

UNITED STATES TARIFF COMMISSION

**VINYL HANDBAGS
J. RUDOLPH, INC.
NEW YORK, N. Y.**

**Report to the President
on Investigation No. TEA-F-41
Under Section 301(c)(1) 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 that would result in the disclosure of the operation of an individual firm. This published report is the same as the report to the President, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
August 7, 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)(1) of that act.

On June 8, 1972, the Commission received a petition filed on behalf of J. Rudolph, Inc., New York, N.Y., for a determination of the firm's eligibility to apply for adjustment assistance. Accordingly, on June 19, 1972, the U.S. Tariff Commission instituted an investigation (TEA-F-41) to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with vinyl handbags (of the types provided for in item 706.60 of the Tariff Schedules of the United States (TSUS)) produced by the aforementioned firm are being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm.

Public notice of the receipt of the petition and institution of the investigation was published in the Federal Register of June 23, 1972 (37 F.R. 12428). No public hearing was requested and none was held.

The information in this report was obtained from responses to questionnaires sent to producers and importers, from former and current customers of the petitioner, from fieldwork, from official statistics, and from the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission 1/ finds unananimously that articles like or directly competitive with vinyl handbags produced by J. Rudolph, Inc., New York, N.Y., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to that firm.

1/ Commissioner Ablondi did not participate in the decision.

Views of Chairman Bedell, Vice Chairman Parker,
and Commissioner Moore

This investigation relates to a petition filed on behalf of J. Rudolph, Inc., for a determination under section 301(c)(1) of the Trade Expansion Act of 1962 of the eligibility of that firm to apply for adjustment assistance.

Section 301(c)(1) of the Trade Expansion Act of 1962 establishes four criteria, each of which has to be met for the Commission to make an affirmative determination in a firm case. These criteria are as follows:

- (1) Articles like or directly competitive with those produced by the firm must be imported in increased quantities;
- (2) The increased imports must be a result in major part of concessions granted under trade agreements;
- (3) The firm must be seriously injured or threatened with serious injury; and
- (4) The increased imports resulting in major part from trade-agreement concessions must be the major factor causing or threatening to cause serious injury to the firm in question.

If any one of the above criteria is not met, we must make a negative determination. In our judgment, criterion (4) has not been met in the instant case; namely, the increased imports of articles like or directly competitive with the vinyl handbags produced by J. Rudolph, Inc., have not been the major factor causing or threatening to cause serious injury to the firm. Under the circumstances, we are not required to reach a conclusion respecting the other criteria, and we have not done so.

J. Rudolph, Inc., a domestic manufacturer of ladies' handbags since 1945, has produced vinyl handbags in recent years. The line of handbags currently produced by the firm encompasses 43 styles which sell at retail

in the range of \$7 to \$28; most of the styles are priced in the low end of that price range, and the average retail price is * * *. The output of the firm is produced on order and is sold to more than * * * retailers.

Handbags are made in innumerable styles and colors from a variety of materials. In recent years handbags of plastics have accounted for more than half, and perhaps as much as three-fourths, of the handbags marketed in the United States. Most of the remainder have been of leather. Handbags of other materials have accounted for only a small part of the domestic market. Generally, handbags of plastics are less expensive than those of leather. However, sales of both leather handbags and those of synthetic materials occur within the price range of the handbags produced by J. Rudolph.

Like most other articles of women's apparel and accessories, handbags are subject to rapid changes in fashions; such changes not only affect individual styles but also influence aggregate demand for handbags. During the period 1964-68, both U.S. consumption and producers' shipments of handbags steadily increased. Consumption decreased appreciably in 1970, however, and remained at a lower level in 1971, reflecting in part a change in fashion, wherein many women used a single type of handbag (the "hobo" bag) for most occasions rather than having several bags. Apparent U.S. consumption of handbags was valued at about \$390 million in 1968 and 1969, but then dropped to \$340 million both in 1970 and in 1971. U.S. producers' shipments followed the same trend. Sales of handbags by J. Rudolph, Inc., however, were generally * * * from 1968 through 1970--a period during which the value of imports increased by nearly 15

percent and that of shipments of domestic producers dropped by nearly 15 percent. While domestic shipments of handbags (vinyl and leather) declined in 1971, imports of vinyl handbags also declined and those of leather rose only slightly. During the same year the value of sales by Rudolph dropped * * *. This decline in value of sales by the firm thus appears not to have been caused by sales of imported handbags.

U.S. imports of handbags have increased in recent years, rising from \$58 million (15 percent of U.S. consumption) in 1968 to \$70 million (an estimated 20 percent of consumption) in 1971. However, imports of handbags of plastics--the type most similar to the vinyl handbags produced by J. Rudolph--have declined slightly in both volume and value after reaching a peak in 1969. Imports of such handbags amounted to 37 million, valued at \$30 million, in 1971, compared with imports of 40 million, valued at \$31 million, in 1968. Much of the increase in aggregate imports of handbags resulted from larger entries of leather handbags; a substantial share of the imported leather handbags, however, sell in the U.S. market at prices much higher than the prices of handbags made by J. Rudolph.

Officials of J. Rudolph, Inc., stated that, except for changes reflecting style trends, their product line remained basically unchanged in recent years. However, the average unit value of handbags sold by the firm more than doubled in the period 1967-71, the average retail price increasing from * * *. Data obtained from a sample of other domestic producers indicate that the average unit value of handbags sold by them in this period increased only 30 percent. Thus, the prices charged by J. Rudolph for their handbags appear to have been increased far more than handbag

prices generally. * * *

The principal customers of J. Rudolph gave a number of reasons for reducing their purchases from the firm. More than half of those contacted stated that Rudolph had increased the price of its handbags so sharply as to price them out of the retail price line usually marketed by the customer; some stated that the styles produced by the company were no longer acceptable. Although a number of customers greatly reduced their purchases from the firm in 1971, none of the customers contacted by the Commission stated that their purchases from J. Rudolph had been displaced by imports.

Although imports of handbags have supplied an increasing share of the U.S. market in recent years and the handbags produced by J. Rudolph, Inc., have faced increasing competition from such imports, we must conclude that the difficulties experienced by the firm have arisen principally from factors other than import competition. Most domestic handbag producers that furnished information to the Commission during this investigation increased their prices less sharply than J. Rudolph and substantially maintained their volume of sales throughout the 1967-71 period. There is no evidence to show that J. Rudolph has been more vulnerable to import competition than other domestic producers. We must conclude, therefore, that increased imports are not the major factor causing or threatening to cause the alleged serious injury to J. Rudolph, Inc., within the meaning of the Trade Expansion Act of 1962.

