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UNITED STATES TARIFF COMMISSION

WOMEN'S DRESS AND CASUAL SHOES:  
DUCHESS FOOTWEAR CORP.  
SALEM, MASS.

Report to the President on  
Firm Investigation No. TEA-F-39  
and Worker Investigation No. TEA-W-139  
Under Sections 301(c)(1) and 301(c)(2) of the Trade Expansion Act of 1962



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UNITED STATES TARIFF COMMISSION

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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 operation of an individual firm. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

U.S. Tariff Commission,  
June 2, 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 investigations made under sections 301(c)(1) and 301(c)(2) of that act, relating to women's dress and casual shoes.

On April 3, 1972, the Commission received petitions filed on behalf of Duchess Footwear Corp., Salem, Mass., and the workers of that firm for determinations of eligibility to apply for adjustment assistance under the said act. Accordingly, on April 7, 1972, the Commission instituted investigations (TEA-F-39 and TEA-W-139) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with the women's footwear produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm and/or the unemployment or underemployment of a significant number or proportion of the workers of the firm, or an appropriate subdivision thereof.

Public notice of the investigations was published in the Federal Register (37 F.R. 7274) on April 12, 1972. A public hearing was held on May 9, 1972, when all interested parties were afforded opportunity to be present, to produce evidence, and to be heard.

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

## Finding of the Commission

On the basis of its investigation, the Commission 1/ finds (Commissioners Leonard and Young dissenting) that articles like or directly competitive with the women's footwear of the type produced by Duchess Footwear Corp., Salem, 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, serious injury to such firm, or unemployment or underemployment of a significant number or proportion of the workers of such firm.

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1/ Commissioner Sutton did not participate in the decision.

### Considerations Supporting the Commission's Finding

We have made affirmative determinations with respect to each of the instant investigations because we have found that women's footwear like or directly competitive with footwear produced by the Duchess Footwear Corp. is, 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 serious injury to the Duchess Footwear Corp. and to cause unemployment or underemployment of a significant number of the workers of such firm.

Imports of articles like or directly competitive with those produced by the petitioning firm and workers are increasing

The Duchess Footwear Corp. produced women's dress and casual footwear that retailed from \$8 to \$15 per pair. The firm produced footwear with both vinyl and leather uppers; the bulk of the firm's output since 1970 has consisted of footwear made with vinyl uppers, while in prior years the bulk consisted of footwear made with leather uppers.

We have determined that imports of women's footwear of similar type, construction, and retail price range to that produced by Duchess have increased within the meaning of the statute. Overall, U.S. imports of women's dress and casual footwear increased from about 67 million pairs in 1965 to about 180 million pairs in 1971. The share

of the U.S. market captured by such imports increased from 17 percent in 1965 to 43 percent in 1971.

It is evident from the foregoing that imports have indeed increased substantially.

Increased imports are the result in major part of  
concessions granted under trade agreements

Women's dress and casual footwear with vinyl or leather uppers has entered primarily under three tariff categories. Since 1930, the rates of duty (in percent ad valorem) applicable to these categories have been reduced as follows:

Year	TSUS item		
	700.43	700.45	700.55
1930-----	20	20	<u>1/</u>
1932-----			
1950-----			
1963-----			12.5
1968-----	19	18	11.0
1969-----	18	16	10.0
1970-----	17	14	8.5
1971-----	16	12	7.0
1972-----	15	10	6.0

1/ Pursuant to sec. 203 of the Tariff Classification Act of 1962, the July 1, 1934, rate (i.e., the pre-trade-agreement rate) on imports under item 700.55 is the col. 2 rate, namely 35 percent ad valorem. Prior to the implementation of the Tariff Schedules of the United States, imports of footwear now classifiable under TSUS item 700.55 were dutiable mainly under three provisions of the Tariff Act of 1930, depending on the type of footwear: (1) By similitude to leather footwear under par. 1530(e), (2) if containing a synthetic resin binding agent, under par. 1539(b); or (3) if in chief value of rubber, under par. 1537(b). The statutory rate for par. 1530(e) was 20 percent ad valorem; for par. 1539(b) it was 50¢ per pound plus 40 percent ad valorem; and for par. 1537(b) it was 25 percent ad valorem.



In 1971 about half the total imports of women's shoes having vinyl or leather uppers were entered under item 700.55 (vinyl); a fifth were entered under 700.43 (leather, valued not over \$2.50 per pair); and a fourth were entered under 700.45 (leather, valued over \$2.50 per pair). As shown in the foregoing table, the rates of duty applicable to the three principal categories have been reduced, as of January 1, 1972, from a range of 20 to over 40 percent ad valorem to 6 percent ad valorem on vinyl footwear (item 700.55) and from 20 percent to 15 percent and 10 percent ad valorem on leather footwear in items 700.43 and 700.45, respectively.

We have determined that increased imports classified under the tariff categories cited above have resulted in major part from trade-agreement concessions granted thereon. This determination is fully supported in the case at hand by evidence presented by the petitioners concerning the significant price advantage accruing to imported women's footwear as a result of trade-agreement concessions. Moreover, testimony of trade witnesses appearing at the hearing clearly established that the lower prices of foreign-made footwear were the major inducement for importing such footwear.

