

UNITED STATES TARIFF COMMISSION

**WOMEN'S, YOUTHS', BOYS', AND CHILDREN'S FOOTWEAR
WORKERS OF --**

Ornsteen Shoe Co., Inc., Haverhill, Mass.
Kleven Shoe Sales Co., Inc., North Brookfield, Mass.
Gamins, Inc., Wilkes-Barre, Pa.
Andrew Geller, Inc., Brooklyn, N. Y.
Sinclair Shoe Co., Haverhill, Mass.
International Shoe Co., Jefferson City, Mo.

Report to the President on
Worker Investigations Nos. TEA-W-71 through TEA-W-76
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 378
Washington, D. C.
March 1971

UNITED STATES TARIFF COMMISSION

Glenn W. Sutton

Bruce E. Clubb

Will E. Leonard, Jr.

George M. Moore

J. Banks Young

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 |
| Findings of the Commission----- | 2 |
| Views of Commissioners Sutton and Leonard----- | 3 |
| Views of Commissioners Clubb and Moore----- | 4 |
| Information obtained in the investigation: | |
| Introduction----- | A-1 |
| Women's dress shoes----- | A-3 |
| Description of articles----- | A-3 |
| Pertinent TSUS items----- | A-5 |
| U.S. tariff treatment----- | A-8 |
| U.S. consumption, production, and imports----- | A-9 |
| Youths', boys', and children's dress shoes----- | A-12 |
| Description of articles----- | A-12 |
| Pertinent TSUS items----- | A-13 |
| U.S. tariff treatment----- | A-13 |
| U.S. consumption, production, and imports----- | A-14 |
| Data relating to individual plants: | |
| * * * * * * * | |
| Statistical appendix----- | A-41 |

Appendix Tables

| | |
|--|------|
| 1.--Investigation number, name, location, and date of closing of the plants where petitioning workers were formerly employed, type of footwear produced, and retail price range----- | A-42 |
| 2.--U.S. rates of duty applicable to nonrubber footwear of types provided for in specified TSUS items, July 1, 1934, and GATT concessions----- | A-43 |
| 3.--Nonrubber footwear: U.S. rates of duty and imports for consumption, by specified TSUS items, 1965-70----- | A-44 |

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

REPORT TO THE PRESIDENT

U.S. Tariff Commission
March 29, 1971

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act of 1962 (76 Stat. 385), the U.S. Tariff Commission herein reports the results of investigations, made under section 301(c)(2) of the Act, in response to petitions filed by six groups of workers.

On January 28, 1971, Mr. George O. Fecteau, general president of the United Shoe Workers of America, AFL-CIO, CLC, filed petitions for determination of eligibility to apply for adjustment assistance on behalf of workers formerly employed by six footwear firms.

On February 8, 1971, the Commission instituted investigations 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 certain nonrubber footwear produced by the respective firms 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 these firms, which are listed below:

| | |
|----------|--|
| TEA-W-71 | Ornsteen Shoe Co., Inc., Haverhill, Mass. |
| TEA-W-72 | Kleven Shoe Sales Co., Inc., North Brookfield, Mass. |
| TEA-W-73 | Gamins, Inc., Wilkes-Barre, Pa. |
| TEA-W-74 | Andrew Geller, Inc., Brooklyn, N.Y. |
| TEA-W-75 | Sinclair Shoe Co., Haverhill, Mass. |
| TEA-W-76 | International Shoe Co., Jefferson City, Mo. |

Public notice of the receipt of the petitions and of the institution of the investigations was given by publication in the Federal Register of February 12, 1971 (36 F.R. 2948). No hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, from the officials of the individual firms, and from the Commission's files.

Findings of the Commission 1/

On the basis of its investigations, the Commission finds unanimously that articles like or directly competitive with the footwear produced by Gamins, Inc., Wilkes-Barre, Pa., Andrew Geller, Inc., Brooklyn, N.Y., and International Shoe Co., Jefferson City, Mo., 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 plants.

With respect to whether articles like or directly competitive with the footwear produced by Ornsteen Shoe Co., Inc., Haverhill, Mass., Kleven Shoe Sales Co., Inc., North Brookfield, Mass., and Sinclair Shoe Co., Haverhill, Mass., 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, unemployment or underemployment of a significant number or proportion of the workers of such plants, the Commission, being equally divided, 2/ makes no finding.