Views of Commissioners Leonard and Young

Our determination in this investigation is in the negative because all of the criteria imposed by the Trade Expansion Act of 1962 (TEA) for an affirmative determination have not been satisfied. A negative determination is necessary if any one of the following four criteria is not met:

- (1) Articles like or directly competitive with handbags produced by the firm 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 producing the like or directly competitive product is being seriously injured or threatened with serious injury;
- (4) The increased imports resulting in major part from trade-agreement concessions are the major factor causing or threatening to cause serious injury.

In the case at hand, we have determined that the second criterion has not been satisfied. As indicated below, the facts developed in this investigation do not indicate that the increased U.S. imports of handbags are the result in major part of concessions granted under trade agreements. Because the facts do not satisfy this criterion, it is not necessary for us to make a determination with respect to the others.

This investigation has been conducted in response to a petition filed by J. Rudolph, Inc., of Easton, Pennsylvania, for a determination of its eligibility to apply for adjustment assistance under the Trade Expansion Act of 1962. Since the company went into business, it has always manufactured only one product, ladies vinyl (plastic) handbags.

In recent years total imports of handbags have increased. Handbags of leather and those of plastics comprise the bulk of all imported handbags. The number of plastic handbags is three times as large as the number of leather handbags imported. The present duty on plastic handbags is the same rate as that which was applicable in 1948. Imports of plastic handbags rose from less than 300,000 units in 1958 to about 40 million in 1969 without any reduction in duty. This increase was manifestly attributable to factors other than tariff reductions, since none became effective during that period.

The rate on leather handbags was 20 percent ad valorem in 1948 and remained the same until 1968 when it was reduced two percentage points per year for five years to 10 percent ad valorem. Imports of leather handbags increased from less than 100,000 in 1948 to almost four million bags in 1967, during which time the level of duty was unchanged at 20 percent ad valorem. During the first two years of Kennedy Round duty reductions imports continued to increase but at a much lower rate than prevailed during the previous 2 years. Little cause and effect relationship is apparent between imports in these years and duty reductions. In 1970 imports of leather bags almost doubled. Most of the increase came from Spain and Hong Kong, countries from which the imports have a relatively low unit value. As opposed to the sharp increase in 1970, the percentage increase in 1971 was the smallest in over 10 years.

In analyzing the reason for the sharp rise in imports in 1970, it is noted that the 1970 price of the bags (average unit value--before duty) from Spain fell nearly 15 percent and that from Hong Kong fell

about 17 percent compared with 1969. The low unit value reflected a fashion among young people for a rustic leather bag of simple construction. This was a more important explanation of the increase in imports than the small duty reduction, of 2 percent ad valorem in 1970 and of only 6 percent in 1968-70 altogether.

A major consideration affecting imports, quite unrelated to trade-agreement concessions, is the differential between domestic and foreign wage rates, especially in Spain and Hong Kong which gives foreign producers a competitive advantage.

Taking all of the foregoing factors into account, we have concluded that the increase in U.S. imports of handbags is not a result in major part of concessions granted under trade agreements.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

J. Rudolph, Inc., is a manufacturer of ladies' handbags. Handbags produced by this concern are made of vinyl material closely resembling leather; currently they range in price from * * * each at wholesale and from \$7 to \$28 at retail.

As used herein, the term "handbags" includes pocketbooks, purses, shoulder bags, clutch bags, and all similar articles customarily carried by women and girls. It excludes luggage, shopping bags, and flat goods, i.e., articles designed to be carried on the person, such as billfolds and coin purses.

Handbags, being fashion items, are made in a variety of styles and materials which can change from year to year. They are made principally from leather and plastics, but also from rattan, willow, bamboo, and other unspun fibrous materials and from fabrics, beads, wood, metal, and other materials.

Leathers utilized in the production of handbags are predominantly calf and cowhide; goat, pig, lamb, seal, alligator, snake, lizard, and turtle leathers are also used. Synthetics compare favorably with genuine leathers in versatility and variety. Although leather still sets the fashion, the prestige of plastics has risen in recent years, and reproductions of almost every grain and type of leather can be created. Leathers and plastics can also be grained to resemble cloth--the most popular finishes are linen, straw, and polished.

Sales of both leather handbags and handbags of synthetic materials occur within the price ranges of the handbags produced by J. Rudolph.

However, a handbag of leather will usually sell at a higher price than a similarly styled one of plastics. In recent years, handbags of plastics have accounted for more than half, and perhaps as much as three-fourths, of the handbags marketed in the United States, and those of leather, for most of the remainder. Handbags of other materials have probably accounted for an insignificant part of domestic sales.

The prices of handbags cover a wide range, depending on size and construction as well as kind of material. Vinyl handbags for children are sold for as little as 59 cents each at retail, and leather handbags without linings or fastenings (hobo bags), for as little as \$1. Ladies' handbags with linings and fastenings are usually sold for \$4 to \$10 each if of vinyl, and for \$10 to \$30 if of leather.

U.S. Tariff Treatment

During the period before the Tariff Schedules of the United States (TSUS) became effective, handbags made of plastics were not specifically provided for and were generally dutiable, by virtue of the similitude provisions of paragraph 1559 of the Tariff Act of 1930, at a rate provided for leather (except reptile) handbags in paragraph 1531. ^{1/} In a trade agreement with the United Kingdom effective January 1, 1939, the rate applicable to leather handbags (and by similitude to plastic handbags) was reduced from 35 percent to 25 percent ad valorem; it was

^{1/} Various types of plastics, including vinyl, were not used for handbags until the early to mid-1940's. Owing to Government restrictions on the use of calfskin and certain other leathers during World War II, the use of plastics and other materials increased in importance.

further reduced to 20 percent pursuant to a concession granted in the General Agreement on Tariffs and Trade effective January 1, 1948.

In the TSUS, which became effective on August 31, 1963, separate provisions were made for handbags of plastics and those of leather. Handbags of plastics were provided for in TSUS item 706.60 at a rate of 20 percent ad valorem at that time. This is the current rate as no further reduction has been made. Handbags of leather (except reptile), were provided for in TSUS item 706.08 at a rate of 20 percent ad valorem. Pursuant to concessions granted in the Kennedy Round, the rate applicable to leather handbags (except reptile) was reduced from 20 percent to 10 percent ad valorem in five annual stages, the last of which became effective January 1, 1972 (table 1).

