

CAPITAL TRADE, INCORPORATED

# Economic Effects of the TPP: Athletic Footwear

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## I. Executive Summary

Capital Trade, Inc. (“CTI”) was asked to analyze the effects on U.S. footwear producers of eliminating duties on imports of athletic footwear from Vietnam under the proposed Trans-Pacific Partnership (“TPP”).

We examine the effects of liberalization using a standard partial equilibrium model developed by the staff of the United States International Trade Commission. The analysis incorporates actual data from both government sources and private sector sources and takes into account the relevant conditions of competition in the U.S. market for athletic footwear.

Our analysis demonstrates that the elimination of duties on athletic footwear as part of the TPP would have extremely small output and employment effects (1.4 percent or less on average) on the U.S. athletic footwear industry. When put in the context of the overall U.S. footwear industry, the domestic industry effects are less than half a percent. If duty eliminations were limited to just the top five athletic footwear classifications from Vietnam, which account for almost 70 percent of athletic footwear imports from Vietnam by value, the output and revenue effects on the U.S. athletic footwear industry are 1 percent or less.

The most significant impact of the duty eliminations modeled in this study is the large shift to Vietnam from other supplier countries as a source of U.S. imports. As a consequence, the vast majority of the increase in U.S. imports from Vietnam attributable to duty elimination is offset by declines in U.S. imports from the other sources. Because China is currently the main source of U.S. athletic footwear imports, it stands to reason that the shift in sourcing to Vietnam predicted herein would come largely at China’s expense.

These results are consistent with previous work and economic logic. Because the share of the market held by domestic producers is already very small, the shifts in sourcing patterns caused by the duty eliminations would be borne primarily by other sources of imports, rather than by domestic producers. Moreover, footwear models that are *Made-in-USA* and *Assembled-in-USA* are somewhat less substitutable with imports than imports are with each other because of

product differentiation, including more advanced technologies and materials in imported shoes, and marketing campaigns that emphasize Made-in-USA rather than performance.

For these reasons, it seems highly unlikely that the proposed TPP duty eliminations examined in this report would have a significant adverse effect on the domestic industry producing athletic footwear or the domestic footwear industry overall.

## II. Project Scope

Capital Trade, Inc. (“CTI”) was asked to conduct an analysis of the effects on U.S. footwear producers of the revocation of duties on imports of athletic footwear from Vietnam immediately upon implementation of the Trans-Pacific Partnership (“TPP”). The specific U.S. Harmonized Tariff Schedule (“HTS”) import classifications for athletic footwear were provided to CTI. CTI used this information to collect the U.S. trade data used for the analysis.

The analysis uses standard economic tools to estimate the effects of certain proposed TPP duty eliminations on U.S. producers’ sales volumes, prices, and revenue. For this analysis, CTI evaluated various sources of data for the U.S. industry, and relied on Census Bureau data for imports. CTI also researched other studies conducting similar types of analysis, and conferred with industry representatives for a better understanding of current competitive conditions in the U.S. footwear market, and specifically athletic footwear. However, the focus of this project for CTI was to provide a statistical estimate of the effects of duty elimination.

Capital Trade is an economic consulting firm that specializes in analysis related to international trade, including quantitative analysis of the effects of changes in various trade policy measures, including duties. For its analyses, CTI routinely relies on standard economic tools, including existing partial equilibrium models, and computable general equilibrium models.

Mr. Andrew Szamosszegi is the lead economist on this project for Capital Trade. Other Capital Trade personnel working on this project are Daniel Klett and Brian Westenbroek. Their backgrounds are provided in **Exhibit 1**.

## III. Background

### A. The Market of Interest

The focus of this report is the U.S. athletic footwear market. The athletic footwear considered in this report includes shoes with attributes making them suitable for the demands of particular sporting activities, such as running, basketball, tennis, and soccer.

As will be discussed in greater detail below, the U.S. market for athletic footwear is valued at approximately \$10 billion and is expected to continue growing. The U.S. market is supplied largely by imports, despite high import duties. As shown in **Table 1**, the ten largest HTS classifications sorted by volume accounted for approximately 500 million pairs of athletic footwear imports. As shown in **Table 2**, the ten largest HTS classifications sorted by value accounted for approximately \$8.9 billion in 2012. Domestic producers of athletic footwear account for only a small share of apparent consumption, or \$552 million in 2011, the last year for which domestic shipment data are available. By volume, in pairs, domestically produced and assembled athletic footwear accounted for just 2 percent of the U.S. athletic footwear market, 10.9 million pairs in a U.S. market of 520.8 million pairs in 2011.<sup>1</sup>

**Table 1: Top-10 Imports of Athletic Footwear by HTS Classification and Volume, 2010-2012**

HTS Number	2010	2011	2012
	Thousand pairs		
64039960	91,091	94,668	86,063
64029140	96,862	85,729	80,630
64039990	92,123	66,210	67,076
64039190	67,710	63,004	63,126
64029990	36,750	46,199	50,449
64029931	50,860	51,003	47,665
64041190	18,617	32,822	34,641
64039160	21,777	24,300	31,266
64041181	0	677	19,416
64041189	0	1,047	17,924
<b>Total</b>	475,789	465,660	498,255

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<sup>1</sup> Neither the value nor volume data take into account the fact that imported components may be used to produce domestically produced footwear. See **Exhibit 5** for detailed information on the U.S. athletic shoe market.

**Table 2: Top-10 Imports of Athletic Footwear by HTS Classification and Value, 2010-2012**

HTS Number	2010	2011	2012
	Thousand dollars		
64039190	1,647,754	1,784,604	1,853,059
64039960	1,322,602	1,456,804	1,360,199
64029990	880,241	1,125,359	1,226,646
64039990	1,220,648	876,290	915,655
64029140	875,751	886,756	894,229
64041190	444,505	776,107	854,871
64039160	472,369	541,242	728,787
64029190	219,353	272,428	429,840
64029931	372,534	402,393	368,685
64021990	144,370	175,428	234,153
<b>Total</b>	7,600,126	8,297,409	8,866,124

By value, the United States is the world’s largest national market for athletic footwear. In 2012, imports totaled approximately \$9.8 billion. China currently is the largest supplier of athletic footwear and the most technologically advanced, followed by Vietnam.

Competition in the U.S. athletic footwear market is among well-known global brands, including Nike, Adidas, Reebok, and Puma, that compete across multiple categories of athletic footwear. In addition, there are brands that are more closely associated with particular sports, such as New Balance (running), Babolat (tennis), and K-Swiss (tennis). All of these brands source footwear made outside the United States, although New Balance also assembles in the United States some models from imported components and wholly produces in the United States some other models.

**B. Relevant Prior Work**

In August 2011, the United States International Trade Commission (“USITC”) published a Section 332 study, *The Economic Effects of Significant U.S. Import Restraints Seventh Update 2011*, which evaluated the effects of removing the tariff barriers on footwear and other



products.<sup>2</sup> The Commission’s estimate of welfare gains from the removal of the high tariffs on footwear and leather products compared to the baseline projection in 2015 was \$215 million.<sup>3</sup> This puts footwear and leather products third among sectors offering the greatest potential gains from liberalization.<sup>4</sup> The effects of liberalization of footwear and leather product tariffs on U.S. industry employment and output as well as on imports and exports estimated by the Commission are summarized in **Table 3**.<sup>5</sup>

**Table 3: Summary of Liberalization Effects on the U.S. Footwear Industry from the USITC**

Sector	Employment	Output	Imports	Exports
Footwear and leather products	-1.7%	-1.6%	4.1%	0.4%

Source: USITC, *The Economic Effects of Significant U.S. Import Restraints Seventh Update 2011*, at 2-3.

These results compare well with the results presented in the present report, which focus on athletic footwear.<sup>6</sup> The small differences can be attributed to differences in coverage (all footwear and leather products versus athletic footwear); the duties liberalized (all imports versus certain athletic footwear from Vietnam); and the magnitude of the duty.

## IV. Methodology and Data

### A. The Model

This study uses a partial equilibrium model to simulate the impacts of changes in import duties on the U.S. market, and specifically on U.S. producers. Such models are commonly used by the U.S. government and others to analyze the economic effects of trade policy changes, such as

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<sup>2</sup> See Investigation No. 332-325, *The Economic Effects of Significant U.S. Import Restraints Seventh Update 2011*, U.S. International Trade Commission Publication 4253 (Washington, DC: USITC), August 2011. <http://www.usitc.gov/publications/332/pub4253.pdf>

<sup>3</sup> Id at Table ES.2.

<sup>4</sup> Id at Table 1.1.

<sup>5</sup> Id at Table 2.2.

<sup>6</sup> This report did not consider the effects on industry exports.

free trade agreements and the imposition of countervailing and antidumping duties. The USITC in response to requests from USTR and Congress uses partial equilibrium models to quantify the impact of various trade scenarios.<sup>7</sup> Partial equilibrium models are well-suited for analysis (such as is the case for this project) where the focus is on sector-specific, rather than economy-wide, effects. Computable general equilibrium (“CGE”) models are also often used to estimate both sector-specific and economy-wide effects. However, both models rely on similar inputs, including information on the U.S. sector, imports, elasticity assumptions, and an “impact” variable.

The simulations in this study employ the COMPAS partial equilibrium model, which was developed by the staff of the USITC. COMPAS is a general imperfect-substitutes model, also known as an Armington model. On the demand side, imported and domestic products are sold simultaneously in the market in equilibrium and continue to be sold after changes in relative prices caused by duty reductions or the imposition of trade remedies. On the supply side, it is assumed that both domestic production and imports are supplied to the market competitively.

COMPAS is a suite of modules used to carry out different types of analysis. This study uses the *Target* module, which is appropriate for assessing the effect on the competing domestic industry of duty changes that target specific countries and products, and for the overall economy.

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<sup>7</sup> See e.g., Investigation No. 332-352, Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution, 2011 U.S. International Trade Commission Publication 4352 (Washington, DC: USITC), September 2012 (Required by Congress) at 1-10 and Appendix C (<http://www.usitc.gov/publications/332/pub4352.pdf>); Investigation No. 332-227, Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries U.S. International Trade Commission Publication 4271 (Washington, DC: USITC), September 2011 (Required by Congress) at 1-15 and appendix C (<http://www.usitc.gov/publications/332/pub4271.pdf>); Investigation No. 332-499, Property and Casualty Insurance Services: Competitive Conditions in Foreign Markets U.S. International Trade Commission Publication 4068 (Washington, DC: USITC), March 2009 (Requested by U.S. Trade Representative) at 1-3 and Chapter 4 (<http://www.usitc.gov/publications/332/pub4068.pdf>); and Investigation No. DR-CAFTA-103-16, Probable Economic Effect of Modifications to DR-CAFTA Rules of Origin and Tariffs for Certain Apparel Goods U.S. International Trade Commission Publication 3946 (Washington, DC: USITC), September 2007 (Requested by U.S. Trade Representative) at 1-1 and appendix D (<http://www.usitc.gov/publications/332/pub3946.pdf>).

Some caveats are in order. First, the COMPAS model assumes perfect competition. However, the market structure of the U.S. athletic footwear industry arguably more closely reflects a market structure characterized by the presence of several firms, differentiated products, and limited market power.<sup>8</sup> Nevertheless, this characteristic of the market is not expected to impact the simulation outcomes significantly, if at all.

Second, the COMPAS model has a short-run time-frame and uses short-run elasticities. In practice, the changes in prices and quantities caused by duty reductions may take longer. This “stickiness” may delay not only the predicted import effects, but also the predicted effects on domestic output.

Third, the duties are assumed to be eliminated at once.

Fourth, the estimates in this report exclude the other economic effects that would occur with the TPP. For example, to the extent that lower duties result in price reductions for U.S. consumers and greater sales volumes, there would be increased economic activity in the transportation, retail, and wholesale industries, and increased employment. Partial equilibrium models such as the one used in this study do not capture these effects.<sup>9</sup> Moreover, to the extent that the TPP reduces duties on imported components used to manufacture domestic athletic footwear, the costs faced by domestic producers will decline, partially offsetting any competitive disadvantage resulting from the elimination of duties on athletic footwear. The TPP is also expected to reduce duties in export markets, such as Japan, which should increase exports of U.S. branded footwear made in Vietnam and *Made-in-USA* footwear. Finally, the domestic industry also imports a meaningful amount of athletic footwear from Vietnam, and pays duties on those imports. The TPP would save the industry millions of dollars, enabling it to invest in productivity enhancements for domestic facilities and improve their

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<sup>8</sup> This market structure, known as monopolistic competition in economics, is frequently characterized by strong brands and advertising.