1/ Commissioner Young did not participate in decisions.

2/ Commissioners Sutton and Leonard voted in the negative and Commissioners Clubb and Moore voted in the affirmative.

Views of Commissioners Sutton and Leonard

Our determination in each of the instant cases is negative because the increase in imports of any footwear like or directly competitive with that formerly produced in the six plants involved in these investigations 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 separate statements of our views in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

1/ Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . . , TC Publication 359, 1971, pp. 25-47.

Views of Commissioners Clubb and Moore

In this investigation we are concerned with petitions filed on behalf of workers formerly employed in six plants producing nonrubber footwear. Five of the plants produced women's dress shoes, while the sixth produced youths', boys', and children's shoes. Of the five plants producing women's dress shoes, three produced shoes mostly with uppers of leather, and two produced shoes mostly with uppers of vinyl; all were made by the cement process. The youth's, boys', and children's shoes produced at the one plant had uppers of leather, and were made principally by the injection-molded process.

As we have stated previously, under section 301(c)(2) of the Trade Expansion Act, four requirements must be met for the Commission to make an affirmative determination:

- (1) Imports must be increasing;
- (2) The increase in imports must be a result in major part of concessions granted under trade agreements;
- (3) The workers concerned must be unemployed or underemployed, or threatened with unemployment or underemployment; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor causing or threatening to cause the unemployment or underemployment.

We believe that each of these requirements has been met with respect to the petitions of the workers formerly employed at three of the six plants, and with respect to those three petitions we have made affirmative determinations. We have concluded that all of the requirements have not been met with respect to the petitions covering the remaining three plants.

Affirmative determinations

We have made affirmative determinations with respect to the following petitions:

| <u>Investigation No.</u> | <u>Name and location</u> |
|--------------------------|---|
| TEA-W-71 | Ornsteen Shoe Co., Inc., Haverhill, Mass. |
| TEA-W-72 | Kleven Shoe Sales Co., Inc., North Brookfield, Mass. |
| TEA-W-75 | Sinclair Shoe Co., Haverhill, Mass. |

Increased imports in major part a result of trade-agreement concessions.--The workers formerly employed at the Ornsteen Shoe plant produced women's vinyl dress shoes that retailed from \$9 to \$10 per pair; those at the Kleven Shoe plant produced women's leather dress shoes that retailed from \$14 to \$20 per pair; and workers formerly employed at the Sinclair Shoe plant produced women's vinyl dress shoes that were sold in a retail range of \$6 to \$7 per pair. In earlier investigations involving women's dress shoes of similar construction and retail price range, we concluded that, within the meaning of the statute, imports of like or directly competitive footwear had increased and the increased imports were in major part a result of trade-agreement concessions. For the reasons set forth in those

investigations, 1/ we reach a similar conclusion here. Thus, with respect to the Ornsteen, Kleven, and Sinclair plants, the first two requirements for an affirmative finding have been met.

Unemployment or underemployment.--The third statutory requirement is that a "significant number or proportion of the workers" involved must be unemployed or underemployed or threatened therewith. The three plants concerned here ceased the production of shoes and laid off all their workers. Thus the third requirement for an affirmative finding has been met.

Major factor.--The final requirement for an affirmative determination is that the increased imports must be the major factor causing the unemployment or the underemployment of the employees concerned. As we have stated previously, U.S. imports of footwear in recent years have increased greatly, both in absolute volume and in relation to U.S. consumption. Imports of women's dress and casual shoes increased from about 67 million pairs in 1965 to 165 million pairs in 1970. During this period, such imports increased their share of the market from 17 percent to 40 percent. With respect to women's dress shoes alone, imports supplied nearly 20 percent of domestic consumption in 1970, compared with 2 percent in 1965. As a result of the marked degree of market penetration achieved by the competing imported footwear, the employment afforded workers at U.S. footwear plants has been

1/ Women's and Misses' Dress Shoes with Leather, Vinyl, or Fabric Uppers. . . TC Publication 323, June 1970, at 11-14; and Women's and Misses' Footwear . . . TC Publication 361, February 1971, at 6-7.

substantially affected. We have concluded that, but for the increased imports, the unemployment of the workers involved in the three plants concerned would not have occurred. The fourth requirement thus has been met.