Handbags of reptile leather and those not of leather or vinyl are dutiable at various rates, ranging from 6.5 percent to 25 percent ad valorem, depending on the material of which they are made. The rates on such articles, with few exceptions (principally handbags of beads, spangles, bugles, or imitation gem stones), were reduced 50 percent by stages in 1968-72 pursuant to concessions in the Kennedy Round of trade negotiations (table 2).

All handbags were subject to the supplemental duty of 10 percent ad valorem imposed from August 16 to December 19, 1971.

U.S. Consumption

The value of U.S. consumption of handbags decreased from \$300 million in 1964 to \$292 million in 1965 and then rose steadily to \$391 million in 1968. It then dropped to \$340 million in 1970 and is believed

to have remained at about that amount in 1971 (table 3). In terms of quantity, the consumption of handbags in 1967 (the latest year for which data are available) amounted to 121.6 million units, of which 87.5 million were of plastics, 19.1 million of leather, and 15.0 million of other materials, principally those containing beads or synthetic gem stones (table 4). The total quantity was about 10 percent larger in 1967 than in 1963. It is believed to have since declined as the value of shipments has declined and unit values have risen.

Beginning about 1969 it became accepted fashion for women to use a single, casual type of bag--comprising so-called hobo bags and those made of suede, denim (jean), and so forth--for most occasions rather than to buy a different bag for each occasion. The decline in consumption in 1969 and 1970 and the stable consumption in 1971 in part reflect this fashion trend.

U.S. Producers

As reported in the 1967 Census of Manufactures, there were 496 establishments, with 24,000 employees, principally in New York City and vicinity, engaged in the manufacture of handbags. Although the number of employees was about the same as in 1963, the number of establishments in 1967 was 10 percent less than in 1963. About 70 establishments, each with 100 or more workers, accounted for two-thirds of the total employment in both years. Since 1967, employment in the industry, as will be shown later, has declined, and there is believed to have been a reduction in the number of establishments.

U.S. Producers' Shipments and Exports

The value of producers' shipments of handbags declined from \$277 million in 1964 to \$261 million in 1965, rose annually to \$336 million in 1968, and then declined to \$276 million in 1970 and to an estimated \$271 million in 1971 (table 3). Between two-thirds and three-fourths of U.S. production has consisted of handbags of plastics, and a major part of the remainder, of handbags of leather.

In the 1967 Census of Manufactures, quantity data on shipments of handbags by U.S. producers were reported only for shipments valued at \$264.3 million, which was 85 percent of the value of total shipments. Of the total quantity reported (82.2 million units), 60.2 million units, with a value of \$147.4 million, were made of plastics; 15.4 million units, valued at \$93.6 million, were of leather; and 6.6 million, valued at \$23.3 million, were of other materials (fabric, beads, spangles, and so forth). ^{1/} The number of handbags shipped that was reported for 1967 was smaller than that reported for 1963; the decline resulted principally from a drop in the number of plastic handbags shipped (from 71 million in 1963 to 60 million in 1967) and a decline in the number of handbags of materials other than leather or plastics (from 10.3 million units in 1963 to 6.6 million in 1967) (table 5). More recent quantity data on U.S. producers' shipments by types of materials are not available. There is believed to be little, if any, domestic production of handbags of unspun fibrous vegetable materials (items 706.10 through 706.14),

^{1/} The composition of the remainder of the shipments, for which no quantity data were reported, is unknown.

beaded bags (item 706.40), or the so-called straw or polyvinyl-chloride-coated rattan bags (item 706.6020).

During the period 1964-71, U.S. exports of handbags followed an uneven pattern. They were valued at about \$3 million in 1964 and then averaged slightly under \$2.5 million annually until they again rose to nearly \$3 million in 1968. Exports then rapidly declined during the next 3 years to slightly over \$1 million in 1971. In 1971 Canada was the principal export market; other important markets included Mexico, Panama, Jamaica, and the Netherlands Antilles (tables 3 and 6).

U.S. Imports

Aggregate trends

Complete statistical data are not available on aggregate U.S. imports of handbags in terms of quantity. 1/ It is estimated, however, that total U.S. imports of handbags increased from about 14 million units in 1963, when they accounted for about 13 percent of consumption, to 40 million units in 1967, when they accounted for 33 percent, and that they increased further to a range of 55 million to 58 million units a year in 1968-71, when they accounted for about 40 percent of consumption. 2/

1/ Quantity data are not reported for several items in the Tariff Schedules of the United States (TSUSA). Others include luggage, flat goods, and handbags; for these, imports of handbags must be estimated.

2/ Data on U.S. producers' shipments for 1963 and 1967, in terms of types of materials of handbags, include only about 90 percent of total shipments in 1963 and about 85 percent in 1967; to that extent data on U.S. consumption are also understated.

In terms of value, U.S. imports of handbags increased annually, from approximately \$27 million in 1964 to an estimated \$70 million in 1971. The share of apparent U.S. consumption supplied by all imported handbags increased annually from 9 percent in 1964 to 20 percent in 1971 (table 3).

The average foreign unit value of imports in 1971 of handbags of leather and of plastics ranged from less than 50 cents each to more than \$15.00 each, with the bulk of the imports having values of over 50 cents each but not over \$2 each.

The following table, based on a partial analysis of Bureau of the Census line entries for January and April 1972, shows the percentage distribution, by average foreign unit value, of the number of leather and plastic handbags imported.

Handbags of leather and plastic: Percentage distribution of number imported, by brackets of average foreign unit value, January and April 1972

| Average foreign unit value | Leather | | Plastics | |
|----------------------------|---------|-------|----------|-------|
| | January | April | January | April |
| \$0.50 or less----- | - | - | 28 | 45 |
| \$.51 to \$1.00----- | 24 | 28 | 51 | 19 |
| \$1.01 to \$2.00----- | 53 | 44 | 19 | 28 |
| \$2.01 to \$3.00----- | 3 | 9 | 2 | 3 |
| \$3.01 to \$4.00----- | 7 | 4 | - | 4 |
| \$4.01 to \$5.00----- | 4 | 7 | - | - |
| \$5.01 to \$6.00----- | 2 | 1 | - | 1 |
| \$6.01 to \$8.00----- | 4 | 4 | - | - |
| \$8.01 to \$10.00----- | 2 | 1 | - | - |
| \$10.01 to \$15.00----- | 1 | 1 | - | - |
| \$15.01 and over----- | - | 1 | - | - |
| Total----- | 100 | 100 | 100 | 100 |

Source: Compiled from a sample analysis covering 10 percent of total line entries (about 200) reflecting U.S. imports of handbags of leather and plastics in January and April 1972.

