

UNITED STATES TARIFF COMMISSION

**FOOTWEAR FOR WOMEN, MISSES, AND CHILDREN:
FORMER WORKERS OF CARA MIA SHOE CORP.
AND BOBI WOOD HEEL CORP., HIALEAH, FLA.**

**Report to the President
on Investigation No. TEA-W-247
Under Section 301(c)(2) of the Trade Expansion Act of 1962**



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UNITED STATES TARIFF COMMISSION

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Note. --The whole of the Commission's report to the President may not be made public since it contains certain information 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,
November 19, 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 an investigation, made under section 301(c)(2) of that act in response to a petition filed on behalf of the former workers of the Cara Mia Shoe Corporation, and its wholly owned subsidiary, Bobi Wood Heel Corporation, Hialeah, Florida, for a determination of eligibility to apply for adjustment assistance under said act.

On September 27, 1974, the Commission instituted investigation No. TEA-W-247 to determine whether, as a result in major part of concessions granted under trade agreements, articles like or directly competitive with footwear for women, misses, and children and wood heels for footwear (of the types provided for in items 700.55 and 207.00 of the Tariff Schedules of the United States (TSUS)) produced by said firms are being imported into the United States in such increased quantities as to cause, or threaten to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firms or appropriate subdivisions thereof.

Public notice of the investigation was published in the Federal Register (39 F.R. 35721) on October 3, 1974. No public hearing was requested, and none was held.

In the course of its investigation, the Commission obtained information from the petitioner, former workers, officials, and customers of the Cara Mia Shoe Corp. and Bobi Wood Heel Corp., official Government statistics, and the Commission's files.

Finding of the Commission

On the basis of its investigation, the Commission finds (Commissioner Moore dissenting on the finding regarding Cara Mia Shoe Corp.) 1/ that articles like or directly competitive with footwear for women, misses, and children and wood heels for footwear (of the types provided for in items 700.55 and 207.00 of the Tariff Schedules of the United States) produced by Cara Mia Shoe Corp. and its wholly owned subsidiary, Bobi Wood Heel Corp., Hialeah, Fla., 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 firms or appropriate subdivisions thereof.

1/ Chairman Bedell concurs in result of the finding.

Views of Vice Chairman Parker

This investigation was made in response to a petition filed on behalf of the former workers of the Cara Mia Shoe Corp. and the Bobi Wood Heel Corp., Hialeah, Fla., for a determination of their eligibility under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA) to apply for adjustment assistance. The Cara Mia Shoe Corp. produced women's and misses' footwear and the Bobi Wood Heel Corp. --according to the president of both companies, the Bobi Wood Heel Corp. was a wholly owned subsidiary of the Cara Mia Shoe Corp. --produced wooden heels for use in producing women's and misses' shoes. About half of Bobi Wood Heel's output was used in the production of shoes by Cara Mia; the remainder was sold to other footwear manufacturers.

As has been stated in previous cases, the Commission, in order to make an affirmative determination under section 301(c)(2) of the TEA must find that all of the following four criteria are met:

(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 firm's workers are unemployed or underemployed, or threatened with unemployment or underemployment; and

(4) The increased imports resulting from trade-agreement concessions are the major factor in causing or threatening to cause the unemployment or underemployment of the workers.

In light of the limited amount of information that was developed during the investigation concerning the operations and financial position of the Cara Mia Shoe Corp. and its wholly owned subsidiary, the Bobi Wood Heel Corp., it is my view that the petition should have been dismissed without prejudice so that petitioners would have an opportunity to refile and initiate a new investigation which might develop more complete information. The majority of my colleagues do not share that view, however, and I am compelled to make a finding based on the limited information available. On the basis of the limited information available, I find that the statutory criteria referred to above have not been met; hence, I have made a negative determination based on the following considerations.

Increased imports resulting in major part from trade-agreement concessions were not the major factor causing the unemployment or underemployment of the workers of the Cara Mia Shoe Corp. and its wholly owned subsidiary, the Bobi Wood Heel Corp.

The evidence assembled in this investigation shows that the Cara Mia Shoe Corp. was established and began the production of footwear in 1969 and that the Bobi Wood Heel Corp. was established and began the production of heels for Cara Mia and for market sale in 1970. Both of these firms continued in operation until February 4, 1974, when the Internal Revenue Service (IRS) seized their assets for non-payment of payroll taxes withheld from workers. As a result of the seizure by the IRS, production ceased and the workers became unemployed.

According to an official of the firm, annual sales of Cara Mia increased each year from the beginning through 1972, when the volume was more than twice as large as in the initial year of production. Despite a decline in sales in 1973, the volume in that year was substantially greater than in 1969 and 1970, and was only slightly less than in 1971--the second best year, from the standpoint of sales volume, during the firm's active existence. Moreover, the increase of 115 percent in Cara Mia's sales from 1969 to 1972 occurred despite an increase of 42 percent in imports of women's and misses' footwear during the same period. In addition, there is evidence that the decline in Cara Mia's sales in 1973 reflects, at least in part, the decline in aggregate demand for women's and misses' footwear that took place in that year, as well as a decline in demand for the styles made by Cara Mia. As indicated earlier, about half of the heels produced by Bobi Wood Heel were utilized by Cara Mia in the production of women's and misses' footwear, and the remainder were sold to other shoe producers. According to an official of the firm, there was no decline in production prior to the closing of the plant. Precise data are not available, from either official statistics or other sources, on U.S. imports of heels for women's and misses' footwear. However, the Commission was able to develop information from a number of sources which shows that imported heels supply an insignificant share of the heels used in the production of women's and misses' shoes in the United States and that there has been no increase in the volume of imports of such heels in the past several years.

