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UNITED STATES TARIFF COMMISSION

**FOOTWEAR FOR WOMEN, MISSES, AND CHILDREN:
YOUNG ONES, INC.
BROOKLYN, NEW YORK**

**Report to the President
on Worker Investigation No. TEA-W-204
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



**TC Publication 604
Washington, D. C.
August 1973**

UNITED STATES TARIFF COMMISSION

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C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	3
Considerations supporting the Commission's finding -----	4
Statement of Commissioners Leonard and Young-----	7
Information obtained in the Investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment-----	A-6
Canvas footwear-----	A-6
Other footwear-----	A-7
U.S. consumption, production, and imports-----	A-9
Canvas footwear-----	A-9
Other footwear-----	A-10
U.S. and foreign wage rates-----	A-13
Data relating to Young Ones, Inc.:	

* * * * *

Appendix A: Statistical tables-----	A-28
-------------------------------------	------

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-29
2. Leather footwear for women and misses made principally by the cement process (item 700.43 and 700.45): U.S. rates of duty and imports for consumption, 1939, 1946, 1955-72-----	A-30
3. Footwear having supported vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934, 1964-72-----	A-31
4. Women's and misses' footwear having uppers made principally of fabrics and soles made principally of rubber or plastics (item 700.60): U.S. rates of duty and imports for consumption, 1934, 1964-72-----	A-32
5. Footwear: U.S. imports for consumption, by specified TSUSA items, and by specified types, 1968-72-----	A-33

Table of Contents

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

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
August 24, 1973.

To the President:

In accordance with section 301(a)(2) 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)(2) of that act, in response to a petition filed on behalf of a group of workers.

On June 1, 1973, the Commission received a petition filed by the United Shoe Workers of America, AFL-CIO, on behalf of the former workers of Young Ones, Inc., Brooklyn, N.Y., for a determination of eligibility to apply for adjustment assistance under the said act. Because it initially appeared that the Commission's staff would be unable to gather certain data which members of the Commission have considered necessary in making past determinations, the Commission voted (Commissioner Leonard dissenting, Commissioner Young not participating) on June 11, 1973, to conduct a preliminary investigation pursuant to its authority under section 403(a) of the act for the purpose of ascertaining whether sufficient information for the making of a determination could be obtained in the course of an investigation. During the course of the preliminary investigation the Commission found that sufficient data for the making of a determination could be gathered, and the Commission accordingly instituted investigation No. TEA-W-204 on June 26, 1973, to determine whether, as a result in major part of concessions granted under trade agreements, articles like

or directly competitive with footwear for women, misses, and children (of the types provided for in items 700.43, 700.45, 700.55, and 700.60 of the Tariff Schedules of the United States (TSUS)) 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 the firm or an appropriate subdivision thereof.

On June 26, 1973, the Commission (Commissioners Leonard and Young dissenting) determined that the deadline date for this report would be 60 days from June 26, the date on which the Commission terminated the preliminary investigation and instituted the formal investigation.

Public notice of the investigation was published in the Federal Register (38 F.R. 17776) on July 3, 1973. No public hearing was requested, and none was held.

The information in this report was obtained principally by means of a field investigation, from officials of Young Ones, Inc., customers of the firm, and union officials, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds unanimously 1/ that articles like or directly competitive with footwear for women, misses, and children (of the types provided for in items 700.43, 700.45, 700.55, and 700.60 of the Tariff Schedules of the United States) produced by Young Ones, Inc., Brooklyn, N.Y., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm, or an appropriate subdivision thereof.

1/ Commissioners Leonard and Young did not participate in the decision with respect to the Commission's finding in this investigation. Commissioner Leonard dissented from, and Commissioner Young did not participate in, the Commission's decision to conduct a preliminary investigation in this case under section 403(a) of the TEA. Commissioners Leonard and Young dissented from the Commission's decision that the deadline date would be 60 days from June 26. In a separate statement, Commissioners Leonard and Young have set forth their reasons for their nonparticipation and dissent.

Considerations Supporting the Commission's Finding

Our determination in this investigation is in the negative because the criteria established by section 301(c)(2) of the Trade Expansion Act of 1962 (TEA) have not been met. Before an affirmative determination can be made, the Commission must find that each of the following conditions have been satisfied.

- (1) Articles like or directly competitive with those produced by the workers' firm 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 of proportion of the firm's workers are unemployed or underemployed, or threatened therewith; and
- (4) The increased imports resulting from trade-agreement concessions are the major factor in causing or threatening to cause the unemployment or underemployment of the workers.