Composition

Based on estimated quantities for 1971, two-thirds of the imported handbags were of plastics, one-fifth were of leather, and the remainder were nearly all of materials containing beads, spangles, and so forth or of cotton or other textiles. In 1967 the share of total imports supplied by plastic handbags was about the same as in 1971, but that supplied by leather handbags was only about one-tenth, and that by bags of other materials, about one-fifth.

Handbags of leather

In 1971, handbags of leather (except reptile leather) accounted for about 43 percent of aggregate handbag imports. The share of apparent U.S. consumption of handbags supplied by imported leather handbags (in terms of value) increased annually from 2 percent in 1964 to about 9 percent in 1971.

Imports of leather handbags increased irregularly from an estimated 1.6 million units in 1963 to 3.9 million in 1967, after which they increased annually to 11.1 million in 1971. A majority of the imports are obtained from Hong Kong, Spain, and Italy (table 7). A substantial proportion of the imports from Hong Kong and Spain and about one-fourth of the total from all sources consist of articles valued abroad at 50 cents to \$1 each. Most of the remainder of imports from Hong Kong and Spain and about half of those from all sources consist of articles valued at \$1 to \$2 each. These are largely unlined leather bags, generally of suede, without fastenings or other leather parts, which are sold, usually at \$6 each or less, in chain and discount stores, on bargain counters, or in department-store basements. Italy, the principal

source of imports of leather handbags in terms of value, supplies the more expensive types of bags, which generally retail at about \$20 or more. Imports other than from Hong Kong and Spain consist primarily of articles valued abroad over a range of \$2 to \$10 each and sold at retail in the United States at prices from \$10 to \$35.

Handbags of plastics and other materials

Imported handbags of plastics and other materials except leather are provided for in various TSUSA item numbers. However, about 42 percent of the value of total handbag imports in 1971 were entered in TSUSA item 706.6020, and consisted principally of handbags of plastics. ^{1/} Included among these imports were bags known in the trade as summer straw handbags (rattan covered with polyvinyl chloride and thus in chief value of plastics), bags made of crocheted rayon strips more than 1 inch in width, those made from the various urethanes and polyurethanes, and the traditional vinyl bags, many of which are made to simulate leather.

In terms of value, the share of U.S. consumption of handbags supplied by imported handbags of plastics increased annually from 3 percent in 1964 to about 9 percent in 1971.

Imports of handbags of plastics increased from an estimated 4 million units in 1963 to 28 million in 1967, and they have since ranged from 37 million to 40 million units a year (table 1). They consist predominantly of those from Hong Kong and the Republic of China having an average value of less than 70 cents each (table 8). Some 30 to 40

^{1/} This TSUSA item also includes handbags of fur on the skin and of wood, imports of which are believed to be negligible.

percent of them are purchased abroad for less than 50 cents each and consist of children's handbags, straws, and imitation leather handbags of cheap construction which are sold by importers for less than \$1 and distributed at retail in variety stores at prices ranging from 59 cents to \$2 each. The remainder, including imports from Japan, Italy and Spain, consist almost entirely of articles purchased abroad for more than 50 cents but not more than \$2 each. Most of these are straws and imitation leather handbags (largely copies of domestic styles) which are widely sold at retail at \$2 to \$6 each in shoe stores, in discount and chain stores, on bargain counters, or in department-store basements.

Until about 5 or 6 years ago the summer straw bag accounted for the largest share of imports under item 706.6020. Beginning in the mid-1960's, however, producers in the Far East began to export increasing quantities of ladies' handbags of plastics, most of which were inexpensive relative to handbags of other materials, to the U.S. market. This trend has continued and, in conjunction with a fashion change away from straws, has in recent years led to the increased importance of bags of plastics in the composition of U.S. consumption.

Imported handbags of materials other than leather or plastics are small; such imports, including those of textile materials, of unspun fibrous materials, of beads, bugles, spangles, and imitation gemstones, of metal, and of paper yarns, were valued at less than \$10 million in 1971, when they accounted for less than 15 percent of handbag imports and supplied less than 3 percent of U.S. handbag consumption.

Employment and Earnings

Data for employees producing handbags have not been reported in official statistics since 1967, when the number employed was 24,000. Information through November 1971, however, is available regarding employees producing handbags and personal leather goods (including bill-folds, change purses, key cases, and like articles, as well as handbags). Employment in the combined activities declined from an average of 38,000 persons in 1967 to 35,600 in 1970, and through November 1971 averaged almost the same as in 1970 (table 9). Average hourly earnings or production workers included rose steadily, from \$1.97 in 1967 to about \$2.50 in the summer and fall of 1971. Average weekly hours per worker changed little over the period.

In 1971, average hourly earnings of workers producing handbags and personal leather goods in the United States were 2-1/2 times as large as those for workers in Italy and Japan, 6 times as large as those for workers in Spain, and presented an even greater contrast with those in Hong Kong and the Republic of China (table 10). Hourly earnings in Japan and Italy have nearly doubled since 1967, and those in Spain, Hong Kong, and Taiwan have increased 28 to 40 percent, compared with an increase of 25 percent in the United States. Because of the wide disparity in the base earnings, however, the absolute difference between the rates in the United States and those in the other countries has increased.

Data Relating to J. Rudolph, Inc.

Corporate history, structure and ownership

J. Rudolph, Inc., Easton, Pa., which was founded as a partnership and is still in operation, began producing ladies' handbags in 1945. The firm was incorporated in 1969. The company is a closely held corporation, with Mr. Jack Randolph, one of the original partners, and members of his family being the principal owners.

Plant and equipment

The company rents a factory in Easton, Pa., and maintains four showrooms, one of them combined with the headquarters office in New York City. The factory has an area of about 50,000 square feet, 22,000 of which was added in 1965 and consists mainly of warehousing and storage space. At the time the factory was expanded, new equipment was added and the old was reconditioned. The average age of the machinery and equipment, according to company officials, is about 7 years.

* * * * *

Product and prices

J. Rudolph, Inc., produces only ladies' vinyl handbags. Unlike more than half of the domestic producers of handbags, this company does not import handbags.