Conclusion.--We find that the petitioning workers at the Ornsteen, Kleven, and Sinclair plants have met the statutory criteria, and accordingly, we have made an affirmative determination in these cases.

Negative determinations

We have made negative determinations with respect to the following petitions:

| <u>Investigation No.</u> | <u>Name and location</u> |
|--------------------------|---|
| TEA-W-73 | Gamins, Inc., Wilkes-Barre, Pa. |
| TEA-W-74 | Andrew Geller, Inc., Brooklyn, N.Y. |
| TEA-W-76 | International Shoe Co., Jefferson City, Mo. |

With respect to each of the three plants listed above, it is unnecessary to determine whether the first three requirements for an affirmative determination have been met because the relevant data fail to show that the fourth requirement has been satisfied. Specifically, we find that increased imports were not the major factor causing or threatening to cause the unemployment or underemployment of the workers concerned. The decisions to close these plants appear to have been based primarily on considerations unrelated to competition from imports. We have concluded that the plants would have been closed even if imports of competing footwear had not increased. We are compelled, therefore, to make a negative determination with respect to each of these petitions.

Gamins, Inc., of Wilkes-Barre, Pa. (TEA-W-73), and Andrew Geller, Inc., of Brooklyn, N.Y. (TEA-W-74), were footwear manufacturing establishments of the Andrew Geller Division of Russ Togs, Inc. Gamins produced women's leather dress shoes that were sold in a retail price range of \$22 to \$25 per pair and the Andrew Geller plant produced similar shoes that retailed for about \$30 to \$40 per pair. We believe that these two plants were not directly affected by imports and that the closing was part of an overall management decision of the parent organization. Russ Togs initiated a policy of consolidation in mid-1969 when it closed two footwear plants and transferred some of the production to Gamins. Subsequently, the decision was made to liquidate the entire Andrew Geller Division.

International Shoe Co., of Jefferson City, Mo. (TEA-W-76), produced youths', boys', and children's leather shoes that retailed in the \$9 to \$12 price range. Such shoes were made principally by the injection-molded process. The closing of this plant, which was constructed in 1912, was attributed by management to various factors including style changes in juvenile footwear which necessitated expensive changes in the molds for the injection-molded process. The management decided to close the plant as it was felt the expenditure for new molds was not warranted and that the operation of the Jefferson City plant was not economical; these factors, rather than the increased imports, were the major causes of the plants' closing.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

Of the six establishments in which the petitioning workers were employed, five made styles of women's footwear 1/ known in the trade as dress shoes, and one made youths', boys', and children's dress footwear. All of these establishments closed in 1970. During their last 4 years of full operation on a 12-month basis, 1966-69, the aggregate output (sales) of the six plants averaged annually almost 6 million pairs, or about 2 percent of the estimated total U.S. production of the comparable kinds of footwear. The plants making women's 2/ footwear ceased operations in November or December 1970, and the one plant producing youths', boys', and children's footwear closed in September 1970.

All five of the plants producing women's dress shoes made footwear by the cement process. Three of these establishments produced

1/ Because the plants in which workers have filed petitions had not engaged to any extent, or on a regular basis, in the manufacture of misses' shoes, reference in this report will be limited to women's shoes in spite of the fact that negligible imports of misses' shoes are combined with imports of women's shoes in a few import classifications under the Tariff Schedules of the United States Annotated. (See note 2 below.)

2/ In this report, as in the Tariff Schedules of the United States (TSUS), the term "women" refers to footwear in American women's sizes 4 and larger, but not to the age of the wearer.

women's dress shoes with uppers almost entirely of leather; two of the three specialized in high-quality, conservatively-styled shoes ranging from \$22 to \$40 per pair at retail; and the third produced women's dress shoes retailing from \$14 to \$20 per pair. The other two plants made women's dress footwear, mostly with vinyl uppers, ranging in retail price from \$6 to \$10 per pair.

The average annual aggregate production of the five plants producing women's dress shoes in 1966-69 was about 3.7 million pairs; 57 percent had leather uppers; 42 percent had vinyl uppers; and 1 percent had fabric uppers. The sixth establishment specialized in youths', boys', and children's footwear of which 97 percent had leather uppers and most were made by the injection-molded construction, in a retail price range of \$9 to \$12 per pair. The output (sales) of this establishment averaged approximately * * * pairs yearly in 1966-69. Table 1 in the appendix shows for each of the six plants here under review, the date of closing, type of footwear produced, and retail price range per pair of the shoes produced.