In the instant case, we find that condition (4) has not been satisfied; namely, increased imports resulting from trade-agreement concessions of articles like or directly competitive with the footwear for women, misses, and children produced at Young Ones, Inc., Brooklyn, N.Y., have not been the major factor causing, or threatening to cause, the unemployment or underemployment of its workers. Under the circumstances, it is not necessary to reach a conclusion respecting the first three conditions. Our determination is based on the following considerations.

Young Ones, Inc., a wholly-owned subsidiary of RAI, Inc., produced principally women's and misses footwear with uppers of fabric and injection-molded soles of polyvinyl chloride (PVC)--the types of footwear generally referred to as canvas footwear or sneakers. Such footwear was sold at the retail level from about \$2 to \$3 a pair. Production at the Young Ones' plant ceased on February 16, 1973, 5 days prior to the filing of chapter XI bankruptcy petitions on behalf of RAI, and its subsidiaries Young Ones, and Rifsco, Inc., Hialeah, Fla.

Although both domestic production and consumption of women's and misses' canvas footwear have generally been on a downward trend since the mid-1960's, sales by Young Ones have increased. In terms of quantity, sales in 1970-71 were greater than sales in 1965-1967. In terms of value, sales of canvas footwear by Young Ones, Inc., increased from * * * in 1965 to * * * in 1972-- * * *

The Commission staff made a survey of Young Ones' former customers to determine the impact of imports on the firms sales. All of the customers contacted stated that they had not reduced their purchases from Young Ones prior to the firm's cessation of operation, and many stated that they had increased their purchases in recent years. All the customers stated that they did not turn to imported footwear when they could no longer buy from Young Ones but switched to other domestic manufacturers. The former customers stated that their purchases of imported footwear like that made by Young Ones had been very insignificant.

Officials of Young Ones stated that imports of like or directly competitive canvas footwear were not a factor in the plant's closure, but that the losses in the apparel operations of the parent corporation resulted in a severe shortage of working capital, which necessitated the filing of the chapter XI bankruptcy petitions for RAI and the two subsidiaries producing footwear. According to the firm's officials the footwear operations of Young Ones and Rifsco had been profitable.

Based on the foregoing considerations, we conclude that imports were not the major factor causing the unemployment of the workers at Young Ones, Inc.

Statement of Commissioners Leonard and Young

We are not participating in the instant determination because the report of the Tariff Commission of such determination is being made more than 60 days after the date on which the petition was filed and thus is not in accordance with the provisions of the Trade Expansion Act of 1962 (TEA). The position we take in this matter is consistent with our position in a number of recent Commission cases, and our views on the 60-day period of the TEA for conducting a "worker" or "firm" investigation are contained in the reports of those cases. ^{1/}

The only thing new to this case is the means used to frustrate the "60-day provision," section 301(f)(3) of the TEA. For the first time, the "preliminary investigation provision," section 403(a) of the TEA, is used as the reason for the Commission to report its determination more than 60 days after the date on which the petition is filed. ^{2/}

1/ Electronic Receiving Tube Mounts: Workers of ... Erskine Industries, Inc. ... Report to the President on Inv. No. TEA-W-203 ..., TC Publication 600 (confidential version, August 1973; public report, publication forthcoming), pp. 7-12; Footwear for Men and Women: Hubbard Shoe Co., Inc. ... Report to the President on Worker Investigation No. TEA-W-202 ..., TC Publication 598 (confidential version, August 1973; public report, publication forthcoming), pp. 12-15; Women's Dress Shoes: Erving Shoe Co., Inc. ... Report to the President on Worker Investigation No. TEA-W-200 ..., TC Publication 590, July 1973, pp. 6-11; Footwear for Women and Protective Footwear for Men, Women, Boys, and Infants, and Parts of Such Footwear: BGS Shoe Corp., ... Report to the President on Worker Investigation No. TEA-W-193 ..., TC Publication 592, July 1973, pp. 15-21.

^{2/} These sections read as follows:

Sec. 301(f)(3). The report of the Tariff Commission of its determination under subsection (c)(1) or (c)(2) with respect to any firm or group of workers shall be made at the earliest practicable time, but not later than 60 days after the date on which the petition is filed.

Sec. 403(a). In order to expedite the performance of its functions under this Act, the Tariff Commission may conduct preliminary investigations, determine the scope and manner of its proceedings, and consolidate proceedings before it.

