

UNITED STATES TARIFF COMMISSION

FOOTWEAR FOR WOMEN:
WORKERS AND FORMER WORKERS
OF GETTYSBURG SHOE CO. , GETTYSBURG, PA.

Report to the President
on Investigation No. TEA-W-248
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 702
Washington, D. C.
December 1974

UNITED STATES TARIFF COMMISSION

COMMISSIONERS

Catherine Bedell, Chairman
Joseph O. Parker, Vice Chairman
Will E. Leonard, Jr.
George M. Moore
Italo H. Ablondi
Daniel Minchew

Kenneth R. Mason, Secretary to the Commission

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-----	2
Views of Chairman Bedell, Vice Chairman Parker, and Commissioner Ablondi -----	3
View of Commissioner Leonard -----	5
View of Commissioner Minchew -----	6
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment:	
Applicable TSUS items -----	A-4
Rates of duty-----	A-5
U.S. consumption, production, and imports-----	A-8
Prices-----	A-13
U.S. and foreign wage rates -----	A-14
Data relating to Gettysburg Shoe Co.:	
Corporate structure, plant, and equipment -----	* * *
Gettysburg plant -----	* * *
Dillsburg plant -----	* * *
East Berlin plant -----	* * *
Data relating to Dero Industries, Inc-----	* * *
Products and prices -----	* * *
Material and labor costs -----	* * *
Cost of sales-----	* * *
Sales-----	* * *
Distribution-----	* * *
Customers' comments -----	* * *
Comments of a company official-----	* * *
Employment -----	* * *
Comments of former workers of Gettysburg Shoe Co., Dillsburg plant -----	* * *
Appendix A: Statistical tables -----	* * *
Appendix B: Letter to the U.S. Tariff Commission from the president of the Gettysburg Shoe Co-----	* * *
Appendix C: Letter to the U.S. Tariff Commission from a union representative and two former workers of the Gettysburg Shoe Co.-----	* * *

Appendix Tables

1. U.S. rates of duty applicable to women's and misses' foot- wear of the types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972---	A-44
---	------

CONTENTS

	<u>Page</u>
2. Women's and misses' leather footwear made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, specified years 1939 to 1973, January-June 1973, and January-June 1974-----	A-45
3. Women's and misses' leather footwear made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, specified years 1939 to 1973, January-June 1973, and January-June 1974-----	A-46
4. Women's and misses' footwear with supported-vinyl uppers (TSUS item 700.55): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974 -----	A-47
5. Nonrubber footwear for women: U.S. imports, by selected <u>TSUSA</u> items 1968-73-----	A-48

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,
November 26, 1974.

To the President:

In accordance with section 301 of the Trade Expansion Act of 1962 (TEA) (19 U.S.C. 1901), the U.S. Tariff Commission herein reports the results of investigation No. TEA-W-248 made under section 301(c)(2) of the act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women (of the types provided for in items 700.45 and 700.55 of the Tariff Schedules of the United States (TSUS)) produced by Gettysburg Shoe Co., Gettysburg, Pa., a wholly owned subsidiary of Dero Industries, Inc., New York, N.Y., are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

The investigation was instituted on October 1, 1974, on the basis of a petition for adjustment assistance, received on September 27, 1974, filed under section 301(a)(2) of the TEA on behalf of the workers and former workers of the Gettysburg, Pa., Dillsburg, Pa., and East Berlin, Pa. plants of the Gettysburg Shoe Co.

Notice of the investigation was published in the Federal Register (39 F.R. 36075) on October 7, 1974. No public hearing was requested, and none was held.

In the course of its investigation, the Commission obtained information from officials, customers, and former workers of Gettysburg Shoe Co., the Securities and Exchange Commission, official Government statistics, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission unanimously finds that articles like or directly competitive with footwear for women and misses (of the types provided for in items 700.45 and 700.55 of the Tariff Schedules of the United States (TSUS)) produced by Gettysburg Shoe Co., Gettysburg, Pa., a wholly owned subsidiary of Dero Industries, Inc., New York, 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, the unemployment or underemployment of a significant number or proportion of the workers of the firm or appropriate subdivision thereof.

