

a basket provision, as urged in our brief of June 17, 1966. Such a definition poses fewer technical problems than defining the miscellaneous low-duty products. If the low-duty products are defined, however, the definition should be expanded to include the products discussed above. At the same time, most of these products should be shifted to item 700.55, as recommended in our brief.

2. *There should be a separate rate or rates of duty for machinemade sneakers.*—The Report unjustifiably assigns the high duty based upon 1965 experience to certain products that did not enter at all in 1965. These are the sneakers the soles of which are fastened to the uppers by vulcanizing or molding in a single operation as compared to the many steps in the assembling of a conventional sneaker. A technical revolution is going on in the rubber-plastic footwear industry, and there is every reason to believe that production worldwide will shift to these new methods. It is inevitable that the average converted rate for machine-made sneakers would be considerably lower than for conventional sneakers, because these are capita-intensive products in which the foreign producers have little or no advantage over United States producers.

Most of the members of the Imported Footwear Group, National Council of American Importers are purely American firms, and there is no reason why they should look to an international negotiation to protect their interests. It is earnestly requested that the Tariff Commission clarify the points discussed above to prevent unjustified and easily avoidable rate increases.

Yours respectfully,

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Chairman, Imported Footwear Group,  
National Council of American Importers, Inc.

[Attachment 4—Excerpt from Statement of Ambassador Roth before Ways and Means Committee, June 5, 1968]

#### RUBBER SOLED FOOTWEAR WITH FABRIC UPPERS

Through the enactment of section 401(b) of H.R. 17551 the Congress will provide for the elimination of ASP with respect to imports of rubber soled footwear with fabric uppers.

Unlike benzenoid chemicals, the elimination of ASP for rubber soled footwear was not the subject of agreement during the Kennedy Round. Nor did ASP first become applicable to such footwear by statute but rather by Presidential Proclamation in 1933. The action proposed with regard to rubber footwear is also a reflection of a very different economic position which obtains for that industry from the one presented by the chemical industry. A consequent final difference between the two is that no reduction is proposed in the converted rate that was established by the Tariff Commission for rubber soled footwear in its advice to the Special Representative for Trade Negotiations in 1966.

On the basis of 1965 data the Tariff Commission determined that the ASP rate was equivalent to a converted rate of 58 percent based on export value. The Tariff Commission also proposed that noncompetitive footwear be subject to a rate of 20 percent.

Prior to 1963, the practice of the Bureau of Customs in the appraisal of such footwear was to assess the duty on the value of the highest priced like or similar domestic article. In 1966, the Bureau of Customs put into effect new guidelines under which the appraisal of such footwear is made at the value of the like or similar domestic articles closest in price to the price of the imported article. The industry has maintained that this action was tantamount to a 35 percent reduction in duty and that, but for this action, the converted rate established by the Tariff Commission would have been over 90 percent. The changed guideline is now being appealed to the courts.

For reasons I have gone into elsewhere, we consider the ASP system to be anachronistic and that it should be eliminated for good commercial policy reasons. This is so with regard to rubber soled footwear as well as the other products subject to ASP.

We have been particularly mindful of the increasing penetration of imports of this commodity. Rubber soled footwear imports, as shown in the attached table, have increased from 4.4 percent of apparent consumption in 1958 to 23 percent in 1967. Shipments, moreover, have been declining and imports have risen rapidly since the new guidelines went into effect.