The record with respect to employment by the firms also fails to establish any relationship between the unemployment of the workers and increased imports of footwear. On the contrary, the average number of workers employed by Cara Mia and Bobi Wood Heel increased each year the two firms operated; it was not until the IRS seized their assets that operations ceased at each plant and the unemployment occurred.

Conclusion

I conclude that articles like or directly competitive with those produced by the workers of the Cara Mia Shoe Corp. and its wholly owned subsidiary, Bobi Wood Heel Corp., 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 be the major factor causing, or threatening to cause, the unemployment or underemployment of a significant number or proportion of the workers of such firms or appropriate subdivisions thereof. Such workers have, therefore, not met the statutory requirements for eligibility to apply for adjustment assistance as authorized by the Trade Expansion Act of 1962.

View of Commissioner Leonard

This investigation originated by reason of a petition filed on behalf of the former workers of Cara Mia Shoe Corp. and its wholly owned subsidiary, Bobi Wood Heel Corp., Hialeah, Florida.

Cara Mia Workers

With respect to the former workers of Cara Mia Shoe Corp. who produced footwear for women, misses, and children, my determination is negative because one of the statutory criteria has not been met, i. e., that the increase in imports of footwear for women, misses, and children like or directly competitive with that produced by Cara Mia Shoe Corp. is the result in major part of concessions granted under trade agreements. My reasoning in support of this determination is set forth in the statement of my views in an earlier Commission investigation under the Trade Expansion Act. 1/

Bobi Wood Workers

With respect to the former workers of Bobi Wood Heel Corp. who produced wood heels, my determination is negative because another of the statutory criteria has not been met, i. e., that any increase in imports of articles like or directly competitive with those produced by the former workers of Bobi Wood Heel Corp. is not the major factor causing the unemployment of such workers.

The imported articles that are "like or directly competitive" with the wood heels produced by the former workers of Bobi Wood

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

Heel Corp. are limited to heels. I do not consider such imported articles to include footwear for the reasons I gave in earlier Commission investigations under the Trade Expansion Act. 1/

My construction of the language in the statute, "like or directly competitive", is confirmed in a decision recently handed down by the United States Court of Appeals for the District of Columbia Circuit. 2/

Although I recognize, along with the court, that, under certain conditions, the Act's statutory language could lead to inequitable consequences, the remedy lies not in interpretative abuse, but with legislative action. It is further noted that the "Trade Reform Act of 1973" 3/, which is presently before the Senate Finance Committee, does not cure the potential injustices which may be envisioned regarding the phrase "like or directly competitive".

If in the instant case consideration of imported articles is limited to heels, it is doubtful whether the statutory requirement that imports be "in such increased quantities" is satisfied. Research undertaken by the Commission indicates that at the present time imports of heels are negligible. Even were it to be assumed that the statute has been

1/ Heels for Women's Shoes: . . . Report to the President on Worker Investigation No. TEA-W-127 . . . , TC Publication 461, 1972, pp. 3-5.

Heels for Women's Footwear: . . . Report to the President, Worker Investigation No. TEA-W-118 . . . , TC Publication 440, 1971, pp. 6-8.

Heels, Soles, and Soling Sheets: . . . Report to the President, Worker Investigation No. TEA-W-117. . . , TC Publication 441, 1971, pp. 5-7.

See also Footwear Uppers: . . . Report to the President, Worker Investigation No. TEA-W-110. . . , TC Publication 429, 1971, pp. 5-9.

2/ United Shoe Workers of America, et al. v. Catherine Bedell, et al., No. 72-1554 (D. C. Cir., filed Oct. 23, 1974).

3/ H. R. 10710, 93rd Congress.

satisfied with regard to an increase in imports of heels, however, such increased imports could not have been the major factor which caused the unemployment of the Bobi Wood Heel Corp. workers. The reasoning for such a conclusion is the same as that expressed in earlier cases. 1/

Conclusion

In summary, therefore, my determination is negative with respect to the former workers of Cara Mia Shoe Corp. because the increase in imports of footwear is not the result in major part of concessions granted under trade agreements, and my determination with respect to the former workers of Bobi Wood Heel Corp. is negative because any increase in imports of heels, the only articles like or directly competitive with the articles produced by the former workers of Bobi Wood Heel Corp., is not the major factor which caused the unemployment of such workers.

1/ Heels for Women's Shoes: . . . Report to the President on Worker Investigation No. TEA-W-127 . . . , TC Publication 461, 1972, at p. 4.

Heels for Women's Footwear: . . . Report to the President, Worker Investigation No. TEA-W-118 . . . , TC Publication 440, 1971, pp. 3-6.

Views of Commissioner Ablondi

I concur with the negative finding of the Commission with regard to this investigation which involves the former workers of Cara Mia Shoe Corp., (hereinafter referred to as Cara Mia) and Bobi Wood Heel Corp., (hereinafter referred to as Bobi Wood).