Not only have duty reductions resulting from trade-agreement concessions provided the margin by which imported women's footwear have undersold competitive footwear produced by domestic competitors, but also it is clear that as duties were being further reduced by another 50 percent as a result of the Kennedy Round reductions in 1967, imports

have mushroomed, all of which shows a cause-and-effect relationship between the Kennedy Round trade-agreement concessions and resultant further increases in imports.

It is clear to us that the increased imports are the result in major part of concessions granted under trade agreements.

The firm is suffering serious injury and its  
workers are unemployed or underemployed

The Duchess Footwear Corp. has been a fashion-oriented, innovative, flexible, and aggressive firm in the women's footwear industry. Nevertheless, it is now suffering serious injury. Its sales have declined substantially, it has become unprofitable, its overall financial position stands seriously impaired, it has had to close two of its three plants, sell its wholesale operation, and dismiss a large number of its employees.

Net sales by Duchess Footwear Corp., including its subsidiaries, rose substantially from \* \* \* in fiscal 1968 (June 1967-May 1968) to \* \* \* in fiscal 1970. Although part of the increase in aggregate sales was due to the acquisition of a new subsidiary in 1968, individually each part of the corporation experienced increased net sales. In fiscal years 1971 and 1972, however, aggregate net sales declined— \* \* \* in 1971, and an additional estimated \* \* \* in 1972. 1/

Although net sales increased during 1968-70, the profitability of the operations diminished. \* \* \*

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1/ Full-year data are not available.

In September 1970, Duchess closed its Dover, New Hampshire, plant and, in March 1972, it closed its South Berwick, Maine, plant. Subsequently, Duchess found it necessary to divest itself of its wholesaling subsidiary in May 1972. (It purchased the wholesaling subsidiary to protect this sales outlet, but in the face of competing imports Duchess was unable to operate it profitably.) In fiscal 1970 Duchess employed an average of about 970 workers, but currently its employment is down to about 370 workers--representing a net loss of about 600 jobs. Moreover, workers at the one plant remaining open have not been fully employed, averaging well below 40 working hours per week.

Clearly the firm is suffering serious injury and its workers are unemployed or underemployed.

The increased imports resulting in major part from trade-agreement concessions are the major factor causing serious injury to the firm and unemployment of its workers

The final requirement under the Trade Expansion Act of 1962 is that increased imports resulting from trade-agreement concessions must be the major factor causing serious injury to the firm or unemployment of its workers.

The market for women's dress and casual shoes is highly competitive. In recent years one marked change has occurred in that market--the supply of imports has grown so rapidly that today imports of foreign footwear supply over two-fifths of the U.S. market for women's footwear.

Information developed in this investigation clearly established that Duchess Footwear Corp. was a substantial and viable firm before it was beset by the full impact of concession-generated increased imports. The firm employed all means at its disposal to meet both domestic and import competition. The increasing use of vinyl uppers to cut production costs, the rapid introduction of new styles, and the efficient servicing of its customers testify to the firm's competitiveness. Yet, it found its products competing on unequal terms with increasing imports on the basis of price--the price advantage accruing to the imports attributable in major part to trade-agreement concessions. Evidence obtained in the investigation clearly indicates that like or directly competitive imported footwear at current (1972) rates of duty undersells Duchess footwear on the wholesale level by a sufficiently large margin for Duchess to lose a large portion of sales.

The firm's problems--generated in major part by severe price competition from imports--manifested themselves in two phases: first, its profits declined precipitously and its funds to further modernize its manufacturing operations diminished; then, Duchess experienced a substantial decline in sales ( \* \* \* ) to major customers which turned to cheaper imported shoes.

It is clear that increased imports, resulting in major part from trade-agreement concessions, are the major factor causing serious injury to the firm and unemployment or underemployment of its workers.

#### Conclusion

We, therefore, conclude that the petitioning firm and its unemployed or underemployed workers have met the statutory requirements for eligibility to apply for adjustment assistance, and we have made an affirmative determination.

## Dissenting Views of Commissioner Leonard

My determinations in the instant cases are negative because the increase in imports of any footwear like or directly competitive with that produced by Duchess Footwear Corp., Salem, Mass., is not the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in the statement of my views in the Commission's report on nonrubber footwear submitted to the President on January 15, 1971. 1/

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

### Dissenting Views of Commissioner Young

One of the two investigations to which this report relates concerns the Duchess Footwear Corp. of Salem, Mass., and the other concerns that firm's workers.

My determination in each of these investigations is in the negative because all of the criteria imposed by the Trade Expansion Act of 1962 (the TEA) for an affirmative determination have not been satisfied. A negative determination is mandatory if any one of the following four criteria is not met:

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

In the cases at hand, I have determined that the second criterion has not been satisfied. As indicated below, the facts developed in these investigations do not indicate that the increase in imports of footwear like or directly competitive with that produced by Duchess Footwear Corp. is the result in major part of concessions granted under trade agreements.