Women's dress shoes

Description of articles.--The principal features of women's shoes that determine the activities for which a particular pair is suitable, and thus the trade designations such as "dress," "casual," and "slippers," 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 sole. 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/

In terms of U.S. retail sales, so-called dress shoes (a term not defined in the TSUS) 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 intended for street wear or 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. Generally the term "dress shoes" does not refer to footwear especially made for athletic, occupational and leisure activities.

1/ Some of the definitions for tariff purposes of descriptive terms (e.g., "slippers" and "casuals"), however, apply to only a small portion of the footwear for which such terms are currently used in retail outlets; see U.S. Tariff Commission, Nonrubber Footwear: Report to the President on Investigation No. TEA-I-18 . . ., TC Publication No. 359, 1971, pp. A-2 ff.

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 light-weight soles and with heels of 2 inches or higher. As a result of fashion changes, however, dress shoes may be open- or closed-heeled shoes with straps, laces, or tongues over the instep and include high-heeled sandals with open toes, open heels and uppers of narrow strips of leather or other material.

Women's lower heeled footwear for casual wear (not considered dress shoes) include low heeled sandals and wedge-heeled shoes, loafers, desert boots, moccasins, and sneakers.

The range of styles and qualities 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 also increased, reflecting the changing age structure of the population, increasing per capita income, and a growth in time for leisure activities. As a result of these developments, the distinction between dress and casual shoes and attire diminished.

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 athletic and certain occupational and leisure use. Uppers may be of calf, kid, or reptile leathers, and silk, rayon linen, or metallic fabrics--such as peau de soie, satin, brocade, or velvet--or supported vinyls or other plastics. Soles are of leather or plastics.

For several decades the principal method of attaching the outsole to women's shoes has been the cement process, 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 and misses' shoes in recent years (and probably an even higher percentage of that of domestic dress shoes) has been made by the cement process. The cement process permits narrow edges on the outside to give a trim appearance and produces a lighter and more flexible shoe than do other processes except the turn (or turned) process. In the turn process, which is currently used in 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.

Pertinent TSUS items.--The five petitioners making cement process women's dress footwear assert that women's leather footwear made by the turn (or turned) process, reported under TSUS item 700.20, and women's leather footwear, entered under TSUS items 700.43 and 700.45,

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

are competitive with footwear formerly produced by them. In addition, the petitioners in all five of these investigations express the belief that footwear with supported vinyl uppers admitted under TSUS item 700.55 is also competitive with the footwear formerly produced by them.

As explained briefly in the following paragraphs, the types of footwear classifiable under the four TSUS items 700.20, 700.43, 700.45, and 700.55 vary with respect to materials, method of construction, price line, and/or style.

Imported footwear that closely resembles (in appearance, method of construction, and price lines) women's dress shoes formerly produced at the five plants here under review is classified for duty purposes under TSUS item 700.45. Imports entered under that TSUS item, which provides for footwear having a foreign (export) value of over \$2.50 a pair, as well as those entered under TSUS item 700.43, which provides for footwear valued not over \$2.50, consist predominantly of footwear for women in a wide range of styles, types, and prices. In terms of quantity, about half of the combined imports under these two items in 1968 and 1969 consisted of women's sandals having a selling price at retail in the range of \$1.99 to \$6.99 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 included sturdy types with vulcanized or injection-molded soles, light-weight slippers suitable principally for housewear, and expensive high-fashion types

(including boots) for leisure wear as well as formal and other dress wear.

Imported women's leather footwear made by the turn or turned process and dutiable under TSUS item 700.20 does not differ significantly in appearance or price from the leather dress shoes formerly made by the cement process in the five plants here under review. Imported shoes with uppers of peau de soie, velvet, and other kinds of fabrics used to make dress shoes for women--a type of footwear produced in negligible quantities in two of the plants in recent years--have been admitted under TSUS item 700.68. 1/ U.S. imports of such footwear, which have been negligible, consisted predominantly of high-fashion styles selling at retail for \$30 or more a pair.

1/ TSUS item 700.68 provides for women's leather-soled footwear having uppers of fibers and a foreign (export) value of over \$2.50 a pair.