The unemployment of the former workers of Cara Mia is not "a result in major part of concessions granted under trade agreements." The corporation was incorporated in early 1969 as a producer of footwear for women, misses, and children; and for several years thereafter operated on a profitable basis during a period when tariff concessions had become effective. In 1971 Cara Mia shifted the quality and appearance of its shoes and experienced an increase in costs and loss of profitability. This was compounded by financial difficulties which resulted in the closing of its plant. The facts establish that the workers' unemployment was not a result in major part of concessions granted under the trade agreements.

The former workers of Bobi Wood engaged in the production of wooden heels are not eligible for adjustment assistance because imports of heels like or directly competitive with the heels produced by the firm have not increased in quantity as required by the statute. The United States Court of Appeals for the District of Columbia in the recent case of United Shoe Workers of America, et al. v. Catherine Bedell, et al., No. 72-1554 (D.C. Cir., filed Oct. 23, 1974) held that "imported finished women's shoes are not 'like' domestic components of women's shoes within the meaning of section 301(c)(2)". The court upheld the district court's determination which

said in part that "The whole is, indeed, more than the sum of its parts. A shoe is not merely a collection of components such as leather, soles, uppers, heel, counter and box toe. It is a specific combination of such components transforming the parts into an integral outer foot covering." 1/

Since the former workers of Bobi Wood were involved only in the production of heels, they are not eligible for adjustment assistance, because there have been no increased imports of heels.

1/ United Shoe Workers of America, et al. v. Catherine Bedell, et al., Civil Action No. 2197-71 (D.D.C., filed May 9, 1972).

View of Commissioner Minchew

In response to the petition filed on behalf of the former workers of Cara Mia Shoe Corp. and Bobi Wood Heel Corp. for a determination of their eligibility to apply for adjustment assistance under section 301(c)(2) of the Trade Expansion Act of 1962 (TEA), I have concluded that the statutory requirements set forth in section 301(c) of that act are not met and, accordingly, I have made a negative determination.

The TEA sections 301(c)(2) and (3) state that--

(2) In the case of a petition by a group of workers for a determination of eligibility to apply for adjustment assistance under chapter 3, the Tariff Commission shall promptly make an investigation to determine whether, as a result in major part of concessions granted under trade agreements, an article like or directly competitive with an article produced by such workers' firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm or subdivision.

(3) For purposes of paragraph . . . (2), increased imports shall be considered to cause, or threaten to cause, serious injury to a firm or unemployment or underemployment, as the case may be, when the Tariff Commission finds that such increased imports have been the major factor in causing, or threatening to cause, such injury or unemployment or underemployment.

The unemployment of the workers was caused by the decision of the Internal Revenue Service (IRS) to seize and sell assets of the firm for nonpayment of taxes. Thus, actions of the IRS, not concession generated increased imports, caused the workers to lose their jobs. While it might have been possible to develop information

which would have sustained an opinion that the increased imports were the cause of the company's problem (which caused the IRS to act), and that all requirements for an affirmative decision were met, the investigation was unable to develop such required data, largely, in my opinion, as a result of the lack of cooperation by the applicant himself.

As for the applicant, I have significant reservations also about the practice of a company official certifying himself as the duly authorized agent of the workers of his former company. As the petitioner in this case, the former company official had control of the information needed for the Commission's investigation and was partially unresponsive to repeated staff efforts to receive information which might have established facts sufficient for an affirmative determination. The self-alleged agent may not have in fact fully carried out the interests of the workers for whom he was petitioning.

Dissenting Views of Commissioner Moore

Cara Mia Shoe Corporation

On the basis of the only evidence available to the Commission at this time, I have determined that the former workers of Cara Mia Shoe Corp. (hereinafter referred to as Cara Mia), Hialeah, Fla., are entitled to apply for adjustment assistance by reason of the fact that, as a result in major part of trade-agreement concessions, increased imports of footwear like or directly competitive with footwear produced by Cara Mia were the major factor causing the unemployment of such workers.

Cara Mia produced women's, misses', and children's footwear in styles known as slippers or sandals from 1969 to February 1974. This footwear retailed from \$2.00 to \$4.00 per pair. The footwear produced by Cara Mia is like or directly competitive with low-priced imported slippers, sandals, sneakers, casual styles, and other types of inexpensive footwear for women.

Imports of women's, misses', and children's nonrubber footwear in all price ranges have increased sharply in recent years, both in absolute volume and in proportion to U.S. consumption. During the period 1965 to 1973, imports of such footwear increased by 216 percent, and during the same period the share of U.S. consumption supplied by imports increased from 17 percent to 53 percent. However, imports of the low-priced footwear most nearly like or directly competitive with the footwear produced by Cara Mia now account for more than 75 percent of U.S. consumption. On a number of occasions, a majority of the Commission concluded that such

increased imports had resulted in major part from trade-agreement concessions. 1/

In view of the fact that Cara Mia ceased production early in 1974 and all of its workers * * * became unemployed, the only basis, in my opinion, for a negative determination by the Commission in this case would be a finding that the concession-generated increased imports described above are not the major factor causing the unemployment of the workers of Cara Mia. I do not believe the evidence before the Commission, however meager, supports such a conclusion.