Views of Chairman Bedell, Vice Chairman Parker,
and Commissioner Ablondi 1/

This statement sets forth the reasons for our negative determination in the instant investigation under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA). The investigation was instituted on the basis of a petition filed on behalf of the workers and former workers of the Gettysburg, Pa., Dillsburg, Pa., and East Berlin, Pa., plants of the Gettysburg Shoe Co., Gettysburg, Pa., a wholly owned subsidiary of Dero Industries, Inc., New York, N. Y.

In an earlier investigation with respect to the Gettysburg Shoe Co., 2/ completed October 4, 1974, the Commission found that the evidence adduced did not show that the firm's financial difficulties resulted from concession-generated imports or that such imports were the major factor causing serious injury to the firm.

In the instant case we have considered all the evidence available from the prior investigation and that obtained in this investigation. The evidence does not show that the major factor causing the unemployment or underemployment of the petitioning workers was increased imports resulting from trade-agreement concessions.

We have, therefore, concluded that articles like or directly competitive with those produced by the workers and former workers of the Gettysburg Shoe Co., are not, as a result in major part of concessions generated under trade agreements, being imported into

1/ Commissioner Moore concurs in the result.

2/ Footwear for Women: Gettysburg Shoe Co., Gettysburg, Pa. . . ., Report to the President on Investigation No. TEA-F-65 . . . , TC Publication 693, 1974.

the United States in such increased quantities as to cause or threaten to cause the unemployment or underemployment of a significant number of the workers or former workers of such firm.

View of Commissioner Leonard

My determination in the instant case is negative because one of the statutory criteria has not been met, i.e., that the increase in imports of footwear like or directly competitive with that produced by Gettysburg Shoe Co., Inc., Gettysburg, Pa., a wholly owned subsidiary of Dero Industries, Inc., New York, N.Y., is the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in a statement of my views in an earlier Commission investigation under the Trade Expansion Act. 1/

1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18. . . , TC Publication 359, 1971, pp. 31-47.

View of Commissioner Minchew

In response to the petition filed on behalf of the workers and former workers of the Gettysburg, Pa., Dillsburg, Pa., and East Berlin, Pa., plants of the Gettysburg Shoe Co., Gettysburg, Pa., a wholly owned subsidiary of Dero Industries, Inc., New York, N. Y., for a determination of their eligibility to apply for adjustment assistance under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA), I have concluded that the statutory requirements set forth in section 301(c) of that act are not met and, accordingly, I have made a negative determination.

The TEA sections 301(c)(2) and (3) state that--

(2) In the case of a petition by a group of workers for a determination of eligibility to apply for adjustment assistance under Chapter 3, the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is 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 subdivision.

(3) For purposes of paragraph . . . (2), increased imports shall be considered to cause, or threaten to cause, serious injury to a firm or unemployment or underemployment, as the case may be, when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury or unemployment or underemployment.

I have concluded that factors other than increased imports of competitive footwear have been the major factor in causing unemployment or underemployment. 1/

1/ In my opinion, management practices of the parent firm, Dero Industries, Inc., as applied to Gettysburg Shoe Co. appear to be the major factor in causing the unemployment and the underemployment.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Gettysburg Shoe Co., of Gettysburg, Pa., currently operates two factories. One, in Gettysburg, produces women's and misses' fashion dress and casual shoes; the other, in East Berlin, Pa., warehouses raw materials and produces component parts for shoes completed in the Gettysburg plant. An additional factory, situated in Dillsburg, Pa., which produced women's and misses' dress and casual shoes, was closed on February 16, 1974. Footwear produced by Gettysburg Shoe retails in the range of \$8 to \$14 a pair; it is made with uppers of supported vinyl, urethane, or leather, and with composition soles of vinyl, urethane, or Kraton. ^{1/} The shoes are made in a wide variety of up-to-date styles with various types and heights of heels. They are constructed by the cement process, in which the outsole is affixed to the upper by an adhesive without sewing.

The principal features of women's and misses' shoes that determine the occasion or activity for which a particular pair is suitable--and thus the trade designations such as "dress" or "casual"--are the cut of the uppers, the style and height of the heels, the material used for the uppers, the kind of ornamentation, and the material and construction of the 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

^{1/} Kraton is a brand name for certain thermoplastics sold by the Shell Chemical Corp.

the headnotes (including the statistical headnotes) to part 1, subpart A of schedule 7 of the Tariff Schedules of the United States Annotated (TSUSA).

