81.4 percent of ASP canvas imports came from Japan and 8.6 percent from Formosa, in 1967, 67 percent came from Japan and 20.3 percent from Formosa. The average 1967 price of the imports from Japan was $0.78, whereas the average from Formosa was $0.52.

Our decline in shipments reflects itself in a decline in employment: The Bureau of Labor Statistics reported 24.5 thousand rubber footwear production workers in 1965, 23.6 thousand in 1966 and only 20.5 thousand in 1967, a decline of 4,000 in a period of from 1965 to 1967.

This is an industry which no longer has an export market, having lost it to low-cost producers in Japan.

Finally, we have submitted to the Office of the Special Representative for Trade Negotiations, on a confidential basis, financial statements which reveal the profitability of this industry to be, at best, marginal.

This, then, is the picture of an industry for whom ASP is alleged to have provided an undue amount of protection.

Setbacks during Kennedy round

A. CONVERSION OF ASP ON WATERPROOF FOOTWEAR

Let me next refresh your recollection of the battles we have fought and lost in the course of the Kennedy round. Our first setback resulted from the Customs Bureau's arbitrary ruling in 1962 which removed ASP from synthetic rubber waterproof footwear. When, in 1965, we persuaded the Senate Finance Committee to support the restoration of ASP to this footwear, spokesmen for the executive branch advised us, through the good offices of Senator Ribicoff, that if we would drop that effort and if we would also agree to give up ASP on natural rubber waterproof footwear, the administration would support a converted rate of 60 percent. We yielded, but to our shock, the executive branch changed its mind. As you know, the 60 percent emerged from the Congress as 37½ percent, effective December 1965. How have we fared since? Table A, attached to this testimony, tells the story: In 1966, domestic shipments reached their lowest level in 9 years; imports also dropped, but nevertheless, constituted 28.5 percent of domestic consumption. In 1967, domestic shipments dropped an additional 1.9 percent, whereas imports increased by 22.8 percent. The 1967 ratio of imports to domestic consumption was approximately 32 percent.

B. CHANGE OF TREASURY GUIDELINES FOR ASP ON FABRIC FOOTWEAR

Our next setback was when the Treasury Department, early in 1966, announced that it was changing its 30-year-old guidelines for determining the American selling price of rubber-soled footwear with fabric uppers, the kind of footwear involved in this bill, incidentally.

This change was tantamount to a 35-percent tariff cut, and was made without any examination of the economics of the domestic industry or the extent of import penetration, and without any reciprocal tariff cut by our trading partners. Table B, to which I referred a few moments ago, paints a depressing picture of what has happened to us since, and surely in large part because of, the Treasury's action: In 1966, domestic shipments fell markedly while imports reached new heights; indeed, such imports took 18.2 percent of the domestic market that