

UNITED STATES TARIFF COMMISSION

PANTY HOSE:  
CERTAIN WORKERS OF THE  
KAYSER-ROTH CORP.,  
NEW YORK, N. Y.

Report to the President on  
Worker Investigation No. TEA-W-137  
Under Section 301(c)(2) of the Trade Expansion Act of 1962



TC Publication 489  
Washington, D. C.  
May 1972

UNITED STATES TARIFF COMMISSION

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REPORT TO THE PRESIDENT

U.S. Tariff Commission,  
May 23, 1972.

To the President:

In accordance with section 301(f)(1) of the Trade Expansion Act (TEA) of 1962 (76 Stat. 885), the U.S. Tariff Commission herein reports the results of an investigation made under section 301(c)(2) of that act in response to a workers' petition.

On March 24, 1972, a petition was filed on behalf of the workers of Kayser-Roth Corporation, Burlington, N.C. for a determination of their eligibility to apply for adjustment assistance. The Commission instituted an investigation (TEA-W-137) on March 29, 1972, to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with panty hose (of the types provided for in item number 382.78 of the Tariff Schedules of the United States) produced by said corporation 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 corporation, or an appropriate subdivision thereof.

Public notice of the receipt of the petition and the institution of the investigation was given by publication in the Federal Register of April 4, 1972 (37 F.R. 6797). No public hearing was requested and none was held.

The information in this report was obtained principally from the petitioners, from officials of the Kayser-Roth Corp., and from the Commission's files.

The Commission is not publishing as part of its report a separate section on information obtained in the course of the investigation. During the course of the investigation, the Commission found that conclusive information was available on which to make its decision (see below) without further investigation. Consequently, the section referred to above was not prepared.

#### Finding of the Commission

On the basis of its investigation, the Commission 1/ finds unanimously that articles like or directly competitive with panty hose produced by Kayser-Roth Corp., Burlington, N.C., 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 such corporation, or an appropriate subdivision thereof.

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

## Considerations Supporting the Commission's Finding

This investigation was conducted in response to a petition for adjustment assistance by workers of the Kayser-Roth Corp., formerly employed in the production of panty hose.

In March 1971 the Kayser-Roth Hosiery Co., Inc., the Kayser-Roth division responsible for the production of panty hose and the largest of 20 autonomous divisions of the Kayser-Roth Corp., closed the Rolane Manufacturing Co., Inc., Roanoke, Ala.--a plant in which panty hose were being produced. Prior to the closing, the Kayser-Roth Hosiery Co., Inc., operated 14 plants in which panty hose and other hosiery were produced. One or more panty-hose-manufacturing operations were performed in each of the 14 plants, but not all of the operations were performed in any single plant. Sewing and finishing operations were performed at Rolane. Sewing operations were also performed in four other plants, and finishing operations, in seven other plants.

### Statutory criteria

Section 301(c)(2) of the Trade Expansion Act of 1962 has established four conditions that must be met in the judgment of the Commission if an affirmative determination is to be reached. The determination must be negative if any one of the four conditions is not met. The conditions as they apply to the instant case are as follows:

1. Articles like or directly competitive with the panty hose produced by the workers of Kayser-Roth must be imported in increased quantities;

2. The increased imports must be in major part the result of concessions granted under trade agreements;
3. A significant number or proportion of the workers of the firm or appropriate subdivision thereof 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.

In the case at hand, we have determined that the fourth condition has not been met, i.e., any increased imports have not been the major factor causing or threatening to cause unemployment or underemployment of the petitioning workers. Consequently, we have had to make a negative determination. The facts supporting our determination are discussed below.

#### The U.S. market for panty hose

Panty hose are a garment for women and girls which are worn in lieu of hosiery. They were developed and marketed in the 1950's, but did not become commercially important until about 1967. Virtually all panty hose have been made of manmade fibers.

U.S. consumption of panty hose boomed spectacularly in the late 1960's. Apparent consumption rose from about 7 million dozen in 1967 to about 97 million dozen in 1970; consumption dropped sharply in 1971 to 77 million dozen and the decline is believed to be continuing in 1972. The shift from hosiery to panty hose and the rapid rise in panty-hose consumption from 1967 to 1970 were attributable mostly to the popularity of mini-length dresses and skirts, with which the wearing of panty hose was particularly desirable. The decline in consumption in 197

which actually started late in 1970, was attributable to a partial shift in popularity from mini-length to midi- and maxi-length dresses and skirts and to pants and pants suits.

In response to the reduced demand, U.S. producers cut back their output of panty hose beginning in November 1970. U.S. production had risen phenomenally from about 6.5 million dozen in 1967 to 89.4 million dozen in 1970, but then declined to 73.2 million dozen in 1971.

U.S. imports of panty hose 1/ increased from 1.4 million dozen in 1968 to 7.8 million dozen in 1970, and then declined to 3.8 million dozen in 1971. The imports have continued to decline in 1972. Some of the increase in imports during 1968-70 was accounted for by domestic producers that imported panty hose because their own production facilities were not adequate to meet the sudden increase in demand. The ratio of imports to consumption was 8 percent in 1968, rose to 9 percent in 1969, then declined to 8 percent in 1970 and 5 percent in 1971.

U.S. prices of domestically made panty hose were above importers' prices on comparable items in 1968 and 1969; in 1970 and 1971, however, the prices of the domestic products were as low as or lower than

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1/ The data given on imports of panty hose include some tights and body stockings, and panty-hose blanks (which are two elongated "stockings," usually produced on circular knitting machines). In 1969 and 1970, there were significant imports of panty-hose blanks from West Germany into Puerto Rico. These panty-hose blanks were slit, sewn, dyed, and finished in Puerto Rico and then sold in numerous types of retail stores on the U.S. mainland. Inasmuch as Puerto Rico is in the customs territory of the United States, the processing operations on the panty-hose blanks resulted in the completed panty hose being considered as domestically produced articles. Imports of panty-hose blanks in 1971 and in January-March 1972 were negligible.

those of the imported articles. <sup>1/</sup> By the 1970-71 period, U.S. producers had substantially increased their production efficiency mainly with the use of 4- and 8-feed machines. Also, to some extent, they used imported yarns to attain lower production costs. Moreover, the supply of panty hose in the United States exceeded demand in 1971, resulting in intensified competition and exerting a downward pressure on prices.

Imports not the major cause of unemployment or underemployment

The Rolane plant, which was leased by Kayser-Roth in August 1968, was equipped to sew and finish panty hose and was in full-scale operation in 1969, 1970, and January-February 1971. The plant was acquired to permit the expansion of sewing and finishing facilities at a time when the demand for panty hose was exceptionally strong. In March 1971, the plant was shut down because domestic demand slackened, as discussed earlier. Company officials stated that this plant was closed not because of import competition, but because of the decline in demand resulting from style shifts. The Rolane plant was chosen for closing because it was the most costly to operate of all the plants doing similar operations and because it was too remote from the other plants performing earlier operations in the production cycle.

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<sup>1/</sup> Based on price information obtained in investigation No. 337-25, Panty Hose, TC Publication 471 (released in March 1972), and an interview with officials of Kayser-Roth Corp.

Conclusion

In view of the foregoing, we have made a negative determination because such increased imports as have occurred were not the major factor causing unemployment or underemployment of the petitioning workers.