Women's and misses' footwear for casual wear, not considered dress shoes, includes certain sandals, espadrilles, indoor-outdoor slippers, clogs, oxfords, desert boots, moccasins, and sneakers. Women today wear shoes suitable to their lifestyles, and with footwear becoming the most important accessory to fashion, footwear styles change rapidly. As changes have occurred in dress lengths and as trousers and other casual attire have become increasingly acceptable for almost every occasion, the distinction between dress and casual shoes has diminished. In the 1970's, footwear styles with 1-inch soles and even higher platforms became popular. A variety of materials--crepe (plantation), "marshmallow" (pliable synthetic), leather combinations, and various plastics--were used to make soles, concealed platforms, and wedges. Some bottom assemblies were even colored, painted, or sculptured. During 1970-72, such platform styles dominated most women's footwear. Although in 1973, platforms became less extreme, their importance has continued into 1974, and bottoms have continued to be a key interest in shoe design.

It is estimated that about half of the women's nonrubber shoes produced in the United States in 1973 had leather uppers, compared with nearly seven-tenths in 1970. The American Footwear Industries Association (AFIA) indicates that, owing to the recent shortage of

hides and the consequent increases in prices of leather, prices of women's leather footwear have risen steadily. The president of the AFIA has further indicated that, as the prices of leather footwear increased, shoes made from sophisticated manmade materials--polyurethane, polymeric, and nylon velvets--gained a larger percentage of the U.S. market. Footwear of manmade materials lends itself not only to the multihued new platform styles favored by young people, but also to the more conservative styles. The following AFIA data illustrate the changes in the shares of the nonrubber footwear market supplied by leather and by manmade materials.

Percentages of total U.S. output of nonrubber footwear accounted for by leather and by manmade materials, specified years 1950 to 1975

Year	Leather	Manmade materials
1950-----	85	15
1960-----	76	24
1972-----	60	40
1973-----	54	46
1975 <u>1/</u> -----	50	50

1/ Estimated.

Source: Compiled from data supplied by the American Footwear Industries Association.

Industry sources, however, report that, owing to recent and possibly worsening shortages of petrochemically derived materials, a reversal is possible in the trend indicated above.

U. S. Tariff Treatment

Applicable TSUS items

The great bulk of women's and misses' imported 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 items 700.43 and 700.45--which provide for leather footwear having a foreign (export) value of not over \$2.50 a pair and over \$2.50 a pair, respectively--consist predominantly of women's footwear in a wide range of styles, types, and prices. In terms of quantity, a substantial part of the combined imports under these two items in recent years have consisted of women's sandals for both casual and dress wear. The remainder have probably consisted predominantly of women's moderate-priced cement-process dress and casual shoes (i. e., in the retail price range of \$8 to \$20 a pair). Women's imported 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; however, the imports of turned footwear under item 700.20 have been small.

Women's and misses' imported footwear with supported-vinyl uppers--the type of footwear which accounts for the bulk of output by Gettysburg Shoe Co.--dutiable under TSUS item 700.55, has in recent years consisted predominantly of two groups: (1) street shoes of sturdy construction, produced in a single width for each

particular length, for sale at self-service counters in variety stores, discount stores, and department-store basements, and (2) folding slippers, sandals, and other inexpensive footwear. It is believed that before 1970 only a negligible portion of the annual imports of women's dress shoes admitted under item 700.55 retailed at more than \$10 a pair; in the period 1971 through 1973, the annual imports of such footwear retailing at more than \$10 a pair (mostly just over that price) probably accounted for less than 10 percent of the total imports.

Rates of duty

In the Tariff Act of 1930, women's leather footwear of cement-process construction 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, under 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 sixth (Kennedy) round of trade negotiations under the General Agreement on Tariffs and Trade (GATT). 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 leather turn or turned footwear (now provided for under TSUS item 700.20) was first reduced on January 1, 1932, from 20 percent ad valorem to 10 percent, pursuant to section 336 of the Tariff Act of 1930. The 10-percent rate, which was bound against increase in a concession granted to Switzerland, effective February 15, 1936, was reduced

to 5 percent pursuant to a concession, effective May 30, 1950, granted under the 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 and misses' 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, reflecting the final stage, effective January 1, 1972, of a five-stage concession granted in the Kennedy Round.