The manufacturing of most vinyl handbags requires several processes. Molds for stamping out various parts of handbags, such as pockets, sides, and bottoms, are purchased from tool and die makers. After being stamped out, the parts are reinforced with stays and either heat-sealed, glued, or sewn together, depending upon the intricacy of the design. Hardware

and the handles are then attached. The linings of the bags produced by J. Rudolph, Inc., are either of cloth or of vinyl.

Nearly all the output of J. Rudolph is produced on order, owing to the fast-changing fashion situation in the industry. When the company cannot respond quickly enough by using only its own facilities, it contracts out orders during peak production periods to avoid losing the orders and possible future sales.

The 1972 line of bags manufactured by this concern retails in the range of \$7 to \$28. Company officials state that they have attempted to maintain the same basic product line since 1967 but have had to vary the styling--color, shape, size, hardware, and so forth--in order to be responsive to fashion changes. For that reason, no single handbag design carries through the 1967-72 period. For most of Rudolph's line, comparable bags in 1967 retailed for about half the price of those in the 1972 fall line. The company attributes the increased prices (* * *) to increased labor and materials cost. During the period involved, wage rates in the U.S. handbag industry rose by about a fourth (table 9), and Rudolph's costs of vinyl material increased by about three-fourths. The firm's prices, however, doubled in that period.

Because handbag styles change rapidly and no two producers make exactly the same models, it has not been possible to develop data on which to make a valid comparison of prices received by J. Rudolph and those received by other producers and importers. A comparison of the average unit value of sales by J. Rudolph with those of 14 other domestic producers that furnished data to the Tariff Commission shows that the average unit value of Rudolph's sales increased from * * * in 1967

to * * * in 1971, or by * * * percent, while the average increase in unit sales value in the same period for the 14 other producers was 30 percent and ranged from no increase for two producers to an increase of 124 percent for another. During the period 1967-71, the retail price for Rudolph's best selling handbag * * *, increasing from * * * in 1967 to * * * in 1971 (* * *). Although one * * * producer indicated that the retail price for his best selling line doubled during this period, the average increase in the retail sales price for the 14 producers reporting was about 36 percent. Of the importers that furnished information to the Commission, only one reported the importation of handbags during the entire period 1967-71. Consequently, no meaningful trends for the average unit sales value and the retail prices received for the best selling models of imported handbags can be established (* * *).

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A-15 through A-20

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APPENDIX A
STATISTICAL TABLES

Table 1.--Handbags of leather (except reptile) and plastics: U.S. rates of duty and imports for consumption, 1939-72

| Year | Leather (except reptile) ^{1/} | | | Plastics ^{1/} | | |
|------|--|----------------------|---------------|------------------------|-----------------------|---------------|
| | Rate of duty | Imports | | Rate of duty | Imports ^{2/} | |
| | | Quantity | Value | | Quantity | Value |
| | Percent ad valorem | Quantity 1,000 units | 1,000 dollars | Percent ad valorem | Quantity 1,000 units | 1,000 dollars |
| 1939 | 3/ 25 | 4/ 57 | 4/ 153 | - | - | - |
| 1940 | 25 | 4/ 27 | 4/ 65 | - | - | - |
| 1941 | 25 | 4/ 18 | 4/ 74 | - | - | - |
| 1942 | 25 | 14 | 17 | - | - | - |
| 1943 | 25 | 55 | 307 | - | - | - |
| 1944 | 25 | 216 | 1,591 | - | - | - |
| 1945 | 25 | 63 | 542 | - | - | - |
| 1946 | 25 | 197 | 2,162 | - | - | - |
| 1947 | 25 | 66 | 532 | - | - | - |
| 1948 | 20 | 82 | 476 | - | - | - |
| 1949 | 20 | 58 | 322 | - | - | - |
| 1950 | 20 | 199 | 1,118 | - | - | - |
| 1951 | 20 | 298 | 1,776 | - | - | - |
| 1952 | 20 | 369 | 1,593 | - | - | - |
| 1953 | 20 | 521 | 2,120 | - | - | - |
| 1954 | 20 | 650 | 2,056 | - | - | - |
| 1955 | 20 | 1,178 | 3,280 | - | - | - |
| 1956 | 20 | 2,224 | 5,345 | - | - | - |
| 1957 | 20 | 2,317 | 5,422 | - | - | - |
| 1958 | 20 | 2,070 | 4,986 | - | - | - |
| 1959 | 20 | 2,602 | 5,537 | - | - | - |
| 1960 | 20 | 2,800 | 6,584 | - | - | - |
| 1961 | 20 | 2,423 | 5,672 | - | - | - |
| 1962 | 20 | 3,282 | 7,454 | - | - | - |
| 1963 | 20 | 5/ 1,578 | 5/ 4,027 | 20 | 5/ 3,873 | 5/ 3,565 |
| 1964 | 20 | 2,535 | 6,990 | 20 | 10,781 | 9,866 |
| 1965 | 20 | 1,869 | 7,391 | 20 | 18,399 | 17,091 |
| 1966 | 20 | 2,332 | 9,898 | 20 | 21,919 | 18,359 |
| 1967 | 20 | 3,865 | 12,461 | 20 | 28,227 | 22,440 |
| 1968 | 18 | 4,517 | 16,126 | 20 | 39,242 | 26,901 |
| 1969 | 16 | 5,355 | 19,891 | 20 | 40,006 | 30,909 |
| 1970 | 14 | 10,332 | 26,158 | 20 | 38,720 | 30,389 |
| 1971 | 12 | 11,134 | 30,248 | 20 | 37,129 | 29,623 |
| 1972 | 10 | 6/ | 6/ | 20 | 6/ | 6/ |

^{1/} Until Aug. 31, 1963, handbags of plastics were dutiable by similitude to leather, unless resembling other materials, in which case they were dutiable by similitude to the other material; thus, imports of handbags of leather include those of plastics for periods prior to that date.

^{2/} TSUSA item 706.6020 (materials n.s.p.f.), including some handbags other than of plastics.

^{3/} Reduced from 35 percent, the statutory rate, in a trade agreement with the United Kingdom effective Jan. 1, 1939.

^{4/} Handbags of leather (except reptile) were not reported separately until Nov. 15, 1941. Thus data for 1939-41 includes handbags of all kinds of leather.

^{5/} For Aug. 31-Dec. 31, 1963; partly estimated.

^{6/} Not available.

