

Import "penetration"

The result of these various circumstances is that import penetration reached its peak in 1960, 1961 and 1962 and has since declined. The ratio of imports to consumption in 1967 was not 23%, but much closer to 13%. During the very years that the new guidelines were first in effect (practically speaking), United States shipments increased while imports declined.

For fuller discussion of the guidelines, reference is made to the attached excerpt from our brief of June 17, 1966 to the Tariff Commission (Attachment 1).

For a fairer picture of the extent of import penetration, reference is made to the following table, in which the import figures are more accurately set forth and Puerto Rican production is included in domestic shipments. It is incorrect to use the unadjusted import statistics as is done in STR's table, even though estimation is required in making adjustments.

Nowhere is it directly said that this industry is suffering so seriously from import competition that it should receive an increase in the already extremely high level of tariff protection. Such a statement would be ludicrous, when it is considered (1) that in the Kennedy Round, rates were reduced for the rest of the footwear industry, enjoying protection at levels one-sixth to one-third of the rubber soled-footwear, and (2) that sales of U.S. sneaker-type footwear more than doubled in the last 10 years and remain at a high plateau, (3) the individual companies in the industry are very prosperous.

The protection enjoyed by this industry since 1933, taken with the absence of any reduction in the Kennedy Round and the pending legislation, presents one of the most extraordinary cases of favoritism in United States tariff history.

Decrease in unit value

The June 5 STR statement concludes:

"Consequently, we have proposed the converted rate in terms of 25 cents per pair plus 20 percent but not less than 58 percent. In this form the industry can be assured that, if the unit value of the imported footwear decreases, the specific element of the compound duty will ensure a sufficient level of protection for the domestic producers in this period of adjustment to increased import competition."

RUBBER-SOLED, CANVAS-UPPER FOOTWEAR—SHIPMENTS, IMPORTS, APPARENT CONSUMPTION, AND RATIOS
1958-67

[In thousands of pairs]

Year	Mainland shipments	Puerto Rico shipments	Total U.S. shipments	Imports	Percent imports to total shipments	Apparent consumption	Percent imports to consumption
1958-----	70	(1)	-----	12	17.0	82	14.0
1959-----	75	(1)	-----	13	17.5	88	15.0
1960-----	84	(1)	-----	30	36.0	114	26.0
1961-----	103	(1)	-----	39	38.0	142	27.0
1962-----	136	(1)	-----	47	35.0	133	26.0
1963-----	148	(1)	-----	35	24.0	187	19.0
1964-----	162	(1)	-----	25	16.0	200	13.5
1965-----	166	12	178	22	12.5	191	11.0
1966-----	157	13	170	21	12.5	191	11.0
1967-----	151	15	166	25	15.0	191	13.0

Note: Exports negligible (approximately 200,000 pairs).

Source: Bureau of the Census and Rubber Manufacturers Association, Inc. Adjusted by imported footwear group, American Importers Association.

This simply does not follow from any of the data given. It appears to be based in part on statements with respect to declining prices of imports which were deleted from the revised statement. In part it appears to confuse the effect of compound rates and the effect of the extraordinary proposed double-barreled rates. If grater protection against imports from the lower-priced sources abroad is a proper objective (which importers doubt), this objective is served by a compound rate by itself, without a minimum ad valorem rate.

What this really is, is a have-your-cake and eat-it-too proposition. Let us put it plainly. It appears that foreign prices are rising faster than United States prices, so it is to the advantage of the domestic industry that the conversion reflect the high converted average of 1965 of 58%. But there are some products