Evaluation of the statutory criteria

The second criterion listed above that must be met in order for an affirmative finding to be made in either a "firm" or "worker" case under the TEA 1/ is much more exacting than the comparable provision in the so-called escape clause of section 7 of the Trade Agreements Extension Act of 1951, as amended, which permitted the President to provide tariff relief for an entire industry. For an affirmative finding by the Tariff Commission under section 7, which, in effect, was replaced by section 301(b) of the TEA, the criterion relating increased imports to trade-agreement concessions required the increased imports of the particular article under consideration to have resulted in whole or in part from concessions. In the TEA, the Congress made provision not only for tariff relief to industries injured by concession-generated imports but also for adjustment assistance to individual firms so injured or to groups of workers who either lost their jobs or were underemployed because of such imports. As noted from criterion (2) listed above, the TEA provided that for an affirmative finding the increased imports must be the result in major part of concessions granted under trade agreements.

Substitution of in major part in the TEA for in whole or in part in section 7 of the 1951 act has made it much more difficult for the Commission to reach an affirmative finding in an industry, firm, or

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1/ This same criterion must be met whether the case under the TEA concerns an entire industry or an individual firm or a group of workers.



worker case under the TEA than if the language of section 7 had been retained. Under the TEA, the Commission is required insofar as possible to determine the various causes of the increased imports and to make a determination as to whether the trade-agreement concessions were the major cause. The difficulties involved in identifying and then quantifying all the factors contributing to increased imports of the particular products under review were recognized by the counsel for the petitioning firm in the instant case (a former member of the Tariff Commission) who stated at the hearing:

We also recognize the Commission under Section 301 of the Trade Expansion Act is dealing with a very, very tough statute, and it's sometimes hard to reach an affirmative decision. 1/

These difficulties have also been the subject of discussions in the Congress as well as by the administration in its reports to the Congress.

The legislative history of the TEA indicates that the change in language referred to above was not accidental, but instead the result of careful consideration. As a condition for affirmative determination the House bill would have required that imports were "as a result of concessions." 2/ This was in accord with the recommendation of the administration. The change made by the Senate, which is identical language to that included in the legislation as finally enacted, requires a determination that the increased imports result "in major part"

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1/ Transcript of the hearing, pp. 4-5.

2/ H.R. 11970 (87th Cong., 2d sess.).

of concessions granted under trade agreements. The report of the Senate Committee on Finance on the Senate's amendments to the House bill 1/ explains that the change was made so as to avoid an interpretation by the Tariff Commission that the increased imports must result solely from concessions. The report states that the amendment providing for the "in major part" language "makes it clear that the Tariff Commission need find only that the tariff concessions have been the major cause of the increased imports . . . ." The Senate made an affirmative determination less difficult than what it believed might have been possible under the House language, but when compared to the previous criterion in section 7 the change is clearly an important and significant one. Under section 7 a reasonable interpretation of the phrase "in whole or in part" would be any part, some part, or a small part. This is much less exacting and vastly different from "in major part," which connotes an important, large, very significant part. Thus, the Senate language (in major part) which became law required a much stronger causal connection between increased imports and duty concessions, making an affirmative determination much more difficult under the TEA than under section 7.

In reviewing past affirmative decisions of the Tariff Commission in which the issue of the cause of the increased imports is dealt with explicitly, one frequently finds expressions such as "except for the concessions" and "but for the concessions." 2/ Such expressions, in

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1/ S. Rept. No. 2059 (87th Cong., 2d sess.), p. 5.

2/ Buttweid Pipe . . . Report to the President on Investigation No. TEA-W-8 . . . , TC Publication 297, 1969.

my opinion, connote vastly less causal connection between duty concessions and increased imports than the phrase "in major part" which is used in the statute. To believe otherwise could well lead to the conclusion that the major force required in a quarry-blasting operation was the electrical spark, rather than the dynamite explosion, which caused the massive rock formation to break up. The principal cause of the rock breakage, if not the only cause, is the force stemming directly from the explosion of the dynamite stick. The spark is not the cause of the rock breakage, it merely triggers the explosion. Although it is conceded that were it not for (i.e., but for) the battery spark, the dynamite charge would not be set off. But it cannot be said that the rock breakage was "as a result in major part of" the electrical spark.

Another example of a conclusion based on "but for" reasoning concerns a small boat designed to carry safely four people (700 pounds). The boat, seriously overloaded with eight people on board (weighing about 1,400 pounds), completes a short ride without mishap. After returning to pick up a small child, the boat sinks just after leaving the dock. "But for" the very slight increase in weight which resulted when the small child was taken on board, one might conclude that the boat would not have sunk. The boat was operated in an unsafe manner because it was overloaded--far beyond its rated capacity. Since the added weight of the small child had little, if any, effect on the already unstable condition of the overloaded boat, it is not proper to conclude that the sinking of the boat resulted in major part from

the small additional weight of the child. The principal reason for the sinking was the failure to comply with the load limit and the operation of the boat in a seriously overloaded condition.

In my judgment, Congress did not intend that the Commission should use an "overloaded" type of reasoning in its interpretation of the statute in order to reach an affirmative finding in any investigation under the TEA. If Congress intended that the adjustment assistance be made available to firms and workers more broadly than it has been, the solution lies in a Congressional relaxation of the statutory standards for a determination of eligibility rather than in expecting the Commission to adopt a strained construction of the statute.

