

UNITED STATES TARIFF COMMISSION

FOOTWEAR FOR WOMEN:
FORMER WORKERS OF LESSING FOOTWEAR, INC.,
NORWALK, CONN.

Report to the President
on Investigation No. TEA-W-242
Under Section 301(c)(2) of the Trade Expansion Act of 1962



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UNITED STATES TARIFF COMMISSION

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C O N T E N T S

	<u>Page</u>
Report to the President-----	1
Finding of the Commission-----	2
Views of Chairman Bedell, Vice Chairman Parker, and Commissioner Ablondi-----	3
Views of Commissioner Leonard-----	6
Information obtained in the investigation:	
Description of articles under investigation-----	A-1
U.S. tariff treatment-----	A-3
U.S. consumption, production, and imports-----	A-8
U.S. and foreign wage rates-----	A-13
Data relating to Lessing Footwear, Inc.:	

* * * * * * *

Appendix A. Statistical tables-----	A-28
Appendix B. Statement by Mr. Michael Caradimitropoulo, President of Lessing Footwear, Inc.-----	***:
Appendix C. Newspaper article relating to Lessing Footwear, Inc.-----	A-39

Appendix Tables

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-----	A-29
2. Women's and misses' footwear with leather uppers (TSUS item 700.45): U.S. rates of duty and imports for consumption, 1969-73, January-June 1973, and January-June 1974-----	A-30
3. Women's and misses' footwear with supported-vinyl uppers (TSUSA item 700.5545): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974-----	A-31

Contents--Continued

	<u>Page</u>
4. Women's and misses' footwear having uppers made principally of fabric and soles made principally of rubber or plastics (TSUS item 700.60): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974-----	A-32
5. Footwear for women, misses, infants, and children with uppers of vegetable fiber and soles of material other than leather (TSUSA item 700.7050): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974--	A-33
6. Footwear of wood (TSUSA item 700.8300): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974-----	A-34
7. Certain footwear for women, misses, infants, and children (TSUSA item 700.8550): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974-----	A-35

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

REPORT TO THE PRESIDENT

U.S. Tariff Commission,
October 4, 1974.

To the President:

In accordance with section 301 of the Trade Expansion Act of 1962 (TEA) (19 U.S.C. 1901), the U.S. Tariff Commission herein reports the results of investigation No. TEA-W-242 made under section 301(c)(2) of the act to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women (of the types provided for in items 700.45, 700.55, 700.60, 700.70, 700.83, and 700.85 of the Tariff Schedules of the United States (TSUS)) produced by Lessing Footwear, Inc., Norwalk, Conn., are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

The investigation was instituted on August 13, 1974, on the basis of a petition for adjustment assistance filed under section 301(a)(2) of the act on behalf of the former workers of the firm. The petition was received on August 5, 1974. On September 20, 1974, the Commission amended the scope of this investigation, pursuant to its authority under section 403(a) of said act, to include, in addition to those articles mentioned in the initial notice of investigation, articles like or directly competitive with footwear for women (of the types provided for in item 700.60 of the TSUS) produced by said firm.

Notice of the investigation was published in the Federal Register (39 F.R. 29975) on August 19, 1974. Notice of the amended scope of the investigation was published in the Federal Register (39 F.R. 34718) on September 27, 1974. No public hearing was requested, and none was held.

In the course of its investigation, the Commission obtained information from the petitioners, from officials and former customers of Lessing Footwear, Inc., and from official Government statistics and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds unanimously that articles like or directly competitive with footwear for women (of the types provided for in items 700.45, 700.55, 700.60, 700.70, 700.83, and 700.85 of the Tariff Schedules of the United States) produced by Lessing Footwear, Inc., Norwalk, Conn., are not, as a result in major part of concessions granted under trade agreements, being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firm or an appropriate subdivision thereof.

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

This statement sets forth the reasons for our negative determination in the instant investigation under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA). The investigation was instituted on the basis of a petition filed on behalf of the former workers of Lessing Footwear, Inc., Norwalk, Conn.