Women's footwear with supported vinyl uppers that has entered under TSUS item 700.55 in recent years has consisted predominantly of two groups of footwear: (1) Street shoes of sturdy construction, produced in a single width for each particular length, 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 \$1 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. In 1970, however, it is estimated that imports of such footwear retailing at more than \$10 a pair totaled about 1 million pairs. Four of the five plants in question produced women's dress shoes with supported vinyl uppers.

U.S. tariff treatment.--In the Tariff Act of 1930, women's footwear of the types produced at the five plants where the petitioning workers were formerly employed was originally dutiable under paragraph 1530(e) at 20 percent ad valorem if in chief value of leather (except if having fiber uppers) and at 35 percent ad valorem if having fiber uppers. Supported vinyl was not used for uppers until the late 1940's or early 1950's. During the period before the new TSUS became effective on August 31, 1963, women's footwear with supported vinyl uppers, which is now dutiable under TSUS item 700.55, was generally dutiable, by virtue of the similitude provisions of paragraph 1559, at rates

provided for "similar" leather footwear in paragraph 1530(e), ranging from 5 to 20 percent. In the TSUS, effective August 31, 1963, a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the range of rates previously applicable.

Table 2 in the appendix shows for footwear of the types now dutiable under items 700.20, 700.43, 700.45, and 700.55 the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT.

Table 3 in the appendix shows for the years 1965-70 estimated 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 1965-70, total apparent annual domestic consumption of women's dress shoes is estimated to have followed an irregular trend; it rose from about 204 million pairs in 1965 to about 231 million pairs in 1968 but declined to 197 million in 1970. As estimated imports of women's dress shoes rose without interruption from 4 million pairs in 1965 to 32 million pairs in 1970, the share of U.S. apparent annual consumption of such footwear supplied by imports increased from 2 percent to 16 percent, as shown in the following table.

Dress shoes for women: U.S. production, imports for
consumption, and apparent consumption, 1965-70

| Period | Production | Imports | Apparent consump- tion <u>1/</u> | Ratio of imports to apparent consumption |
|-----------|--------------------------|--------------------------|--|--|
| | <u>Million pairs</u> | <u>Million pairs</u> | <u>Million pairs</u> | <u>Percent</u> |
| 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 | 32 | 197 | 16 |

1/ Apparent consumption represents estimated production plus estimated imports without an allowance for exports, which in 1970 amounted to less than 1 million pairs.

Source: Estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

The annual variation in consumption of women's dress shoes in recent years is explained by several factors but is attributable largely to changes in the mode of dressing discussed in the section of this report on description of articles under investigation. Thus, the use of loafers, sandals, clogs, desert boots, and other boots in lieu of dress shoes has increased. Apparent annual U.S. consumption of all women's nonrubber footwear is shown in the following table for 1965-70.

Nonrubber footwear for women: U.S. production, imports for consumption, and apparent consumption, 1965-70

| 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----- | 316 | 67 | 383 | 17 |
| 1966----- | 320 | 70 | 390 | 18 |
| 1967----- | 286 | 96 | 382 | 25 |
| 1968----- | 317 | 133 | 450 | 30 |
| 1969----- | 267 | 139 | 406 | 34 |
| 1970----- | 251 | 165 | 416 | 40 |

1/ Production represents the output for industry No. 3141 (footwear, except house slippers and rubber footwear) as reported by the U.S. Bureau of the Census.

2/ Partly estimated from the official statistics for footwear of the kinds described in part 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/ Apparent consumption represents U.S. production plus imports without an allowance for exports, which in 1970 amounted to about 1 million pairs; for the years 1965-69 the figures are the same as those shown in table 5 (column labeled, "For women and misses") of TC Publication 359 (op. cit.).

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

U.S. imports of women's footwear under TSUS items 700.20, 700.43, 700.45, and 700.55, which together accounted for 92 percent of the 1970 imports in the preceding table, are shown in table 3 in the appendix for the years 1965-70.

Youths', boys', and children's dress shoes

Description of articles.--One plant that is under consideration in this investigation produced, mainly by the injection-molded process, leather dress shoes for youths, boys, and children. 1/ The styling of such shoes, intended principally for school wear and social activities, follows the same general trends as does that of shoes for adults but avoids the extremes of the latter.