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

Table 2.--Handbags: U.S. rates of duty in 1967 and 1972, and imports for consumption, by kinds of material, 1971

| HSUSA item No. | Material | Rate of duty | | U.S. imports for con- sumption, 1971 | |
|----------------------|---|--------------------|--------------------|--|------------------|
| | | 1967 | 1972 | Quantity | Value |
| | | Percent ad val. | Percent ad val. | 1,000 units | 1,000 dollars |
| | Leather: | | | | |
| 706.0600 | Reptile <u>1/</u> ----- | 17.5 | 8.5 | 19 | 179 |
| 706.0820 | Other----- | 20 | 10 | 11,134 | 30,248 |
| 706.1000 | Bamboo <u>1/</u> ----- | 25 | 12.5 | 20 | 28 |
| 706.1100 | Willow <u>1/</u> ----- | 20 | 10 | 157 | 427 |
| 706.1200 | Rattan or palm leaf <u>1/</u> ----- | 34 | 25 | 261 | 251 |
| 706.1400 | Unspun vegetable material not specially pro- vided for <u>1/</u> ----- | 17 | 8.5 | 424 | 516 |
| | Textile: | | | | |
| 706.2000 | In part braid <u>1/</u> -- Vegetable fiber, not pile: | 42.5 | 21 | <u>2/</u> | 271 |
| 706.2240 | Cotton----- | 20 | 15 | 743 | 862 |
| 706.2340 | Other----- | 13.5 | 6.5 | 1,018 | 1,653 |
| 706.2415 | Other cotton <u>1/</u> ---- | 40 | 20 | <u>2/</u> | 171 |
| 706.2450 | Other textile----- | 40 | 20 | 1,289 | 1,656 |
| 706.4000 | Beads, bugles, spangles, etc----- | 20 | 20 | 5,330 | 3,534 |
| 706.4500 | Metal----- | 35 | 17.5 | 139 | 314 |
| 706.4700 | Paper yarns----- | 17.5 | 17.5 | 54 | 29 |
| 706.6020 | Materials not specially pro- vided for: (plastics)----- | 20 | 20 | 37,129 | 29,623 |
| | Weighted average or total----- | 20.5 | 15.1 | 57,717 | 69,762 |

1/ May include luggage as well as handbags, but quantity of luggage, if any, is believed to be negligible or nil.

2/ Not reported in units.

Source: Import data compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Handbags: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1964-71

| Year | Producers' shipments | Imports ^{1/} | Exports | Apparent consumption ^{1/} | Ratio of imports to consumption ^{1/} |
|-----------|-------------------------|-------------------------|-------------------------|------------------------------------|---|
| | <u>1,000</u> dollars | <u>1,000</u> dollars | <u>1,000</u> dollars | <u>1,000</u> dollars | Percent |
| 1964----- | 276,703 | 27,039 | 3,337 | 300,405 | 9 |
| 1965----- | 261,109 | 33,396 | 2,448 | 292,057 | 11 |
| 1966----- | 285,835 | 37,340 | 2,465 | 320,710 | 12 |
| 1967----- | 312,100 | 48,261 | 2,276 | 358,085 | 13 |
| 1968----- | 335,800 | 58,406 | 2,909 | 391,297 | 15 |
| 1969----- | 328,300 | 62,035 | 1,842 | 388,493 | 16 |
| 1970----- | 275,800 | 65,723 | 1,619 | 339,904 | 19 |
| 1971----- | <u>2/</u> 271,000 | 69,762 | 1,257 | <u>2/</u> 339,505 | <u>2/</u> 20 |

^{1/} Partly estimated.

^{2/} Estimated by the U.S. Tariff Commission.

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

Table 4.--Handbags: U.S. producers' shipments, imports for consumption, by kinds of material, exports of domestic merchandise, and apparent consumption, 1963 and 1967

| Item | (In millions of units) | | | | | | | |
|-------------------------|------------------------|------|---------------|--------------|---------------|---------------|----------------|-------|
| | Plastics | | Leather | | Other | | Total | |
| | 1963 | 1967 | 1963 | 1967 | 1963 | 1967 | 1963 | 1967 |
| Shipments ^{1/} | 70.6 | 60.2 | 14.7 | 15.4 | 10.3 | 6.6 | 95.6 | 82.2 |
| Imports | <u>2/</u> 3.9 | 28.2 | <u>2/</u> 1.6 | 3.9 | <u>2/</u> 8.5 | <u>3/</u> 8.4 | <u>2/</u> 14.0 | 40.5 |
| Exports | 1.3 | .9 | .1 | <u>4/</u> .2 | .3 | <u>5/</u> | 1.7 | 1.1 |
| Consumption | 73.2 | 87.5 | 16.2 | 19.1 | 18.5 | 15.0 | 107.8 | 121.6 |

^{1/} Based on value data reported for about 90 percent of shipments in 1963 and about 85 percent in 1967. No quantity data is given for the remainder.

^{2/} Partially estimated.

^{3/} Includes 5.8 million handbags containing beads, bugles, spangles, or imitation gem stones.

^{4/} Includes other handbags.

^{5/} Included with the handbags of leather.

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

Table 5.--Handbags: U.S. producers' shipments, by kinds of material, 1963 and 1967

| Kind of material | Quantity | | Value | | Unit value | |
|-------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|------------|-----------|
| | 1963 | 1967 | 1963 | 1967 | 1963 | 1967 |
| | : Million : : units : | : Million : : units : | : Million : : dollars : | : Million : : dollars : | : | : |
| Plastics----- | 70.6 | 60.2 | 140.6 | 147.4 | \$1.99 | \$2.45 |
| Leather----- | 14.7 | 15.4 | 67.6 | 93.6 | 4.60 | 6.08 |
| Other material----- | 10.3 | 6.6 | 30.9 | 23.3 | 3.00 | 3.53 |
| Subtotal or average----- | 95.6 | 82.2 | 239.1 | 264.3 | 2.50 | 3.22 |
| Not specified by kind----- | <u>1/</u> | <u>1/</u> | 26.9 | 47.8 | <u>1/</u> | <u>1/</u> |
| Total----- | <u>1/</u> | <u>1/</u> | 266.0 | 312.1 | <u>1/</u> | <u>1/</u> |

1/ Not available.