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 under par. 1530(e) at a rate of 20 percent ad valorem.

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

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, and 700.55. Tables 2 through 5 show U. S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. Consumption, Production, and Imports

During the period 1965-73, apparent annual U.S. consumption of all women's and misses' nonrubber footwear (including dress and casual) rose from an estimated 386 million pairs in 1965 to a peak of 455 million pairs in 1968 and then declined to 402 million pairs in 1973. In January-June 1974, consumption amounted to only 208 million pairs, compared with 231 million pairs in the corresponding period of 1973. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to 190 million pairs in 1973. The decline continued into 1974, when production amounted to 98 million pairs in January-June, compared with 104 million pairs in January-June 1973. Annual imports tripled during the period 1965-73, and their share of the market increased without interruption from 17 percent to 53 percent. However, as shown in the following table, imports declined from 127 million pairs during January-June 1973 to 110 million pairs in the corresponding period of 1974--or by 14 percent. Italy and Spain have been the principal suppliers of women's and misses' dress and casual leather footwear; the Republic of China (Taiwan) has been the principal supplier of such footwear made with vinyl uppers.

Nonrubber footwear for women and misses: U.S. production, imports for consumption, and apparent consumption, 1965-73, January-June 1973, and January-June 1974

Period	Production <u>1/</u>	Imports <u>1/</u>	Apparent consumption <u>3/</u>	Ratio of imports to 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
1972-----	223	198	421	47
1973-----	190	212	402	53
January-June--				
1973-----	104	127	231	55
1974-----	98	110	208	53

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. 1, subpt. A, of schedule 7 of the TSUSA 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 1973 amounted to about 1 million pairs.

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

Data on U.S. consumption of women's and misses' dress shoes are not separately reported in official statistics. It is estimated, however, that during 1965-73 apparent annual U.S. consumption (production plus imports) of such footwear moved irregularly, rising from about 204 million pairs in 1965 to about 231 million in 1968 but declining to 180 million in 1973. The decline continued into 1974, when

apparent consumption totaled 90 million pairs during January-June, compared with 101 million pairs for the corresponding period of the previous year. Estimated domestic production of women's and misses' dress shoes during this period reached a peak of about 210 million pairs in 1968 and then declined to 127 million pairs in 1973. During January-June 1974, production was lower by 5 million pairs (65 million) than for the corresponding period of 1973. Estimated imports rose from 4 million pairs in 1965 to 53 million pairs in 1973, but dropped to 25 million pairs in January-June 1974, compared with 31 million pairs in January-June 1973. The share of apparent annual U.S. consumption of women's and misses' dress shoes supplied by imports increased from 2 percent in 1965 to 29 percent in 1973; it was 31 percent in January-June 1973, but dropped to 28 percent in the corresponding period of 1974, as shown in the following table.

Dress shoes for women and misses: Estimated U.S. production, imports for consumption, and apparent consumption, 1965-73, January-June 1973, and January-June 1974

Period	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to consumption
	Million pairs	Million pairs	Million pairs	Percent
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
1972-----	150	50	200	25
1973-----	127	53	180	29
January-June--				
1973-----	70	31	101	31
1974-----	65	25	90	28

1/ Dress shoes are believed to account for about 2/3 of the total annual output of nonrubber footwear for women and misses.

2/ Dress shoes are estimated to have accounted for about 1/4 of the total annual imports of women's and misses' footwear in recent years.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1973 accounted for less than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission, based on official statistics of the U.S. Department of Commerce.

Estimates of U.S. production, imports, and apparent consumption of women's and misses' casual footwear are shown in the following table. During the period 1965-73, while domestic production was on a downward trend and imports more than doubled, estimated apparent consumption fluctuated from 180 million pairs in 1966 to 224 million pairs in both 1968 and 1970 and amounted to 222 million in 1973. It is estimated that the import share of domestic consumption increased from 35 percent in 1965 and 1966 to 72 percent

in 1973. While estimated production fell by less than 3 percent, from 34 million pairs in January-June 1973 to 33 million in January-June 1974, imports fell by more than 11 percent, from 96 million pairs in January-June 1973 to 85 million in the corresponding period of 1974. The share of consumption supplied by imports during January-June 1974 declined to the 1973 level (72 percent) from the share of 74 percent in January-June 1973.