<sup>9</sup> CGE models, which explicitly include upstream and downstream industry linkages, are the appropriate models for capturing these multi-sector impacts.

competitiveness.<sup>10</sup> Duty savings from the TPP could even help U.S. brands in-source a portion of what is currently being sourced from China.<sup>11</sup> Duty savings also could enable U.S. athletic footwear brands to invest in further innovation and research and development.<sup>12</sup>

## B. Inputs

One of the benefits of this type of model is that it requires only a limited number of inputs that describe the market: (1) supply and demand conditions, (2) information on product similarity, and (3) volume and value data on domestic production and imports. It then uses information about the change in duty rates to “shock” the market into a new equilibrium, with different levels of prices, quantities, and market shares among the domestic industry, imports from countries whose duties are reduced or eliminated, and imports from other countries.

### 1. Production and Import Data

Important inputs into the COMPAS partial equilibrium model are the U.S. shipment volumes and values for the U.S. industry and imports. Imports are segmented into those from the “target” country, in this case Vietnam, and from the rest of the world. CTI used this information to calculate market shares on a volume (pairs) and value basis. The sources of information are summarized in **Table 4**.

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<sup>10</sup> On a recent visit to the facilities of one U.S. producer, United States Trade Representative Michael Froman made this point: “I understand that you would like us to exclude your shoes altogether from the Trans-Pacific Partnership, but I also understand New Balance imports about 20 percent of their product from Vietnam, paying millions of dollars in tariffs on those products,” he said. “So whatever we negotiate on tariffs will have a direct impact on this company, its ability to invest in domestic production here in Norridgewock or in other factories.” See Matt Hongoltz-Helting. “Trade Envoy Faces Tough Crowd at New Balance Factory.” *The Portland Press Herald*. (July 30, 2013).

<sup>11</sup> According to Bill Combs, CEO of Portland-based outdoor boot brand BOGS. “If we weren’t paying those duties, we would take a lot of those funds and look to make shoes here in the U.S. But we can’t do that because we’re paying the tax.” See Erik Siemers. “Footwear CEO: Tariffs a Barrier to U.S. Footwear Manufacturing.” *The Portland Business Journal*. (April 23, 2012).

<sup>12</sup> See Investigation No. 332-325, *The Economic Effects of Significant U.S. Import Restraints Seventh Update 2011*, U.S. International Trade Commission Publication 4253, at 3-1, fn. 1, and D-11, (Washington, DC: USITC), August 2011, citing “Innovation and Job Creation in a Global Economy: The Case of Apple’s I-Pod,” *Journal of International Commerce and Economics*, 2011. See also, <http://scienceprogress.org/2011/09/creating-jobs-by-investing-in-innovation/>.

**Table 4: Summary of U.S. Shipment Information**

	Volume (pairs)	Value
U.S. Industry	AAFA <i>shoestats</i> 2012	U.S. Census (Annual Survey of Manufactures “ASM”)
Imports	U.S Census (USITC Dataweb)	U.S. Census (USITC Dataweb)

The U.S. industry data from both of these private and government sources are available only through 2011, while import data from U.S. Census are available through May 2013. The AAFA *shoestats* report has U.S. production available for non-rubber athletic footwear, as well as rubber/fabric footwear. We believe the latter category may include athletic footwear as well, so we have included this category for the U.S. industry. The ASM reports the value of products shipped from U.S. manufacturing for various North American Industry Classification System (“NAICS”) classifications, including footwear (NAICS 3162) and boots (a subcategory of NAICS 3169). The NAICS categories identified in **Table 5** were relied upon for the value of shipments from U.S. manufacturing.

**Table 5: Footwear Shipment Values—NAICS Codes and Descriptions**

Code	Description
316211	Rubber and Plastics
316213	Men’s Nonathletic
316214	Women’s Nonathletic
316219	Other Footwear
3169991	Boot and shoe cut stock and findings (leather)

**Exhibit 2** is a summary of U.S. production, value of shipments for U.S. manufacturers, and employment from 2008 through 2011 from these sources.

Imports are compiled from official U.S. Bureau of Census statistics, using the “Dataweb” utility on the U.S. International Trade Commission website. Imports were aggregated for the HTS and country groupings, for both volume (pairs) and value (cif, duty-paid), shown in **Table 6**.

**Table 6: HTS and Country Groupings of Footwear Imports**

<b>HTS Groupings</b>	<b>Country Groupings</b>
All Footwear	All Countries
All Athletic Footwear	Vietnam
	China
	Indonesia
	All Other

The different HTS groupings allow for alternative market share calculations in terms of estimated effects. For example, to put the effects of the duty reduction on athletic footwear from Vietnam in the context of the entire footwear industry, all footwear imports (regardless of type) should be used to calculate the size of the entire U.S. market, combined with total production (or shipments) of the U.S. industry. **Exhibit 3** shows the specific HTS classifications included in each category grouping.

The country groupings are based on information related to footwear imports from those countries believed to be most comparable to imports from Vietnam (i.e., China and Indonesia), Central/South American countries which also are large-volume exporters to the United States, and “all other” countries. For the athletic shoe HTS classifications, a comparison of average unit values of imports for these country groupings in fact does support a finding that imports from Vietnam and China and Indonesia are close substitutes. Over each of the last three periods, the average unit values for imports from Vietnam and China (the largest non-Vietnam source by far) were within 4 percent of each other, which validates an assumption of close substitutability (**See Exhibit 4**). Of course, as these categories include multiple HTS classifications, product mix differences can account for some of the differences. Note that separate impact simulations also have been conducted for the Top-5 eight-digit HTS athletic footwear import classifications from Vietnam (and the corresponding ten-digit athletic footwear HTS classifications), by value, and the average unit values for those classifications also are reported below.

**Table 7: Average Import Unit Value for Athletic Footwear (\$/pair)**

	2008	2009	2010	2011	2012	Jan.-Jun. 2013
Vietnam	14.95	15.39	16.81	17.50	16.89	16.91
Vietnam: Top-5 HTS	15.59	15.96	17.39	18.15	18.69	19.16
China	14.40	14.37	14.93	16.90	17.09	16.67
Indonesia	13.35	13.25	14.16	15.00	15.90	16.07
Other Large*	20.20	20.12	24.52	25.36	24.05	20.18
All Other	44.71	50.65	51.32	40.85	43.81	37.15

\* Includes imports from India, Thailand, Dominican Republic, Brazil, and Mexico.

**Exhibit 4** is a summary of import data from U.S. Census from 2008 through January-May 2013.

The COMPAS simulations require shipment volumes and values as inputs for: 1) U.S. producers; 2) target imports; and 3) imports from “rest-of-world.” The values (and market share calculations) for each of the years 2008 to 2012 are shown in **Exhibit 5**. **Table 8** reports the shipment volume and values for different scenarios for 2011 and estimated for 2012 for the athletic footwear market. Although 2012 data for the U.S. industry are not available, there was an increase in imports from Vietnam in this year. The estimate of 2012 shipments for U.S. producers assumes their sales remained at 2011 levels. **Table 9** reports the volumes and values for the scenario used to assess the impact of athletic footwear reductions on the overall U.S. footwear industry. **Table 10** reports the volume and values for the scenario where duties are eliminated for only the athletic footwear categories corresponding to the Top-5 HTS import categories for Vietnam.

**Table 8: Athletic Footwear Volumes and Values Used for COMPAS Model—Simulation 1**

	2011	2012
<i>Volume</i>	Pairs	
U.S. Industry (2012 is an estimate)	10,941,614	10,941,614
Athletic Footwear Imports from Vietnam	92,826,580	127,477,747
All Other Imports of Athletic Footwear	417,031,965	437,790,961
<i>Value</i>	\$1000	
U.S. Industry (2012 is an estimate)	\$551,946	\$551,946
Athletic Footwear Imports from Vietnam	\$1,624,644	\$2,153,401
All Other Imports of Athletic Footwear	\$7,175,827	\$7,629,608

**Table 9: Volumes and Values Used To Assess Effects on the Overall U.S. Footwear Industry**

	<b>2011</b>	<b>2012</b>
<i>Volume</i>	Pairs	
U.S. Industry (2012 is an estimate)	30,012,664	30,012,664
Athletic Footwear Imports from Vietnam	92,826,580	127,477,747
All Other Imports of Footwear	2,218,096,548	2,172,402,020
<i>Value</i>	\$1000	
U.S. Industry (2012 is an estimate)	\$1,684,706	\$1,684,706
Athletic Footwear Imports from Vietnam	\$1,624,644	\$2,153,401
All Other Imports of Footwear	\$23,917,590	\$24,629,193

**Table 10: Top-5 Athletic Footwear Volumes and Values Used for COMPAS Model—Simulation 2**

	<b>2011</b>	<b>2012</b>
<i>Volume</i>	Pairs	
U.S. Industry (2012 is an estimate)	10,941,614	10,941,614
Athletic Footwear Imports from Vietnam (Top-5)	69,663,024	80,009,891
All Other Imports of Athletic Footwear	440,195,521	485,258,817
<i>Value</i>	\$1000	
U.S. Industry (2012 is an estimate)	\$1,684,706	\$1,684,706
Athletic Footwear Imports from Vietnam (Top-5)	\$1,264,357	\$1,495,167
All Other Imports of Athletic Footwear	\$7,536,113	\$8,287,842

## **2. Import Duties**

Weighted average duties were calculated for Vietnam for the athletic footwear HTS classifications. To calculate the weighted average duty, the calculated duties and dutiable value of Vietnamese goods imported in each classification were compiled from the Bureau of Census via the USITC Dataweb, and the sum of the calculated duties for these classifications were divided by the sum of the dutiable value for the same classifications to obtain the weighted average duty. The duties calculated are shown in the table below, and are based on 2012 imports:



Table 11: Summary of Weighted Average Duty Calculations<sup>13</sup>

HTS Number	A Calculated Duties 2012 (USD)	B Dutiable Value 2012 (USD)	C = A/B Duty Rate 2012 (%)
64039960	31,440,458	369,886,145	8.50%
64029990	60,326,989	301,634,142	20.00%
64039990	25,203,996	252,032,649	10.00%
64041190	35,930,059	179,651,538	20.00%
64039160	12,521,460	147,310,463	8.50%
<b>Top-5 HTS Subtotal</b>	<b>165,422,962</b>	<b>1,250,514,937</b>	<b>13.23%</b>
64039190	11,108,993	111,087,216	10.00%
64041181	6,447,824	87,124,670	7.40%
64021915	3,348,258	65,651,462	5.10%
64029931	3,763,415	62,723,288	6.00%
64021990	4,819,473	53,549,354	9.00%
64041189	15,664,726	50,329,723	31.12%
64029190	8,143,596	40,718,074	20.00%
64029140	2,073,844	34,564,252	6.00%
64041171	1,938,970	26,914,034	7.20%
64029980	4,330,717	15,086,429	28.71%
64031940	409,025	9,512,284	4.30%
64029180	1,215,097	4,108,633	29.57%
64041185	388,797	3,110,300	12.50%
64031930	254,580	2,995,051	8.50%
64021905	87,505	1,458,428	6.00%
64041179	490,448	883,845	55.49%
64041120	28,901	275,217	10.50%
64041175	6,212	49,696	12.50%
64031950	361	3,612	9.99%
64041151	44	585	7.52%
64041159	178	370	48.11%
64031910	14	270	5.19%
<b>Total</b>	<b>229,943,940</b>	<b>1,820,661,730</b>	<b>12.63%</b>

<sup>13</sup> This table only includes HTS codes for which there were imports from Vietnam in 2012. The calculated duties were used to develop the TPP policy shock used for the simulations in Section V.

### 3. Elasticities

The COMPAS model requires the following behavioral parameters: an elasticity of composite demand for the U.S. market; elasticities of supply for the domestic products, the products of the target country or countries, and products from rest-of-world; and substitution elasticities between domestic and the target products, between the domestic and rest-of-world products, and between the target and rest-of-world products.