During the Commission's deliberations, much of the evidence with respect to this important factor was based solely upon estimates submitted to the Commission. These estimates, in my opinion, do not support a negative determination. The preponderance of the evidence, however, supports an affirmative determination. For example, Cara Mia's major customer, which accounted for more than 50 percent of its total sales in previous years, began to reduce its purchases from Cara Mia in 1971, and the buyer stated that he turned to "low-priced, imported shoes from the Orient." Other customers furnished evidence indicating that they, too, ceased purchasing from Cara Mia and began importing "low-priced footwear." In fact, a substantial portion of Cara Mia's customers advised the Commission that Cara Mia footwear was not competitive in price

1/ Women's Casual Shoes: Wilson Shoe Corp. . . . , Report to the President on Worker investigation No. TEA-W-141 , TC Publication 493, 1972; Women's Footwear: Frank H. Pfeiffer Co., Inc. . . . , Report to the President on Worker investigation No. TEA-W-148 , TC Publication 510, 1972.

with imported footwear. Although Cara Mia faced rising costs, the company maintained its price levels in an effort to compete with imported footwear. The firm's inability to pass on cost increases by increasing prices led to decreasing profits during the last 3 years of its operation. Further, despite Cara Mia's attempts to remain competitive, even at the expense of declining profits, its sales dropped in 1973. This resulted in the financial reverses faced by Cara Mia early in 1974 when it used all available cash funds for current expenses.

It is clear that increasing imports of footwear were the major factor which caused Cara Mia to use such extraordinary means in trying to preserve a continuity of its operations. The action of the Internal Revenue Service in closing Cara Mia is no different, in my judgment, from bankruptcy proceedings which have occurred for a number of domestic footwear producers following similar financial reverses, after which the Commission recommended adjustment assistance for former workers of such firms. 1/

On the basis of the foregoing, I believe that the requirements of the Trade Expansion Act of 1962 have been met, and therefore, I have determined that the former workers of Cara Mia are entitled to apply for adjustment assistance.

1/ Footwear for Men and Women: Hubbard Shoe Co., Inc. . . . , Report to the President on Worker investigation No. TEA-W-202 . . . , TC Publication 598, 1973; Footwear for Women and Misses: Former Workers of Weiss-Lawrence, Inc., . . . , Report to the President on investigation No. TEA-W-246 . . . , TC Publication 699, 1974.

Bobi Wood Heel Corporation

Bobi Wood Heel Corp. (hereinafter referred to as Bobi Wood), Hialeah, Fla., produced heels for women's, misses', and children's footwear from 1969 to February 1974. About half of the output of Bobi Wood was sold to Cara Mia. The remainder of its production was sold to other footwear producers. When Bobi Wood ceased operations it employed *** workers. It is clear that there were no increasing imports of heels within the meaning of the Trade Expansion Act of 1962.

The accompanying Commission report suggests that Bobi Wood is a subsidiary of Cara Mia. No positive evidence was submitted to the Commission which supports this conclusion. The only evidence available to the Commission relating to the corporate relationship between Cara Mia and Bobi Wood indicates that Mr. Santo Scuderi is president and treasurer of both Cara Mia and Bobi Wood and that Mr. Murray Solomon is vice president of both companies. Conclusive evidence that Bobi Wood is a subsidiary or a subdivision of Cara Mia is absent. It is more likely that Cara Mia and Bobi Wood are separate corporate entities, and that the above-named persons own the stock of both companies.

In a recent decision by the U.S. Court of Appeals, United Shoe Workers of America, et al. v. Catherine Bedell, et al., No. 72-1554 (D. C. Cir., filed Oct. 23, 1974) which, in my opinion, is applicable to the current case, the court said, "We hold that imported finished women's shoes are not 'like' domestic components of women's shoes within the meaning of Section 301(c)(2)."

Applying the plain language of the court's decision to the facts herein, which are similar to the facts in the case before the court, I am compelled to find that the former employees of Bobi Wood are ineligible to apply for adjustment assistance because their firm produced only components (heels) of women's shoes and not the finished footwear.

Therefore, on the basis of the interpretation of the Trade Expansion Act of 1962 by the U.S. Circuit Court of Appeals, I have determined that the former workers of Bobi Wood are ineligible to apply for adjustment assistance.

INFORMATION OBTAINED IN THE INVESTIGATION

Description of Articles Under Investigation

Women's, misses', and children's footwear

The Cara Mia Shoe Corp. (hereinafter referred to as Cara Mia Shoe), of Hialeah, Fla., began manufacturing footwear for women, misses, and children 1/ in 1969; the plant closed February 4, 1974. Shoes produced at Cara Mia Shoe were of an open-toe and open-heel design, referred to as "slides." Uppers, usually of narrow straps, were of supported vinyl and/or of Mylar. 2/ Although management reported that all shoes manufactured by the firm were casual footwear, the shoes made with Mylar uppers could serve equally as well as evening dress slippers. Nearly all footwear manufactured by Cara Mia Shoe utilized wood heels supplied by the Bobi Wood Heel Corp. (hereinafter referred to as Bobi Wood Heel) of Hialeah, Fla., a wholly owned subsidiary of Cara Mia Shoe. The wooden heels were usually covered with a material such as vinyl, rope, or Mylar.

Footwear produced at Cara Mia Shoe sold at wholesale between * * * and * * * per pair, and at retail between \$2 and \$4 per pair. Heels manufactured by Bobi Wood Heel were turned from blocks of wood, and sold at wholesale for about * * * to * * * per pair.

1/ According to Cara Mia Shoe officials, footwear produced at Cara Mia Shoe was intended for sale to "women and misses." However, a portion of the output was manufactured in sizes sufficiently small to be classifiable as "footwear for children" according to schedule 7, Pt. 1, Subpt. A, statistical headnote (1) of the TSUS.