Under section 301(c)(2) of the TEA, the Commission, in order to make an affirmative decision, must find that--

- (1) Articles like or directly competitive with those produced by the workers' firm are being imported in increased quantities;
- (2) The increased imports are a result in major part of concessions granted under trade agreements;
- (3) A significant number or proportion of the workers of the firm, or an appropriate subdivision thereof, 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 in causing or threatening to cause the unemployment or underemployment of the workers.

We have made a negative determination because the fourth condition has not been met; that is, increased imports of footwear like or directly competitive with the footwear produced at the Lessing plant were not the major factor causing the unemployment of the petitioning workers.

1/ Commissioner Moore concurs in the result.

From 1960 to 1968, workers at the Lessing plant produced only women's calf-high and above-the-ankle utilitarian boots of a type intended for wear in cold or inclement weather. Such boots, which were generally lined with fabric, are usually referred to as cold-weather boots. During the period 1969-73, Lessing produced both women's cold-weather boots and fashion boots that were constructed with uppers of leather, supported vinyl, or polyurethane; these boots retailed from about \$12 to \$30 a pair. In 1971 the company terminated production of boots with uppers of leather and supported vinyl but continued to produce boots with uppers of polyurethane. In 1972 the firm began manufacturing women's casual shoes. In early 1973, the sole owner of Lessing died, and the firm was purchased by Mr. C. Michael Caradimitropoulo, the present owner. All production by the firm ceased in April 1974 as a result of a foreclosure order by the bank, which held a lien on the company's assets.

The evidence developed in this investigation shows that several factors contributed to the difficulties that caused the closure of Lessing's plant and the unemployment of its workers. Sales of women's cold-weather and fashion boots by Lessing totaled * * * in 1970 and * * * in 1971. Following a decision in 1971 to terminate production of women's boots with uppers of leather and supported vinyl, Lessing's total sales of boots declined markedly to * * * in 1972 and * * * in 1973. According

to the present owner of Lessing, the decision to discontinue production of boots with uppers of leather was made because of the increasing cost of leather, and the termination of production of boots with uppers of supported vinyl was the result of a decline in consumer demand for such boots.

The fact that concession-generated imports were not the major factor in causing the firm's shutdown and the unemployment of its workers was corroborated by the principal customers of Lessing, who reported that the demand for fashion boots (which accounted for about half of the firm's aggregate output of boots in 1969-73) declined markedly in 1972, causing them to reduce or cease their purchases of such articles. There is no evidence that any of the major customers of Lessing shifted to imported footwear.

Confronted with a sharp decline in demand for fashion boots, Lessing endeavored to offset the loss in output of this item by adding women's casual footwear to its product line in 1972. However, the firm was unable to establish itself as a viable supplier of casual footwear because it lacked adequate working capital. In addition, Lessing's difficulties were further compounded by a change in management that occurred early in 1973 as the result of the death of the firm's sole owner.

On the basis of the investigation, we conclude that concession-generated imports were not the major factor causing the unemployment of the petitioning workers, and, therefore, we have made a negative determination.

Views of Commissioner Leonard

My determination in the instant case is negative because one of the statutory criteria has not been met, i.e., that the increase in imports of footwear for women like or directly competitive with that produced by Lessing Footwear, Inc., Norwalk, Conn., is the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in a statement of my views in an earlier Commission investigation under the Trade Expansion Act. ^{1/}

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

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Lessing Footwear, Inc., which had plant and offices located in Norwalk, Conn., ceased production on April 2, 1974. From 1960-68 workers at the Lessing plant produced only women's calf-high and above-the-ankle type utilitarian boots of a type intended for wear in cold or inclement weather. Such boots, which were generally lined with a fabric material, are referred to hereinafter in this report as cold-weather boots. During 1969-73, Lessing produced both women's cold-weather boots and women's fashion boots; each type accounted for about half of the company's aggregate output of boots during this period. Both the cold-weather and the fashion boots were constructed with uppers of leather, supported vinyl, or polyurethane and retailed from about \$12 to \$30 a pair. The production of boots with uppers of leather and supported vinyl was discontinued in 1971, but the output of those with uppers of polyurethane continued through 1973.