In the "Report to the President" in Hubbard, cited above, our colleagues state that they utilized a preliminary investigation, but, as we pointed out in our statement in the Hubbard report--

Nowhere in the record of this investigation--official notice, Commission minutes, or staff memoranda--was mention made of section 403(a) of the TEA. It is only now, on August 7, 1973, that section 403(a) is referred to and invoked for an action previously taken by a majority of the Commission. 1/

From our review of Commission documents, the instant case is the first since the enactment of the TEA in 1962 in which a preliminary investigation was instituted by affirmative action of the Commission. It occurred in the instant case as follows.

A petition from Mr. George O. Fecteau, General President, United Shoe Workers of America, AFL-CIO, CLC, on behalf of production, maintenance, and clerical employees of Young Ones, Inc., was filed with the Commission on June 1, 1973. The petition as filed met the requirements of the Commission's Rules of Practice and Procedure. On June 7, 1973, a recommendation of staff was made to the Commission to "conduct a preliminary investigation pursuant to its authority as set forth in section 403(a) of the Trade Expansion Act" due to "potentially insurmountable obstacles in obtaining" data although "the petition satisfies the technical, basic minimum requirements of the Commission's rules for a properly filed petition." On June 11, 1973, the Commission, with Commissioner Leonard dissenting and Commissioner Young absent, approved

1/ Footwear for Men and Women: Hubbard Shoe Co., Inc. ... Report to the President on Worker Investigation No. TEA-W-202 ..., TC Publication 598 (confidential version, August 1973; public report, publication forthcoming), p. 12.

the recommendation to conduct a "preliminary investigation." On June 26, 1973, the Commission, on the basis of another staff recommendation, instituted an investigation pursuant to section 301(c)(2) of the TEA and, with Commissioners Leonard and Young dissenting, decided the date for beginning the 60-day period would be the date of institution, June 26, not the date on which the petition was filed, June 1.

We acknowledge that section 403(a) permits the Commission to conduct preliminary investigations. But the section specifies that the Commission may conduct preliminary investigations "in order to expedite the performance of its functions under this Act." A function of the Commission under section 301(f)(3) of the Act is to report its determination with respect to any firm or group of workers "at the earliest practicable time, but not later than 60 days after the date on which the petition is filed." If a preliminary investigation can in some way expedite the reporting of a determination with respect to a firm or group of workers, then all well and good, it serves its purpose. But if a preliminary investigation permits the Commission to report its determination more than 60 days after the date on which the petition is filed, it has not expedited the performance by the Commission of its functions under the Act. Rather, it has delayed such performance, which is clearly not within the purpose set forth by the statute for the use of the preliminary investigation.

Since the preliminary investigation was used by the Commission here to afford 25 days (from June 1 to June 26) in addition to the 60 days permitted by the statute before making the report of determination, it did not expedite the Commission's function under the Act to report its determination not later than 60 days after the date on which the petition was filed; it delayed such performance by 25 days.

Sixty days after June 1, 1973, the date on which the petition was filed, was July 31, 1973. That is the last date on which the Commission could report its determination and not be in violation of section 301(f)(3). Because a majority of the Commission chose not to honor that section of the statute, but instead chose to report its determination by August 25, 1973, 60 days after the date the preliminary investigation was terminated and the investigation pursuant to section 301(c)(2) was instituted, or 85 days after the date on which the petition was filed--an action we feel is without legal foundation--we have again been prevented from participating in a Commission determination.

In cases where there has been available to us sufficient results of the investigation on which we can base a determination prior to the expiration of the 60-day deadline, we have done so and filed our determination within that time period in the Office of the Secretary of the Tariff Commission. In the instant case, the only information we had on which to base a determination during the 60-day period was the petition, and it did not afford us sufficient evidence on which we could reach a conclusion.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

The great bulk of the output of Young Ones, Inc., Brooklyn, N.Y., which ceased production on February 16, 1973, consisted of women's and misses' footwear with uppers of fabric and soles of polyvinyl chloride (PVC)--the types of footwear generally referred to as canvas footwear or sneakers. The remainder of the output consisted principally of canvas footwear for children; slippers and casual shoes with fabric uppers and PVC soles for women, misses, and children. In recent years, the footwear produced by Young Ones retailed principally from about \$2 to \$3 a pair; the bulk of the output retailed for about \$2 a pair.

The canvas footwear formerly produced by Young Ones consisted primarily of the traditional styles of "sneakers," which are worn for tennis, boating, other recreation activities, calisthenics, and ordinary street wear. The remainder were specialties of sneaker-like construction (sometimes referred to as "skimmers") designed for leisure, street, or beach wear. Canvas specialties are usually lighter in appearance and weight than the traditional styles of sneakers; unlike the sneakers, which are held to the foot by laces, they consist of a wide variety of slip-on styles.

