Our purpose in putting forward the submission is to clarify the viewpoint of the members of our Association to the probable economic impact of concessions on rubber-soled fabric upper footwear now subject to Duty on the American selling price basis of valuation. We agree that valuation on the basis of A.S.P. does lead to anomalies because by its very nature it cannot be uniform. We would also welcome a reduction of up to 50% in the proposed converted rate. We consider, however, as we understand the position, that the Commission is "to indicate its assessment of equivalency of protection achieved by the converted rates"—U.S. Tariff Commission report on investigation 332–47. In other words, no reduction in the duty on imports is envisaged.

We, therefore, feel that without prior knowledge of the actual percentage reduction in the converted rate which might be agreed upon and in the light of the statement of equivalency of protection, we can only assess the likely economic effects on imports by drawing a parallel between the possible effect of the proposed concession with the actual effect of a recent change in the tariff structure on Rubber Footwear under TSUS 700.53.

2. References to U.S. Tariff items

The submission relates to Tariff item 700.60 Rubber-soled Footwear with Fabric Uppers.

3. Present U.S. Tariff Structure

(a) Rubber Soled Footwear with Fabric Uppers. TSUS Item 700.60

Currently footwear under this item is subject to a rate of duty at 20% ad valorem of the A.S.P. of like or similar domestically produced articles. Items which are not like or similar are not subject to A.S.P. The bulk of this type of footwear imported into the U.S. and produced by members of our Association is dutiable on A.S.P., being primarily tennis types Oxfords, Basketball Shoes and Sneaker styles.

(b) Natural Rubber Footwear. TSUS Item 700.53

Footwear under this item is subject to valuation on the export value or foreign value, whichever is the higher. This duty works out at 37½% of the United Kingdom wholesale price of such articles.

4. Tariff Schedule Amendments Act 1965

By this act Rubber Footwear under item 700.53 entering the U.S. is no longer subject to valuation on the basis of A.S.P. or C.A.V. Whereas under the former Tariff Structure Protective Footwear which contained less than 10% of natural rubber content carried a duty of 12½% ad valorem, Importers of footwear within this category are now faced with a rise in duty of 25%.

5. Economic effect to the U.K. Manufacturer of the Tariff Schedule Amendment Act 1965—Rubber Footwear

Exports to the U.S.A. of rubber footwear over the past six years are shown below:

RUBBER FOOTWEAR

	Pairs	British pounds
1960	197,383	129,449
1961	174,645	105,190
1962	319,679	154,042
1963	177,760	156,165
1964	187,014	109,131
1965	210,123	140,976

Comparing the six-month period January/June 1965, before the Tariff Schedule Amendments Act 1965 came into force, with the equivalent period January/June 1966—after the Act was in force—the position is as follows: