fourth criterion is substantially the same as that set forth in the earlier worker investigation concerning the Wilson Shoe Corp. Increasing imports of articles like or directly

competitive with the products made by Wilson adversely affected the operations of that company. Those imports, which supplied roughly a third of the U.S. market for women's and misses' footwear other than dress shoes in 1965, supplied approximately two-thirds of the U.S. market in 1971. Buyers for Wilson's major customers indicated that they could purchase imported footwear similar to that produced by Wilson at less cost. Although the company made every effort to remain competitive by introducing style changes (e.g., the new style shoe introduced in 1969) and using vinyl instead of leather, it could not operate profitably.

Under these circumstances, it is clear that increased imports resulting in major part from trade-agreement concessions were the major factor causing serious injury to Wilson Shoe.

Conclusion

We conclude that the petitioning firm has met the statutory requirements for eligibility to apply for adjustment assistance and we have made an affirmative determination.

Views of Commissioners Leonard and Young 1/

Our determination in the instant case is negative because the increase in imports of women's and misses' footwear like or directly competitive with that produced by the Wilson Shoe Corp., Shamokin, Pa., is not the result in major part of concessions granted under trade agreements. Our reasoning in support of this determination is set forth in the statement of our views in earlier Commission investigations under the Trade Expansion Act. 2/

1/ Commissioner Ablondi concurs in the result.

2/ Commissioner Leonard's views are given in Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . ., TC Publication 359, January 1971, pp. 31-47, and Commissioner Young's views are given in Women's Dress and Casual Shoes: Duchess Footwear Corp., . . ., Report to the President on Firm Investigation No. TEA-F-39 and Worker Investigation No. TEA-W-139 . . ., TC Publication 491, June 1972, pp. 11-25.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The output of the Wilson Shoe Corp., which ceased production in February 1972, consisted of women's casual shoes made by the cement process. After 1966 about 80 percent of the firm's output consisted of footwear described as a sporty shoe of the brogue-type some with moccasin toe, having a heel about 1-1/2 inches high. In 1971 about three-fourths of these shoes had uppers of leather, and one-fourth had vinyl uppers; prior to 1971 they had all had leather uppers. In the early part of the period 1967-71, leather sandals constituted the remaining 20 percent of the firm's output, but by 1971 sandals had been replaced by desert boots. The shoes produced by the company were sold at retail prices ranging from \$7 to \$10 a pair.

The principal features of women's shoes that determine the activities for which a particular pair is used--and thus the trade designations, such as "casual," "dress," and "slippers"--are the cut of the uppers, the style and height of the heels, and the material and construction of the soles. In general or commercial usage, however, these descriptive terms for footwear may have various meanings. Some of them are specifically defined for tariff purposes in the headnotes (including the statistical headnotes) to part 1A of schedule 7 of the Tariff Schedules of the United States (TSUS). 1/

1/ For further discussion of these descriptive terms plus additional information in regard to nonrubber footwear (e.g., factors affecting U.S. consumption and marketing channels), see U.S. Tariff Commission, Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . ., TC Publication 359, 1971.

The term "casual shoes" cannot be strictly defined. Women's shoes for casual use generally have low heels; they are made from sturdier materials and are usually heavier in construction and appearance than most types of so-called dress shoes (a term not defined in the TSUS). The principal types of women's footwear used predominantly for casual wear--and not ordinarily considered dress shoes--are low-heeled sandals, clogs, loafers, desert boots, moccasins, and sneakers. Except for sneakers, most shoes for casual wear have uppers of leather or plastics and soles of manmade materials. Generally, neither "casual shoes" nor "dress shoes" include footwear especially made for athletic or occupational activities. The materials used for the uppers of dress shoes are usually finer (i.e., less sturdy)--and the soles lighter in weight--than those of footwear intended for leisure wear or for athletic and certain occupational uses.

In terms of U.S. retail sales, dress shoes are more important than any other type of footwear for women and misses. The term "dress shoes," originally limited to shoes worn on formal occasions, is now used to describe footwear of the types generally worn for street wear and for business and social activities. Women's shoes intended for formal wear, which are also regarded here as dress shoes, are now frequently referred to as evening shoes, slippers, or sandals.

For many years the principal type of dress shoe worn by women in the United States was the classic pump--a closed-toe, closed-back, slip-on shoe without fasteners, with lightweight soles, and with heels of 2 inches or higher. Depending upon fashion changes, dress shoes

may be open- or closed-heel shoes with straps, laces, or tongues over the instep and may include high-heeled sandals with open toes, open heels, and uppers of narrow strips of leather or other material.

The range of styles in and quality of footwear increased greatly during the 1960's as a result of new materials, technological developments in production, and new fashions in wearing apparel. Simultaneously, consumer interest in this wide variety of footwear (as well as of clothing) also increased, reflecting the changing age structure of the population, increasing per capita income, and a growth in time for leisure activities. Following these developments the distinction between dress and casual shoes and attire diminished.

For several decades the principal method of attaching the outsole to women's shoes has been the cement process (the method used by Wilson Shoe Corp.), whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. An estimated 80 percent of the total U.S. output of women's shoes in recent years has been made by the cement process. This process permits narrow edges on the outsole to give a trim appearance and produces a lighter and more flexible shoe than other processes except the turn (or turned) process. In the turn process, which is currently used to a very minor degree in the United States to produce dress shoes, 1/ the footwear is initially lasted inside out and then turned right side out for the finishing operations.

1/ The turn process has been used in the United States in recent years principally to produce footwear of the types reported in official U.S. production statistics as slippers for housewear (SIC product code 3142). Slippers are also produced by the cement process.

The great bulk of the imported women's dress and casual shoes are entered under TSUS items 700.20, 700.43, 700.45, and 700.55. As explained briefly in the following paragraphs, the footwear classifiable under these four TSUS items varies with respect to materials, method of construction, price line, and/or style.

Imports entered under TSUS item 700.43, which provides for leather footwear having a foreign (export) value of not over \$2.50 a pair, as well as those entered under TSUS item 700.45, which provides for leather footwear valued over \$2.50 a pair, consist predominantly of women's footwear in a wide range of styles, types, and prices. In terms of quantity, about half of the combined imports under these two items in recent years have consisted of women's sandals having a retail selling price of about \$3 to \$9 a pair. The remainder probably consisted predominantly of women's cement-process dress shoes of moderate prices (i.e., in the retail-price range of \$8 to \$20 a pair) but also included sturdy types with vulcanized or injection-molded soles, lightweight slippers suitable principally for housewear, and expensive high-fashion types. Imported women's leather footwear made by the turn process and dutiable under TSUS item 700.20 does not differ significantly in appearance from the leather dress shoes entered under items 700.43 and 700.45.

Women's footwear with supported vinyl uppers that has entered under TSUS item 700.55 in recent years has consisted predominantly of two groups: (1) Street shoes of sturdy construction, produced in a single width for each particular length and for sale mostly at \$3 to \$6 a pair at self-service counters in variety stores, discount stores, and department-store basements and (2) folding slippers and sandals, usually selling at retail for less than \$2 a pair. It is believed that before 1970 only a negligible portion of the annual imports of women's dress shoes and boots admitted under item 700.55 retailed at more than \$10 a pair. It is estimated that, in 1971, imports of such footwear retailing at more than \$10 a pair (mostly just over that price) totaled about 5 million to 10 million pairs.

U.S. Tariff Treatment

In the Tariff Act of 1930, women's leather footwear of the type produced at Wilson Shoe Corp. was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. Such footwear is provided for in the TSUS, which became effective on August 31, 1963, in items 700.43 and 700.45. The rate of duty was reduced for the first time effective January 1, 1968, pursuant to concessions granted during the Kennedy Round of trade negotiations. The current rate for item 700.43 is 15 percent, and that for item 700.45 is 10 percent. Prior to the Kennedy Round, the rate of duty on turn or turned shoes (now TSUS item 700.20) was first reduced, pursuant to section 336 of the Tariff Act of 1930, from 20 percent ad valorem to 10 percent, effective January 1, 1932. The 10-percent rate, which was bound against increase in a concession

granted to Switzerland, effective February 15, 1936, was reduced to 5 percent in a concession, effective May 30, 1950, granted under the General Agreement on Tariffs and Trade (GATT). The current rate for item 700.20 is 2.5 percent.

Supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS, imports of women's supported-vinyl-upper footwear were classifiable under various provisions of the Tariff Act of 1930. Under that act such footwear was classified principally--

- (1) By similitude, at the rate of 20 percent ad valorem applicable to leather footwear provided for in paragraph 1530(e). 1/
- (2) Under paragraph 1537(b) as articles in chief value of rubber, at the trade-agreement rate of 12.5 percent ad valorem, where the soles were of india rubber and constituted the chief value of the footwear in question.
- (3) Under paragraph 1539(b) at the reduced rate of 21¢ per pound plus 17 percent ad valorem, where the footwear was in chief value of a product having a synthetic resin as the chief binding agent.

In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the wide range of rates previously applicable to the various types of footwear provided for in this item. The current rate on footwear with supported vinyl uppers is 6 percent ad valorem.

Canvas footwear (tennis shoes and sneakers), which is not produced by the petitioner, is provided for in item 700.60. Originally

1/ The principal kinds of footwear with supported vinyl uppers now being imported (i.e., those with soles of vinyl or other plastics) would have been dutiable by virtue of the similitude provision at a rate of 20 percent ad valorem.

such footwear was dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). Effective March 3, 1933 (T.D. 46158), the basis for assessing the statutory rate was changed from foreign (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. Pursuant to a concession granted by the United States under the GATT, the rate of duty on canvas footwear was reduced to 20 percent ad valorem of the American selling price (ASP), effective September 10, 1955; the rate of duty is the same at the present time. 1/ Footwear entered under item 700.60 which is not like or similar to domestic articles, and, therefore, not subject to ASP valuation, is dutiable at 20 percent of the export value. 2/

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear of the types now dutiable under items 700.20, 700.43, 700.45, 700.55, and 700.60. Tables 2 through 5 show estimated U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty. Table 6 shows the amount of

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, the duties assessed would have averaged 60 percent of the export value. On the basis of the old guidelines, established prior to 1963, the duties assessed on footwear imported in 1965 would have averaged about 95 percent of the export value. For additional information on the administration of the ASP provision, see TC Publication 429, 1971, pp. A-7 to A-9.

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.

duty collected, based on specified values, on women's footwear entered under items 700.43, 700.45, and 700.55, on the effective dates of the Tariff Act of 1930, the TSUS, and the Kennedy Round of trade concessions.

U.S. Consumption, Production, and Imports

During the period 1965-71, apparent annual U.S. consumption of all women's shoes (including dress and casual) rose from an estimated 386 million pairs to 417 million pairs, while annual U.S. production of such footwear declined from 319 million pairs to 237 million pairs. As annual imports almost tripled during this period, their share of the market increased from 17 percent to 43 percent, as shown in the following table.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-71

Year	Production <u>1/</u>	Im-ports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	319	67	386	17
1966-----	323	70	393	18
1967-----	290	96	386	25
1968-----	322	133	455	29
1969-----	271	139	410	34
1970-----	260	165	425	39
1971-----	237	180	417	43

1/ Production represents the output of women's and misses' footwear as reported by the U.S. Bureau of the Census, plus shipments to the U.S. mainland from Puerto Rico.

2/ Partly estimated from the official statistics for footwear of the kinds described in pt. 1A of schedule 7 of the TSUS except imports described in items 700.32, 700.51, 700.52, 700.53, and 700.60 and except zoris (very inexpensive thonged sandals of rubber or plastics), dutiable under item 700.55. Includes imports of misses' footwear, which have been negligible compared with those of women's.

3/ Computed from U.S. production plus imports without an allowance for exports, which in 1971 amounted to about 1 million pairs.

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

U.S. imports of women's footwear entered under TSUS items 700.43, 700.45, and 700.55 in the aggregate accounted for 92 percent of the imports in 1971. Italy and Spain have been the principal suppliers of women's leather shoes (items 700.43 and 700.45); Japan and the Republic of China (Taiwan), the principal suppliers of women's vinyl shoes (item 700.55).