#### **Aggregate Demand Elasticity**

The elasticity of U.S. aggregate demand for athletic footwear measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of athletic footwear. The magnitude of this elasticity depends on factors such as the existence and availability of substitute products. If the market is elastic, a one-percent decrease in the price causes an increase in the quantity demanded that exceeds one percent. If the market is inelastic, a one-percent decrease in the price causes an increase in the quantity demanded that is less than one percent.

The composite demand elasticity for footwear in the U.S. market has been estimated to be -0.7, indicating that U.S. demand for footwear is inelastic.<sup>14</sup> A common property of the demand elasticity is that the elasticity for a segment of the market, such as athletic footwear or the products of an individual company, would tend to be greater (in terms of absolute value) than the elasticity for the overall market. Thus, the athletic footwear market simulations in this report use a range of -0.75 to -1.25.

#### **Supply Elasticity**

The model requires supply elasticities for domestic suppliers, Vietnam, and rest-of-world, respectively. The domestic supply elasticity for athletic footwear measures the sensitivity of

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<sup>14</sup> Lester D. Taylor, Hendrik S. Houthakker, *Consumer Demand in the United States: Prices, Income, and Consumption Behavior*, Third Edition (Springer, 2010) at 404. CTI understands from industry sources that import prices may not go down in the athletic footwear sector, notwithstanding the elimination of duties, to the extent that the duty savings are invested in innovation and/or offsetting increased input costs. However, CTI does not take this into account in this study.

the quantity supplied by U.S. producers to a change in the U.S. market price of athletic footwear. U.S. producers' level of excess capacity, the ease with which they can alter productive capacity, the existence of inventories, and the availability of alternate markets determines the magnitude of the elasticity of domestic supply. High inventories, significant excess capacity, and the existence of alternative markets from which supplies could be diverted imply a higher elasticity of substitution. The supply elasticity of the domestic athletic footwear industry is not known with precision, though U.S. producers do not appear to have high inventories or divertible supplies. A range of 1 to 3 is used to reflect these conditions as well as the uncertainty.

The supply elasticity for Vietnamese-made athletic footwear measures the sensitivity of the quantity supplied by Vietnamese manufacturers to a change in the U.S. market price of athletic footwear. Vietnam has a large footwear industry, anchored by sneakers, and is a significant exporter with many export markets.<sup>15</sup> The United States is Vietnam's largest market, but more than two-thirds of Vietnam's footwear exports go to other countries.<sup>16</sup> As such, Vietnam would have substantial capacity to respond to a favorable change in U.S. pricing. Under these conditions, a range of 5 to 10 is appropriate.

The supply elasticity for athletic footwear made in rest-of-world would be expected to be higher than for Vietnam because rest-of-world, especially China, has significant capacity that can be diverted to the U.S. market in the event of an increase in prices. A range of 10 to 20 is appropriate.

### **Substitution Elasticities**

The magnitude of the substitution elasticities reflects the ease with which purchasers switch between the U.S. product, the Vietnamese product, and the rest-of-world products in response to changes in their relative prices. It depends upon the extent of product differentiation

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<sup>15</sup> "Surge in footwear exports sees revenue on track to top US\$9b," *Vietnam News* (July 27, 2013).

<sup>16</sup> "Shoe exports expected rise by 10% in 2013," *Vietnam News* (January 16, 2013).

between the domestic and imported products due to quality factors, conditions of sale, and other factors that enhance or limit the interchangeability of the U.S. and imported athletic footwear.

It is easiest to begin with the substitution elasticity between Vietnamese and rest-of-world athletic footwear. Interchangeability is believed to be moderately high, especially between Vietnam and China, the world's largest manufacturer of athletic footwear, because both countries use advanced manufacturing techniques and materials. A range of 3 to 5 is used in this simulation, though a higher elasticity would be warranted over a longer time horizon which would allow for new investment.<sup>17</sup>

The substitution elasticity between domestically produced goods and imports from Vietnam, and the substitution elasticity between domestically-produced goods and imports from rest-of-world are significantly influenced by product differentiation. Virtually all high performance athletic footwear sold in the United States is imported and manufactured using advanced technologies and materials. Such footwear typically is not interchangeable with domestically produced models that are constructed using older technologies and processes. Substitutability in the marketplace between the high-end performance models of different brands exists to some degree, whereas the substitution between high performance technical athletic shoes and lower technology models is less likely.<sup>18</sup> In other words, a customer seeking a high performance technical running shoe is unlikely to consider a model with older or lower technology as a suitable substitute. Additionally, for certain customers, the location of manufacture is important, and both *Made-in-USA* and *Assembled-in-USA* have cachet with

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<sup>17</sup> In its analyses of the effects of duty increases or decreases, the USITC has relied on empirical research where the elasticity of substitution range between U.S. production and imports is in the range of 1 to 5. See Donnelly et. Al., "Revised Armington Elasticities of Substitution for the USITC Model," January 2004. This source was cited in a periodic USITC study, "The Economic Effects of Significant U.S. Import Restraints," (Seventh Update), USITC Pub. 4253, August 2011, at E-3. This study was conducted by the USITC at the request of USTR (see Appendix A).

<sup>18</sup> See, for example, <http://www.runnersworld.com/shoe-guide/fall-2013>, which reviews the latest product offerings by athletic footwear brands based upon the performance and technology for state of the art running shoes. No running shoes produced in the U.S. are reviewed.

these consumers. Brands with these designations employ Made-in-USA marketing campaigns and are able to charge a premium in the market relative to imports above and beyond what is warranted by other product attributes. The substitution elasticities between the domestic product and imports from Vietnam and rest-of-world, respectively, have been modified to reflect these distinctions,<sup>19</sup> and are estimated to range from 2.35 to 3.85.<sup>20</sup> An additional set of simulations is conducted assuming a range of 3 to 5 to assess the sensitivity of the modeling results to this parameter.

## V. TPP Simulations for Athletic Footwear

### A. Description of policy experiments

The TPP could eliminate duties on a range of athletic footwear. The policy experiment was run based on 2012 data. The simulation eliminates duties on the HTS classifications for athletic footwear, shown in **Table 12**.<sup>21</sup> The “Top-5” are the largest 8-digit HTS classifications of athletic footwear imports from Vietnam, by value.

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<sup>19</sup> Not considered here are other factors that may drive a company’s decision to offer products sourced in the United States, such as being close to the market, preference for perceived quality and craftsmanship, protection of intellectual property, historical practice (legacy), and compliance with “Buy America” rules under government procurement programs.

<sup>20</sup> This calculation assumes zero substitution between *Made-in-USA* and imports, and an elasticity range of 2 to 4 between *Assembled-in-USA* and imports.

<sup>21</sup> The table lists the 8-digit HTS classification codes that contain athletic footwear. However, at the ten-digit level, some of these eight-digit codes contain both athletic and non-athletic footwear. See **Exhibit 3** for the ten-digit level athletic footwear codes encompassed in these classifications.

**Table 12: Athletic Footwear HTS Classifications<sup>22</sup>**

All Categories				Top-5
64041190	64029980	64039190	64041161	64029990
64021905	64029990	64039960	64041169	64039160
64021915	64031910	64039990	64041171	64039960
64021990	64031920	64041120	64041175	64039990
64029140	64031930	64041141	64041179	64041190
64029180	64031940	64041149	64041181	
64029190	64031950	64041151	64041185	
64029931	64039160	64041159	64041189	

Before eliminating duties on imports from Vietnam, it is necessary to determine the value of the duties that have to be eliminated. **Table 11** in Section IV.B.2 above contains the duty rates for athletic footwear HTS classifications, as well the weighted average duty rates. The weighted average duty rate, calculated using actual athletic footwear imports from Vietnam, is 12.6 percent for all athletic footwear categories, and 13.2 percent for the Top-5 athletic footwear categories. **Exhibits 6** and **7** summarize the data and elasticity inputs for these scenarios. For each simulation, the model is shocked to eliminate the duty on imports from Vietnam. Results are presented and then compared with output and market share values for the industry as a whole. The expectations, based on prior estimates by the USITC and economic logic, is that the impact of the TPP on the domestic industry producing athletic footwear will be very small. As noted above, the USITC found that liberalizing the footwear and leather products sector would reduce industry revenues by 1.7 percent. The economic logic for a small impact on this narrower scenario is that the higher substitutability between imports from Vietnam and rest-of world, as well as the domestic industry’s already low market share, dictate that the impact of the TPP will largely be felt by imports from rest-of-world, rather than domestic producers.

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<sup>22</sup> Some of these HTS classifications registered no imports from Vietnam in 2012. Some 10-digit classifications within these 8-digit codes contain non-athletic footwear. These codes have been excluded from the analysis if possible.

## B. Results

The model results conform to expectations. **Table 13** below summarizes the impact of the TPP on domestic producers of athletic footwear. Industry output is projected to decline by 0.8 percent, or approximately 90,000 pairs of shoes, in the event that all duties on athletic footwear from Vietnam are eliminated when the agreement goes into effect. The value of domestic shipments would decline by 1.4 percent, or less than \$7.6 million.<sup>23</sup>

**Table 13: Simulation Results for Domestic Output and Revenue for the Athletic Footwear Industry<sup>24</sup>**

Item	Baseline	Simulation 1/	Percent Change
Output (Thou. pairs)	10,942	10,852	-0.8%
Revenue (\$1000)	\$551,946	544,365	-1.4%

1/ Based on the average of 8 model scenarios.

A simulation for the athletic footwear market also was conducted with duty reductions for only the Top-5 HTS athletic footwear import categories for Vietnam. Imports from Vietnam are concentrated in these five HTS classifications, accounting for nearly 70 percent of athletic footwear imports from Vietnam by value and 63 percent by volume. As shown in **Table 14**, the effects on U.S. athletic footwear producers are smaller as compared to duty reductions on all athletic footwear from Vietnam, one percent or less on average.

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<sup>23</sup> COMPAS's *Target* module can also estimate employment effects. While employment at athletic footwear production facilities in the United States is not known, data from AAFA suggest that athletic footwear accounts for approximately 13 percent of domestic footwear output. Applying this ratio to total U.S. footwear manufacturing employment equals 761 workers. According to New Balance, it has 1,300 U.S. factory workers, though some make non-athletic footwear. Based on the COMPAS simulations assuming domestic employment of 1,300, the average number of jobs lost is eleven.

<sup>24</sup> See **Exhibit 6** for detailed COMPAS model results.

**Table 14: Simulation Results for Domestic Output and Revenue for the Athletic Footwear Industry for Top-5 HTS Imports<sup>25</sup>**

Item	Baseline	Simulation 1/	Percent Change
Output (Thou. pairs)	10,942	10,878	-0.6%
Revenue (\$1000)	\$551,946	546,537	-1.0%

1/ Based on the average of 8 model scenarios.

The effects of the TPP athletic footwear reductions are even smaller when considered against the backdrop of the entire domestic footwear industry as shown in **Table 15**. In terms of value, the domestic footwear industry is approximately three times the size of the athletic footwear industry. Consequently, the reduction in domestic industry output due to the elimination of duties on total athletic footwear imports due to the TPP is estimated to be only 0.3 percent in total U.S. footwear output. Similarly, the reduction in the value of domestic shipments of athletic footwear due to the elimination of duties on athletic footwear is very small: -0.4 percent.

**Table 15: Simulation Results Relative to the Total U.S. Footwear Industry**

Item	Baseline	Simulation 1/	Percent Change
Output (Thou. pairs)	30,013	29,923	-0.3%
Revenue (\$1000)	\$1,684,706	1,677,125	-0.4%

1/ Based on the average of 8 model scenarios.

In contrast, the changes on the import side are significantly more pronounced. The value of imports from Vietnam increases by 16.2 percent. The percentage reduction in the value of imports from rest-of-world is much smaller: 4.0 percent. The quantity of imports from Vietnam expands by a predicted 24.6 percent, compared to a decline of 3.8 percent for imports from other sources, as shown in **Table 16**.

<sup>25</sup> See **Exhibit 7** for detailed COMPAS model results.