Sneakers are made by the injection-molded process, the compression-molded process, and the conventional method of construction (sometimes referred to as the handmade process). At present the injection-molded and compression-molded processes account for an estimated two-thirds of the total domestic output; the conventional method of construction accounts for the remainder. Nearly all of the footwear produced at the Young Ones plant was made by the injection-molded process. Virtually all of the imported sneakers (TSUS item 700.60) are made by the conventional method.

The injection-molded and compression-molded processes became commercially significant in the early 1960's. In the injection-molded process, an assembled upper is positioned on a foot-like mold of a multiple-station machine; at the proper time a molten charge of PVC is forced into a cavity to simultaneously mold and attach the sole and heel to the upper. In the compression-molded process, rubber compound in the form of blanks, plugs, or crumbs is placed in an electrically heated mold; the shoe upper is attached to a last (the form on which the shoe is made) which fits tightly into the mold block. Under pressure and heat the rubber compound is formed into a sole which adheres to the upper; the curing takes place in the mold, thus eliminating the need for a vulcanizer. In the conventional method of construction, the assembly of the components is largely a hand operation. The shoe upper is pulled over a last and then attached to the insole; the rubber outsole is cemented in place, and then

a narrow strip of rubber is wrapped around the shoe at the sole so that it overlaps the upper. The assembled shoe is then vulcanized.

Most of the domestically produced sneakers made by the injection-molded and compression-molded processes are sold at retail for less than \$3 a pair. Domestically produced sneakers made by the conventional method of construction, which are generally considered to be of better quality than so-called machine-made sneakers, are sold at retail principally from \$4 to \$9 a pair; some are marketed at higher prices. About two-thirds of the domestic output of sneakers is currently sold at retail at \$3 a pair or less; it is estimated that most of the imported sneakers retail in that price range.

If imported, the canvas footwear formerly produced by Young Ones would be dutiable under TSUS item 700.60. The petitioners identify the competitive imports as the canvas footwear imported under that item, as well as the types of footwear imported under items 700.43, 700.45, and 700.55. The various types of footwear admitted under these TSUS items are described briefly in the following paragraphs.

The footwear admitted under TSUS item 700.60 is subject to valuation for duty purposes on the basis of the American selling price (ASP) of the "like or similar" domestic footwear. 1/ If there is no "like or similar" domestic footwear, the imports admitted under TSUS item 700.60 are subject to valuation under the regular valuation provisions of the U.S. tariff schedules.

1/ See following section on tariff treatment.

Nearly all the imports entered under TSUS item 700.60 and valued by the U.S. Customs Service on the ASP basis have consisted of footwear with uppers of fibers (canvas) and soles of rubber or plastics in the traditional styles of sneakers. Specialties of sneaker-like construction have also been included in the imported footwear valued on the ASP basis. Virtually all the imported ASP footwear has been made by the conventional or handmade process.

The women's and misses' imported footwear admitted under item 700.60 for which Customs has found no "like or similar" domestic product has included a large volume of slippers, sandals, and other types of inexpensive casual footwear, as well as some sneakers.

The women's and misses' imported footwear admitted under TSUS item 700.43 consists of sandals, 1/ dress shoes, and casual shoes of leather having a foreign value not over \$2.50 a pair. Produced principally by the cement process, these imports have soles of leather, rubber, or plastics. In 1972 an estimated three-fourths of the women's and misses' imported footwear entered under item 700.43 retailed from about \$3 to \$6 a pair; the remainder retailed from about \$6 to \$8 a pair.

The women's and misses' imported footwear admitted under TSUS item 700.45 consists of leather sandals and dress and other casual shoes having a foreign value over \$2.50 a pair. These imports are constructed

1/ The term "sandals" is used to refer to footwear with uppers consisting wholly or predominately of straps or thongs, regardless of the height of the heel or other constructional features.

principally by the cement process and have soles of leather, rubber, or plastics. In recent years most of the footwear entered under item 700.45 has retailed from about \$8 to \$20 a pair.

TSUS item 700.55 provides for various types of footwear of rubber or plastics. Imports of women's and misses' footwear under this item consist predominately of two categories--zoris and supported vinyl footwear. Women's and misses' zoris (thonged sandals of rubber or plastics) have an average dutiable value of 15 cents a pair. The women's and misses' footwear with uppers of supported vinyl consists predominately of sandals, slippers, and dress and casual shoes that are produced one width to a length for sale at self-service counters in variety stores, so-called discount stores, and department store basements. It is believed that about three-fifths of such footwear was sold at retail for less than \$3 a pair; about a fourth for \$3 to \$6; and the remainder principally for \$6 to \$9.