Production of women's casual shoes was initiated by Lessing in 1972 and continued until the company stopped operations in April 1974. The company manufactured a number of different types of women's casual shoes during 1972-74, such as wedges, platforms, espadrilles, and clog sandals. The wedges and platforms had uppers of supported vinyl or polyurethane while the espadrilles had uppers of fabric. The soles of these casual shoes were made of various materials such as natural rubber, polyvinyl chloride, composition material, or pressed cardboard. They

retailed from about \$8 to \$10.50 a pair. The women's clog sandals produced by Lessing were constructed with uppers of leather, supported vinyl, or polyurethane, and soles of wood or cork. The cost of the wood or cork accounted for about two-thirds of the cost of the materials used in these sandals. They retailed from about \$10 to \$20 a pair.

All of the footwear produced by Lessing was constructed by the cement process (a method of construction in which the outsole is affixed to the upper by an adhesive without sewing). In 1973, the last full year of production, women's casual shoes accounted (in terms of quantity) for about 60 percent of the output and women's boots, 40 percent.

According to industry sources, women's cold-weather boots have always been a stable market item, especially in cold-weather climates. Prior to the fashion trends of the late 1960's, cold-weather boots were constructed to be worn only for functional needs. However, as boots became fashionable, cold-weather boots were designed to meet not only the needs of inclement weather but frequently also the requirements of fashion.

Women's fashion boots, especially calf-high boots, gained popularity in the late 1960's with the introduction of new styles in women's wearing apparel, such as the miniskirt and the longer calf-length skirt, that accented boot designs. Such boots continued to be fashionable throughout 1970 and 1971; boot designs during this period were usually calf-high, form-fitting types that were worn principally for fashion interest. Styles ranged from inexpensive stretch polyurethane boots to

higher quality leather boots. However, with the switch by women to other types of wearing apparel, particularly with the increasing popularity of pants suits, the market for fashion boots diminished markedly in 1972.

As stated previously, workers at the Lessing plant manufactured women's wedge heel shoes, platform styles, and clogs during the period 1972-74. In the 1970's, footwear designs took a new direction. The footwear bottom (sole and heel) treatment became the main interest in the shoe design. Footwear styles with 1-inch soles, or even higher platforms, became popular. During 1970-72, such platform styles dominated most women's footwear. In 1973, however, platforms became less extreme, and, although that trend has continued into 1974, bottoms continue to be a key interest in shoe design.

U.S. Tariff Treatment

Applicable TSUS items

The women's boots with uppers of leather produced by Lessing, if imported into the United States, would be dutiable under TSUS item 700.45; the boots with uppers of plastics would be dutiable under item 700.55; and the women's casual shoes, under items 700.55, 700.60, 700.70, 700.83, and 700.85.

Imports entered under item 700.45, which provides for certain footwear of leather having a foreign (export) value of over \$2.50 a pair, consist predominantly of women's footwear in a wide range of styles, types, and prices. In terms of quantity, a substantial part of the imports entered under this item in recent years have consisted of women's moderate-priced dress and casual shoes that are sold in the retail-price range of about \$8 to \$20 a pair.

Women's imported footwear with supported-vinyl uppers, dutiable under TSUS item 700.55, has in recent years consisted principally of two groups: (1) street shoes of sturdy construction, produced in a single width for each particular length (sold chiefly at self-service counters in variety stores, discount stores, and department-store basements) and (2) folding slippers, sandals, and other inexpensive footwear. It is estimated that a very large part of the imports of women's footwear admitted under item 700.55 in 1973 was sold at the retail level for less than \$6 a pair. Most of the remainder sold generally from about \$6 to \$10 a pair.

TSUS item 700.60 provides for various types of footwear of fibers and rubber or plastics. The footwear admitted under TSUS item 700.60 is subject to valuation for duty purposes on the basis of the American selling price (ASP) of the "like or similar" domestic article. If there is no "like or similar" domestic article, the imports admitted under this item are subject to valuation under the regular valuation provisions of the U.S. tariff schedules. Nearly all the imports entered under TSUS item 700.60 and valued by the U.S. Customs Service on the ASP basis have consisted of footwear with uppers of fibers (canvas) and soles of rubber or plastics in the traditional styles of sneakers. The imported footwear admitted under item 700.60 which the Customs Service has deemed is not "like or similar" to a domestic product has included a large volume of slippers, scuffs, sandals, and other types of inexpensive casual footwear, as well as some low-priced sneakers.