2/ Trade name for a polyester film produced by E. I. du Pont de Nemours & Co. Mylar used by Cara Mia Shoe had the appearance of gold or silver glitter.

The footwear was constructed by the slip-lasted process. In this process, the sock lining (a piece of material placed over the entire insole on the inside of a shoe) and upper components are stitched together, and the last (the form on which the shoe is made) is then slipped into the joined parts. Slip-lasting is usually employed in a casual shoe design, and the process lends itself to open-toe and open-heel patterns of the type manufactured by Cara Mia Shoe. The slip-lasted shoe is usually made with an unlined upper, low wedge heel, and a platform sole of resilient material.

Styles of women's, misses', and children's footwear have changed markedly during the past decade. As changes occurred in dress lengths, and trousers and other casual attire became increasingly acceptable as appropriate wear for almost every occasion, the distinction between dress and casual shoes diminished.

The 1970's began a period in which 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 and even higher platforms became popular. A variety of materials--(plantation) crepe, "marshmallow" (pliable synthetic), leather combinations, and various plastics--were used to make soles, concealed platforms, and wedges. Some bottom assemblies were even colored, painted, or sculptured. During 1970-72 such platform styles dominated most women's, misses', and children's footwear. In 1973, however, platforms became less extreme, and that trend has continued into 1974. Footwear more traditional in style is now being offered. Examples of the new look include lighter sandalized

(open) footwear with emphasis on bows, straps, slimmer high heels, and narrower toe shapes in both dress and casual footwear. There has also been a return to the low-heeled classic moccasin design for casual wear. Currently, open sandals (a type produced by Cara Mia Shoe) and espadrilles, ^{1/} especially with wedge-heeled bottoms of jute or other ropelike materials, are fashionable. Industry sources report the "boom" in open footwear and other casuals is due not only to the "free and easy lifestyles" of today, but to a change in buying patterns away from more expensive shoes.

Heels for women's, misses', and children's footwear

Heels for women's, misses', and children's footwear are made from a variety of materials and in numerous styles. The materials most widely used at present are plastics and wood (including plywood). Other materials traditionally used for heels have included leather and cork. Heels for women's, misses', and children's footwear are made either from a solid piece of material such as molded plastic (usually by injection-molding), from wood turned in various shapes, or built up from layers of plywood or leather. Sometimes, heel and sole are made in a single piece; the resulting product is referred to in the industry as a unisole or unit sole.

Styles in heels for women's, misses', and children's footwear have followed fashion cycles. Some of the traditional styles have been

^{1/} Espadrilles are casual wedge-heeled shoes with open or closed backs usually having canvas uppers, crepe outsoles, and wedge heels that are trimmed with rope, raffia, or fabric.

the French heel (a high heel with a gracefully curved outline) and the Cuban heel (a rather straight heel ranging in height from medium to high). Heels manufactured by Bobi Wood Heel were of wedge design. Generally made of wood or cork, wedge heels are in the form of a wedge which tapers to a point under the arch of the foot. In recent years fashion trends have led to the popularity of thick heels, such as the chunky types associated with the "monster" style in footwear, or with clogs and platforms.

In the injection-molding process, precision molds for heel units and/or sole units (or molds for combination heel-and-sole units) for each size of footwear desired are filled with a polyvinyl chloride or an elastomer resin compound and simultaneously attached to the upper. Injection-molding is most frequently used in the manufacture of low-heeled casual shoes.

U.S. Tariff Treatment

Women's, misses', and children's footwear

If imported, the women's, misses', and children's casual footwear produced by Cara Mia Shoe would be dutiable under TSUS item 700.55. Women's, misses', and children's imported footwear with supported-vinyl uppers 1/ dutiable under TSUS item 700.55, has in recent years consisted predominantly 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

1/ Includes footwear with Mylar uppers.

stores and in department-store basements) and (2) folding slippers, sandals, and other inexpensive footwear.

Prior to the effective date of the TSUS, imports of women's, misses', and children'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 cents 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, reflecting the final stage, effective January 1, 1972, of the five-stage concessions granted in the sixth (Kennedy) round of trade negotiations under the General Agreement on Tariffs and Trade (GATT).

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

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

Imported footwear similar to that produced by Cara Mia Shoe, if constructed with uppers of leather, would generally be dutiable under TSUS item 700.43, which provides for certain women's, misses, and children's leather footwear that has a foreign (export) value of not over \$2.50 per pair. In terms of quantity, a substantial part of the imports entered under item 700.43 in recent years have consisted of sandals and other inexpensive casual footwear.

The rate of duty originally applicable under paragraph 1530(e) of the 1930 Tariff Act to leather footwear of the types now included in TSUS item 700.43 was 20 percent ad valorem. This rate of duty remained at 20 percent ad valorem until January 1, 1968, when the first stage of the five-stage Kennedy Round concessions granted under the GATT became effective. These concessions provided for annual reductions of 1 percentage point in the rate applicable to such footwear valued not over \$2.50 per pair. The current rate for item 700.43 is 15 percent ad valorem.

Table 1 in the appendix shows the reduction in rates of duty resulting from trade-agreement concessions granted under the GATT for footwear dutiable under TSUS items 700.43 and 700.55, which provide for footwear similar to the types produced by Cara Mia Shoe for women, misses, and children. Tables 2 and 3 show U.S. rates of duty and imports admitted under TSUSA items 700.5545 (women's and misses') and 700.5555 (children's and infant's). Table 4 shows U.S. rates of duty and imports of women's footwear admitted under TSUS item 700.43.