#### Duchess' production and sales

The output of Duchess Footwear Corp. has consisted of cement-process women's dress and casual shoes in a wide variety of up-to-date styles with various types and heights of heels. In 1967 about 70 percent of the output had uppers of leather, and the remainder had uppers of vinyl. Since that time the composition of the output has been reversed. Currently about 70 percent of the footwear produced by Duchess has uppers of vinyl, and 30 percent has uppers of leather. The Duchess Footwear Corp., which produces women's dress and casual shoes that are sold at retail from about \$8 to \$15 a pair, currently operates one plant in Salem, Mass. During several recent years the firm operated three plants and one wholesale company. Attention will now be focused on imports competitive with Duchess footwear and the duty applicable thereto.

Imports--duty and volume

Imported women's footwear of the types produced by Duchess are entered under item 700.55 of the Tariff Schedules of the United States (TSUS) if made with vinyl uppers and under either item 700.43 or item 700.45, depending on unit value, if made with leather uppers. Total imports under these three items have accounted for nearly all imports of women's and misses' nonrubber footwear in recent years.

Footwear with vinyl uppers.--Prior to August 31, 1963, imports of footwear with vinyl uppers (and with soles of other than india rubber) are believed to have been dutiable, by virtue of similitude, at the 20-percent ad valorem rate provided for leather footwear in paragraph 1530(e) of the Tariff Act of 1930. When the TSUS was adopted in 1963, the rate of duty established for such footwear under item 700.55 was 12.5 percent ad valorem--a rate that represented a composite of the various rates previously applicable to the imports now covered by that item. Without any change in the rates of duty, imports of women's and misses' footwear with supported vinyl uppers increased dramatically during the mid-1960's and reached 50 million pairs by 1967. Included in this increase was a rise of 17 million pairs (50 percent) from 1966 to 1967. In the first year of the Kennedy Round concessions (1968) imports of these shoes continued the record-breaking advance begun a year earlier, reaching 69 million pairs, a jump of 19 million pairs or an increase of almost 40 percent in that year. In my judgment, it

is unreasonable to conclude that the mere one-cent reduction in the duty rate per pair of these shoes which occurred in 1968 could have been an important reason for such a phenomenal explosion in imports in that one year. While imports increased during the next three years (1969-71) of Kennedy Round duty reductions, the rate of increase dropped so sharply that the total increase in the number of shoes imported in these 3 years combined was the same as the average annual increase for each of the 2 previous years. The combined duty reduction for the 3 years (1969-71) was almost 4 cents per pair as contrasted with no duty change in 1967 and a one-cent duty reduction in 1968. This is another strong indication that little relationship exists between duty reductions and import increase.

The following table shows that the duty concessions under the Kennedy Round during the period 1968-71 represented a total reduction in duty of about 5 cents a pair, which is, in my judgment, entirely too small a reduction to be a substantial factor contributing to the rise in imports also noted in the table.

Women's and misses' footwear with vinyl uppers: U.S. imports, rates of duty, and Kennedy Round duty reductions, 1967-71

Year	Imports		Rate of duty	Kennedy Round duty reduction
	Quantity	Average dutiabale value		
	Million pairs	Per pair	Percent ad valorem	Cents per pair 1/
1967-----	50	\$0.56	2/ 12.5	None
1968-----	69	.67	11.0	1.0
1969-----	71	.79	10.0	.8
1970-----	77	.95	8.5	1.2
1971-----	87	1.20	7.0	1.8

1/ Based on average dutiable value per pair.

2/ Rate under TSUS; as noted earlier, the rate prior to 1963 was probably 20 percent for the types considered here.

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

As will be noted from the above table, the imported shoes with vinyl uppers are relatively inexpensive. During 1967 and 1968 most of this footwear, nearly all from the Orient, was produced one width for each length, for sale at discount stores, variety stores, self-service stores, and department store basements. About one third of the imports in those years consisted of slippers and sandals, retailing in the United States at less than \$1 per pair. The rest of the imports were shoes of sturdy construction, in conservative styles, resembling shoes of leather, and retailing for less than \$5 per pair.

Beginning in 1969, a significant increase occurred in the unit value of these imports and continued through 1971. The major reason for this change was the ability of the Far Eastern manufacturers to produce for the first time for export in significant quantities a higher quality, more fashionable item than they

had previously been doing; the foreign value was about \$2.50 a pair and the U.S. retail price was somewhat less than \$10, i.e., several dollars a pair cheaper than comparable leather shoes. Prior to 1969 the Japanese producers, for example, with their limited supplies of leather were unable to penetrate to any significant degree the U.S. women's dress shoe market, which consisted principally of shoes with leather uppers. The increasing use of vinyl uppers for dress shoes retailing at \$10 or less enabled the Japanese and other oriental producers to enter the U.S. market for dress shoes. These relatively fashionable imported shoes with vinyl uppers were apparently a type most competitive with those manufactured by Duchess Footwear inasmuch as the evidence presented by the petitioner at the hearing regarding the effect of duty reductions on the increased imports of the shoes most competitive with those produced by Duchess dealt primarily with shoes of vinyl uppers. All five of the examples cited in the petitioner's testimony were shoes with vinyl uppers. Imports of these vinyl shoes increased some in 1970 and markedly in 1971. It should be noted, however, the Kennedy Round duty reduction for such shoes in each of the years 1970 and 1971 was less than 4 cents a pair and thus played virtually no part in the increase of such imports.