**Table 16: Simulation Results for Imports of Athletic Footwear**

Item	Import Quantities (Thou. pairs)		Percent Change
	Baseline	Simulation 1/	
From Vietnam	127,478	158,828	24.6%
From Rest-of-World	437,791	421,311	-3.8%
Import Values (\$1000)			Percent Change
Item	Baseline	Simulation 1/	
From Vietnam	2,153,401	2,501,932	16.2%
From Rest-of-World	7,629,608	7,322,314	-4.0%

1/ Based on the average of 8 model scenarios.

**Table 17** below shows the import changes on a net basis. It is easy to see that the TPP duty eliminations modeled in this report cause significant shifts between sources of imports, with imports from Vietnam rising by up to \$349 million and imports from the rest of the world declining up to \$307 million. Thus, on a net basis, the vast majority of the increase in imports from Vietnam on athletic footwear HTS classifications is offset by declines in athletic footwear from other foreign sources.

**Table 17: Projected Changes in Sourcing due to Proposed Duty Eliminations**

Item	Vietnam	Rest-of-World	Net
Import Quantities (Thou. pairs)	31,350	-16,480	14,870
Import Values (\$1000)	348,531	-307,295	41,236

1/ Based on the average of 8 model scenarios.

### C. Sensitivity Analysis

In order to assess the impact of the assumed lower elasticity of substitution between *Made-in-USA* and *Assembled-in-USA* products with imports, the simulations were run with substitution elasticity range of 3 to 5 for all domestic products and imports.<sup>26</sup> The average impact on domestic output rises from -0.8 percent to -1.3 percent and the impact on revenue expands

<sup>26</sup> See **Exhibit 8** for detailed COMPAS model inputs and results for this scenario.

from -1.4 percent to -2.2 percent. To put this into context, the domestic industry's revenue losses were 4.3 percent in 2009 and 9.2 percent in 2011.<sup>27</sup>

## **VI. Summary and Conclusions**

This study has estimated the impact of potential TPP duty reductions for athletic footwear on the domestic footwear industry using a partial equilibrium model developed by the USITC and generally available industry and trade data. Consistent with economic logic and prior work by the U.S. International Trade Commission, the elimination of duties on athletic footwear as part of the TPP would have extremely small output, revenue, and employment effects (1.4 percent or less on average) on the U.S. athletic footwear industry (and 1 percent or less if duties are eliminated on only the Top-5 athletic footwear classifications from Vietnam). When put in the context of the overall U.S. footwear industry, the domestic industry effects are less than half a percent.

The most significant impact of the duty eliminations modeled in this study is the large shift to Vietnam from other sources for U.S. imports. Because China is currently the main source of U.S. athletic footwear imports, it stands to reason that the shift of sourcing to Vietnam predicted herein would come at China's expense.

This outcome should come as no surprise. From the standpoint of economics, it is well known that, all other things being equal, the distribution of market share losses resulting from targeted liberalization largely reflects existing market shares. The U.S. industry's market share is small relative to imports; therefore it would be expected that the gains achieved by Vietnam would come almost entirely at the expense of other sources of imports, not the U.S. industry. Moreover, in this case all things are not equal because athletic footwear from Vietnam is more substitutable with imports from other countries than with athletic footwear identified as *Made-in-USA* or *Assembled-in-USA*.

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<sup>27</sup> See Exhibit 5.

As such, based on the above, it seems highly unlikely that the proposed TPP duty eliminations reviewed in this report would have a significant adverse effect on the domestic industry producing athletic footwear or the domestic footwear industry overall. This is especially true when one considers that TPP duty reductions will increase U.S. footwear exports to existing markets and reduce the costs of imported inputs used to manufacture domestic athletic footwear.

## **VII. Exhibits**

Exhibit 1 – Capital Trade, Inc. Qualifications

Exhibit 2 – U.S. Industry Statistics

Exhibit 3 – Table of HTS Classifications

Exhibit 4 – Import Statistics for Athletic Footwear

Exhibit 5 – Market Share Calculations

Exhibit 6 – COMPAS Model Inputs and Results for Athletic Footwear

Exhibit 7 – COMPAS Model Inputs and Results for Top-5 Athletic Footwear Classifications

Exhibit 8 – Sensitivity Analysis

# Exhibit 1



## **ANDREW Z. SZAMOSSZEGI**

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Principal, Capital Trade Inc.

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### **EXPERIENCE**

Mr. Szamosszegi is a Principal with Capital Trade, Incorporated. His background is in international economics and trade regulation, with specific expertise in U.S. antidumping, countervailing duty, and Section 337 proceedings. Mr. Szamosszegi also has experience in safeguard actions, commercial litigation, foreign direct investment, budget scoring, and trade policy analysis.

#### **International Trade Regulatory Analysis**

Mr. Szamosszegi has direct experience in the following areas involving international trade regulatory analysis:

##### **Antidumping**

- United States International Trade Commission (“ITC”) Investigations
  - ❖ Pre-petition analysis of injury
  - ❖ Petition and questionnaire preparation
  - ❖ Injury assessment using COMPAS and variance analysis
  - ❖ Expert testimony
  - ❖ Sunset review
- Department of Commerce (“DOC”) Investigations
  - ❖ Pre-petition assessment of dumping margins
  - ❖ Petition preparation
  - ❖ NME surrogate country and factor-of-production analysis
  - ❖ Assessment of sampling methodologies
  - ❖ Assessment of revocation request

##### **Countervailing Duties**

- Pre-petition and pre-review subsidy analysis
- Calculation of benefits from grants, loans, loan guarantees, initial payment guarantees, stumpage, and equity infusions
- Research on commercial benchmarks for loan calculations
- Estimation of pass-through for upstream subsidies
- Expert testimony

### **Safeguards**

- Section 201
- Section 421 (China-specific safeguard)
- Injury assessment
- Expert testimony

### **Section 337**

- Domestic industry
- Downstream relief
- Bonding
- Public interest
- Advisory and enforcement action (extent of gain from violation, ability to pay)

### **Trade Policy Analysis**

Mr. Szamosszegi uses the GTAP model and database and partial equilibrium models to evaluate government trade policies and their potential impacts on trade flows, output, employment, and government revenues.

### **Case Experience in Trade Regulatory Matters and Litigation**

- Reexamination of U.S. Patent No: 7,243,004, Self-Configuring Controls for Heating, Ventilating and Air Conditioning Systems (United States Patent and Trademark Office: Consulting expert regarding commercial success)
- Cell Phone Termination Fee Cases (Superior Court of the State of California for the County of Alameda: Consulting expert, appropriate use of merchandise trade data)
- Certain Sintered Rare Earth Magnets, Methods of Making Same and Products Containing Same, (ITC: section 337, downstream relief and public interest)
- Certain Rubber Resins and Processes for Manufacturing Same (ITC: section 337, injury from misappropriation of trade secrets)
- Certain Products Containing Interactive Program Guide and Parental Control Technology (ITC: section 337, domestic industry)
- Steel Concrete Reinforcing Bar from Belarus, China, Indonesia, Latvia, Moldova, Poland and Ukraine (ITC: second sunset review)
- Certain Mobile Electronic Devices Incorporating Haptics (ITC: section 337, domestic industry and bonding)
- Certain Devices for Mobile Data Communications (ITC: section 337, domestic industry)
- Certain Electronic Devices with Communication Capabilities, Components Thereof, and Related Software (ITC: section 337, domestic industry)
- USA vs. Walter Liew and Christina Liew (United States District Court for the Northern District of California, San Francisco Division, Case3:11-cr-00573-JSW) (Consulting)
- Certain Computer Forensic Devices and Products Containing the Same (ITC: section 337, domestic industry)
- Reexamination of U.S. Patent No. 6,082,130, Ice Delivery System for a Refrigerator (United States Patent and Trademark Office: Consulting expert regarding commercial success)
- USA vs. Stuart Carson et al. (United States District Court for the Central District of California, Southern Division) (Consulting)

- Certain Static Random Access Memories and Products Containing the Same (ITC: Section 337 domestic industry and downstream relief)
- Fresh and Chilled Atlantic Salmon From Norway (ITC: sunset review)
- Certain Handheld Electronic Computing Devices, Related Software, and Components Thereof (ITC: Section 337 domestic industry)
- Crystalline Silicon Photovoltaic Cells and Modules from China (ITC: AD/CVD)
- Mutlilayered Wood Flooring from China (ITC: AD/CVD)
- Coated Paper Products from Indonesia and China (ITC)
- Citric Acid from China and Canada (DOC:AD/CVD; ITC)
- Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same (ITC: Section 337 downstream relief)
- Circular Welded Carbon Quality Steel Pipe from China (DOC: CVD)
- Off the Road Tires from China (ITC: AD/CVD)
- Ammonium Nitrate from Ukraine (ITC: AD sunset review)
- Certain Dynamic Random Access Memory Devices and Products (ITC: Section 337 domestic industry)
- Coated Free Sheet from China, Indonesia, and South Korea (ITC: AD)
- Metal Calendar Slides from Japan (ITC: AD)
- Certain Lined Paper School Supplies from Indonesia (DOC: CVD)
- Ammonium Nitrate from Russia (ITC: AD sunset review)
- Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Truck and Components Thereof (ITC: Section 337 advisory and enforcement proceeding; deposition testimony)
- M.T.C. Construction Inc., d/b/a K. Bates Steel Services Inc. v. Gate City Steel, Inc. (United States District Court, Eastern District of Missouri, Eastern Division, Case No. 4:04CV01536 ERW; deposition testimony)
- Magnesium Metal from Russia and China (ITC: AD)
- Hard Red Spring Wheat from Canada (NAFTA)
- Home Vacuum Packaging Machines (ITC: Section 337)
- Steel Concrete Reinforcing Bar from Turkey (ITC: sunset review)
- Motion Systems Corporation v. CCL Industrial Motor, Ltd, et al. (United States District Court, Eastern District of New York, Case No. CV: 02-4678; testimony)
- Pedestal Actuators from China (ITC: Section 421)
- Certain Durum and Hard Red Spring Wheat from Canada (ITC & DOC: AD/CVD)
- Ball Bearings and Parts Thereof from China (ITC & DOC: AD)
- Wheat Trading Practices: Competitive Conditions between U.S. and Canadian Wheat (ITC: Section 332)
- Steel (ITC: Section 201)

### **Trade Policy White Papers and Analyses**

- Analysis of Big River Steel's Proposed Investment in Osceola, Arkansas)
- Analysis of Chinese Investments in the U.S. Economy for U.S.-China Economic and Security Review Commission
- Analysis of State-owned Enterprises and State Capitalism in China for U.S.-China Economic and Security Review Commission
- Analysis of the Impact of the Korean-U.S. FTA on Certain U.S. Automotive Exports
- Analysis of the Impact of Prior FTAs on U.S. Textile Exports



- Evaluation of 14 potential free trade agreement partners for foreign government
- Assessment of the output and employment effects of U.S. trade and investment with a Middle Eastern country
- Assessment of potential trade policy reforms in a Middle Eastern country using GTAP and partial equilibrium analysis
- Analysis of the potential economic impacts of the U.S. Miscellaneous Tariff Bill using GTAP
- Budget scoring for potential changes in U.S. textile duties
- Analysis of Chinese subsidies to pillar and heavyweight industries for U.S.-China Economic and Security Review Commission
- Analysis of Chinese government policies toward the automotive parts industry
- Analysis of U.S. industries that benefit from the fair use of copyrighted material
- Analysis of the economic costs of asbestos litigation using GTAP applied general equilibrium model
- Analysis of the costs and benefits of unfair trade laws using partial equilibrium analysis
- Analysis of potential impacts of Yuan appreciation using GTAP applied general equilibrium model
- Free Trade Area “Scoping” Analyses for Governments (clients in Southeast Asia and South America)
- Puerto Rican Coffee Industry in the International Context
- Prospects for Expanding the Andean Trade Preference Act (rum and tuna)

Prior to joining Capital Trade, Incorporated, Mr. Szamosszegi held the following positions.