Heels for women's, misses', and children's footwear

Heels for women's, misses', and children's footwear are dutiable at various rates, depending on the component material of chief value (table 5). Wood heels (including platforms, wedges, and clogs) for women's, misses', and children's footwear, of the type manufactured at the Bobi Wood Heel plant, were originally dutiable under paragraph 412 of the Tariff Act of 1930 at 33-1/3 percent ad valorem. The rate was reduced to 25 percent ad valorem, effective Jan. 1, 1948, and further reduced to 16-2/3 percent ad valorem, effective May 30, 1950, pursuant to concessions granted under the General Agreement on Tariffs and Trade (GATT). The rate of 16 2/3 percent ad valorem was retained in the Tariff Schedules of the United States (TSUS) for item 207.00, where wood heels are dutiable as "articles not specially provided for, of wood." The rate of duty applicable to item 207.00 was reduced in five stages, the first of which became effective January 1, 1968, pursuant to concessions granted during the Kennedy Round. The current rate, which became effective on January 1, 1972, is 8 percent ad valorem.

Heels of rubber or plastics were originally dutiable under paragraph 1537 of the Tariff Act of 1930 at the rate of 25 percent ad valorem. That rate was reduced to 12.5 percent ad valorem, effective September 10, 1955, pursuant to a concession granted to Japan under the GATT. Heels of rubber or plastics for women's, misses', and children's footwear are dutiable under TSUS item 772.30--wearing apparel (including rainwear) not specially provided for, of rubber or plastics--at a current rate of 12.5 percent ad valorem.

Heels of other materials for women's, misses', and children's footwear may enter under one of several provisions. Cork heels (including platforms) are dutiable under TSUS item 220.50, articles not specially provided for, of cork, at 18 percent ad valorem. Leather heels enter under item 791.25, other leather cut or wholly or partly manufactured into forms and shapes suitable for conversion into footwear, at 5 percent ad valorem. Paperboard heels enter under TSUS item 256.90, other articles of paperboard, not specially provided for, at the rate of 8 1/2 percent ad valorem. See table 5 for the tariff history of these provisions.

U.S. Consumption, Production, and Imports

Women's, misses', and children's footwear

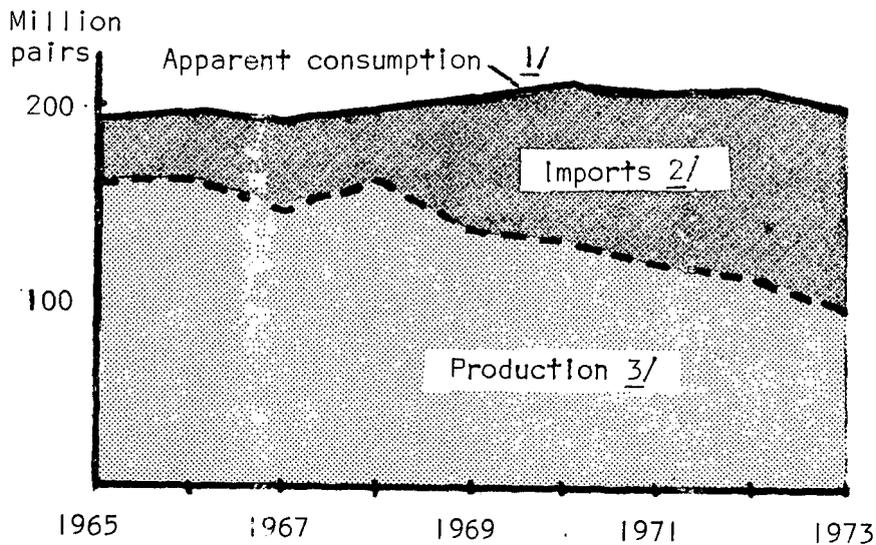
Data on apparent U.S. consumption of women's, misses', and children's nonrubber footwear with supported-vinyl uppers are not available; however, apparent consumption of all nonrubber footwear for women and misses has been estimated by the Commission from data provided by the Bureau of the Census. Apparent consumption of all nonrubber footwear for women has shown both increases and decreases in the past 8 years. As shown in table 6, during the period 1965-73, years of increase in apparent consumption alternated with years of decrease. Although individual yearly increases were as great as 17 percent, and decreases were as great as 10 percent, the aggregate increase from 1965-73 was only about 4 percent. Apparent consumption, which was 386 million pairs in 1965, peaked at 455 million pairs in 1968 and amounted to 402 million pairs in 1973.

During the period 1965-73, imports of all nonrubber footwear (including dress and casual) for women tripled, and their share of the U.S. market increased steadily from 17 percent in 1965 to 53 percent in 1973 (see figure on next page and table 6, which also show data on U.S. consumption and production). It is estimated that in 1973, less than 1 percent of the total domestic production of women's and misses' nonrubber footwear sold at retail between \$2.00 and \$4.00 per pair--the price range of most of Cara Mia Shoe's output. For that same year, it is estimated that about a third to a half of the total imports of women's and misses' nonrubber footwear retailed at \$2.00 to \$4.00 per pair.