Footwear with leather uppers.---The rate of duty on women's and misses' leather footwear of the types now classifiable under TSUS items 700.43 (if having a dutiable value of not over \$2.50 per pair) or 700.45 (if having a dutiable value over \$2.50 per pair) was reduced for



the first time in the Kennedy Round. <sup>1/</sup> During the period 1964 through 1967, when the statutory rate of 20 percent ad valorem was still applicable to all imports of such footwear, annual imports doubled--from 19 million pairs in 1964 to 38 million pairs in 1967. Imports shot up to 54 million pairs in 1968, the first year of duty reduction. By far the largest increase (amounting to 10 million pairs) was in lower priced shoes entered under 700.43 where the duty reduction averaged only 1.5 cents per pair. This insignificant reduction in duty could not possibly have been the major cause of such a large increase in imports for shoes the U.S. retail price of which was about \$5 a pair. During the following 3-year period (1969-71), as the next three annual stages of the Kennedy Round reductions went into effect, total imports under items 700.43 and 700.45 increased from 54 million pairs to 77 million pairs.

The following table shows that as the duty on footwear valued not over \$2.50 per pair was reduced by about 1.5 cents a year, annual imports fluctuated widely. After 1968, the failure of imports to rise as the duty was being reduced clearly indicates that the trade-agreement reductions in the duty were not the major factor sustaining the long term upward trend of imports begun in the early 1960's.

With respect to the footwear valued over \$2.50 per pair, the table also shows that imports more than tripled from 1967 to 1971. For such imported footwear, which had an average annual foreign value of \$4.50 to \$5.02 a pair during 1968-71, the annual trade-agreement reductions of 9 to 10 cents per pair in that period were not, in my view, the

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<sup>1/</sup> Pursuant to concessions granted by the General Agreements on Tariffs and Trade in 1948 and again in 1961, the statutory rate was bound against increase.

major factor contributing to the annual increase in imports of 6 million to 9 million pairs as reported in the table.

Women's and misses' footwear of leather: U.S. imports, rates of duty, and Kennedy Round duty reductions, 1967-71

Value bracket and year	Imports		Rate of duty	Kennedy Round duty reduction
	Quantity	Average		
		dutiable value		
<u>Valued not over</u>	<u>Million</u>		<u>Percent</u>	<u>Cents</u>
<u>\$2.50 per pair</u>	<u>pairs</u>	<u>Per pair</u>	<u>ad valorem</u>	<u>per pair 1/</u>
1967-----	2/ 24	2/ \$1.40	20	None
1968-----	34	1.49	19	1.5
1969-----	29	1.51	18	1.5
1970-----	37	1.55	17	1.5
1971-----	33	1.60	16	1.6
<u>Valued over</u>				
<u>\$2.50 per pair</u>				
1967-----	2/ 14	2/ 4.00	20	None
1968-----	20	4.50	18	9.0
1969-----	27	4.90	16	9.8
1970-----	35	5.02	14	10.0
1971-----	44	5.01	12	10.0

1/ Based on average dutiable value per pair.

2/ Estimated, since data for such footwear were not reported separately prior to 1968.

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

Factors other than concessions affecting  
shoe imports

A number of diverse factors other than trade-agreement concessions have contributed to the gain in imports of footwear of the types that have displaced sales of Duchess Footwear Corp. Although it is virtually impossible to identify and precisely measure the effect of each of these factors on imports, in my view the evidence is overwhelming that these factors in the aggregate were by far more significant than the trade-agreement concessions discussed above.

For the purposes of my determination in the cases at hand, only some of the many factors need to be cited. As indicated in a recent report issued by the Tariff Commission, 1/ since 1965 U.S. inflation has been a substantial factor in the loss of competitiveness of many U.S. industries as compared with the corresponding industries of other countries. It appears from wholesale price trends, if nothing else, that inflation has been a very important factor in the increase of imports of women's and misses' footwear--perhaps an even more important factor than in the increase of imports of other articles. Wholesale prices for women's and misses' domestic footwear have risen more than the prices of all nondurable manufactured goods as well as the prices of wearing apparel.

Another important factor contributing to the rise in imports of women's and misses' footwear is the difference in labor costs. The

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1/ U.S. Tariff Commission, Competitiveness of U.S. Industries:  
Report to the President on Investigation No. 332-65 . . . , TC Publi-  
cation 473, April 1972, p. ii.

report of the Task Force on Nonrubber Footwear 1/ contains information on the 1968 wage costs in Italy, Spain, and Japan--the three countries that were the principal sources of the imported footwear concerned with these investigations. Comparable unpublished data for 1970 made available to the Commission by the Labor Department indicates that although average hourly earnings in those three countries increased significantly from 1968 to 1970, the estimated hourly compensation to wage workers in the footwear industries of those countries continued to be substantially lower than the prevailing rates of hourly compensation in the U.S. footwear industry. These differences in wage rates are many, many times more significant to the increases in imports of the types of footwear herein discussed than the modest reductions in the duty.