Data on U.S. production and imports of women's sandals and other casual shoes are not separately reported in official statistics. Table 7 in the appendix shows U.S. production, imports, and apparent consumption of women's nonrubber footwear--both dress and other than dress shoes--for the period 1965-71. Estimated domestic consumption of women's nonrubber footwear other than dress shoes, the bulk of which is believed to be casual shoes, increased from 182 million pairs in 1965 to 218 million pairs in 1971. During the same period, estimated domestic production of these shoes declined from 119 million pairs to 81 million pairs, while imports increased from 63 million pairs to 137 million pairs. The share of U.S. consumption of such footwear supplied by imports increased from 35 percent in 1965 to 63 percent in 1971. U.S. imports of sandals, which have trended upward since the early 1960's, supply the major part of U.S. consumption of such footwear. U.S. imports of vinyl sandals increased from an estimated 7 million pairs in 1966 to 18 million pairs in 1971. Imports of leather sandals, nearly all from Italy and entered principally under TSUS item 700.43, are estimated to have increased from about 22 million pairs in 1966 to 42 million pairs in 1971.

Annual U.S. imports of moccasins of the Indian handicraft type entered under item 700.15, most of which are for women, amounted to

963,000 pairs in 1966 and 1.4 million pairs in 1967, then decreased to 387,000 pairs in 1971.

Apparent U.S. consumption of canvas footwear increased from about 120 million pairs in 1960 to 201 million pairs in 1965. From that time to 1971, however, there was a noticeable shift, especially among teenagers and women, from canvas footwear to sandals and various other styles of nonrubber footwear for street wear and some leisure activities. In 1971, apparent consumption of canvas footwear amounted to 206 million pairs, as shown in table 8 in the appendix. U.S. production of women's sneakers, although not separately reported, is believed to constitute about a third to a half of total U.S. production of canvas footwear. Imports of women's sneakers have followed an irregular trend, increasing from 8 million pairs in 1965 to 11 million pairs in 1967 and then declining to 9 million pairs in 1971. As stated earlier, the rate of duty applicable to sneakers has remained the same since 1955.

U.S. and Foreign Wage Rates

The table on the following page shows the published average hourly earnings and the estimated compensation per hour received by shoe workers in six countries for 1964 and 1970. It should be noted, however, that there are several difficulties involved in comparing these data accurately. 1/

In comparing the average hourly earnings in these countries and in the United States, it is evident that in 1970 a shoe worker in Taiwan could be hired for 14 hours for the same wage paid to a shoe worker in the United States for only 1 hour. For Spain, the rate is 5 hours to 1 in the United States; for Japan, almost 3-1/2 hours to 1; for Italy, 2-1/2 hours to 1. In a very rough sense, this means that shoe workers in the United States must be 14 times as productive as shoe workers in Taiwan in order to fully offset the lower hourly labor costs in Taiwan; they must be five times as productive as Spanish shoe workers, and so on.

1/ first, the definition for "shoe industry" varies among nations; in only two countries (Italy and the United States) are shoes specifically broken out from more encompassing industry classifications. This definitional problem makes it difficult to isolate the "shoe industry" in each country; however, the industry categories used in this analysis are the closest and most reliable available. Second, as footnote 1 to the table indicates, published hourly earnings among nations differ in composition. Third, total compensation for workers includes varying factors among the six countries (two examples of the differences in content are explained in footnotes 4 and 6 to the table).

Hourly earnings of production workers and estimated total compensation per hour worked by them in specified industries related to footwear in 6 countries, 1964 and 1970

(In U.S. dollars)

Country	Industry	Published average hourly earnings 1/		Estimated compensation per hour worked 2/	
		1964	1970	1964	1970
Brazil	Clothing and shoes	3/ \$0.23	4/ \$0.28	5/	5/ \$1.19
Italy	Shoes	.42	.65	5/	.88
Japan	Leather products	.37	.78	5/	.57
Spain	Shoes, leather, and clothing	.23	.38	6/	\$0.34
Taiwan	Leather and leather products	.12	.17	7/	.14
United States	Footwear, excluding rubber	1.77	2.43	2/	2.96

1/ Published earnings do not represent the same items of labor compensation in each country because of differences in the treatment of various supplementary benefits. Earnings generally refer to gross cash payments to wage workers before deductions for taxes and social security, and include overtime pay, shift differentials, regular bonuses and premiums, and cost-of-living adjustments. Holiday, vacation, and sick leave pay, bonuses not paid regularly each pay period, and other supplementary benefits are included by some countries and excluded by others. The earnings data are per paid hour for some countries and per hour worked for other countries.