With respect to nonrubber footwear for children and infants, domestic production declined gradually from 60 million pairs in 1968 to 43 million pairs in 1973. During that same period, imports of such footwear having supported-vinyl uppers increased sharply from 6 million pairs in 1968 to 11 million pairs in 1973 (see table 3). The proportion of domestic production retailing in various price ranges is not known. It is estimated that in 1973 about three-fourths of all imports of nonrubber footwear with supported-vinyl uppers for children and infants retailed at less than \$4.00 per pair.

The principal supplier of imported vinyl footwear for women, misses, and children in recent years has been the Republic of China (Taiwan).

Figure 1.--Nonrubber footwear for women: U.S. production, imports, and apparent consumption, 1965-73



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

2/ Partly estimated from the official statistics on footwear of the kinds described in pt. 1A 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 footwear.

3/ 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.

Source: Estimated by the U.S. Tariff Commission, based on official statistics of the U.S. Department of Commerce.

Heels for women's, misses', and children's footwear

Data are not available, from either official statistics or industry sources, on U.S. imports, production, and consumption of heels for women's, misses', and children's footwear.

Inasmuch as the use of heels for repair of women's, misses', and children's footwear is known to be negligible 1/ and, as indicated later, imports of heels are known to be very small, data on the apparent U.S. consumption of women's, misses', and children's footwear are indicative of domestic consumption of heels, and data on the U.S. production of such footwear are indicative of domestic production of such heels. Domestic consumption of heels for women's, misses', and children's footwear has undoubtedly experienced the same decline in recent years as has consumption of the footwear itself, as discussed earlier in this section. Similarly, the domestic production of heels for women's, misses', and children's footwear has undoubtedly experienced the same steady decline in recent years as has production of the finished footwear.

The available information also suggests that within the universe of all domestically manufactured heels, the product mix has changed radically in recent years. Nearly all of the industry representatives that were consulted in the course of the present investigation stated

1/ A Toplift (the thin outer layer or wearing surface of leather, rubber, plastic, or composition on the heel of a shoe) is frequently replaced in a shoe repair shop. However, with respect to the heels, the multiplicity of styles, finishes, coverings, and materials precludes the establishment of inventories sufficient to provide for replacement. Hence, the use of heels for repair is negligible.

that, to the best of their knowledge, production of wooden heels has declined. The consensus was that wooden heels for women's, misses', and children's footwear have been largely replaced by heels of cork, plastic, and other material.

In an earlier worker investigation, 1/ the Commission estimated U.S. imports of heels for women's nonrubber footwear from data compiled from importers' replies to questionnaires and a sampling of import entry documents; the data obtained at that time revealed that although imports of such heels appeared to have increased sharply between 1966 and 1970, imports still represented less than half of 1 percent of the total number of pairs of heels consumed as components of women's footwear produced in 1970. In the course of the present investigation, the Commission contacted customs officials at principal ports of entry, importers that were questioned during the previous investigation, officials of the American Footwear Industries Association, and a substantial number of domestic manufacturers of heels and finished footwear. For the firms from which information was obtained, virtually no imports of heels occurred during the past 18 months. Only one firm was still importing heels; that company was purchasing components from a wholly owned subsidiary overseas. All available evidence indicates that there has been no increase in the volume of imports in the past several years, and that such imports

1/ Heels for Women's Footwear: Workers of Vulcan Corporation Heel Plant, Portsmouth, Ohio, Report to the President, Worker Investigation No. TEA-W-118 . . . , TC Publication 440, 1971.

continue to supply an insignificant share of the heels used in the production of women's misses', and children's footwear in the United States.

U.S. and Foreign Wage Rates

The table on the following page shows the average hourly earnings and the estimated compensation per hour received by footwear workers in eight countries in 1970-72. While of some use in comparing the labor costs of the footwear industries in the various countries listed, the table has several shortcomings that make such comparisons inexact. First, only in 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	^{5/} \$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 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.

Source: Based on data provided by the 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

Data Relating to the Cara Mia Shoe Corp. and the Bobi Wood
Heel Corp.

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STATISTICAL APPENDIX

Table 1.--U.S. rates of duty applicable to women's, misses', and children's footwear 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 concession <u>2/</u>	
		Rate	Effective date	
		Percent ad val.	Percent ad val.	
700.43	Leather footwear: "Other" (includ- ing cement pro- cess): Valued at not over \$2.50 per pair.	20	19	Jan. 1-Dec. 31, 1968
			18	Jan. 1-Dec. 31, 1969
			17	Jan. 1-Dec. 31, 1970
			16	Jan. 1-Dec. 31, 1971
			15	Jan. 1, 1972
700.55	Women's, misses', and children's footwear with supported-vinyl uppers.	Princi- pally 20 <u>3/</u>	12.5 <u>4/</u> 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

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 that became 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 was imported during the 1950's and early 1960's, it was generally dutiable, by virtue of the similitude provisions of par. 1559, at the rate provided for "similar" leather footwear in par. 1530(e). The col. 2 rate for item 700.55 is 35 percent.

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 TSUS item.

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS. On July 8, 1974, the U.S. Customs Court held that Presidential Proclamation 4074 was invalid (Yoshida International Inc. v. United States, Customs Decisions 4550). This ruling has been appealed to the U.S. Court of Customs and Patent Appeals.