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

Table 6.--Handbags: U.S. exports of domestic merchandise, by principal markets, 1967-71

| Market | 1967 | 1968 | 1969 | 1970 | 1971 |
|------------------------|-------|-------|-------|-------|-------|
| Quantity (1,000 units) | | | | | |
| Canada----- | 267 | 282 | 164 | 133 | 126 |
| Mexico----- | 83 | 147 | 123 | 80 | 124 |
| Panama----- | 134 | 141 | 170 | 136 | 72 |
| Jamaica----- | 41 | 55 | 63 | 35 | 37 |
| Netherlands | | | | | |
| Antilles----- | 92 | 126 | 71 | 110 | 34 |
| Bahamas----- | 37 | 48 | 38 | 33 | 31 |
| Japan----- | 110 | 121 | 47 | 14 | 7 |
| Bermuda----- | 40 | 23 | 20 | 14 | 14 |
| Colombia----- | 8 | 25 | 14 | 9 | 20 |
| Hong Kong----- | 7 | 28 | 24 | 20 | 1 |
| All other----- | 218 | 245 | 111 | 122 | 75 |
| Total----- | 1,037 | 1,241 | 845 | 706 | 541 |
| Value (1,000 dollars) | | | | | |
| Canada----- | 710 | 642 | 410 | 364 | 325 |
| Mexico----- | 166 | 289 | 239 | 177 | 208 |
| Panama----- | 200 | 213 | 214 | 240 | 133 |
| Jamaica----- | 74 | 115 | 137 | 115 | 119 |
| Netherlands | | | | | |
| Antilles----- | 138 | 208 | 103 | 174 | 87 |
| Bahamas----- | 79 | 109 | 86 | 73 | 71 |
| Japan----- | 311 | 498 | 208 | 66 | 38 |
| Bermuda----- | 79 | 38 | 37 | 30 | 35 |
| Colombia----- | 15 | 56 | 28 | 21 | 27 |
| Hong Kong----- | 34 | 111 | 88 | 47 | 10 |
| All other----- | 470 | 630 | 292 | 312 | 204 |
| Total----- | 2,276 | 2,909 | 1,842 | 1,619 | 1,257 |

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

Table 7.--Handbags of leather (except reptile): U.S. imports for consumption, by principal sources, 1967-71, January-April 1971, and January-April 1972

| Source | 1967 | 1968 | 1969 | 1970 | 1971 | Jan.- Apr. 1971 | Jan.- Apr. 1972 |
|------------------------|---------|--------|--------|--------|--------|-----------------------|-----------------------|
| Quantity (1,000 units) | | | | | | | |
| Italy----- | 219 | 694 | 914 | 1,230 | 1,667 | 379 | 764 |
| Spain----- | 263 | 662 | 1,445 | 2,498 | 2,577 | 475 | 1,281 |
| Hong Kong----- | 2,142 | 1,659 | 1,216 | 4,159 | 3,958 | 2,010 | 1,876 |
| France----- | 289 | 351 | 358 | 338 | 392 | 98 | 117 |
| Lebanon----- | 9 | 185 | 261 | 155 | 644 | 99 | 285 |
| Canada----- | 162 | 248 | 252 | 229 | 165 | 44 | 42 |
| United Kingdom---- | 133 | 160 | 230 | 151 | 169 | 39 | 23 |
| Mexico----- | 27 | 60 | 133 | 522 | 267 | 77 | 118 |
| Japan----- | 99 | 108 | 102 | 266 | 382 | 122 | 242 |
| All other----- | 522 | 390 | 444 | 784 | 913 | 229 | 264 |
| Total----- | 3,865 | 4,517 | 5,355 | 10,332 | 11,134 | 3,572 | 5,012 |
| Value (1,000 dollars) | | | | | | | |
| Italy----- | 3,515 | 5,020 | 6,947 | 8,017 | 9,466 | 2,321 | 3,738 |
| Spain----- | 1,404 | 1,813 | 3,183 | 4,681 | 5,415 | 908 | 2,393 |
| Hong Kong----- | 2,596 | 2,129 | 1,745 | 4,962 | 4,879 | 2,396 | 2,299 |
| France----- | 2,166 | 2,625 | 2,573 | 2,566 | 2,616 | 746 | 776 |
| Lebanon----- | 40 | 520 | 718 | 513 | 1,984 | 311 | 982 |
| Canada----- | 991 | 1,537 | 1,573 | 1,317 | 1,136 | 290 | 318 |
| United Kingdom---- | 795 | 925 | 1,088 | 951 | 1,050 | 197 | 115 |
| Mexico----- | 102 | 249 | 424 | 1,021 | 683 | 181 | 315 |
| Japan----- | 73 | 134 | 137 | 444 | 672 | 157 | 449 |
| All other----- | 779 | 1,174 | 1,503 | 1,686 | 2,347 | 428 | 714 |
| Total----- | 12,461 | 16,126 | 19,891 | 26,158 | 30,248 | 7,935 | 12,099 |
| Unit value (each) | | | | | | | |
| Italy----- | \$16.05 | \$7.23 | \$7.60 | \$6.52 | \$5.68 | \$6.12 | \$4.89 |
| Spain----- | 5.34 | 2.74 | 2.20 | 1.87 | 2.10 | 1.91 | 1.87 |
| Hong Kong----- | 1.21 | 1.28 | 1.43 | 1.19 | 1.23 | 1.19 | 1.23 |
| France----- | 7.49 | 7.48 | 7.19 | 7.59 | 6.67 | 7.61 | 6.63 |
| Lebanon----- | 4.44 | 2.81 | 2.75 | 3.31 | 3.08 | 3.14 | 3.45 |
| Canada----- | 6.12 | 6.20 | 6.24 | 5.75 | 6.88 | 6.59 | 7.57 |
| United Kingdom---- | 5.98 | 5.78 | 4.73 | 6.30 | 6.21 | 5.05 | 5.00 |
| Mexico----- | 3.78 | 4.15 | 3.19 | 1.96 | 2.56 | 2.35 | 2.67 |
| Japan----- | 0.74 | 1.24 | 1.34 | 1.67 | 1.76 | 1.29 | 1.86 |
| All other----- | 1.49 | 3.01 | 3.39 | 2.15 | 2.57 | 1.87 | 2.70 |
| Average----- | 3.22 | 3.57 | 3.71 | 2.53 | 2.72 | 2.22 | 2.41 |