It is estimated that most of the women's imported footwear entered under item 700.60 in recent years retailed at \$3 a pair or less.

TSUS item 700.70 provides for certain footwear with uppers of vegetable fibers and soles of material other than leather. The footwear admitted under TSUSA item 700.7050, which provides for footwear for women, misses, infants, and children, had an average dutiable value of \$.29 in 1971, \$.45 in 1972, and \$1.09 in 1973.

TSUS item 700.83 provides for footwear of wood and item 700.85 provides for footwear of cork. Lessing produced a small quantity of cork clogs in 1973-74, and a very small quantity of wood clogs in 1974.

Rates of duty

In the Tariff Act of 1930, women's leather footwear of cement-process construction was originally dutiable under paragraph 1530(e) at 20 percent ad valorem. Such footwear if valued over \$2.50 a pair is provided for in the TSUS, which became effective August 31, 1963, under item 700.45. The rate of duty applicable to this item was reduced in five annual stages to 10 percent ad valorem, reflecting the final stage, effective January 1, 1972, of the 5-stage concessions granted in the sixth (Kennedy) round of trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Supported vinyl was not used for uppers until the late 1940's or early 1950's. Prior to the effective date of the TSUS, imports of women's supported-vinyl-upper footwear, which were dutiable under various provisions of the Tariff Act, were classified principally--

- (1) By similitude, at the rate of 20 percent ad valorem applicable to leather footwear provided for in paragraph 1530(e). 1/
- (2) Under paragraph 1537(b) as articles in chief value of rubber, at the trade-agreement rate of 12.5 percent ad valorem, where the soles were of india rubber and constituted the chief value of the footwear in question.
- (3) Under paragraph 1539(b) at the reduced rate of 21 cents per pound plus 17 percent ad valorem where the footwear was in chief value of a product having a synthetic resin as the chief binding agent.

In the TSUS a rate of 12.5 percent ad valorem was established for item 700.55 as the trade-agreement rate to replace the wide range of rates previously applicable to the various types of footwear provided for in this item. 2/ The current rate on footwear with supported-vinyl uppers is 6 percent ad valorem.

Canvas footwear (i.e., tennis shoes, sneakers, and the like), which is provided for in item 700.60, was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e). Effective March 3, 1933 (T.D. 46158), the basis for assessing the statutory rate of such footwear that is like or similar to footwear produced in the United States was changed from foreign (export) value to the "American selling price" (as defined in sec. 402(g) of the Tariff Act of 1930) of like or similar articles produced in the United States. 3/ Pursuant to concessions

1/ The principal kinds of footwear with supported-vinyl uppers now being imported (i.e., those with soles of vinyl or other plastics) would have been dutiable by virtue of the similitude provision under paragraph 1530(e) at a rate of 20 percent ad valorem.

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

3/ In 1973 the U.S. Customs Service determined that certain footwear of the espadrille-type exported to the United States would be subject to the ASP basis of valuation.

granted under the GATT, the rate of duty on canvas footwear was reduced to 20 percent of the American selling price, effective September 10, 1955; this rate of duty is still in effect. 1/ Footwear entered under item 700.60 that is not like or similar to domestic articles, and therefore not subject to ASP valuation, is dutiable at 20 percent of the export value. 2/

The rate of duty originally applicable under paragraph 1530(e) of the Tariff Act of 1930 to footwear of the type now included in TSUS item 700.70 was 35 percent ad valorem. On January 1, 1950, the duty was reduced, for the first time, to 17.5 percent ad valorem. From January 1, 1950, through January 1, 1972, eight duty reductions were made and the current rate is 7.5 percent ad valorem.

The rate of duty on footwear of wood (now item 700.83) was originally 33-1/3 percent ad valorem under paragraph 412 of the Tariff Act of 1930. This rate was reduced to 25 percent ad valorem pursuant to a concession granted by the United States in the GATT, effective April 21, 1948. On May 30, 1950 the rate of duty was lowered to 16-2/3 percent

1/ In the Commission's investigation No. 332-47, Products Subject to Duty on the American Selling Price Basis of Valuation; . . . , Report to the Special Representative for Trade Negotiations . . . , TC Publication 181, 1966, it was estimated that, on the basis of the ASP guideline adopted in February 1966, the duties assessed on the footwear dutiable in 1965 would have averaged 60 percent of the export values.