Table 2.--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>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-----	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 Jan. 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 3.--Footwear having supported-vinyl uppers for children and infants (TSUSA item 700.5555): 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> pairs	<u>1,000</u> dollars	<u>Per pair</u>
1966-----	12.5	4,490	2,479	\$0.55
1967-----	12.5	5,548	3,507	.63
1968-----	11	6,256	4,086	.65
1969-----	10	8,111	5,753	.71
1970-----	8.5	8,347	6,835	.82
1971-----	7	8,795	8,058	.92
1972-----	6	12,216	12,208	1.00
1973-----	6	10,641	10,616	1.00
January-June --				
1973-----	6	6,176	4,962	.80
1974 <u>1/</u> -----	6	5,558	6,890	1.24

1/ Effective Jan. 1, 1974, item 700.5555 was replaced by items 700.5557 (for children) and 700.5559 (for infants).

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

Table 4.--Women's footwear with leather uppers, of the types provided for in TSUS item 700.43: 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
	Percent ad valorem	<u>1,000</u> pairs	<u>1,000</u> dollars	Per pair
1969-----	18	27,704	43,181	\$1.56
1970-----	17	35,800	58,173	1.62
1971-----	16	31,844	53,603	1.68
1972-----	15	24,028	40,335	1.68
1973-----	15	15,752	27,739	1.76
January-June--				
1973-----	15	12,752	22,388	1.76
1974-----	15	7,476	13,332	1.78

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

Table 5.--U.S. rates of duty applicable to heels for women's, misses', and children's footwear of 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 concession <u>2/</u>		
			Rate	Effective date	
		Percent <u>ad val.</u>	Percent <u>ad val.</u>		
207.00	Articles not specially provided for, of wood.	33-1/3	25	Jan. 1, 1948	
			16-2/3	May 30, 1950	
			15	Jan. 1, 1968	
			13	Jan. 1, 1969	
			11-1/2	Jan. 1, 1970	
			10	Jan. 1, 1971	
			8	Jan. 1, 1972	
220.50	Articles not specially provided for, of cork.	45	40-1/2	July 1, 1962	
			36	July 1, 1963	
			32	Jan. 1, 1968	
			28-1/2	Jan. 1, 1969	
			25	Jan. 1, 1970	
			21-1/2	Jan. 1, 1971	
			18	Jan. 1, 1972	
256.90	Articles not specially provided for, of paperboard.	35	17-1/2	Jan. 1, 1950	
			15-1/2	Jan. 1, 1968	
			14	Jan. 1, 1969	
			12	Jan. 1, 1970	
			10	Jan. 1, 1971	
			8-1/2	Jan. 1, 1972	
772.30	Wearing apparel not specially provided for, of rubber or plastics (including footwear).	35	17-1/2	Jan. 1, 1948	
			16-1/2	June 30, 1956	
			15-1/2	June 30, 1957	
			15	June 30, 1958	
			13-1/2	July 1, 1961	
			12	July 1, 1962	
		25	12-1/2	Sept. 10, 1955	
			12-1/2 <u>3/</u>	Aug. 31, 1963	

See footnotes at end of table.

Table 5.--U.S. rates of duty applicable to heels for women's, misses', and children's footwear of types provided for in specified TSUS items, July 1, 1934, and GATT concessions to Jan. 1, 1972--Continued

TSUS item No.	Abbreviated description	Rate of duty		
		July 1, 1934 ^{1/}	GATT concession ^{2/}	
		Rate	Rate	Effective date
		Percent ad val.	Percent ad val.	
791.25	Leather cut or wholly or partly manufactured into forms or shapes suitable for conversion into footwear, other than patent leather.	<u>4/</u>	<u>4/</u>	<u>4/</u>
			10	Aug. 31, 1963
			9	Jan. 1, 1968
			8	Jan. 1, 1969
			7	Jan. 1, 1970
			6	Jan. 1, 1971
			5	Jan. 1, 1972

^{1/} 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 that became effective up to and including Jan. 1, 1972.

^{3/} Prior to the effective date of the TSUS, heels of rubber or plastics were dutiable under various provisions of the Tariff Act; the tariff history of the two most important such provisions are enumerated above. In the TSUS, a rate of 12.5 percent ad valorem was established for item 772.30, wearing apparel n.s.p.f., of rubber or plastic.

^{4/} On July 1, 1934, the following rates applicable to articles now included in item 791.25, were "fancy" leathers (embossed, ornamented, or finished in gold, silver, or like effect), 30 percent; bovine leathers (except fancy sole leathers), 15 percent; bovine sole leather, 12-1/2 percent; and the other applicable leathers, 10 percent. These rates were all reduced effective Jan. 1, 1939, in the trade agreement with the United Kingdom except fancy leather other than bovine. In the first round of GATT negotiations, effective Jan. 1, 1948, the rates applicable to all these articles were negotiated at 10 percent except fancy leathers, which were reduced to 15 percent. Fancy leathers were further reduced to 12-1/2 percent in the GATT negotiations of 1956 in 3 annual stages, the last of which became effective June 30, 1958.

Note.--Pursuant to Presidential Proclamation No. 4074, effective from Aug. 16 to Dec. 19, 1971, the rates of duty on most imported products were increased by the temporary imposition of an additional duty of 10 percent ad valorem or less, as provided for in new subpt. C to pt. 2 of the appendix to the TSUS. On July 8, 1974, the United States Customs Court held that Presidential Proclamation 4074 was invalid (Yoshida International, Inc. v. United States, Customs Decisions 4550). This ruling has been appealed to the U.S. Court of Customs and Patent Appeals.

Table 6.--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/ Data partly estimated from the official statistics for footwear of the kinds described in pt. 1, subpt. 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.