Still another factor contributing in large measure to the rise in imports of women's and misses' footwear that merits attention here is related to the nature of the article under investigation. Footwear for women and misses is a highly differentiated product in terms of style, quality, and price. The keen competition that has long existed among domestic producers to furnish many retail outlets with products that consumers will buy has been sharpened in recent years by rising imports and the growing interest of women in fashionable footwear and in footwear for special activities. Since the early 1960's, as a result of new materials, technological developments in production, and

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1/ Report of the Task Force on Nonrubber Footwear, 1970, p. 111.

new fashions in women's wearing apparel, the range of styles of footwear has increased greatly and has been subject to frequent changes.

The changing merchandising pattern has also affected the competitive position of individual domestic producers, particularly those like Duchess Footwear that sell almost entirely to the large department stores and retail chains. With the proliferation of shopping malls throughout the country, these retailers have been opening new outlets which they have been anxious to stock with the latest eye-catching styles from both domestic and foreign sources.

Although the shift to imports from the low-wage countries, as reported by Duchess' customers, is undoubtedly the principal cause of the recent decline in that firm's sales, in its financial deterioration, and in the unemployment of its workers, my determination in each of these cases must be in the negative since the increased imports are not a result in major part of trade-agreement concessions.



## INFORMATION OBTAINED IN THE INVESTIGATION

## Description of Articles Under Investigation

The Duchess Footwear Corp., Salem, Mass., which is still in operation, produces women's dress and casual shoes which are sold at retail for about \$8 to \$15 a pair. The shoes are constructed by the cement process; about 70 percent of the output has uppers of vinyl, and the remainder has uppers of leather.

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/

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

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 only to shoes worn on formal occasions, is now used to describe footwear of the types generally worn for street wear and for business and social activities. Women's shoes intended for formal wear, which are also regarded here as dress shoes, are now frequently referred to as evening shoes, slippers, or sandals. Generally the term "dress shoes" does not refer to footwear especially made for athletic, occupational, and leisure activities.

For many years the principal type of dress shoe worn by women in the United States was the classic pump--a closed-toe, closed-back, slip-on shoe without fasteners, with lightweight soles, and with heels of 2 inches or higher. Depending upon fashion changes, dress shoes may be open- or closed-heel shoes with straps, laces, or tongues over the instep and may include high-heeled sandals with open toes, open heels, and uppers of narrow strips of leather or other material.

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

The range of styles in and quality of footwear increased greatly during the 1960's as a result of new materials, technological developments in production, and new fashions in wearing apparel. Simultaneously, consumer interest in this wide variety of footwear (as well as in clothing) also increased, reflecting the changing age structure of the



population, increasing per capita income, and a growth in time for leisure activities. Following these developments the distinction between dress and casual shoes and attire diminished.

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 uses. Uppers may be of calf, kid, or reptile leathers; of silk, rayon, linen, or metallic fabrics such as peau de soie, satin, brocade, or velvet; or of 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 (the method used by Duchess Footwear Corp.), whereby the outsole (or midsole, if any) is affixed to the upper by an adhesive without sewing. An estimated 80 percent of total U.S. output of women's shoes in recent years (and probably an even higher percentage of the domestic output of dress shoes) has been made by the cement process. This process permits narrow edges on the outsole to give a trim appearance and produces a lighter and more flexible shoe than other processes except the turn (or turned) process. In the turn process, which is currently used in 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.

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

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

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

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

#### U.S. Tariff Treatment

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

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

. Supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS, August 31, 1963, imports of women's supported vinyl-upper footwear, which were small, were not classifiable under any one provision of the Tariff Act. The principal provisions were 1/--

(1) By similitude (similarity), at the rate of 20 percent ad valorem applicable to leather footwear in paragraph 1530(e).

(2) Where the soles were in chief value of india rubber, as footwear in chief value of india rubber at the trade-agreement rate of 12.5 percent ad valorem under paragraph 1537(b).

(3) Where the footwear was in chief value of a product having a synthetic resin acting as chief binding agent at the reduced rate of 21¢ per pound plus 17 percent ad valorem under paragraph 1539(b).

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

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,

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

and 700.55. Tables 2 through 5 show estimated U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty. Table 6 shows the amount of duty collected, based on specified values, on women's footwear entered under items 700.43, 700.45, and 700.55, on the effective dates of the Tariff Act of 1930, the TSUS, and the Kennedy Round of trade concessions.

#### U.S. Consumption, Production, and Imports

During the period 1965-71, apparent annual U.S. consumption of all women's shoes (including dress and casual) rose from an estimated 386 million pairs to 418 million pairs, while annual U.S. production of such footwear declined from 319 million pairs to 238 million pairs. As annual imports almost tripled during this period, their share of the market increased from 17 percent to 43 percent, as shown in the following table.