2/ Rubber-soled fabric-upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927 (84th Cong., 2d sess.) (T.D. 54521). Such footwear is therefore subject to valuation under sec. 402(a), Tariff Act of 1930, as amended. Generally speaking, in the absence of an ASP valuation the valuation would be based on the export value.

ad valorem. As a result of the concession granted in the Kennedy Round of negotiations under the GATT, the rate was further reduced in five annual stages to the current rate of 8 percent ad valorem.

In the TSUS, a rate of 25 percent ad valorem was established for item 700.85 to replace a wide range of rates previously applicable to the various types of footwear (including footwear of cork) provided for in this item. Concessions granted in the Kennedy Round of negotiations under the GATT further reduced this rate to its present level of 12.5 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 type now dutiable under 700.45, 700.55, 700.60, 700.70, 700.83, and 700.85. Tables 2 through 7 show U.S. imports of women's shoes admitted under the TSUS items mentioned above and the applicable rates of duty.

U.S. Consumption, Production, and Imports

As stated earlier in this report, workers at the Lessing plant produced only women's cold-weather and fashion boots during the period 1969-71; women's casual shoes were added to the product line in 1972.

Official data with respect to U.S. consumption, production, and imports of women's cold-weather boots are not available. However, it is believed that consumption and production of such boots have been stable in recent years, and that imports of women's cold-weather boots have been small.

Official data are also not available with respect to consumption, production, and imports of women's fashion boots. It is known, however, that because of the popularity of such boots during the late 1960's and early 1970's, the consumption and production of fashion boots during this period was on an upward trend, but declined markedly in 1972 as the result of the shift by women to other types of wearing apparel. U.S. shipments of women's boots of all types (SIC code 3144) by domestic producers in 1972 (the only year for which data are available) amounted to 12.6 million pairs, valued at \$105.2 million.

During the period 1965-73, apparent annual U.S. consumption of all women's nonrubber footwear (including dress and casual) rose from an estimated 386 million pairs in 1965 to a peak of 455 million pairs in 1968, and then declined to 402 million pairs in 1973. Annual U.S. production of such footwear declined from 319 million pairs in 1965 to 190 million pairs in 1973. Annual imports tripled during this period, and their share of the market increased without interruption from 17 percent to 53 percent. Both production and imports of women's nonrubber footwear declined in the first half of 1974 compared with the corresponding period of 1973 as shown in the table on the next page. Italy and Spain have been the principal suppliers of women's leather footwear, the Republic of China (Taiwan), the principal supplier of women's supported-vinyl footwear.

Data on U.S. consumption, production, and imports of women's casual footwear are not reported in official statistics. It is estimated, how-

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

Period	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	319	67	386	17
1966-----	323	70	393	18
1967-----	290	96	386	25
1968-----	322	133	455	29
1969-----	271	139	410	34
1970-----	260	165	425	39
1971-----	237	180	417	43
1972-----	223	198	421	47
1973-----	190	212	402	53
January-June--				
1973-----	104	127	231	55
1974-----	<u>4/</u> 98	110	208	53

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

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

3/ Computed from U.S. production plus imports without an allowance for exports, which in 1973 amounted to about 1 million pairs.

4/ Estimated.

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

ever, that since 1965 domestic production of casual footwear has trended downward. Imports are estimated to have more than doubled during 1965-73. Apparent consumption of women's casual footwear during that period fluctuated from 180 million pairs in 1966 to 224 million pairs in both 1968 and 1970, and amounted to 222 million pairs in 1973. It is estimated that the share of domestic consumption supplied by imports increased annually from 35 percent in 1966 to 72 percent in 1973. Imports of women's casual footwear, which are estimated to have declined in the first half of 1974 compared with the same period of 1973, accounted for 72 percent of the market in the first half of 1974 as shown in the table on the following page.