In 1969, about half of the total domestic output of youths', boys', and children's shoes was made by the cement process, nearly a third by the injection-molded process, and a tenth by the welt process. The remainder was made by various other methods. Most of the shoes produced had uppers of leather.

In the injection-molded process of construction, the sole and heel of polyvinyl chloride or an elastomer resin compound are simultaneously molded and attached to the shoe upper, thus reducing production time and labor costs by eliminating a number of the steps required in other processes to attach the sole to the upper. The injection-molded process has been used increasingly in recent years to produce a dress shoe of trim appearance. In the welt process, a narrow strip of supple leather or manmade material, called the welt, is sewed to the shoe upper and to a lip on the surface of the insole; the outsole is

1/ As described in the statistical headnotes of part 1A of schedule 7 of the TSUS, footwear for youths and boys covers footwear of American youths' size 11-1/2 and larger but not as large as American men's size 6 (and does not include footwear commonly worn by both sexes). Footwear for children covers footwear of children's size 8-1/2 and larger but not as large as American youths' size 11-1/2 or American misses' size 12-1/2.

then sewed and/or cemented to the welt. Welt shoes are heavier in weight and appearance--and are generally regarded as more rugged and durable--than those made by the cement process. For a description of the cement process see page A-5.

Pertinent TSUS items.--Virtually all imports of footwear for youths, boys, and children, that closely resemble the footwear produced at one of the plants here under review, have been entered under TSUS items 700.35 (leather footwear for youths and boys), 700.43 (leather footwear for children having a foreign value of not over \$2.50 per pair), and 700.45 (leather footwear for children having a foreign value of over \$2.50 per pair). Inexpensive footwear with uppers of supported vinyl for youths, boys, and children has also been entered under item 700.55.

U.S. tariff treatment.--In the Tariff Act of 1930, youths', boys', and children's shoes in chief value of leather, now provided for under TSUS items 700.35, 700.43, and 700.45, were dutiable under paragraph 1530(e) at 20 percent ad valorem. With respect to item 700.55, it should be noted that supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS (August 31, 1963), youths', boys', and children's shoes with such uppers were generally dutiable by virtue of the similitude provisions of paragraph 1559, at rates provided for "similar" leather footwear in paragraph 1530(e) that ranged from 5 to 20 percent ad valorem. In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 to replace the range of rates previously applicable.

Table 2 in the appendix shows for items 700.35, 700.43, 700.45, and 700.55 the reductions in rates of duty resulting from trade-agreement concessions granted under the GATT.

Table 3 in the appendix shows, for the years 1965-70, estimated U.S. imports of youths', boys', and children's shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. consumption, production, and imports.--U.S. production of youths', boys', and children's footwear declined from 59 million pairs in 1965 to 47 million pairs in 1970. During this period, U.S. imports of such footwear (including dress-type, sandals, and other casual shoes) increased from an estimated 5 million pairs in 1965 to 21 million pairs in 1970 as shown in the following table.

Nonrubber footwear for youths, boys, and children: U.S. production, imports for consumption, and apparent consumption, 1965-70

| Year | Production | Imports <u>1/</u> | Apparent consumption <u>2/</u> | Ratio of imports to apparent consumption |
|-----------|----------------------|----------------------|--------------------------------|--|
| | <u>Million pairs</u> | <u>Million pairs</u> | <u>Million pairs</u> | <u>Percent</u> |
| 1965----- | 59 | 5 | 64 | 8 |
| 1966----- | 58 | 8 | 66 | 12 |
| 1967----- | 56 | 10 | 66 | 15 |
| 1968----- | 56 | 13 | 69 | 19 |
| 1969----- | 51 | 18 | 69 | 26 |
| 1970----- | 47 | 21 | 68 | 31 |

1/ Partly estimated from official statistics.

2/ Apparent consumption represents U.S. production plus imports without an allowance for exports, which in 1970 amounted to about 109,000 pairs.

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

Data on imports of youths', boys', and children's footwear by type of upper material, for 1965-70 are shown in the table below.

Youths', boys', and children's footwear: U.S. imports for consumption, by types of upper material, 1965-70

(In millions of pairs)

| Year | With uppers of-- | | | |
|-----------|------------------|-------|--------|-------|
| | Leather | Vinyl | Fabric | Total |
| 1965----- | 2 | 3 | - | 5 |
| 1966----- | 4 | 4 | - | 8 |
| 1967----- | 5 | 5 | - | 10 |
| 1968----- | 6 | 6 | 1 | 13 |
| 1969----- | 8 | 9 | 1 | 18 |
| 1970----- | 10 | 11 | - | 21 |

Source: Estimates of the U.S. Tariff Commission based on official statistics of the U.S. Department of Commerce.