Women's and misses' casual footwear: Estimated production, imports for consumption, and apparent consumption, 1965-73, January-June 1973, and January-June 1974

Period	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
1965-----	119	63	182	35
1966-----	117	63	180	35
1967-----	102	83	187	45
1968-----	112	112	224	50
1969-----	94	111	205	54
1970-----	95	129	224	58
1971-----	81	137	218	63
1972-----	73	148	221	67
1973-----	63	159	222	72
January-June--				
1973-----	34	96	130	74
1974-----	33	85	118	72

1/ Casual shoes are believed to account for about 1/3 of the total annual output of nonrubber footwear for women and misses.

2/ Casual shoes are estimated to have accounted for about 3/4 of the total annual imports of women's and misses' footwear in recent years.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1973 amounted to less than 1 million pairs.

Source: Estimated by the U.S. Tariff Commission from official statistics of the U.S. Department of Commerce.

Prices

As indicated earlier in this report, the women's and misses' shoes produced by Gettysburg Shoe Co. retailed in the range of \$8 to \$14 a pair. As shown in the table below, about 32 percent of domestic production of women's and misses' nonrubber footwear in 1972 was sold at estimated retail selling prices ranging from \$8 to \$14 a pair.

Women's and misses' nonrubber footwear: Percentage distribution of domestic production, by retail-selling-price brackets, 1972 and 1968

Estimated retail selling price	1972	1968
\$2.00 or less-----	-	19.2
\$2.01 to \$4.00-----	0.9	
\$4.01 to \$6.00-----	5.6	
\$6.01 to \$8.00-----	19.9	48.7
\$8.01 to \$10.00-----	16.1	
\$10.01 to \$12.00-----	11.0	
\$12.01 to \$14.00-----	4.5	29.3
\$14.01 to \$16.00-----	7.4	
\$16.01 to \$18.00-----	6.6	
\$18.01 to \$20.00-----	13.3	2.8
\$20.01 to \$24.00-----	11.0	
\$24.01 to \$28.00-----	2.0	
\$28.01 to \$32.00-----	1.2	100.0
\$32.01 to \$36.00-----	.3	
\$36.01 to \$40.00-----	.1	
\$40.01 or more-----	.1	100.0
Total-----	100.0	100.0

Source: U.S. Bureau of the Census, Footwear Production by Manufacturer's Selling Price, 1972.

Data with respect to the estimated retail price of the imported footwear are shown in the table below.

Women's and misses' nonrubber footwear: Percentage distribution of imported footwear, by estimated retail-selling-price brackets, 1972

Estimated retail selling price	: Percent : of : total
\$3.00 or less-----	33
\$3.01 to \$6.00-----	23
\$6.01 to \$10.00-----	13
\$10.01 to \$16.00-----	18
\$16.01 to \$22.00-----	8
\$22.01 to \$28.00-----	3
\$28.01 or more-----	2
Total-----	100

Source: Estimated by the U.S. Tariff Commission on the basis of imports entered under TSUSA items 700.4310, 700.4340, 700.4540, and 700.5545 in 1972. Such imports accounted for about 82 percent of the total imports of footwear for women and misses in that year.

U. S. and Foreign Wage Rates

The table on the following page shows the average hourly earnings and the estimated compensation per hour received by shoe workers in eight countries in 1970, 1971, and 1972. While of some use in comparing the labor costs of the shoe industries in the various countries listed, the table has several shortcomings that make such comparisons inexact. First, in only the United States, Italy, and Hong Kong is the industry definition limited exclusively to footwear. In other countries the industry classifications are more encompassing. Second, as footnote 1 to the table indicates, published hourly earnings in the various countries differ in composition. Third, total compensation for workers includes varying factors in the eight countries.