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

Period	Production <u>1/</u>	Imports <u>2/</u>	Apparent consumption <u>3/</u>	Ratio of imports to apparent consumption
	Million pairs	Million pairs	Million pairs	Percent
1965-----	119	63	182	35
1966-----	117	63	180	35
1967-----	102	83	187	45
1968-----	112	112	224	50
1969-----	94	111	205	54
1970-----	95	129	224	58
1971-----	81	137	218	63
1972-----	73	148	221	67
1973-----	63	159	222	72
January-June--				
1973-----	34	96	130	74
1974-----	33	85	118	72

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

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

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

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

U.S. and Foreign Wage Rates

The table on page A-14 shows the average hourly earnings and the estimated compensation per hour received by shoe workers in eight countries in 1970, 1971, and 1972. While of some use in comparing the labor costs of the shoe industries in the various countries listed, the table has several shortcomings that make such comparisons inexact. First, in only the United States, Italy, and Hong Kong is the industry definition limited exclusively to footwear. In the other countries the industry classifications are more encompassing. Second, as footnote 1 to the table indicates, published hourly earnings in the various countries differ in composition. Third, total compensation for workers includes varying factors in the eight countries.

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

(In U.S. dollars)

Country	Industry	Published average hourly earnings ^{1/}			Estimated compensation per hour worked ^{2/}		
		1970	1971	1972	1970	1971	1972
Brazil-----	Clothing and footwear-----	^{3/} \$0.28	^{4/}	^{4/}	^{4/}	^{4/}	^{4/}
Hong Kong-----	Rubber footwear-----	^{5/} .30	\$0.35	\$0.41	^{5/} \$0.32	^{5/} \$0.37	\$0.44
Italy-----	Footwear ^{6/} -----	.60	.80	.93	1.09	1.42	1.62
Japan-----	Rubber products, including plastic footwear ^{7/} -----	.88	1.08	1.49	1.00	1.23	1.69
Korea-----	Rubber and plastic products ^{7/ 8/} -----	.18	.18	.18	.22	.22	.22
Spain-----	Clothing and footwear ^{8/} -----	.38	.43	.53	^{9/} .55	^{9/} .62	^{9/} .76
Taiwan-----	Rubber and plastic products ^{7/} -----	^{4/}	^{4/}	^{10/} .19	^{4/}	^{4/}	^{10/} .23
United States-----	Footwear, excluding rubber-----	2.43	2.53	2.63	2.95	3.09	3.24
	Rubber footwear-----	2.70	2.78	2.88	3.48	3.61	3.77

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

^{2/} Compensation refers to all payments made by employers directly to their workers before deductions of any kind, plus employer contributions to legally required insurance programs and private welfare plans for the benefit of employees. The figures on additional compensation per hour worked as a percentage of published earnings are the best estimates currently available to the Bureau of Labor Statistics. The estimates are based primarily on labor costs or labor compensation surveys adjusted to the listed years on the basis of other available data.

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

^{4/} Not available.

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

^{6/} Approximately 15 percent of the workers in the Italian shoe industry are home workers, who are paid at a lower wage rate than the factory workers in the industry.

^{7/} The shoes shipped from Hong Kong, Japan, Korea, and Taiwan to the United States are principally of plastics. Separate data are not available on the plastics footwear industry, except for Hong Kong. Approximately half of the workers in the Japanese plastics shoe industry are home workers who are paid at a lower rate than the factory workers in that industry.

^{8/} Including salaried employees.

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

^{10/} July-December 1972. The published earnings data are computed per hour worked and include overtime pay, regular premiums and bonuses, family allowances, the market value of payments in kind, and wages paid to persons absent from work. Compensation figures also include annual bonuses and employer contributions to national insurance.

A-14

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

A-15 through A-27

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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>	
		Percent ad val	Rate	Effective dates
700.45	Leather footwear (except footwear with uppers of fibers): 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 which over 90 percent of the exterior surface area is rubber or plastics (including supported vinyl).	Principally 20 <u>3/</u>	4/ 12.5 11 10 8.5 7 6	Aug. 31, 1963-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.
700.60	Other footwear with uppers of fabrics and soles of rubber or plastics.	35 <u>5/</u>	5/ 20	Sept. 10, 1955.
700.70	Footwear with uppers of fibers: With soles of material other than leather: With uppers of vegetable fibers.	35	17.5 16.5 15.5 15 13 12 10 9 7.5	Jan. 1, 1950-June 29, 1956. June 30, 1956-June 29, 1957. June 30, 1957-June 29, 1958. June 30, 1958-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.
700.83	Other footwear: Of wood-----	33-1/3	25 16-2/3 15 13 11.5 10 8	April 21, 1948-May 29, 1950. May 30, 1950-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.
700.85	Other-----	35	4/ 25 22 20 17 15 12.5	Aug. 31, 1963-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.