- Managing Consultant, LECG, LLC, Washington, DC (2001-2005). Mr. Szamosszegi was responsible for numerous international trade consulting assignments while at LECG, including Durum and Hard Red Spring Wheat from Canada; Section 201: Steel; and Ball Bearings from China.
- Researcher, Economic Strategy Institute, Washington, DC (1994-2001). Mr. Szamosszegi prepared policy reports and analyzed international trade and other issues relevant to U.S. economic performance. Topics included international competition in the steel industry, the impact of airline consolidation in the United States, and aerospace and technology issues. While at EIS, he wrote journal articles and opinion pieces, and provided media commentary on a variety of trade and domestic economic topics. He also coordinated ESI’s internship program.
- Lecturer, George Washington University, Elliott School of International Affairs (Fall quarter, 1998). Mr. Szamosszegi delivered lectures to graduate students on “big emerging markets.”
- Legislative Assistant, Office of Representative Dean Gallo (NJ), House of Representatives, Washington, DC (1990). Mr. Szamosszegi prepared and presented briefings to Rep. Gallo and senior staff on banking, budget, foreign affairs, judiciary, housing, and taxation issues. He advised Congressman on floor votes and evaluated potential legislative initiatives.
- Paid Intern, Augat Inc., Components Division, North Attleboro, MA (Summer, 1987)
- Various Positions, Tungarc Metal Fabricators, Paterson, NJ (Summers, 1984-86, 1992).

## EDUCATION

- 1993 M.A. in Pacific International Affairs, University of California, San Diego, La Jolla, California
- 1992 University of Nagoya, Nagoya, Japan
- 1988 A.B., (Cum Laude), Harvard University, Cambridge, Massachusetts

### **ACTIVITIES AND AWARDS**

- Treasurer (2004 – 2006) and member of Church Council (2005-2011), Emmanuel Lutheran Church, Bethesda, MD.
- Cub Scout assistant den leader (2004-2006) for Pack 1976, Potomac, MD.
- U.S. Information Agency Speakers Program (on the future of U.S.-Korean Economic relations and the advantages of foreign direct investment) in Seoul, Taegu, and other South Korean cities.
- U.S. Information Agency Academic Specialist Program (on the potential impact of the World Trade Organization on South Korea's trade relations and economic structure) at Chosun University in Kwangju, South Korea
- Overseas Scholarship Program for study at the University of Nagoya, one of Japan's six "national universities."

### **SELECTED PUBLICATIONS/ARTICLES**

*A list of articles is available upon request.*

May 23, 2013



## **DANIEL W. KLETT**

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Principal, Capital Trade Inc.

Telephone: 202.955-6805 Fax: 202.463.1855

### **EDUCATION**

1985, M.A., Economics, Georgetown University

1976, B.A., Economics, College of the Holy Cross

### **EXPERIENCE**

Mr. Klett is a principal with Capital Trade, Incorporated. His background is in international economics and trade regulation, with specific expertise in assessing the economic impact of imports on U.S. industries and consumers. He has participated in studies involving U.S. export control regulations, direct foreign investment in the United States, financial analysis of the member companies of an international consortium, and economic effects of trade policy decisions.

#### **International Economic Analysis**

Mr. Klett's experience in economic analysis of international trade issues includes:

- Analysis of impact of imports on competing U.S. industry, including use of existing economic models, econometric analysis of time series data, and testimony
- Estimation of impact of trade restrictions on consumers
- Economic analysis and expert testimony in USITC Section 337 investigations, including domestic industry, gray market issues, downstream remedy, and circumvention
- Statistical analysis to support arguments made to the Department of Commerce in antidumping investigations
- Trade policy analysis for foreign governments.

#### **Case Experience - U.S. International Trade Commission**

- Framing Stock from the UK
- Softwood Lumber from Canada
- Uranium
- Flat Panel Displays from Japan
- Cement
- Industrial Nitrocellulose
- Silicon Metal from Brazil
- Aspheric Ophthalmoscopy Lenses from Japan

**Case Experience - U.S. International Trade Commission (cont.)**

- Honey from China
- Pencils from China
- Bulk Diltiazem (Section 337)
- Polyvinyl Alcohol (Japan, Korea, Taiwan, PRC)
- Salinomycin Biomass (Section 337)
- Rebar from Turkey
- Pasta from Italy and Turkey
- Stainless Steel Wire Rod
- Wheat Gluten (Section 201)
- EEPROMs (Section 337)
- Titanium Sponge (Changed Circumstance Review)
- Cut-to-Length Carbon Steel Plate
- Ferrosilicon (Changed Circumstance Review)
- Roller Chains from Japan (Sunset Review)
- Color Picture Tubes (Sunset Review)
- Silicon Metal (Sunset Review)
- Various carbon and stainless steel products
- Table Grapes from Chile
- Steel Wire Rope
- Ammonium Nitrate (Investigation and Sunset Reviews)
- Urea (Investigation and Sunset Reviews)
- Large Diameter Line Pipe
- Oil Country Tubular Goods from various countries
- DRAMs from Korea
- Outboard Engines from Japan
- Potassium Permanganate (Sunset Reviews)
- Carboxymethylcellulose from various countries
- Diamond Sawblades from Korea and China
- Liquid Sulfur Dioxide from Canada
- Artists' Canvas from China
- Certain Automated Mechanical Transmission Systems (Section 337)
- Diamond Sawblades from China and Korea
- Coated Freesheet from Korea, China, and Indonesia
- Certain DRAM Devices and Products Containing Same (Section 337)
- Innersprings from China, South Africa & Vietnam
- Hydraulic Excavators (Section 337)
- Off-Road Tires from China
- Dynamic Random Access Memory Devices and Products (Section 337)
- Semiconductor Devices, DMA Systems, and Products (Section 337)
- Certain Coated Paper from China and Indonesia
- Certain Sodium and Potassium Phosphate Salts from China

### **Case Experience - U.S. International Trade Commission (cont.)**

- Digital Televisions (Section 337 Enforcement Proceeding)
- Glyphosate from China
- Certain Coated Paper from China
- Fresh & Chilled Atlantic Salmon from Norway (sunset)
- Large Power Transformers from Korea
- Bottom Mount Refrigerators from Korea
- Large Residential Washers from Korea
- Ferrovandium from Russia (sunset)

### **Case Experience - U.S. Department of Commerce**

- Industrial Nitrocellulose from Seven Countries
- Atlantic Salmon from Norway
- Kiwifruit from New Zealand
- Man-Made Fiber Sweaters from Korea
- Potassium Permanganate from Spain and China
- Aspheric Ophthalmoscopy Lenses from Japan
- Flat-Rolled Carbon Steel Products from various countries
- Stainless Steel Bar from India
- Urea Ammonium Nitrate from Russia, Ukraine, & Belarus
- Grapes from Chile
- Frozen Fish Fillets from Vietnam
- Frozen Shrimp from Multiple Countries
- Sebacic Acid from China (changed circumstance review)
- China wage calculations

### **Other Projects**

Mr. Klett has participated in other international trade-related projects, including:

- Consumer cost study for Japanese semiconductor companies in EU antidumping proceeding.
- Analysis of the impact of U.S. national security export controls on the international business strategies of U.S. high-technology companies.
- Assistance to a Swiss manufacturer in assessing the feasibility of setting up manufacturing facilities in the United States, and site location.
- Analysis of the financial condition of Airbus members, in the context of state support and commercial conditions.
- Section 301 investigation--modified wheat starch from the EU (on behalf of EU grain industry).
- Jamaica escape clause (Safeguards) investigation involving cement.
- Analysis of trade flows to assist company in assessment of acquisition.
- Economic analysis of trade flows for Chilean table grape producers involved in proposed marketing order change.

- Analysis for the UAE Embassy of US/UAE trade flows on the U.S. economy and U.S. states, sectors, and companies.
- Analysis for the Saudi Arabia Government of policy changes relating to diversification of the economy, foreign direct investment, and effects of FTAs.

### **Prior Experience:**

Prior to forming Capital Trade, Incorporated, Mr. Klett was a Vice President with ICF Consulting Associates (1990-92), and a supervisor at Coopers & Lybrand (1987-90).

From 1979 to 1987, Mr. Klett was an economist at the U.S. International Trade Commission, first in the Office of Economics (1979-1986) and then as the economic advisor to four Administrative Law Judges (1986-1987). In the Office of Economics, Mr. Klett prepared analysis relating to anti-dumping and escape-clause (safeguard) proceedings.

From 1977 to 1979, Mr. Klett served as a Peace Corps volunteer in Sierra Leone, teaching economics at the high school junior to introductory university levels.

## **PROFESSIONAL AFFILIATIONS**

American Economic Association

## **PUBLICATIONS AND CONFERENCES**

"The U.S. Tariff Act, Section 337: Off-Shore Assembly and the Domestic Industry," Journal of World Trade Law, May-June 1986.

"Price Sensitivity and ITC Injury Determinations: A Matter of Definition," (with T. Schneider) Journal of World Trade, April 1994.

"Proposed Changes Concerning Import Duties and Domestic Indirect Tax Rebates--Conformity to the GATT, and Benefits to the Peruvian Export Sector," Presented at Foro Internacional Sobre Devolucion de Impuestos y Drawback a Las Exportaciones, Lima, Peru, August, 1994.

Presentations to various China, Korea and Vietnam Trade Delegations relating to role of economists in International Trade Commission proceedings. Sponsored by the International Law Institute.

Presentation to Kosovar Trade Delegation on the role of economists in international trade proceedings.

Panel member for Georgetown Continuing Education Seminar, "Practical 'How-to' Advice for Injury Investigations in Trade Remedy Cases."



## **BRIAN W. WESTENBROEK**

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Economist, Capital Trade Inc.

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### **EDUCATION**

1998, M.A., Economics, University of Delaware

1995, B.A., International Relations and Physics, University of Delaware

### **EXPERIENCE**

Mr. Westenbroek is an economist with Capital Trade, Incorporated. His responsibilities include collecting industry data from a variety of sources, processing the data to create a database, and analyzing the data using graphical and statistical analyses. He also prepares graphs and tables for exhibits that are used for expert testimony in litigation. In addition, he conducts industry and company specific research on a case-by-case basis.

### **CASE EXPERIENCE - U.S. International Trade Commission:**

- Ferrosilicon (Changed Circumstances)
- Roller Chain from Japan (Sunset Review)
- Color Picture Tubes (Sunset Review)
- Table Grapes from Chile
- Cut-to-Length Steel Plate
- Urea (Sunset Review)
- Cement from Japan (Sunset Review)
- Ammonium Nitrate (Russia, Ukraine)
- Large Diameter Line Pipe from Japan
- Uranium from Russia
- Tin Plate
- Oil Country Tubular Goods (multiple countries)
- DRAMs from Korea
- Urea Ammonium Nitrate
- Frozen Fish Fillets from Vietnam
- Wax and Wax/Resin Thermal Transfer Ribbons (multiple countries)
- Folding Gift Boxes from China
- Shrimp (multiple countries)
- Outboard Motors from Japan
- Antifriction Bearings (Sunset Review)
- Purified Carboxymethylcellulose (multiple countries)

**CASE EXPERIENCE - U.S. International Trade Commission (continued):**

- Artists' Canvas from China
- Diamond Sawblades from China and Korea
- Coated Freesheet from Korea, China, and Indonesia
- Innersprings from China, South Africa & Vietnam
- Off-the-Road Tires from China
- Citric Acid from Canada and China
- Large Power Transformers from Korea
- Large Residential Washers from Korea and Mexico
- Bottom Mount Combination Refrigerator-Freezers
- High Pressure Steel Cylinders from China
- Certain Steel Wheels from China
- Fresh and Chilled Atlantic Salmon from Norway

**CASE EXPERIENCE - U.S. Department of Commerce:**

- Sebacic Acid from China (changed circumstance review)
- Pasta from Italy
- Brake Rotors from China
- Ammonium Nitrate from Russia and Ukraine
- Large Newspaper Printing Presses from Japan
- Urea Ammonium Nitrate
- Frozen Fish Fillets from Vietnam
- Folding Metal Tables and Chairs from China
- Shrimp from Ecuador
- Individually Quick Frozen Red Raspberries from Chile
- Citric Acid from Canada and China
- Silicon Metal from China
- PC Strand from China
- Seamless Refined Copper Pipe and Tube from China and Mexico
- NME wage calculations - comments

**COMPUTER SKILLS**

- SAS – completed SAS Institute programming course (1998)
- Excel
- DBASE
- Internet tools – including work experience at Amazon.com
- Powerpoint
- UNIX – including work experience at Amazon.com
- Microsoft Windows and Office
- FORTRAN – completed programming course in undergraduate school (1992)



# Exhibit 2

## U.S. Footwear Production and Employment

	Total	Total Non-Rubber	Total Rubber	Total Non-Rubber								Total Rubber		U.S. Manufacturing Employment Workers
				Men's	Men's Work	Men's Other	Women's	Juveniles	Athletic	Slippers	Other	Rubber / Fabric	Plastic / Protective	
U.S. production in 1,000 Pairs														
2008	29,103	14,385	14,718	8,675	6,598	2,077	3,485	162	1,503	437	123	8,721	5,997	16,100
2009	26,463	13,184	13,279	7,932	6,203	1,729	3,182	139	1,487	345	99	7,919	5,361	14,600
2010	27,815	13,852	13,893	8,394	6,583	1,811	3,319	137	1,570	329	103	8,404	5,489	12,900
2011	30,013	14,936	15,076	9,099	6,952	2,147	3,572	145	1,705	311	105	9,236	5,840	13,400

Source: American Apparel & Footwear Association, *shoestats 2012* .