2/ Compensation refers to all payments made by employers directly to their workers before deductions of any kind, plus employer contributions to legally required insurance programs and private welfare plans for the benefit of employees. The figures on additional compensation per hour worked as a percent of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor cost or labor compensation surveys adjusted to the listed years on the basis of other available data. All countries do not publish data for every year.

3/ Average for 1966.

4/ Average for 1969; monthly earnings of 211.60 cruzeiros converted to an hourly basis by assuming 195 hours of work per month.

5/ Not available.

6/ Only compensation factor included in this figure is employer social security payments, which range from 40 to 50 percent of payroll.

7/ The published earnings data are computed per hour worked and include overtime pay, regular premiums, and bonuses; family allowances; the market value of payments in kind; and wages paid to persons absent from work. Also included in this figure is a bonus of 2 months' pay usually paid at the time of the Chinese New Year.

Source: U.S. Bureau of Labor Statistics, from the following: Brazil--Yearbook of Labour Statistics 1971, International Labour Office, Geneva; Italy--Social Statistics (various issues), Statistical Office of the European Communities, Luxembourg and Brussels; Japan--Year Book of Labor Statistics (various issues), Ministry of Labor, Tokyo; Spain--Monthly Bulletin of Statistics (various issues), National Institute of Statistics, Madrid; and Taiwan--Report of Taiwan Labor Statistics 1971, Department of Reconstruction, Provincial Government of Taiwan.

A-14 through A-23

Data Relating to Wilson Shoe Corp:

* * * * *

STATISTICAL APPENDIX

Table 1.--U.S. rates of duty applicable to footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972

TSUS item No.	Abbreviated description	Rate of duty	
		July 1, 1934 <u>1/</u>	GATT concessions <u>2/</u>
		Rate	Effective dates
		Percent ad val.	Percent ad val. or cents per pair
700.15	Leather footwear: Moccasins-----	20	10% : Jan. 1, 1948.
700.20	Turn or turned-----	10 <u>3/</u>	5% 4% 3% 2.5% : May 30, 1950-Dec. 31, 1967. : Jan. 1, 1968-Dec. 31, 1969. : Jan. 1, 1970-Dec. 31, 1971. : Jan. 1, 1972.
700.25	Welt, valued per pair-- Not over \$2-----	20	19% 18% 17% : June 30, 1956-June 29, 1957. : June 30, 1957-June 29, 1958. : June 30, 1958.
<u>4/</u> 700.26	Over \$2 but not over \$5-----	20	40¢ 38¢ 36¢ 34¢ 30¢ 27¢ 23¢ 20¢ 17¢ : Jan. 1, 1948-June 29, 1956. : June 30, 1956-June 29, 1957. : June 30, 1957-June 29, 1958. : June 30, 1958-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.
<u>4/</u> 700.27	Over \$5 but not over \$6.80-----	20	40¢ 38¢ 36¢ 34¢ 6% but not more than 34¢. 5.5% but not more than 34¢. 5% : Jan. 1, 1948-June 29, 1956. : June 30, 1956-June 29, 1957. : June 30, 1957-June 29, 1958. : June 30, 1958-Dec. 31, 1967. : Jan. 1, 1968-Dec. 31, 1969. : Jan. 1-Dec. 31, 1970. : Jan. 1, 1971.
<u>4/</u> 700.29	Over \$6.80 (except ski boots)-----	20	40¢ but not less than 5%. 38¢ but not less than 5%. 36¢ but not less than 5%. 5% : Jan. 1, 1948-June 29, 1956. : June 30, 1956-June 29, 1957. : June 30, 1957-June 29, 1958. : June 30, 1958.
700.32	Slippers-----	20	10% 9% 8% 7% 6% 5% : Jan. 1, 1948-Dec. 31, 1967. : Jan. 1-Dec. 31, 1968. : Jan. 1-Dec. 31, 1969. : Jan. 1-Dec. 31, 1970. : Jan. 1-Dec. 31, 1971. : Jan. 1, 1972.
700.35	"Other" footwear (including cement process): For men, youths, and boys-----	20	10% 9.5% 9% 8.5% : June 6, 1951-Dec. 31, 1967. : Jan. 1-Dec. 31, 1968. : Jan. 1, 1969-Dec. 31, 1970. : Jan. 1, 1971.
700.43	For women and misses: Valued not over \$2.50 per pair---	20	19% 18% 17% 16% 15% : Jan. 1-Dec. 31, 1968. : Jan. 1-Dec. 31, 1969. : Jan. 1-Dec. 31, 1970. : Jan. 1-Dec. 31, 1971. : Jan. 1, 1972.