1/ Except as noted, the rate on July 1, 1934, was the same as the original rate in the Tariff Act of 1930, effective June 18, 1930.

2/ For concessions granted in the Kennedy Round, effective Jan. 1, 1968, the table shows staged rates scheduled to become effective up to and including Jan. 1, 1972.

3/ 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 provision of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e).

4/ 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.

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).

Table 2.--Women's and misses' footwear with leather uppers (TSUS item 700.45): U.S. rates of duty and imports for consumption, 1969-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
		<u>1,000</u> pairs	<u>1,000</u> dollars	<u>Per</u> <u>pair</u>
1969-----	16	26,745	131,329	\$4.91
1970-----	14	34,164	172,266	5.04
1971-----	12	43,725	220,504	5.04
1972-----	10	60,912	303,406	4.98
1973-----	10	68,248	355,406	5.21
January-June--				
1973-----	10	40,707	198,464	4.88
1974-----	10	33,192	173,380	5.22

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

Table 3.--Women's and misses' footwear with supported-vinyl uppers (TSUSA item 700.5545): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
		<u>Percent</u> <u>ad valorem</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>
1966-----	12.5	33,239	17,024	\$0.51
1967-----	12.5	49,767	27,704	.56
1968-----	11	68,579	46,603	.68
1969-----	10	70,777	55,820	.79
1970-----	8.5	77,288	73,757	.95
1971-----	7	86,942	104,196	1.20
1972-----	6	89,776	104,907	1.22
1973-----	6	96,942	136,036	1.40
January-June--				
1973-----	6	54,317	63,856	1.18
1974 <u>1/</u> -----	6	48,057	80,237	1.67

1/ Effective January 1, 1974, item 700.5545 was discontinued and transferred to items 700.5547 and 700.5549.

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

Table 4.--Women's and misses' footwear having uppers made principally of fabric and soles made principally of rubber or plastics (TSUS item 700.60): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	700.6015 (ASP footwear)			700.6045 (Non-ASP footwear)			Total		
		Quantity	Value	Unit value	Quantity	Value	Unit value	Quantity	Value	Unit value
		1,000 pairs	1,000 dollars	Per pair	1,000 pairs	1,000 dollars	Per pair	1,000 pairs	1,000 dollars	Per pair
1966-----	20	7,564	4,479	\$0.59	8,960	3,476	\$0.39	16,524	7,955	\$0.48
1967-----	20	11,104	6,729	.61	10,323	4,131	.40	21,427	10,860	.51
1968-----	20	9,967	6,801	.68	11,885	5,401	.45	21,852	12,202	.56
1969-----	20	7,473	5,999	.80	10,992	5,402	.49	18,465	11,401	.62
1970-----	20	6,315	4,785	.76	13,006	7,712	.59	19,321	12,497	.65
1971-----	20	9,358	7,688	.82	14,821	9,328	.63	24,179	17,016	.70
1972-----	20	6,490	5,786	.89	16,330	11,499	.70	22,820	17,285	.76
1973-----	20	4,962	5,258	1.06	17,672	15,431	.87	22,634	20,689	.91
January-June--										
1973-----	20	3,447	3,367	.98	10,267	7,425	.72	13,714	10,792	.79
1974-----	20	2,681	6,094	1/ 2.27	8,856	10,828	1.22	11,537	16,922	1.47

A-32

1/ This substantial increase in average unit value for the first 6 months of 1974 over that in previous years resulted principally from the importation of espadrille style footwear from Spain and the Republic of Korea. Average unit values of imports from these sources for the period were \$4.27 per pair and \$2.43 per pair, respectively. Imports from Spain and Korea together accounted for 45 percent of the total quantity and 50 percent of the total value of imports during the period.