In recent years, about half of the imported leather shoes, which include a significant quantity of sandals, have been entered under item 700.35. Most of the remainder have been entered under item 700.43. The imported vinyl shoes, entered under item 700.55, consist principally of inexpensive sandals, slippers, and other shoes that retail from about \$1 to \$3 per pair.

A-17 through A-40

Data Relating to Individual Plants

* * * * *

STATISTICAL
APPENDIX

Table 1.--Investigation number, name, location, and date of closing of the plants where petitioning workers were formerly employed, type of footwear produced, and retail price range

| TC investigation No. under the TEA | Name | Location | Closing date | Type of footwear produced ^{1/} and upper material | Retail price range |
|--|-----------------------------|-------------------------|-----------------|---|-----------------------|
| | | | | <u>Share of total output</u> | |
| W-71----- | Ornsteen Shoe Co., Inc. | Haverhill, Mass. | Nov. 1970 | Women's dress shoes, leather uppers (30%); vinyl uppers (70%) | \$9-\$10 |
| W-72----- | Kleven Shoe Sales Co., Inc. | North Brookfield, Mass. | Nov. 1970 | Women's dress shoes, leather uppers (90%); vinyl uppers (10%) | \$14.-\$20 |
| W-73----- | Gamins, Inc. | Wilkes-Barre, Pa. | Dec. 1970 | Women's dress shoes, leather uppers (95%); fabric uppers (5%) | \$22-\$25 |
| W-74----- | Andrew Geller, Inc. | Brooklyn, N.Y. | Dec. 1970 | Women's dress shoes, leather uppers (90%); vinyl uppers (5%); fabric uppers (5%) | \$30-\$40 |
| W-75----- | Sinclair Shoe Co. | Haverhill, Mass. | Nov. 1970 | Women's dress shoes, vinyl uppers (100%) | \$6-\$7 |
| W-76----- | International Shoe Co. | Jefferson City, Mo. | Aug. 1970 | Youths', boys', and children's dress shoes, leather uppers (97%); vinyl uppers (3%) | \$9-\$12 |

^{1/} All of the shoes were produced by the cement process, with the exception of the shoes produced at the International Shoe Co. plant. In 1968-69, the shoes produced at that plant were made by the injection-molded process; in 1970, about 70 percent were made by the injection-molded process and 30 percent by the cement process.

Table 2.--U.S. rates of duty applicable to nonrubber footwear of types provided for in specified TSUS items, July 1, 1934, and GATT concessions

| TSUS item No. | Abbreviated description | Rate of duty | | |
|------------------|--|----------------------------------|--------------------------------|---|
| | | July 1, 1934 ^{1/} | GATT concessions ^{2/} | |
| | | Rate | Effective dates | |
| | | Percent ad val. | Percent ad val. | |
| | Leather footwear: | | | |
| 700.20 | Turn or turned for women and misses---- | 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: | | | |
| 700.35 | For men, youths, and boys----- | 20% | 10% | June 6, 1951-Dec. 31, 1967 |
| | | | 9.5% | Jan. 1-Dec. 31, 1968 |
| | | | 9.0% | Jan. 1, 1969-Dec. 31, 1970 |
| | | | 8.5% | Jan. 1, 1971 |
| | | | 8.5% | Jan. 1, 1972 |
| | For women, misses, infants, and children: | | | |
| 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 | Principally 20% ^{4/} | 12.5% ^{5/} 11% | Aug. 31, 1963-Dec. 31, 1967 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 scheduled to become effective up to and including Jan. 1, 1972.

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

^{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)

^{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.--The Gatt concession rates are applicable to the products of all countries except those designated as Communist in General Headnote 3(e) of the TSUS; i.e., they are column 1 rates. Products of Communist countries are dutiable at column 2 rates, which for the TSUS items listed above except item 700.55 are the same as the rates shown for July 1, 1934. For item 700.55, the column 2 rate is 35 percent. That rate replaces the wide range of rates applicable in 1934 to the various types of footwear provided for in item 700.55.