See footnotes at end of table.

Table 1.--U.S. rates of duty applicable to footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972--Continued

TSUS item No.	Abbreviated description	Rate of duty		
		July 1, 1934 <u>1/</u>	GATT concessions <u>2/</u>	
			Rate	Effective dates
		Percent ad val. or cents per pair		
700.45	Leather footwear--Continued "Other" footwear (including cement process)--Continued For women and misses--Continued Valued over \$2.50 per pair-----	20	18% 16% 14% 12% 10%	Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.
70	Footwear having uppers of supported vinyl.	<u>5/</u>	12.5% <u>6/</u> 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 <u>7/</u>	20% <u>7/</u>	Sept. 10, 1955.
8/ 700.66	Footwear with uppers of fibers: With soles of leather, valued per pair-- Not over \$2.50-----	35	20% 19% 18% 17% 16% 15%	Apr. 21, 1948-Dec. 31, 1967. Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.
8/ 700.68	Over \$2.50-----	35	20% 18% 16% 14% 12% 10%	Apr. 21, 1948-Dec. 31, 1967. Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969. Jan. 1-Dec. 31, 1970. Jan. 1-Dec. 31, 1971. Jan. 1, 1972.
700.70	With soles of other material: With uppers of vegetable fibers----	35	17.5% 16.5% 15.5% 15% 13% 12% 10% 9% 7.5%	Jan. 1, 1950-June 29, 1956. June 30, 1956-June 29, 1957. June 30, 1957-June 29, 1958. June 30, 1958-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.
700.75	With soles and uppers of wool felt.	35	17.5% 15.5% 14% 12.5% 11% 9.5% 8% 7%	June 6, 1951-June 30, 1962. July 1, 1962-June 30, 1963. July 1, 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.

See footnotes at end of table.

Table 1.--U.S. rates of duty applicable to footwear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972--Continued

TSUS item No.	Abbreviated description	Rate of duty	
		July 1, 1934 ^{1/}	GATT concessions ^{2/}
			Rate
		<u>Percent</u>	<u>Percent ad</u>
		<u>ad val.</u>	<u>val. or cents</u>
			<u>per pair</u>
	Footwear with uppers of fiberg--Con.		
	With soles of other material--Con.		
700.80	Other-----	35	25% : Sept. 10, 1955-Dec. 31, 1967.
			22% : Jan. 1-Dec. 31, 1968.
			20% : Jan. 1-Dec. 31, 1969.
			17% : Jan. 1-Dec. 31, 1970.
			15% : Jan. 1-Dec. 31, 1971.
			12.5% : Jan. 1, 1972.

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

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

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

^{4/} New item effective Jan. 1, 1968.

^{5/} Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers (with soles other than india rubber) 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), principally 20 percent ad valorem. The column 2 rate for item 700.55 is 35 percent.

^{6/} The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, under authority of the Tariff Classification Act of 1962 (Public Law 87-456) to replace the wide range of rates previously applicable to the various types of footwear provided for in this item.

^{7/} 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).

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

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 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.