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

Table 8.--Handbags of plastics: U.S. imports for consumption by principal sources, 1967-71, January-April 1971, and January-April 1972

| Source | 1967 | 1968 | 1969 | 1970 | 1971 | Jan.- Apr. 1971 | Jan.- Apr. 1972 |
|------------------------------------|--------|--------|--------|--------|--------|-----------------------|-----------------------|
| Quantity (1,000 units) | | | | | | | |
| Hong Kong----- | 17,962 | 25,556 | 26,978 | 26,623 | 23,278 | 10,454 | 10,255 |
| Japan----- | 8,944 | 10,528 | 8,816 | 7,131 | 6,255 | 3,160 | 2,080 |
| Republic of China (Taiwan)----- | 444 | 1,652 | 2,200 | 2,457 | 5,385 | 1,358 | 2,777 |
| Italy----- | 591 | 1,004 | 1,028 | 1,245 | 1,067 | 677 | 758 |
| Spain----- | 48 | 118 | 354 | 459 | 544 | 223 | 166 |
| All other----- | 238 | 384 | 630 | 805 | 600 | 214 | 292 |
| Total----- | 28,227 | 39,242 | 40,006 | 38,720 | 37,129 | 16,086 | 16,328 |
| Value (1,000 dollars) | | | | | | | |
| Hong Kong----- | 13,733 | 15,827 | 17,803 | 17,206 | 13,480 | 7,037 | 6,223 |
| Japan----- | 6,165 | 7,059 | 7,414 | 6,823 | 7,172 | 3,607 | 2,739 |
| Republic of China (Taiwan)----- | 349 | 817 | 955 | 1,472 | 3,871 | 839 | 1,789 |
| Italy----- | 1,460 | 1,778 | 2,121 | 2,316 | 2,050 | 1,132 | 1,411 |
| Spain----- | 117 | 357 | 905 | 1,064 | 1,536 | 514 | 565 |
| All other----- | 616 | 1,063 | 1,711 | 1,508 | 1,514 | 503 | 639 |
| Total----- | 22,440 | 26,901 | 30,909 | 30,389 | 29,623 | 13,632 | 13,366 |
| Unit value (each) | | | | | | | |
| Hong Kong----- | \$0.76 | \$0.62 | \$0.66 | \$0.65 | \$0.58 | \$0.67 | \$0.61 |
| Japan----- | .69 | .67 | .84 | .96 | 1.15 | 1.14 | 1.32 |
| Republic of China (Taiwan)----- | .79 | .49 | .43 | .60 | .72 | .62 | .64 |
| Italy----- | 2.47 | 1.77 | 2.06 | 1.86 | 1.92 | 1.67 | 1.86 |
| Spain----- | 2.44 | 3.03 | 2.56 | 2.32 | 2.82 | 2.30 | 3.40 |
| All other----- | 2.59 | 2.77 | 2.72 | 1.87 | 2.52 | 2.35 | 2.19 |
| Average ----- | .79 | .69 | .77 | .78 | .80 | .85 | .82 |

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

Table 9.--Average number of employees, total and production and related workers engaged in the production of handbags and personal leather goods in the United States, and earnings of and average weekly hours worked by the latter, 1967-70 and, by months, January-November 1971

| Period | Average number of employees (all persons) | Production and related workers | | | |
|--------------------------|---|--------------------------------|-------------------------------|-------------------------------|----------------------------|
| | | Average number | Average weekly earnings | Average hourly earnings | Average weekly hours |
| | | Thousands | Thousands | | |
| 1967----- | 38.0 | 32.6 | \$73.28 | \$1.97 | 37.2 |
| 1968----- | 36.9 | 31.4 | 79.55 | 2.11 | 37.7 |
| 1969----- | 36.6 | 30.9 | 82.21 | 2.24 | 36.7 |
| 1970----- | 35.6 | 30.0 | 87.08 | 2.36 | 36.9 |
| 1971: | | | | | |
| January----- | 36.0 | 30.2 | 87.95 | 2.39 | 36.8 |
| February----- | 36.4 | 30.8 | 91.13 | 2.49 | 36.6 |
| March----- | 36.3 | 30.6 | 92.50 | 2.48 | 37.3 |
| April----- | 34.1 | 28.4 | 89.05 | 2.46 | 36.2 |
| May----- | 34.5 | 28.9 | 90.89 | 2.49 | 36.5 |
| June----- | 34.5 | 29.1 | 89.79 | 2.46 | 36.5 |
| July----- | 33.2 | 27.8 | 92.00 | 2.46 | 37.4 |
| August----- | 35.5 | 30.1 | 91.75 | 2.50 | 36.7 |
| September----- | 35.3 | 29.4 | 92.62 | 2.51 | 36.9 |
| October----- | 35.5 | 30.0 | 95.75 | 2.50 | 38.3 |
| November <u>1</u> /----- | 36.3 | 30.7 | 98.00 | 2.50 | 39.2 |

1/ Preliminary.

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

Table 10.--Hourly earnings of production workers in specified industries in 6 countries, 1967-71 ^{1/}

(In U.S. dollars)

| Country | Industry | 1967 | 1968 | 1969 | 1970 | 1971 |
|------------------|--|--------|--------|--------|--------|---------------|
| United States--- | Handbags and personal leather goods. | \$1.97 | \$2.11 | \$2.24 | \$2.36 | \$2.48 |
| Japan----- | Leather and leather products. | .50 | .59 | .70 | .78 | .92 |
| Italy----- | Leather and leather products. | .56 | .60 | .65 | .76 | .95 |
| Spain----- | Clothing, leather, shoes and other leather products. | .32 | .30 | .34 | .38 | .41 |
| Hong Kong----- | All manufacturing----- | .24 | .24 | .27 | .31 | .36 |
| Taiwan----- | Leather and leather products. | .12 | .15 | .15 | .17 | ^{2/} |

^{1/} Earnings shown are the regularly published earnings statistics for each country, unadjusted for comparability, and do not represent the same proportion of the total compensation per hour worked. Employers' contributions to social security funds are excluded for all countries, and some payments made directly to workers are excluded for several countries. Additional compensation is estimated to add about 21 percent to the earnings shown for the United States, 83 percent for Italy, and 13 percent for Japan. Estimates of additional compensation are not available for the other countries listed. Earnings are converted to U.S. dollars at the average par value of the prevailing exchange rate.

^{2/} Not available.

Source: Compiled from data furnished the U.S. Tariff Commission by the U.S. Bureau of Labor Statistics.

A-32 through A-42

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APPENDIX C

STATEMENTS BY PRINCIPAL CUSTOMERS
OF J. RUDOLPH, INC.

A-44 through A-48

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