### Value of Shipments from U.S. Manufacturing

	316211	316213	316214	316219	3169991	Total	Number of Employees
	Rubber and plastics footwear manufacturing	Men's nonathletic footwear manufacturing	Women's nonathletic footwear manufacturing	Other footwear manufacturing	Boot and shoe cut stock and findings		
	\$1,000						
2008	526,847	846,422	335,069	92,292	55,886	1,856,516	11,478
2009	514,149	693,891	305,969	78,282	59,781	1,652,072	11,495
2010	536,993	762,657	302,556	70,612	61,342	1,734,160	11,935
2011	466,742	776,769	278,988	85,204	77,003	1,684,706	11,400

Sources: U.S. Bureau of Census, Annual Survey of Manufactures Report AM1131VS101, November 2012. (for shipments), and Annual Survey of Manufactures: Statistics for Industry Groups and Industries, various issues.

# Exhibit 3

## HTS Classifications Used In Market Share Analysis

All Footwear 1/	Athletic Footwear			Athletic Footwear			Athletic Footwear	
HTS6	HTS8	HTS10		HTS8	HTS10		HTS8	HTS10
640110	64021905	6402190530		64029180	6402918005		64041181	6404118130
640191		6402190560			6402918010	6404118160		
640192		6402190590			6402918020	6404118190		
640199	64021915	6402191520			6402918021	6404118515	64041185	6404118515
640212		6402191541			6402918030	6404118530		6404118530
640219		6402191561			6402918045	6404118560		6404118560
640220	64021990	6402199031			6402918050	6404118590	64041189	6404118590
640230		6402199061			6402918051	6404118930		6404118930
640291	64029140	6402914010			6402918060	6404118960	64041189	6404118960
640299		6402914050			6402918090	6404118990		6404118990
640312		6402914061		6402918091				
640319	64029190	6402919005		64029980	6402998005			
640320	64029931	6402993115			6402998030			
640330	64029990	6402999005	Top 5		6402998031			
640340	64031910	6403191000			6402998060			
640351	64031920	6403192000			6402998061			
640359	64031930	6403193030		6402998090				
640391		6403193090		6402998091				
640399	64031940	6403194030		64041141	6404114130			
640411		6403194090			6404114160			
640419	64031950	6403195031			6404114190			
640420		6403195061		64041149	6404114900			
640510		6403195091			6404115130			
640520	64039160	6403916030	Top 5		6404115160			
640590		6403916040	Top 5	6404115190				
640610		6403916050		Top 5	64041159	6404115900		
			6403916060	Top 5		6404116130		
	64039190	6403919025		64041161	6404116160			
		6403919045			6404116190			
		6403919051			64041169	6404116930		
	64039960	6403996030	Top 5	6404116960				
		6403996040	Top 5	6404116990				
		6403996050	Top 5	64041171		6404117130		
		6403996060	Top 5		6404117160			
	64039990	6403999021	Top 5		6404117190			
		6403999031	Top 5	64041175	6404117515			
		6403999041	Top 5		6404117530			
	64041120	6404112030			6404117560			
		6404112060			6404117590			
		6404112071		64041179	6404117930			
	64041190	6404119020	Top 5		6404117960			
		6404119050	Top 5		6404117990			

1/ Total imports of Chapter 64 (Footwear, Gaiters and the Like and parts) items where quantities are collected in pairs.

Note: "Top 5" represents the top-5 athletic footwear imports from Vietnam at the 8-digit HTS level, by value.

# Exhibit 4

Imports into U.S. of Athletic Footwear

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Jan.-Jun.	
										2012 YTD	2013 YTD
	Pairs										
Vietnam	28,374,103	40,295,180	54,563,283	60,239,034	71,246,639	73,897,405	80,345,369	92,826,580	127,477,747	64,098,269	74,195,334
Vietnam--Top-5 HTS Subtotal	22,181,397	32,477,126	43,062,259	47,302,728	54,606,828	53,107,656	59,414,196	69,663,024	80,009,891	40,602,879	47,103,344
Other TPP (Aus/Bru/Chi/Mal/NZ/Per/Sgp)	236,012	174,937	148,568	170,095	210,283	116,958	59,448	55,477	40,754	9,568	17,118
China	357,923,164	349,906,306	349,861,574	362,793,572	352,999,156	335,866,512	394,709,430	361,851,321	371,208,214	156,401,770	161,232,599
Indonesia	36,248,838	37,784,629	36,889,398	29,428,576	30,183,153	31,298,274	36,305,777	41,800,097	53,058,161	25,633,376	33,910,273
China/Indonesia Subtotal	394,172,002	387,690,935	386,750,972	392,222,148	383,182,309	367,164,786	431,015,207	403,651,418	424,266,375	182,035,146	195,142,872
India	565,947	936,905	749,859	638,710	1,262,286	1,066,470	1,652,672	1,898,000	3,475,798	1,457,517	2,299,175
Thailand	14,855,065	13,953,910	14,383,610	10,718,615	10,109,992	5,762,287	2,372,702	2,304,634	1,271,881	678,065	601,472
Dominican Republic	320,895	195,606	135,861	395,526	738,157	553,235	808,411	1,107,792	724,476	411,906	277,260
Brazil	5,338,321	4,156,962	3,385,313	2,513,686	1,080,913	1,269,895	1,065,597	669,331	594,111	194,030	76,027
Mexico	267,652	344,509	326,959	355,132	386,971	550,226	1,031,399	1,348,356	1,613,377	460,868	805,787
Italy	1,054,628	1,159,899	961,203	989,874	1,045,375	621,699	1,043,353	1,167,887	1,293,465	482,575	548,109
All Other	6,706,684	4,690,478	3,675,743	2,786,212	2,720,620	2,286,921	2,338,846	4,829,070	4,510,724	1,806,649	2,001,371
Total	451,891,309	453,599,321	465,081,371	471,029,032	471,983,545	453,289,882	521,733,004	509,858,545	565,268,708	251,634,593	275,964,525

	CIF Duty-Paid Value										
	Vietnam	363,789,060	561,828,797	782,578,505	872,364,045	1,065,229,529	1,137,476,770	1,350,670,380	1,624,643,688	2,153,400,814	1,058,290,437
Vietnam--Top-5 HTS Subtotal	294,075,893	468,090,357	638,271,267	711,058,692	851,359,688	847,794,772	1,032,943,836	1,264,357,432	1,495,167,086	759,450,312	902,599,602
Other TPP (Aus/Bru/Chi/Mal/NZ/Per/Sgp)	8,610,059	7,817,799	6,660,545	8,607,955	7,547,059	5,655,570	3,487,765	4,183,521	1,650,019	494,576	590,044
China	4,186,675,884	4,323,192,746	4,528,971,254	4,617,074,042	5,084,254,392	4,826,278,217	5,891,920,069	6,115,719,655	6,345,132,860	2,608,638,226	2,688,431,702
Indonesia	463,518,496	487,193,190	483,781,176	389,198,774	403,075,434	414,549,805	514,240,200	627,011,943	843,703,975	404,848,021	544,981,696
China/Indonesia Subtotal	4,650,194,380	4,810,385,936	5,012,752,430	5,006,272,816	5,487,329,826	5,240,828,022	6,406,160,269	6,742,731,598	7,188,836,835	3,013,486,247	3,233,413,398
India	7,015,890	11,798,331	10,610,527	10,277,451	22,622,210	18,672,042	30,215,465	37,958,718	62,531,274	24,132,760	34,103,192
Thailand	199,467,191	196,261,816	217,905,693	172,427,458	169,164,862	90,562,006	45,365,617	50,707,146	26,459,106	11,451,847	16,828,037
Dominican Republic	5,798,718	3,477,521	2,795,064	8,051,927	17,159,539	11,042,382	16,455,949	24,316,161	16,320,704	8,898,012	6,417,861
Brazil	134,361,564	123,903,822	111,432,576	84,968,698	53,570,415	50,490,585	54,534,229	38,595,780	33,788,220	11,427,731	4,633,976
Mexico	4,761,044	7,990,760	8,385,487	9,104,276	11,729,388	14,361,383	23,388,399	34,298,482	45,592,276	11,210,436	19,928,872
Italy	66,579,843	71,209,864	79,642,178	79,812,128	71,755,705	53,403,761	74,814,204	91,916,765	98,234,924	36,178,484	39,875,723
All Other	154,473,342	119,764,751	103,272,240	92,562,102	98,463,178	94,185,624	98,339,656	151,118,801	156,195,036	56,066,021	54,895,853
Total	5,595,051,091	5,914,439,397	6,336,035,245	6,344,448,856	7,004,571,711	6,716,678,145	8,103,431,933	8,800,470,660	9,783,009,208	4,231,636,551	4,665,319,144

	\$/Pair										
	Vietnam	12.82	13.94	14.34	14.48	14.95	15.39	16.81	17.50	16.89	16.51
Vietnam--Top-5 HTS Subtotal	13.26	14.41	14.82	15.03	15.59	15.96	17.39	18.15	18.69	18.70	19.16
Other TPP (Aus/Bru/Chi/Mal/NZ/Per/Sgp)	36.48	44.69	44.83	50.61	35.89	48.36	58.67	75.41	40.49	51.69	34.47
China	11.70	12.36	12.95	12.73	14.40	14.37	14.93	16.90	17.09	16.68	16.67
Indonesia	12.79	12.89	13.11	13.23	13.35	13.25	14.16	15.00	15.90	15.79	16.07
China/Indonesia Subtotal	11.80	12.41	12.96	12.76	14.32	14.27	14.86	16.70	16.94	16.55	16.57
India	12.40	12.59	14.15	16.09	17.92	17.51	18.28	20.00	17.99	16.56	14.83
Thailand	13.43	14.07	15.15	16.09	16.73	15.72	19.12	22.00	20.80	16.89	27.98
Dominican Republic	18.07	17.78	20.57	20.36	23.25	19.96	20.36	21.95	22.53	21.60	23.15
Brazil	25.17	29.81	32.92	33.80	49.56	39.76	51.18	57.66	56.87	58.90	60.95
Mexico	17.79	23.19	25.65	25.64	30.31	26.10	22.68	25.44	28.26	24.32	24.73
Italy	63.13	61.39	82.86	80.63	68.64	85.90	71.71	78.70	75.95	74.97	72.75
All Other	23.03	25.53	28.10	33.22	36.19	41.18	42.05	31.29	34.63	31.03	27.43
Total	12.38	13.04	13.62	13.47	14.84	14.82	15.53	17.26	17.31	16.82	16.91

Source: U.S. Bureau of Census. Downloaded from USITC Dataweb. HTS codes provided in Exhibit 3.

