

[Attachment 3]

IMPORTED FOOTWEAR GROUP,
NATIONAL COUNCIL OF AMERICAN IMPORTERS, INC.,
New York, N.Y., August 22, 1966.

Re Converted duties on footwear—Investigation No. 332-47.

UNITED STATES TARIFF COMMISSION,
Washington, D.C.

GENTLEMEN: The purpose of this letter is to request that the Tariff Commission review two points in its Report of July 25, 1966 with respect to footwear, because injustice to American importers and unnecessary difficulties in negotiations will result if correction is not made at this time.

1. *The definition of the products to remain at 20 per cent ad valorem is unduly narrow, subjecting well over one million pairs to a prohibitive duty increase.* The final Report broadened somewhat the description of shoes covered by Item 700.60 and not subject to an ASP valuation. The proposed description for Item 700.60A becomes:

"Footwear with open heels and toes; footwear with pliant soles and uppers which went off the foot characteristically fold flat from heel to toe; and footwear with outer soles almost wholly of leather or the soles of which contain not less than 60 per cent by weight of iron powder . . ."

The Report indicates that "a small quantity of such shoes dutiable at 20 per cent ad valorem on the basis of export valuation would of necessity be combined with the shoes entered under the ASP provision." To take care of this the proposed converted rate of duty is reduced from 60% in the preliminary report to 58%.

We submit that the quantity that would be subject to the higher duty is not small, that there is no "necessity" for such treatment, and that the 2% reduction in the high rate does not make the treatment more acceptable.

According to our information, the tripling of duties would affect the following types of products, as well as others not known now, all of which would be effectively prohibited by such an increase:

(a) Vinyl footwear which would be dutiable under Item 700.55 except that there is non-rubber or plastic trim or cuff constituting 10% or more of the exterior surface of the upper.

(b) Vinyl footwear which would be dutiable under Item 700.55 except that there is a foxing, throwing it into 700.60.

(c) Footwear of casual and slipper types having fabric uppers and rubber or plastic soles not vulcanized or molded to the uppers.

(d) Footwear with fabric uppers and vulcanized rubber soles not like or similar to any American product.

Examples would be vinyl shoes and sandals with closed toes that have mylar trim, vinyl snow boots with textile cuffs amounting to 10% or more of the upper, nonfolding slippers with fabric uppers sewn or cemented to rubber or vinyl soles, and Italian casual shoes with rubber soles and fabric uppers.

In the questionnaire which was submitted at the hearing we attempted to determine the quantity of types of non-ASP products. This questionnaire, which was apparently utilized by the Commission at arriving at the 2% reduction, indicates that the 18 importers who responded imported approximately 765,000 pairs of footwear in 1965 in the four categories set forth above. The total importations of non-ASP products under item 700.60 by these 18 firms were 9.4 million, while official U.S. statistics indicate that total importations of non-ASP products under item 700.60 in 1965 were 15.8 million. Our experience indicates that there is a considerable variation of the types of goods handled from one importer to another, so that all the questionnaire proved is that there were at least 765,000 pairs imported. It is likely that there were considerably more in this category, and it is possible that there was any amount up to the 6.4 million pairs of non-ASP shoes not accounted for.

As a statistical matter, if these figures are used as an element of a weighted average, they have to be increased by 15.8 over 9.4, and the percentage reduction would be 3 or 4% not 2%. In any case, however, we submit that a reduction in the high-duty category does not compensate in the least for the destruction of commerce in the products in question. Since they are of a class that is presently imported at 12½% under item 700.55, the 20% duty already presents marketing problems and a 58% duty would put a complete stop to trade in such products.

The obvious solution is to define the high-duty products and let the others be