Table 2.--Footwear for women and misses: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-71

Year	Footwear of leather								
	Total ^{1/}	Moccasins (700.15) ^{2/}		Turn or turned (700.20)		"Other" leather footwear		Million pairs	Million pairs
		Tariff rate	Quantity	Tariff rate	Quantity	Tariff rate	Quantity		
	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Percent ad val.	Million pairs	Million pairs
1965	23	10	0.5	5	1	3/20		3/21	
1966	30	10	1.0	5	1	3/20		3/28	
1967	40	10	1.4	5	1	3/20		3/38	
1968	57	10	.6	4	2	19	18	34	20
1969	59	10	.6	4	2	18	16	29	27
1970	75	10	.5	3	2	17	14	37	35
1971	79	10	.4	3	2	16	12	33	44

	Footwear with uppers of supported: vinyl (700.55)				Canvas footwear (sneakers) (700.60) ^{4/}				Total, all nonrubber footwear ^{6/}
	Tariff rate		Quantity		Tariff rate ^{5/}		Quantity		
	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs	
1965	12.5	30			20		8	67	
1966	12.5	33			20		8	70	
1967	12.5	50			20		11	96	
1968	11	69			20		10	133	
1969	10	71			20		7	139	
1970	8.5	77			20		6	165	
1971	7	87			20		9	180	

^{1/} Represents about 95 percent of the total footwear of leather imported for women and misses.

^{2/} Estimated by the U.S. Tariff Commission.

^{3/} In TSUS item 700.40 before Jan. 1, 1968.

^{4/} Data shown are for footwear entered under TSUSA item 700.6015.

^{5/} 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).

^{6/} As described in pt. 1A of schedule 7 of the TSUS, excluding footwear in items 700.51, 700.52, 700.53, 700.60, and zoris in item 700.55.

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

Table 3.--Leather footwear for women and misses made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-71

Year	: Rate of : duty	: Quantity
	: <u>Percent</u>	: <u>1,000</u>
	: <u>ad val.</u>	: <u>pairs</u>
1939-----	: <u>1/</u> 10	: 5
1946-----	: 10	: 4
1955-----	: <u>2/</u> 5	: 10
1956-----	: 5	: 97
1957-----	: 5	: 209
1958-----	: 5	: 434
1959-----	: 5	: 402
1960-----	: 5	: 664
1961-----	: 5	: 882
1962-----	: 5	: 1,067
1963-----	: 5	: 916
1964-----	: 5	: 864
1965-----	: 5	: 1,053
1966-----	: 5	: 1,106
1967-----	: 5	: 1,361
1968-----	: 4	: 1,905
1969-----	: 4	: 2,459
1970-----	: 3	: 2,398
1971-----	: 3	: 1,604

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

2/ GATT concession, effective May 30, 1950.

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

Table 4.--Leather footwear for women and misses made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, and 1955-71 1/

Year	Rate of duty		Quantity	
	700.43	700.45	700.43	700.45
	Percent ad val.	Percent ad val.	Million pairs	Million pairs
1939-----	20		2	
1946-----	20		1	
1955-----	20		1	
1956-----	20		1	
1957-----	20		2	
1958-----	20		9	
1959-----	20		5	
1960-----	20		7	
1961-----	20		9	
1962-----	20		12	
1963-----	20		17	
1964-----	20		19	
1965-----	20		21	
1966-----	20		28	
1967-----	20		38	
1968 <u>2/</u> -----	19	18	34	20
1969 <u>2/</u> -----	18	16	29	27
1970 <u>2/</u> -----	17	14	37	35
1971 <u>2/</u> -----	16	12	33	44

1/ Statutory rate under par. 1530(e) for 1939 and 1946 through Aug. 30, 1963, and under TSUS item 700.40 for Aug. 31, 1963, through 1967. Effective Jan. 1, 1968, new items 700.41 (sandals of buffalo leather), 700.43, and 700.45 replaced item 700.40.

2/ U.S. imports of sandals under item 700.41 amounted to 1 million pairs during each of the years 1968-71.

Source: Compiled from official statistics of the U.S. Department of Commerce; data shown for the years prior to 1964 are partly estimated.