U.S. Tariff Treatment

Canvas footwear

In the Tariff Act of 1930, canvas footwear was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). The President, acting on the basis of an investigation made by the Tariff Commission under section 336 of that act, increased the duty on such footwear "with soles composed wholly or in chief value of india rubber or substitutes for rubber" by changing the basis for assessing the statutory rate (35 percent ad valorem) from foreign (or export) value to the American selling price (as defined in sec. 402(g) of the 1930 act) of like or similar articles produced in the United States (T.D. 46158, effective March 3, 1933). Pursuant to a concession granted by the United States in the General Agreements of Tariffs and Trade, (GATT) the rate of duty on canvas footwear was reduced to 20 percent ad valorem of the American selling price, effective September 10, 1955.

In the TSUS, canvas footwear is provided for in item 700.60 at the current column 1 rate of 20 percent of the ASP valuation. ^{1/} As previously indicated, imports of rubber or plastic-soled footwear with fabric uppers which Customs finds are not like or similar to domestic

^{1/} In the Commission's report to the Special Representative for Trade Negotiations, Products Subject to Duty on the American Selling Price Basis of Valuation; . . . , investigation No. 332-47, TC Publication 181, 1966, it was estimated that, on the basis of the ASP guidelines adopted in February 1966, the duties assessed on the footwear dutiable in 1965 would have averaged 60 percent of the export values (see footnote 1 on the following page).

articles are also admitted under item 700.60; such footwear is dutiable at 20 percent of the export value in the country or exportation. 1/

Other footwear

As indicated earlier, the petitioners claim that the imported products competing with domestic canvas footwear of the type formerly produced at the Young Ones plant are entered under TSUS items 700.43, 700.45, and 700.55 as well as item 700.60. Accordingly, the U.S. tariff treatment of footwear of the types provided for in items 700.43, 700.45, and 700.55 is discussed in the following paragraphs.

The rate of duty originally applicable under paragraph 1530(e) of the 1930 Tariff Act to leather footwear for women, misses, and children, now included in TSUS items 700.43 and 700.45, was 20 percent ad valorem. 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.

1/ Rubber-solded fabric upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927, 84th Congress (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.

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, which were dutiable under various provisions of the Tariff Act, were 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 cents 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. 2/ The current rate on footwear with supported vinyl uppers is 6 percent ad valorem.

Table 1 in the appendix shows the reductions in rates of duty resulting from trade-agreement concessions granted under GATT for footwear of the types now dutiable under items 700.43, 700.45, 700.55, and 700.60. Tables 2 through 4 show U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

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.

2/ The column 2 rate of duty for item 700.55 is 35 percent.

U.S. Consumption, Production, and Imports

Canvas footwear

Prior to 1965, apparent annual U.S. consumption of canvas footwear increased steadily. In addition to the rise in population, factors that caused the sales boom of canvas shoes in that period were the economy of such shoes, their washable qualities, and the rising demand for shoes designed for sports and leisure-time activities. However, trade sources have reported that since 1965 there has been a noticeable shift from canvas footwear to thong and strap sandals and various styles of nonrubber footwear; this trend has continued into the seventies. According to industry sources, clogs (an open-back scuff, usually with a platform sole) also became fashionable in the late sixties for street wear and leisure activities, contributing to the decline in apparent consumption of canvas footwear. In the last 4 years, however, it has become increasingly popular for girls to purchase boys' and men's sport sneakers.

As shown in the following table, apparent annual U.S. consumption of women's and misses' canvas footwear declined irregularly from 87 million pairs in 1968 to 78 million pairs in 1972. During the period under consideration, domestic production of canvas footwear and imports followed the same downward trend as consumption. U.S. imports supplied 8 percent of the market in 1968-70 and 10 percent in 1971.

Women's and misses' footwear with soles vulcanized to fabric uppers:
U.S. production, imports for consumption, and apparent consumption,
1968-72

Year	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1968-----	77	10	87	8
1969-----	77	7	84	8
1970-----	73	6	79	8
1971-----	80	9	89	10
1972-----	72	6	78	8

1/ Data for 1968 and 1969 are estimated based on data reported by the Bureau of Census, SIC Code No. 3021; data for 1970-72 were reported by the Bureau as for "females."