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

Table 5.--Footwear for women, misses, infants, and children with uppers of vegetable fiber and soles of material other than leather (TSUSA item 700.7050): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
		<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>pair</u>
	<u>Percent</u> <u>ad valorem</u>			
1966-----	15	918	266	\$0.29
1967-----	15	1,305	318	.24
1968-----	13	1,372	364	.27
1969-----	12	1,862	690	.37
1970-----	10	2,119	583	.28
1971-----	9	2,554	734	.29
1972-----	7.5	3,137	1,422	.45
1973-----	7.5	4,066	4,433	1.09
January-June--				
1973-----	7.5	2,174	2,127	.98
1974 <u>1/</u> -----	7.5	2,378	5,118	2.15

1/ Data shown represent imports of women's and misses' footwear entered under new items 700.7065 and 700.7070. This accounts, in part, for the substantial increase in unit value in 1974 compared with the corresponding period of 1973. In 1974, about a third of the imports entered had an average dutiable value of about \$3.65 a pair.

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

Table 6.--Footwear of wood (TSUSA item 700.8300): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
		<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>	<u>Per</u> <u>pair</u>
	<u>Percent</u> <u>ad valorem:</u>			
1966-----	16-2/3	203	303	\$1.49
1967-----	16-2/3	198	256	1.29
1968-----	15	231	488	2.11
1969-----	13	1,524	3,791	2.49
1970-----	11.5	3,892	9,958	2.56
1971-----	10	1,097	2,941	2.68
1972-----	8	3,533	10,703	3.03
1973-----	8	6,790	21,620	3.18
January-June--				
1973-----	8	3,559	10,650	2.99
1974 <u>1/</u> -----	8	3,682	11,312	3.07

1/ Data shown represent imports of women's and misses' footwear entered under new items 700.8330 and 700.8340.

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

Table 7.--Certain footwear for women, misses, infants, and children (TSUSA item 700.8550): U.S. rates of duty and imports for consumption, 1966-73, January-June 1973, and January-June 1974

Period	Rate of duty	Imports		
		Quantity	Value	Unit value
		<u>Percent</u> <u>ad valorem</u>	<u>1,000</u> <u>pairs</u>	<u>1,000</u> <u>dollars</u>
1966-----	25	555	319	\$0.58
1967-----	25	539	273	.51
1968-----	22	430	363	.84
1969-----	20	761	765	1.00
1970-----	17	930	1,231	1.32
1971-----	15	2,159	1,304	.60
1972-----	12.5	2,971	2,971	1.00
1973-----	12.5	8,312	6,293	.76
January-June--				
1973-----	12.5	3,626	3,528	.97
1974 <u>1/</u> -----	12.5	4,398	3,121	.71

1/ Data shown represent imports of women's and misses' footwear entered under items 700.8565 and 700.8570.

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

A-36 through A-38

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APPENDIX C

NEWSPAPER ARTICLE

RELATING TO LESSING FOOTWEAR, INC.

FOOTWEAR NEWS--Monday, April 29, 1974

Lessing sets filing of Chapter XI

By **BILL ISENBERG**

NORWALK, Conn. (FNS)

Lessing Footwear, Inc., here plans to file a Chapter XI petition in an attempt to resume business as a manufacturer of popular-priced women's boots, sandals and casuals, FN learned last week.

The company is not operating, because the Connecticut Bank & Trust Co. here has taken possession of all its physical assets under a mortgage.

Mike Caradimitropoulo, who bought the company from the Lessing estate about a year ago, says the debts are about \$250,000 and assets about \$300,000 — for a net worth of \$50,000.

He blames Lessing's financial problems on undercapitalization, extensive credit terms demanded by retailers and the difficulty in competing with low-priced importers.

The firm, he noted has sufficient orders on hand to operate at full

capacity for the rest of the year.

In the meantime, negotiations are being conducted for a full or partial takeover by an outside investor.

Lessing's customers are chains and discount and branded-line manufacturers. The firm's inability to compete with the importers is the nub of its problems, according

to Caradimitropoulo.

"We feel we've been discriminated against by retailers and buyers. They will pay imports by letter of credit, but hold payment to us for 60 to 120 days," he said.

"Some retailers have canceled orders after shipment, and we have had to pay freight when they are returned," Caradimitropoulo complained.