# Exhibit 5



**Market Shares--Using U.S. Athletic Footwear Production and Shipments**

		2008	2009	2010	2011	2012*							
		Pairs					Shares						
<b>U.S.</b>													
AAFA - Non-rubber Athletic		1,503,000	1,487,000	1,569,677	1,705,140	n/a	0.31%	0.32%	0.30%	0.33%	n/a		
AAFA - Rubber/Fabric		8,721,000	7,919,000	8,404,435	9,236,474	n/a	1.81%	1.71%	1.58%	1.77%	n/a		
<b>Total U.S.</b>		<b>10,224,000</b>	<b>9,406,000</b>	<b>9,974,112</b>	<b>10,941,614</b>	<b>10,941,614</b>	<b>2.12%</b>	<b>2.03%</b>	<b>1.88%</b>	<b>2.10%</b>	<b>1.90%</b>		
<b>Imports from:</b>													
Vietnam (athletic)		71,246,639	73,897,405	80,345,369	92,826,580	127,477,747	14.78%	15.97%	15.11%	17.82%	22.12%		
Vietnam (Athletic--Top 5 HTS)		54,606,828	53,107,656	59,414,196	69,663,024	80,009,891	11.32%	11.48%	11.17%	13.38%	13.89%		
China (athletic)		352,999,156	335,866,512	394,709,430	361,851,321	371,208,214	73.20%	72.59%	74.23%	69.48%	64.42%		
Indonesia (athletic)		30,183,153	31,298,274	36,305,777	41,800,097	53,058,161	6.26%	6.76%	6.83%	8.03%	9.21%		
All Other - (athletic)		17,554,597	12,227,691	10,372,428	13,380,547	13,524,586	3.64%	2.64%	1.95%	2.57%	2.35%		
<b>Total Imports - (athletic)</b>		<b>471,983,545</b>	<b>453,289,882</b>	<b>521,733,004</b>	<b>509,858,545</b>	<b>565,268,708</b>	<b>97.88%</b>	<b>97.97%</b>	<b>98.12%</b>	<b>97.90%</b>	<b>98.10%</b>		
<b>Apparent Consumption</b>		<b>482,207,545</b>	<b>462,695,882</b>	<b>531,707,116</b>	<b>520,800,159</b>	<b>576,210,322</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		
		2008	2009	2010	2011	2012*							
		\$1,000					Shares						
<b>U.S.</b>													
ASM - Non-rubber Athletic		\$92,292	\$78,282	\$70,612	\$85,204	n/a	1.21%	1.07%	0.81%	0.91%	n/a		
ASM - Rubber/Fabric		\$526,847	\$514,149	\$536,993	\$466,742	n/a	6.91%	7.03%	6.16%	4.99%	n/a		
<b>Total U.S.</b>		<b>\$619,139</b>	<b>\$592,431</b>	<b>\$607,605</b>	<b>\$551,946</b>	<b>\$551,946</b>	<b>8.12%</b>	<b>8.11%</b>	<b>6.98%</b>	<b>5.90%</b>	<b>5.34%</b>		
<b>Imports from:</b>													
Vietnam (athletic)		\$1,065,230	\$1,137,477	\$1,350,670	\$1,624,644	\$2,153,401	13.97%	15.56%	15.51%	17.37%	20.84%		
Vietnam (Athletic--Top 5 HTS)		\$851,360	\$847,795	\$1,032,944	\$1,264,357	\$1,495,167	11.17%	11.60%	11.86%	13.52%	14.47%		
China (athletic)		\$5,084,254	\$4,826,278	\$5,891,920	\$6,115,720	\$6,345,133	66.69%	66.03%	67.64%	65.39%	61.39%		
Indonesia (athletic)		\$403,075	\$414,550	\$514,240	\$627,012	\$843,704	5.29%	5.67%	5.90%	6.70%	8.16%		
All Other - (athletic)		\$452,012	\$338,373	\$346,601	\$433,095	\$440,772	5.93%	4.63%	3.98%	4.63%	4.26%		
<b>Total Imports - (athletic)</b>		<b>\$7,004,572</b>	<b>\$6,716,678</b>	<b>\$8,103,432</b>	<b>\$8,800,471</b>	<b>\$9,783,009</b>	<b>91.88%</b>	<b>91.89%</b>	<b>93.02%</b>	<b>94.10%</b>	<b>94.66%</b>		
<b>Apparent Consumption</b>		<b>\$7,623,711</b>	<b>\$7,309,109</b>	<b>\$8,711,037</b>	<b>\$9,352,417</b>	<b>\$10,334,955</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		
		2008	2009	2010	2011	2012							
		\$/pair											
<b>U.S.</b>													
ASM - Non-rubber Athletic		\$61.41	\$52.64	\$44.99	\$49.97	n/a							
AAFA - Rubber/Fabric		\$60.41	\$64.93	\$63.89	\$50.53	n/a							
<b>Total U.S.</b>		<b>\$60.56</b>	<b>\$62.98</b>	<b>\$60.92</b>	<b>\$50.44</b>	<b>n/a</b>							
<b>Imports from:</b>													
Vietnam (athletic)		\$14.95	\$15.39	\$16.81	\$17.50	\$16.89							
Vietnam (Athletic--Top 5 HTS)		\$15.59	\$15.96	\$17.39	\$18.15	\$18.69							
China (athletic)		\$14.40	\$14.37	\$14.93	\$16.90	\$17.09							
Indonesia (athletic)		\$13.35	\$13.25	\$14.16	\$15.00	\$15.90							
All Other - (athletic)		\$25.75	\$27.67	\$33.42	\$32.37	\$32.59							
<b>Total Imports - (athletic)</b>		<b>\$14.84</b>	<b>\$14.82</b>	<b>\$15.53</b>	<b>\$17.26</b>	<b>\$17.31</b>							
<b>Apparent Consumption</b>		<b>\$15.81</b>	<b>\$15.80</b>	<b>\$16.38</b>	<b>\$17.96</b>	<b>\$17.94</b>							

Sources: U.S. imports from U.S. Census (downloaded from USITC Dataweb) and U.S. production and shipments from AAFA and the U.S. Bureau of Census, respectively.

\* Because U.S. production and shipment data are not available for 2012, the 2011 data were used to estimate the effect on import market shares using actual 2012 import data.

**Market Shares--Using Total U.S. Footwear Production and Shipments**

		2008	2009	2010	2011	2012*					
		Pairs					Share				
<b>U.S.</b>											
	<b>Total U.S. (AAFA)</b>	29,103,000	26,463,000	27,815,259	30,012,664	30,012,664	1.27%	1.26%	1.15%	1.28%	1.29%
<b>Imports from:</b>											
	<b>Vietnam (athletic)</b>	71,246,639	73,897,405	80,345,369	92,826,580	127,477,747	3.11%	3.51%	3.33%	3.97%	5.47%
	<b>China</b>	1,966,931,786	1,798,536,540	2,070,801,227	1,971,509,177	1,921,736,643	85.73%	85.38%	85.80%	84.22%	82.48%
	<b>Indonesia</b>	37,255,432	40,454,384	51,153,607	63,545,694	71,296,939	1.62%	1.92%	2.12%	2.71%	3.06%
	<b>All Other</b>	189,803,199	167,115,645	183,530,070	183,041,677	179,368,438	8.27%	7.93%	7.60%	7.82%	7.70%
	<b>Total Imports</b>	2,265,237,056	2,080,003,974	2,385,830,273	2,310,923,128	2,299,879,767	98.73%	98.74%	98.85%	98.72%	98.71%
	<b>Apparent Consumption</b>	2,294,340,056	2,106,466,974	2,413,645,532	2,340,935,792	2,329,892,431	100.00%	100.00%	100.00%	100.00%	100.00%
	<b>Total Imports (AAFA)</b>	2,202,692,000	1,965,077,975	2,243,352,167	2,154,220,644	n/a					
		2008	2009	2010	2011	2012*					
		\$1,000					Share				
<b>U.S.</b>											
	<b>Total U.S. (ASM)</b>	\$1,856,516	\$1,652,072	\$1,734,160	\$1,684,706	\$1,684,706	7.77%	7.68%	6.86%	6.19%	5.92%
<b>Imports from:</b>											
	<b>Vietnam (athletic)</b>	\$1,065,230	\$1,137,477	\$1,350,670	\$1,624,644	\$2,153,401	4.46%	5.29%	5.35%	5.97%	7.56%
	<b>China</b>	\$16,434,099	\$15,112,605	\$17,914,820	\$18,929,547	\$19,267,450	68.77%	70.24%	70.91%	69.53%	67.68%
	<b>Indonesia</b>	\$474,697	\$517,018	\$694,951	\$894,938	\$1,087,059	1.99%	2.40%	2.75%	3.29%	3.82%
	<b>All Other</b>	\$4,067,403	\$3,095,017	\$3,570,923	\$4,093,105	\$4,274,684	17.02%	14.39%	14.13%	15.03%	15.02%
	<b>Total Imports</b>	\$22,041,428	\$19,862,117	\$23,531,364	\$25,542,234	\$26,782,594	92.23%	92.32%	93.14%	93.81%	94.08%
	<b>Apparent Consumption</b>	\$23,897,944	\$21,514,189	\$25,265,524	\$27,226,940	\$28,467,300	100.00%	100.00%	100.00%	100.00%	100.00%
		2008	2009	2010	2011	2012*					
		\$/pair									
<b>U.S.</b>											
	<b>Total U.S.</b>	\$63.79	\$62.43	\$62.35	\$56.13	n/a					
<b>Imports from:</b>											
	<b>Vietnam (athletic)</b>	\$14.95	\$15.39	\$16.81	\$17.50	\$16.89					
	<b>China</b>	\$8.36	\$8.40	\$8.65	\$9.60	\$10.03					
	<b>Indonesia</b>	\$12.74	\$12.78	\$13.59	\$14.08	\$15.25					
	<b>All Other</b>	\$21.43	\$18.52	\$19.46	\$22.36	\$23.83					
	<b>Total Imports</b>	\$9.73	\$9.55	\$9.86	\$11.05	\$11.65					
	<b>Apparent Consumption</b>	\$10.42	\$10.21	\$10.47	\$11.63	\$12.22					

Sources: U.S. imports from U.S. Census (downloaded from USITC Dataweb) and U.S. production and shipments from AAFA and the U.S. Bureau of Census, respectively.

\* Because U.S. production and shipment data are not available for 2012, the 2011 data were used to estimate the effect on import market shares using actual 2012 import data.

# Exhibit 6

**Scenario 1**

Primary simulation

**Description of scenario**

Estimates the impact of removing duties on athletic footwear HTS codes

**Definition of the market**

Athletic shoe market

**Definition of the domestic like product**

Domestically produced athletic shoes, including assembled athletic shoes

<b>INPUTS</b>	<b>Low</b>	<b>High</b>
Proposed Duty Rate:	-9.6%	
<b>ELASTICITIES OF SUBSTITUTION</b>		
Domestic and Target Imports:	1.6	3.2
Domestic and Non-Target Imports:	1.6	3.2
Target and Non-Target Imports:	3	5
<b>ELASTICITIES OF SUPPLY TO U.S. MARKET</b>		
Domestic Product:	1	2
Target Imports:	5	10
Non-Target Imports (inf=infinity):	10	20
<b>U.S. MARKET</b>		
Aggregate Elasticity of Demand:	-0.75	-1.25
Domestic Capacity Utilization:	75%	
Employment	1,300	
<b>DOMESTIC SHIPMENTS</b>		
Quantity:	10,941,614	
Value:	\$551,946	
<b>TARGET IMPORTS</b>		
Quantity:	127,477,747	
Value:	\$2,153,401	
<b>NON-TARGET IMPORTS</b>		
Quantity:	437,790,961	
Value:	\$7,629,608	

COMPAS version 1.4 (TARGET) -- EFFECTS OF IMPOSING AN IMPORT DUTY ON SPECIFIC (TARGET) COUNTRIES (6/1/93)  
 by Joseph Francois and Keith Hall, Office of Economics, USITC

**Scenario 1** Primary simulation  
**Description of scenario** Estimates the impact of removing duties on athletic footwear HTS codes  
**Definition of the market** Athletic shoe market  
**Definition of the domestic like product** Domestically produced athletic shoes, including assembled athletic shoes