2/ Data shown are for the ASP footwear dutiable under Tariff Schedules of the United States Annotated item 700.6015; does not include footwear dutiable on the non-ASP basis of valuation (see next section on this report).

3/ Data represents production plus imports without an allowance for exports, which in 1972 amounted to less than 300,000 pairs.

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

During 1967-72, U.S. imports of women's and misses' canvas footwear dutiable under Tariff Schedules of the United States Annotated (TSUSA) item 700.6015 declined from 11.1 million pairs, valued at \$6.7 million, to 6.5 million pairs, valued at \$5.8 million (table 4).

Other footwear

Data are not available on U.S. consumption, production, and imports of women's and misses' leather and vinyl footwear that would retail in the same price range as the footwear produced by Young Ones.

It is believed, however, that only a negligible part of domestic production of such footwear would retail for less than \$3 a pair; a small part would probably retail for less than \$6 a pair.

As stated previously, U.S. imports of women's and misses' footwear admitted under TSUS item 700.43, which have a foreign value of not over \$2.50 a pair, consists principally of leather sandals, dress, and other casual shoes that retail from about \$3 to \$6 a pair. During the period 1968 to 1972 imports of such footwear fluctuated from a high of 37 million pairs in 1970 to a low of 25 million pairs in 1972 (table 2). The decline of imports is attributed both to increased manufacturing costs and change in product mix.

Women's and misses' footwear entered under TSUS item 700.45, which has a foreign value over \$2.50 a pair, consists of leather sandals, dress, and other casual shoes that retail principally from about \$8 to \$20 a pair. Imports of such shoes have increased steadily from 20 million pairs in 1967 to 61 million pairs in 1972 (table 2).

As indicated earlier, TSUS item 700.55 provides for various types of footwear of rubber or plastics. U.S. imports of zoris admitted under item TSUSA item 700.5520 (for men, women and children) declined from 30 million pairs in 1968 to 25 million pairs in 1972 (table 5). Imports of women's and misses' footwear having supported vinyl uppers admitted under item 700.5545 have increased without interruption from 69 million pairs, valued at \$47 million, in 1968 to 90 million pairs, valued at \$105 million, in 1972.

During 1967-72, U.S. imports of women's and misses' footwear, not dutiable on the ASP basis of valuation (item 700.6045), increased from 10.3 million pairs, valued at \$4.1 million (an average dutiable value of \$0.40 a pair), to 16.3 million pairs, valued at \$11.5 million (an average dutiable value of \$0.70 a pair)(table 4).

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 in 1964, 1970, and 1971. It should be noted, however, that there are several difficulties involved in comparing these data. 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. Second, as footnote 1 to the table indicates, published hourly earnings in the various nations differ in composition. Third, total compensation for workers includes varying factors in the six countries.

Hourly earnings of production workers and estimated total compensation per hour worked by them in specified industries related to footwear in 6 countries, 1964, 1970 and 1971

(in U.S. dollars)

Country	Industry	Published average hourly earnings 1/			Estimated compensation per hour worked 2/		
		1964	1970	1971	1964	1970	1971
Brazil-----	Clothing and shoes-----	3/ \$0.23	4/ \$0.28	5/	5/	5/	5/
Italy-----	Shoes 6/-----	.42	.65	\$0.90	\$0.71	\$1.19	\$1.67
Japan-----	Leather products 7/-----	.37	.78	.92	.41	.88	1.03
Spain-----	Shoes, leather, and clothing--	.23	.38	.46	5/	8/ .57	8/ .68
Taiwan-----	Leather and leather products 7/-----	.12	.18	5/	2/ .14	2/ .21	5/
United States---	Footwear, excluding rubber---	1.77	2.43	2.53	2.10	2.96	3.09

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 their available data.

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/ Approximately 15 percent of the workers in the Italian shoe industry are home workers who are paid at a lower wage rate than the factory workers in the industry.

7/ The shoes shipped from Japan and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industries of these two countries. Approximately half of the workers in the Japanese plastic shoe industry are home workers who are paid at a lower rate than the factory workers in that industry. Apparently none of the workers in the Taiwan plastic shoe industry are home workers.

8/ The compensation factor included in this figure is employer social security payments, which range from 0 to 50 percent of payroll.

9/ 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. Compensation figure also includes annual bonuses.

Source: Based on data provided by 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.

Note.--The exchange rates used to convert other currencies into U.S. dollars for 1971 are the average rates exchange during 1971. Part of the increases in wages for Italy and Japan in 1971 is attributable to the change in the rates in 1971.

A-15 through A-27

Data relating to Young Ones, Inc.