Hourly earnings of production workers and estimated total compensation per hour worked
in specified industries related to footwear in 8 countries, 1970-72

(In U.S. dollars)

Country	Industry	Published average hourly earnings ^{1/}			Estimated compensation per hour worked ^{2/}		
		1970	1971	1972	1970	1971	1972
Brazil-----	Clothing and footwear-----	^{3/} \$0.28	^{4/}	^{4/}	^{4/}	^{4/}	^{4/}
Hong Kong-----	Rubber footwear-----	^{5/} \$0.30	^{5/} \$0.35	\$0.41	^{5/} \$0.32	^{5/} \$0.37	^{4/} \$0.44
Italy-----	Footwear ^{6/} -----	.60	.80	.93	1.09	1.42	1.62
Japan-----	Rubber products, including plastic footwear. ^{7/}	.88	1.08	1.49	1.00	1.23	1.69
Korea-----	Rubber and plastic products ^{7/} ^{8/} -----	.18	.18	.18	.22	.22	.22
Spain-----	Clothing and footwear ^{8/} -----	.38	.43	.53	^{9/} .55	^{9/} .62	^{9/} .76
Taiwan-----	Rubber and plastic products ^{7/} -----	^{4/}	^{4/}	^{10/} .19	^{4/}	^{4/}	^{10/} .23
United States-----	Footwear, excluding rubber-----	2.43	2.53	2.63	2.95	3.09	3.24
	Rubber footwear-----	2.70	2.78	2.88	3.48	3.61	3.77

^{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 percentage of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor costs or labor compensation surveys adjusted to the listed years on the basis of other available data.

^{3/} Average for 1969; monthly earnings of 211.60 cruzeiros converted to an hourly basis by assuming 195 hours of work per month.

^{4/} Not available.

^{5/} Daily earnings converted to an hourly basis by assuming 9 hours of work per day. The compensation figures include pay for time not worked, bonuses, and the value of pay in kind, but not overtime pay or employer contributions to social insurance funds.

^{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 Hong Kong, Japan, Korea, and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industry, except for Hong Kong. Approximately half of the workers in the Japanese plastics shoe industry are home workers, who are paid at a lower rate than the factory workers in that industry.

^{8/} Including salaried employees.

^{9/} The compensation factor included in this figure is employer social security payments, which range from 40 to 50 percent of payroll.

^{10/} July-December 1972. 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 figures also include annual bonuses and employer contributions to national insurance.

Source: Based on data provided by the U.S. Bureau of Labor Statistics from the following: Brazil--Year Book of Labour Statistics, 1973, International Labour Office, Geneva; Hong Kong--Annual Departmental Report, 1970-73, Commissioner of Labour, Hong Kong; Italy--Rassegna di Statistiche del Lavoro, various issues, Confederazione General dell'Industria Italiana, Rome; Japan--Year Book of Labour Statistics, various issues, Ministry of Labour, Tokyo; Korea--Monthly Statistics of Korea, various issues, Economic Planning Board, Seoul; Spain--Year Book of Labour Statistics, 1973, International Labour Office, Geneva; and Taiwan--Monthly Bulletin of Labor Statistics, November 1973, Directorate-General of Budget, Accounting, and Statistics, Taipei. Conversion from the currencies of the foreign countries in the table to U.S. dollars was made on the basis of average daily exchange rates for the year as reported by the Federal Reserve Bulletin.

A-16 through A-42

* * * * *

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 concession ^{2/}
		Rate	Effective date
		Percent ad val.	Percent ad val.
	Leather footwear:		
700.20	Turn or turned-----	10 ^{3/}	5 : May 30, 1950-Dec. 31, 1967. 4 : Jan. 1, 1968-Dec. 31, 1969. 3 : Jan. 1, 1970-Dec. 31, 1971. 2.5 : Jan. 1, 1972.
	"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 ^{4/}	^{5/} 12.5 : Aug. 31, 1963-Dec. 31, 1967. 11 : Jan. 1-Dec. 31, 1968. 10 : Jan. 1-Dec. 31, 1969. 8.5 : Jan. 1-Dec. 31, 1970. 7 : Jan. 1-Dec. 31, 1971. 6 : 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 that became 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/} 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 col. 2 rate for item 700.55 is 35 percent.

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

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. On July 8, 1974, the U.S. Customs Court held that Presidential Proclamation 4074 was invalid (Yoshida International, Inc. v. United States, Customs Decisions 4550). This ruling has been appealed to the U.S. Court of Customs and Patent Appeals.

Table 2.--Women's and misses' leather footwear made by the turn or turned process (item 700.20): U.S. rates of duty and imports for consumption, specified years 1939 to 1973, January-June 1973, and January-June 1974

Period	Rate of duty		Quantity
	Percent ad valorem	:	<u>1,000</u> pairs
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
1972-----	2.5	:	1,589
1973-----	2.5	:	1,178
January-June--		:	
1973-----	2.5	:	622
1974-----	2.5	:	277

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 3.--Women's and misses' leather footwear made principally by the cement process (items 700.43 and 700.45): U.S. rates of duty and imports for consumption, specified years 1939 to 1973, January-June 1973, and January-June 1974

Period	Rate of duty <u>1/</u>		Imports	
	Item	Item	Item	Item
	700.43	700.45	700.43	700.45
	Percent	Percent	Million	Million
	<u>ad valorem</u>	<u>ad valorem</u>	<u>pairs</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-----	15	10	25	61
1973 <u>2/</u> -----	15	10	17	69
January-June--				
1973-----	15	10	13	41
1974-----	15	10	7	33

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 about 2 million pairs in 1973.

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

Table 4.--Women's and misses' footwear with supported-vinyl uppers (TSUS item 700.55): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
	Percent ad valorem	<u>1,000</u> Pairs	<u>1,000</u> dollars	<u>Per</u> Pair
1966-----	12.5	33,239	17,024	\$0.51
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	109,915	1.22
1973-----	6	96,942	136,036	1.40
January-June--				
1973-----	6	54,317	63,856	1.18
1974-----	6	48,057	80,237	1.67

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

Table 5.--Nonrubber footwear for women: U.S. imports,
by selected TSUSA items, 1968-73

TSUSA item No.	Description	1968	1969	1970	1971	1972	1973
		Quantity (1,000 pairs)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
700.4310	Casual footwear:						
	For women-----	19,024	12,015	11,905	8,298	4,189	2,339
700.4340	Cement footwear:						
	For women-----	11,891	13,532	21,159	20,008	17,685	11,679
	Valued over \$2.50 per						
	pair:						
700.4510	Casual footwear:						
	For women-----	1,428	1,922	2,489	3,554	6,348	6,651
700.4540	Cement footwear:						
	For women-----	16,884	22,734	28,471	37,563	51,250	56,991
700.5545	Supported-vinyl uppers:						
	For women and misses---	68,579	70,777	77,288	86,942	89,776	96,942
	Total-----	117,806	120,980	141,312	156,365	169,248	174,602
		Value (1,000 dollars)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
700.4310	Casual footwear:						
	For women-----	27,539	17,749	18,238	13,256	7,084	4,043
700.4340	Cement footwear:						
	For women-----	19,265	22,144	35,614	34,437	30,153	20,778
	Valued over \$2.50 per						
	pair:						
700.4510	Casual footwear:						
	For women-----	5,293	7,899	10,007	13,711	24,701	28,292
700.4540	Cement footwear:						
	For women-----	76,236	112,866	146,162	193,846	262,403	304,376
700.5545	Supported vinyl uppers:						
	For women and misses---	46,603	55,820	73,757	104,196	109,907	136,036
	Total-----	174,936	216,478	283,778	359,446	434,248	493,525
		Unit value (per pair)					
	Footwear of leather:						
	Valued not over \$2.50						
	per pair:						
700.4310	Casual footwear:						
	For women-----	\$1.45	\$1.48	\$1.53	\$1.60	\$1.69	\$1.73
700.4340	Cement footwear:						
	For women-----	1.62	1.64	1.68	1.72	1.70	1.78
	Valued over \$2.50 per						
	pair:						
700.4510	Casual footwear:						
	For women-----	3.71	4.11	4.02	3.86	3.89	4.25
700.4540	Cement footwear:						
	For women-----	4.52	4.96	5.13	5.16	5.12	5.34
700.5545	Supported-vinyl uppers:						
	For women and misses---	.68	.79	.95	1.20	1.22	1.40
	Average-----	1.48	1.79	2.01	2.30	2.57	2.83

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

A-49 through A-55

*

*

*

*

*

*

*