Table 5.--Footwear having supported vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934 and 1964-71

Year	Rate of duty	Quantity	Value	Unit value
	Percent ad valorem	<u>1,000</u> pairs	<u>1,000</u> dollars	Per pair
1934-----	<u>1/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
1964-----	<u>3/</u> 12.5	27,574	12,429	\$0.45
1965-----	12.5	29,579	13,564	.46
1966-----	12.5	33,239	17,024	.51
1967-----	12.5	49,767	27,704	.56
1968-----	11	68,579	46,603	.68
1969-----	10	70,777	55,820	.79
1970-----	8.5	77,288	73,757	.95
1971-----	7	86,942	104,196	1.20

1/ During the period before the TSUS became effective, footwear with supported vinyl uppers (with soles other than india rubber) was generally dutiable by virtue of the similitude provisions of par. 1559 of the Tariff Act of 1930, at a rate provided for similar leather footwear in par. 1530(e), principally 20 percent ad valorem. The column 2 rate for item 700.55 is 35 percent.

2/ Not available.

3/ Rate established in the TSUS, effective Aug. 31, 1963.

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

Note.--Data are not available on U.S. imports of footwear with supported vinyl uppers for the years prior to 1964. Such imports were probably negligible in the mid-1950's.

Table 6.--U.S. rates of duty applicable to women's footwear entered-under certain TSUS items and duty collected based on specified values, June 18, 1930, Aug. 31, 1963, and GATT concessions

Effective date	Item 700.43		Item 700.45		Item 700.55 1/	
	Rate of duty	Duty collected based on value of	Rate of duty	Duty collected based on value of	Rate of duty	Duty collected based on value of
	Percent ad val.	\$2.25 a pair	Percent ad val.	\$3.00 a pair	Percent ad val.	\$2.00 a pair
June 18, 1930	20	\$0.45	20	\$0.60	17	\$0.70
Aug. 31, 1963	20	.45	20	.60	12.5	.25
Jan. 1, 1968	19	.43	18	.54	11	.22
Jan. 1, 1969	18	.41	16	.48	10	.20
Jan. 1, 1970	17	.38	14	.42	8.5	.17
Jan. 1, 1971	16	.36	12	.36	7	.14
Jan. 1, 1972	15	.34	10	.30	6	.12

1/ Certain footwear having uppers of vinyl (or supported vinyl) are dutiable under item 700.55. During the period before the TSUS became effective (Aug. 31, 1963), such footwear (with soles other than india rubber) was generally dutiable by virtue of the similitude provisions of par. 1559 of the Tariff Act of 1930, at a rate provided for similar leather footwear in par. 1503(e), principally 20 percent. The column 2 rate established in the TSUS is 35 percent.

Table 7.--Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-71

Type of footwear and year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
Dress:				
1965-----	200	4	204	2
1966-----	206	7	213	3
1967-----	188	11	199	6
1968-----	210	21	231	9
1969-----	177	28	205	14
1970-----	165	36	201	18
1971-----	156	43	199	22
Other:				
1965-----	119	63	182	35
1966-----	117	63	180	35
1967-----	102	85	187	45
1968-----	112	112	224	50
1969-----	94	111	205	49
1970-----	95	129	224	58
1971-----	81	137	218	63
Total:				
1965-----	319	67	386	17
1966-----	323	70	393	18
1967-----	290	96	386	25
1968-----	322	133	455	29
1969-----	271	139	410	34
1970-----	260	165	425	39
1971-----	237	180	417	43

1/ Total production represents the output of women's and misses' footwear as reported by the U.S. Bureau of the Census, plus shipments to the U.S. mainland from Puerto Rico; production of "dress" and "other" shoes is estimated by the U.S. Tariff Commission.

2/ Partly estimated from the official statistics for footwear of the kinds described in pt. 1A of schedule 7 of the TSUS except imports described in items 700.32, 700.51, 700.52, 700.53, and 700.60 and except zoris (very inexpensive thonged sandals of rubber or plastics), dutiable under item 700.55. Includes imports of misses' footwear, which have been negligible compared with those of women's.

3/ Production plus imports without an allowance for exports, which in 1971 amounted to about 1 million pairs.

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

Table 8.--Canvas footwear: U.S. production, imports for consumption, and apparent consumption, 1966-71

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption <u>Percent</u>
1966-----	173	22	195	11
1967-----	168	29	197	15
1968-----	170	30	200	15
1969-----	156	25	181	14
1970-----	151	23	174	13
1971-----	173	33	206	16

1/ Includes shipments to the U.S. mainland from Puerto Rico.

2/ Estimated by the U.S. 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.

A-35 through A-40

*

*

*

*

*

*

*