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

Year	Production <u>1/</u>	Im-ports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million pairs</u>	<u>Million pairs</u>	<u>Million pairs</u>	<u>Percent</u>
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-----	238	180	418	43

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

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

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

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

Data on U.S. consumption of women's dress shoes are not reported in official statistics. It is estimated, however, that during 1965-71 apparent annual U.S. consumption (production plus imports) of such shoes followed an irregular trend, rising from about 204 million pairs in 1965 to about 231 million in 1968 but declining to 191 million in 1971. Estimated domestic production of women's dress shoes during this period reached a peak of about 210 million pairs in 1968 and then declined to 156 million pairs in 1971. Imports rose from an estimated 4 million pairs in 1965 to 35 million pairs in 1971. Of the estimated imports in 1971, about 2 million pairs (entered under TSUS item 700.20) had an average dutiable value of about \$6 a pair, about 5 million pairs (entered under item 700.43) had an average dutiable value of about \$2 a pair, and an estimated 28 million pairs (entered under item 700.45) had an average value of about \$5 a pair. The share of apparent annual U.S. consumption of women's dress shoes supplied by imports increased from 2 percent in 1965 to 18 percent in 1971, as shown in the following table.

Dress shoes for women: U.S. production, imports for consumption,  
and apparent consumption, 1965-71

Year	Production <u>1/</u>	Im- ports <u>2/</u>	Apparent consump- tion <u>3/</u>	Ratio of imports to apparent consumption
	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>pairs</u>	<u>Million</u> <u>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	36	201	18
1971-----	156	43	199	22

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

2/ Data represent estimated imports of leather dress shoes entered under TSUS items 700.20, 700.43, 700.45, and 700.55.

3/ Data represent estimated production plus estimated imports without an allowance for exports, which in 1971 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 variation in annual consumption of women's dress shoes in recent years is explained by several factors, but it is attributable largely to changes in the mode of dressing. In recent years the use of loafers, sandals, clogs, desert boots, and other boots has increased, both in absolute amounts and relative to dress shoes.

U.S. imports of women's footwear entered under TSUS items 700.20, 700.43, 700.45, and 700.55, shown in table 2 in the appendix, in the aggregate accounted for 92 percent of the 1971 imports in the table on page A-8. Italy and Spain have been the principal suppliers of women's leather shoes (items 700.20, 700.43, and 700.45). Japan and the Republic of China (Taiwan) have been the principal suppliers of women's vinyl shoes (item 700.55).



## U.S. and Foreign Wage Rates

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

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

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1/ First, the definition for "shoe industry" varies among nations; in only two countries (Italy and the United States) are shoes specifically broken out from more encompassing industry classifications. This definitional problem makes it difficult to isolate the "shoe industry" in each country; however, the industry categories used in this analysis are the closest and most reliable available. Second, as footnote 1 to the table indicates, published hourly earnings among nations differ in composition. Third, total compensation for workers includes varying factors among the six countries (Two examples of the differences in content are explained in footnotes 4 and 5 to the table).

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

(In U.S. dollars)

Country	Industry	Published average hourly earnings 1/		Estimated compensation per hour worked 2/	
		1964	1970	1964	1970
Brazil-----	Clothing and shoes-----	3/ \$0.23	4/ \$0.28	5/	5/
Italy-----	Shoes-----	.42	.65	5/	\$1.19
Japan-----	Leather products-----	.37	.78	5/	.88
Spain-----	Shoes, leather, and clothing--	.23	.38	6/ \$0.34	.57
Taiwan-----	Leather and leather products--	.12	.18	7/ .14	.21
United States----	Footwear, excluding rubber----	1.77	2.43	5/	2.96

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

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

3/ Average for 1966.

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

5/ Not available.

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

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

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

A-13 through A-31

Data Relating to Duchess Footwear Corp.

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APPENDIX A  
Statistical Tables



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

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

See footnotes at end of table.

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

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

See footnotes at end of table.



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

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

<sup>1/</sup> 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.

<sup>2/</sup> 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.

<sup>3/</sup> 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.

<sup>4/</sup> New item effective Jan. 1, 1968.

<sup>5/</sup> Supported vinyl was not used for shoe uppers until the late 1940's or early 1950's. When footwear with supported vinyl uppers (with soles other than india rubber) was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e), principally 20 percent ad valorem. The column 2 rate for item 700.55 is 35 percent.

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

<sup>7/</sup> Effective Mar. 3, 1933, the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

<sup>8/</sup> Effective Jan. 1, 1968, new items 700.66 and 700.68 replaced item 700.65.

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 20, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS.