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Appendix A
Statistical Tables

Table 1.--U.S. rates of duty applicable to women's and misses' 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 ^{1/}	GATT concessions ^{2/}	
		Rate	Rate	Effective date
		Percent ad val.	Percent ad val.	
	Leather footwear:			
	"Other" (including cement process):			
700.43	Valued not over \$2.50 per pair-----	20	19	Jan. 1-Dec. 31, 1968.
			18	Jan. 1-Dec. 31, 1969.
			17	Jan. 1-Dec. 31, 1970.
			16	Jan. 1-Dec. 31, 1971.
			15	Jan. 1, 1972.
700.45	Valued over \$2.50 per pair-----	20	18	Jan. 1-Dec. 31, 1968.
			16	Jan. 1-Dec. 31, 1969.
			14	Jan. 1-Dec. 31, 1970.
			12	Jan. 1-Dec. 31, 1971.
			10	Jan. 1, 1972.
700.55	Footwear having uppers of supported vinyl.	Princi- pally 20 ^{3/}	12.5 ^{4/} 11 10	Aug. 31, 1963-Dec. 31, 1967. Jan. 1-Dec. 31, 1968. Jan. 1-Dec. 31, 1969.
			8.5	Jan. 1-Dec. 31, 1970.
			7	Jan. 1-Dec. 31, 1971.
			6	Jan. 1, 1972.
700.60	Other footwear with uppers of fabric and soles of rubber or plastics.	35 ^{5/}	20 ^{5/}	Sept. 10, 1955.

^{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/} Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e). The column 2 rate for item 700.55 is 35 percent.

^{4/} The trade-agreement rate established in the TSUS, effective Aug. 31, 1963, under authority of the Tariff Classification Act of 1962 (Public Law 87-456) to replace the wide range of rates previously applicable to the various types of footwear provided for in this TSUS item.

^{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).

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.--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 1955-72 1/

Year	Rate of duty		Quantity	
	700.43	700.45	700.43	700.45
	<u>Percent</u> <u>ad valorem</u>	<u>Percent</u> <u>ad valorem</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>
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-----	19 :	18 :	34 :	20
1969-----	18 :	16 :	29 :	27
1970-----	17 :	14 :	37 :	35
1971-----	16 :	12 :	33 :	44
1972 <u>2/</u> -----	15 :	10 :	25 :	61

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 2 million pairs in 1972.

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

Table 3.--Footwear having supported-vinyl uppers for women and misses (item 700.55): U.S. rates of duty and imports for consumption, 1934, and 1964-72

Year	Rate of duty	Quantity	Value	Unit value
	Percent ad valorem	<u>1,000</u> pairs	<u>1,000</u> dollars	<u>Per</u> <u>pair</u>
1934-----	1/	2/	2/	2/
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
1972-----	6	89,776	104,907	1.22

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 (data for 1964-65 are partially estimated).

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 4.--Women's and misses' footwear having uppers of fabric and soles of rubber or plastics (item 700.60): U.S. rates of duty and imports for consumption, 1965-72

Year	Rate of duty	700.6015 (ASP footwear)			700.6045 (Non-ASP footwear)			Total		
		Quantity : 1,000 pairs	Value : 1,000 dollars	Unit : Per pair	Quantity : 1,000 pairs	Value : 1,000 dollars	Unit : Per pair	Quantity : 1,000 pairs	Value : 1,000 dollars	Unit : Per pair
1965	20	8,223	4,658	\$0.57	8,207	3,227	\$0.39	16,430	7,885	\$0.48
1966	20	7,564	4,479	.59	8,960	3,476	.39	16,524	7,955	.48
1967	20	11,104	6,729	.61	10,323	4,131	.40	21,427	10,860	.51
1968	20	9,967	6,801	.68	11,885	5,401	.45	21,852	12,202	.56
1969	20	7,473	5,999	.80	10,992	5,402	.49	18,465	11,401	.62
1970	20	6,315	4,785	.76	13,006	7,712	.59	19,321	12,497	.65
1971	20	9,358	7,688	.82	14,821	9,328	.63	24,179	17,016	.70
1972	20	6,490	5,786	.89	16,330	11,499	.70	22,820	17,285	.76

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

Table 5.--Footwear: U.S. imports for consumption, by specified TSUS items, 1968-72