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

Year	Footwear of leather									
	Total <u>1/</u>	Moccasins (700.15) <u>2/</u>		Turn or turned (700.20)		"Other" leather footwear				
		Tariff rate	Quantity	Tariff rate	Quantity	Tariff rate		Quantity		
						700.43	700.45	700.43	700.45	
						Million pairs	Percent ad val.	Million pairs	Percent ad val.	Million pairs
1965-----	23	10	0.5	5	1	3/ 20		3/ 21		
1966-----	30	10	1.0	5	1	3/ 20		3/ 28		
1967-----	40	10	1.4	5	1	3/ 20		3/ 38		
1968-----	57	10	.6	4	2	19	18	34	20	
1969-----	59	10	.6	4	2	18	16	29	27	
1970-----	75	10	.5	3	2	17	14	37	35	
1971-----	79	10	.4	3	2	16	12	33	44	
Footwear with uppers of supported: vinyl (700.55)					Canvas footwear (sneakers) (700.60) <u>4/</u>			Total, all nonrubber footwear <u>6/</u>		
Tariff rate		Quantity		Tariff rate <u>5/</u>		Quantity				
Percent ad val.		Million pairs		Percent ad val.		Million pairs		Million pairs		
1965-----	12.5		30		20		8		67	
1966-----	12.5		33		20		8		70	
1967-----	12.5		50		20		11		96	
1968-----	11		69		20		10		133	
1969-----	10		71		20		7		139	
1970-----	8.5		77		20		6		165	
1971-----	7		87		20		9		180	

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

2/ Estimated by the U.S. Tariff Commission.

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

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

5/ Effective Mar. 3, 1933; the basis for assessing the ad valorem rate of duty was changed from foreign (export) value to the "American selling price" of the "like or similar" domestic product (T.D. 46158).

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

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

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

Year	Rate of duty	Quantity
	Percent ad val.	1,000 pairs
1939-----	1/ 10	5
1946-----	10	4
1955-----	2/ 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-----	2.5	1,604

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

2/ GATT concession, effective May 30, 1950.

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

Table 4.--Leather footwear for women and misses made principally by the cement process, items 700.40, 700.43, and 700.45: U.S. imports and applicable rates of duty, 1939, 1946, and 1955-71

	:	Rate	:	700.40	:	700.43 1/	:	700.45 1/	
	:	of duty	:		:		:		
Year	:		:	<u>Million</u>	:	<u>Million</u>	:	<u>Million</u>	
	:	<u>Percent ad val.</u>	:	<u>pairs</u>	:	<u>pairs</u>	:	<u>pairs</u>	
1939-----	:	2/ 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	:		:		
	:		:		:		:		
	:	700.43	:	700.45	:		:		
	:		:		:		:		
1968 1/-----	:	19	:	18	:	34	:	20	
1969-----	:	18	:	16	:	29	:	27	
1970-----	:	17	:	14	:	37	:	35	
1971-----	:	16	:	12	:	33	:	44	
	:		:		:		:		

1/ Effective Jan. 1, 1968, new items 700.41 (sandals of buffalo leather), 700.43, and 700.45 replaced item 700.40. U.S. imports of sandals under item 700.41 amounted to 1 million pairs during each of the years 1970-71.

2/ Statutory rate, effective June 18, 1930.

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

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

Year	: Rate of : duty	: Quantity	: Value	: Unit : value
	: <u>Percent</u>	: <u>1,000</u>	: <u>1,000</u>	: <u>Per</u>
	: <u>ad valorem</u>	: <u>pairs</u>	: <u>dollars</u>	: <u>pair</u>
1934-----	: 1/	: 2/	: 2/	: 2/
1964-----	: 3/ 12.5	: 27,574	: 12,429	: \$0.45
1965-----	: 12.5	: 29,579	: 13,564	: .46
1966-----	: 12.5	: 33,239	: 17,024	: .51
1967-----	: 12.5	: 49,767	: 27,704	: .56
1968-----	: 11	: 68,579	: 46,603	: .67
1969-----	: 10	: 70,777	: 55,820	: .79
1970-----	: 8.5	: 77,288	: 73,757	: .95
1971-----	: 7	: 86,942	: 104,196	: 1.20
	: :	: :	: :	: :

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

2/ Not available.

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

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

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

Table 6.--U.S. rates of duty applicable to footwear for women entered under certain TSUS items and duty collected based on specified values, June 18, 1930, Aug. 31, 1953, and GATT concessions

Effective date	Item 700.43			Item 700.45			Item 700.55 1/					
	Rate of duty	Duty collected based on value of	Rate of duty	Duty collected based on value of	Rate of duty	Duty collected based on value of	Rate of duty	Duty collected based on value of				
									Percent ad val.	Percent ad val.	Percent ad val.	Percent ad val.
June 18, 1930-----	20	\$0.45	20	\$0.60	20	\$0.70	1/	\$0.88	\$1.05			
Aug. 31, 1963-----	20	.45	20	.60	20	.70	.80	12.5	.38			
Jan. 1, 1968-----	19	.43	18	.54	18	.63	.72	11	.33			
Jan. 1, 1969-----	18	.41	16	.48	16	.56	.64	10	.30			
Jan. 1, 1970-----	17	.38	14	.42	14	.49	.56	8.5	.26			
Jan. 1, 1971-----	16	.36	12	.36	12	.42	.48	7	.21			
Jan. 1, 1972-----	15	.34	10	.30	10	.35	.40	6	.18			

1/ Certain footwear having uppers of vinyl (or supported vinyl) are dutiable under item 700.55. During the period before the TSUS became effective (Aug. 31, 1963), such footwear (with soles other than india rubber) was generally dutiable by virtue of the similitude provisions of par. 1559 of the Tariff Act of 1930, at a rate provided for similar leather footwear in par. 1530(e), principally 20 percent. The column 2 rate established in the TSUS is 35 percent.

A-41 through A-47

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