TSUS item No.	Abbreviated description	1968	1969	1970	1971	1972
		Quantity (1,000 pairs)				
700.4310	Footwear of leather: Valued not over \$2.50 per pair: Casual footwear: For women-----	19,024	12,015	11,905	8,298	4,189
700.4330	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	255	357	250	135	176
700.4340	Cement footwear: For women-----	11,891	13,532	21,159	20,008	17,685
700.4510	Valued over \$2.50 per pair: Casual footwear: For women-----	1,428	1,922	2,489	3,554	6,348
700.4530	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	104	269	428	289	412
700.4540	Cement footwear: For women-----	16,884	22,734	28,471	37,563	51,250
	Other footwear:					
	With uppers of over 90 percent rubber or plastics:					
700.5520	Zoris-----	29,738	24,772	26,173	22,705	25,423
700.5523	Soft sole footwear-----	1,515	1,717	1,585	1,516	1,645
700.5545	For women and misses-----	68,579	70,777	77,288	86,942	89,776
700.5555	For children and infants-----	6,256	8,111	8,347	8,795	12,216
	Other:					
	Like or similar to U.S. footwear:					
	Oxford height:					
700.6015	For women and misses-----	9,967	7,473	6,315	9,358	6,490
700.6025	For children and infants-----	4,372	3,327	2,720	3,506	3,166
	Not like or similar to U.S. foot- wear:					
	Oxford height:					
700.6045	For women and misses-----	11,885	10,992	13,006	14,821	16,330
700.6055	For children and infants-----	4,849	5,306	4,898	5,517	4,771

TSUSA item No.:	Abbreviated description	1968	1969	1970	1971	1972
		Value (1,000 dollars)				
700.4310	Footwear of leather: Valued not over \$2.50 per pair: Casual footwear: For women-----	27,539	17,749	18,258	13,256	7,084
700.4330	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	416	622	440	280	287
700.4340	Cement footwear: For women-----	19,265	22,144	35,614	34,437	30,153
700.4510	Valued over \$2.50 per pair: Casual footwear: For women-----	5,293	7,899	10,007	13,711	24,701
700.4530	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	561	1,574	2,120	1,335	1,838
700.4540	Cement footwear: For women-----	76,236	112,866	146,161	193,846	262,403
700.5520	Other footwear: With uppers of over 90 percent rubber or plastics: Zoris-----	3,380	3,079	3,247	3,161	3,510
700.5523	Soft sole footwear-----	775	914	1,118	1,097	1,251
700.5545	For women and misses-----	46,603	55,820	73,757	104,196	109,915
700.5555	For children and infants-----	4,086	5,753	6,835	8,058	12,208
700.6015	Other: Like or similar to U.S. footwear: Oxford height: For women and misses-----	6,801	5,999	4,785	7,688	5,786
700.6025	For children and infants-----	2,375	1,923	1,677	2,310	2,688
700.6045	Not like or similar to U.S. foot- wear: Oxford height: For women and misses-----	5,407	5,402	7,712	9,328	11,499
700.6055	For children and infants-----	1,709	2,104	2,124	2,609	2,593

Table 5.--Footwear: U.S. imported consumption, by specified TSUSA items, 1968-72--Continued

TSUSA item No.	Abbreviated description	1968	1969	1970	1971	1972
		Unit value (per pair)				
700.4310	Footwear of leather: Valued not over \$2.50 per pair: Casual footwear: For women-----	\$1.44	\$1.48	\$1.53	\$1.60	\$1.69
700.4330	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	1.63	1.74	1.76	2.08	1.63
700.4340	Cement footwear: For women-----	1.62	1.64	1.68	1.72	1.70
700.4510	Valued over \$2.50 per pair: Casual footwear: For women-----	3.70	4.11	4.02	3.86	3.89
700.4530	Soles vulcanized or simultaneously molded and attached to uppers: For women-----	5.39	5.85	4.95	4.61	4.46
700.4540	Cement footwear: For women-----	4.51	4.96	5.13	5.16	5.12
700.5520	Other footwear: With uppers of over 90 percent rubber or plastics: Zoris-----	.11	.12	.12	.14	.14
700.5523	Soft sole footwear-----	.51	.53	.71	.72	.76
700.5545	For women and misses-----	.67	.79	.95	1.20	1.22
700.5555	For children and infants-----	.65	.71	.82	.92	1.00
700.6015	Other: Like or similar to U.S. footwear: Oxford height: For women and misses-----	.68	.80	.76	.82	.89
700.6025	For children and infants-----	.54	.58	.62	.66	.85
700.6045	Not like or similar to U.S. footwear: Oxford height: For women and misses-----	.45	.49	.59	.63	.70
700.6055	For children and infants-----	.35	.40	.43	.49	.54