<b>ESTIMATED IMPACT ON DOMESTIC INDUSTRY</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.5%	-0.4%	-0.2%	-0.2%	-0.9%	-0.8%	-0.7%	-0.6%
Quantity:	-0.5%	-0.9%	-0.2%	-0.3%	-0.9%	-1.7%	-0.7%	-1.3%
Revenue:	-1.1%	-1.3%	-0.4%	-0.5%	-1.8%	-2.5%	-1.4%	-1.9%
<b>QUANTITY CHANGES</b>								
U.S. Production:	-59,701	-95,661	-23,149	-38,146	-100,767	-183,234	-75,700	-141,380
U.S. Consumption:	10,184,208	12,168,273	14,419,812	17,235,477	11,777,352	15,850,928	15,826,984	20,782,874
Employment:	-7	-11	-3	-5	-12	-22	-9	-17
Imports:	10,243,909	12,263,934	14,442,961	17,273,623	11,878,119	16,034,162	15,902,684	20,924,254
<b>ESTIMATED MARKET SHARES</b>								
Domestic Market Share:	5.3%	5.3%	5.3%	5.3%	5.2%	5.2%	5.2%	5.2%
Target Import Market Share:	23.0%	23.5%	23.0%	23.4%	24.4%	25.7%	24.4%	25.6%
Non-Target Import Market Share:	71.7%	71.3%	71.7%	71.3%	70.3%	69.1%	70.3%	69.2%
Capacity Utilization:	74.6%	74.3%	74.8%	74.7%	74.3%	73.7%	74.5%	74.0%
Change in Value of U.S. Production:	-\$6,007	-\$7,223	-\$2,333	-\$2,884	-\$10,119	-\$13,807	-\$7,611	-\$10,663

<b>ESTIMATED IMPACT ON TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-6.6%	-7.8%	-6.5%	-7.8%	-5.6%	-7.1%	-5.5%	-7.0%
Quantity:	17.8%	21.8%	18.5%	22.8%	24.3%	32.7%	25.0%	33.7%
Revenue:	10.0%	12.3%	10.8%	13.3%	17.3%	23.4%	18.1%	24.4%
Change in Quantity of Imports:	22,679,518	27,834,960	23,617,584	29,066,768	30,988,039	41,743,114	31,879,480	42,991,606
Change in Value of Imports:	\$214,684	\$264,357	\$232,448	\$285,458	\$372,779	\$503,555	\$389,841	\$525,126

<b>ESTIMATED IMPACT ON NON-TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.3%	-0.2%	-0.2%	-0.1%	-0.4%	-0.3%	-0.4%	-0.3%
Quantity:	-2.8%	-3.6%	-2.1%	-2.7%	-4.4%	-5.9%	-3.6%	-5.0%
Revenue:	-3.1%	-3.7%	-2.3%	-2.8%	-4.8%	-6.2%	-4.0%	-5.3%
Change in Quantity of Imports:	-12,435,609	-15,571,027	-9,174,623	-11,793,145	-19,109,920	-25,708,952	-15,976,796	-22,067,352
Change in Value of Imports:	-\$238,052	-\$284,676	-\$175,695	-\$215,655	-\$365,532	-\$469,741	-\$305,714	-\$403,291

# Exhibit 7

**Scenario 2****Description of scenario****Definition of the market****Definition of the domestic like product**

Secondary Simulation

Estimates the impact of removing duties on Top-5 athletic footwear HTS codes

Athletic shoe market

Domestically produced athletic shoes, including assembled athletic shoes

<b>INPUTS</b>	<b>Low</b>	<b>High</b>
Proposed Duty Rate:	-10.0%	
<b>ELASTICITIES OF SUBSTITUTION</b>		
Domestic and Target Imports:	1.6	3.2
Domestic and Non-Target Imports:	1.6	3.2
Target and Non-Target Imports:	3	5
<b>ELASTICITIES OF SUPPLY TO U.S. MARKET</b>		
Domestic Product:	1	2
Target Imports:	5	10
Non-Target Imports (inf=infinity):	10	20
<b>U.S. MARKET</b>		
Aggregate Elasticity of Demand:	-0.75	-1.25
Domestic Capacity Utilization:	75%	
Employment	1,300	
<b>DOMESTIC SHIPMENTS</b>		
Quantity:	10,941,614	
Value:	\$551,946	
<b>TARGET IMPORTS</b>		
Quantity:	80,009,891	
Value:	\$1,495,167	
<b>NON-TARGET IMPORTS</b>		
Quantity:	485,258,817	
Value:	\$8,287,842	

COMPAS version 1.4 (TARGET) -- EFFECTS OF IMPOSING AN IMPORT DUTY ON SPECIFIC (TARGET) COUNTRIES (6/1/93)  
 by Joseph Francois and Keith Hall, Office of Economics, USITC

**Scenario 2** Secondary Simulation  
**Description of scenario** Estimates the impact of removing duties on Top-5 athletic footwear HTS codes  
**Definition of the market** Athletic shoe market  
**Definition of the domestic like product** Domestically produced athletic shoes, including assembled athletic shoes

<b>ESTIMATED IMPACT ON DOMESTIC INDUSTRY</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.4%	-0.3%	-0.2%	-0.1%	-0.7%	-0.6%	-0.5%	-0.5%
Quantity:	-0.4%	-0.6%	-0.2%	-0.2%	-0.7%	-1.2%	-0.5%	-0.9%
Revenue:	-0.8%	-0.9%	-0.3%	-0.4%	-1.3%	-1.8%	-1.0%	-1.4%
<b>QUANTITY CHANGES</b>								
U.S. Production:	-42,538	-68,410	-16,524	-27,295	-71,500	-130,715	-53,815	-100,933
U.S. Consumption:	5,588,985	6,687,324	8,612,171	10,292,924	6,117,597	8,413,710	8,997,020	11,907,541
Employment:	-5	-8	-2	-3	-8	-16	-6	-12
Imports:	5,631,523	6,755,734	8,628,695	10,320,220	6,189,097	8,544,425	9,050,835	12,008,474
<b>ESTIMATED MARKET SHARES</b>								
Domestic Market Share:	5.3%	5.3%	5.3%	5.3%	5.3%	5.2%	5.3%	5.2%
Target Import Market Share:	16.1%	16.5%	16.1%	16.5%	17.3%	18.3%	17.3%	18.3%
Non-Target Import Market Share:	78.6%	78.2%	78.6%	78.2%	77.4%	76.5%	77.5%	76.5%
Capacity Utilization:	74.7%	74.5%	74.9%	74.8%	74.5%	74.1%	74.6%	74.3%
Change in Value of U.S. Production:	-\$4,283	-\$5,168	-\$1,666	-\$2,064	-\$7,190	-\$9,861	-\$5,416	-\$7,620

<b>ESTIMATED IMPACT ON TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-6.7%	-8.0%	-6.6%	-8.0%	-5.6%	-7.1%	-5.5%	-7.1%
Quantity:	19.4%	23.9%	19.9%	24.6%	26.6%	36.2%	27.1%	37.0%
Revenue:	11.3%	14.0%	11.9%	14.7%	19.5%	26.5%	20.1%	27.3%
Change in Quantity of Imports:	15,485,691	19,146,614	15,907,351	19,705,368	21,296,025	29,000,006	21,695,045	29,567,318
Change in Value of Imports:	\$169,489	\$209,393	\$178,313	\$219,962	\$291,758	\$396,617	\$300,207	\$407,449

<b>ESTIMATED IMPACT ON NON-TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.2%	-0.1%	-0.2%	-0.1%	-0.3%	-0.2%	-0.3%	-0.2%
Quantity:	-2.0%	-2.6%	-1.5%	-1.9%	-3.1%	-4.2%	-2.6%	-3.6%
Revenue:	-2.2%	-2.7%	-1.6%	-2.0%	-3.4%	-4.4%	-2.9%	-3.8%
Change in Quantity of Imports:	-9,854,168	-12,390,879	-7,278,656	-9,385,148	-15,106,928	-20,455,581	-12,644,210	-17,558,843
Change in Value of Imports:	-\$184,943	-\$222,065	-\$136,642	-\$168,224	-\$283,370	-\$366,442	-\$237,237	-\$314,598



# Exhibit 8

**Scenario 3****Description of scenario****Definition of the market****Definition of the domestic like product**

Sensitivity analysis

Estimates the impact of removing duties on athletic footwear HTS codes

Athletic shoe market

Domestically produced athletic shoes, including assembled athletic shoes

<b>INPUTS</b>	<b>Low</b>	<b>High</b>
Proposed Duty Rate:	-9.6%	
<b>ELASTICITIES OF SUBSTITUTION</b>		
Domestic and Target Imports:	3	5
Domestic and Non-Target Imports:	3	5
Target and Non-Target Imports:	3	5
<b>ELASTICITIES OF SUPPLY TO U.S. MARKET</b>		
Domestic Product:	1	2
Target Imports:	5	10
Non-Target Imports (inf=infinity):	10	20
<b>U.S. MARKET</b>		
Aggregate Elasticity of Demand:	-0.75	-1.25
Domestic Capacity Utilization:	75%	
Employment	1,300	
<b>DOMESTIC SHIPMENTS</b>		
Quantity:	10,941,614	
Value:	\$551,946	
<b>TARGET IMPORTS</b>		
Quantity:	127,477,747	
Value:	\$2,153,401	
<b>NON-TARGET IMPORTS</b>		
Quantity:	437,790,961	
Value:	\$7,629,608	

COMPAS version 1.4 (TARGET) -- EFFECTS OF IMPOSING AN IMPORT DUTY ON SPECIFIC (TARGET) COUNTRIES (6/1/93)  
 by Joseph Francois and Keith Hall, Office of Economics, USITC

**Scenario 3** Sensitivity analysis  
**Description of scenario** Estimates the impact of removing duties on athletic footwear HTS codes  
**Definition of the market** Athletic shoe market  
**Definition of the domestic like product** Domestically produced athletic shoes, including assembled athletic shoes

<b>ESTIMATED IMPACT ON DOMESTIC INDUSTRY</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.9%	-0.8%	-0.7%	-0.6%	-1.1%	-1.1%	-0.9%	-0.9%
Quantity:	-0.9%	-1.7%	-0.7%	-1.3%	-1.1%	-2.2%	-0.9%	-1.9%
Revenue:	-1.9%	-2.5%	-1.4%	-1.9%	-2.2%	-3.2%	-1.9%	-2.8%
<b>QUANTITY CHANGES</b>								
U.S. Production:	-103,285	-183,002	-75,783	-137,957	-122,596	-236,530	-102,203	-202,435
U.S. Consumption:	10,402,635	12,543,221	14,715,631	17,697,211	11,927,170	16,186,744	16,011,712	21,168,957
Employment:	-12	-22	-9	-16	-15	-28	-12	-24
Imports:	10,505,919	12,726,223	14,791,414	17,835,168	12,049,767	16,423,274	16,113,915	21,371,392
<b>ESTIMATED MARKET SHARES</b>								
Domestic Market Share:	5.3%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.1%
Target Import Market Share:	23.1%	23.6%	23.0%	23.6%	24.5%	25.8%	24.5%	25.7%
Non-Target Import Market Share:	71.7%	71.2%	71.7%	71.2%	70.3%	69.1%	70.3%	69.1%
Capacity Utilization:	74.3%	73.7%	74.5%	74.1%	74.2%	73.4%	74.3%	73.6%
Change in Value of U.S. Production:	-\$10,371	-\$13,789	-\$7,619	-\$10,406	-\$12,299	-\$17,800	-\$10,263	-\$15,247

<b>ESTIMATED IMPACT ON TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-6.6%	-7.8%	-6.5%	-7.7%	-5.6%	-7.0%	-5.5%	-6.9%
Quantity:	18.1%	22.3%	18.9%	23.3%	24.6%	33.3%	25.3%	34.3%
Revenue:	10.3%	12.8%	11.2%	13.8%	17.6%	23.9%	18.4%	24.9%
Change in Quantity of Imports:	23,097,305	28,487,943	24,054,308	29,746,161	31,343,532	42,409,706	32,243,342	43,674,904
Change in Value of Imports:	\$222,593	\$275,541	\$240,725	\$297,104	\$379,581	\$515,070	\$396,811	\$536,938

<b>ESTIMATED IMPACT ON NON-TARGET IMPORTS</b>	<b>Case 1</b>	<b>Case 2</b>	<b>Case 3</b>	<b>Case 4</b>	<b>Case 5</b>	<b>Case 6</b>	<b>Case 7</b>	<b>Case 8</b>
<b>PERCENTAGE CHANGES</b>								
Price:	-0.3%	-0.2%	-0.2%	-0.1%	-0.4%	-0.3%	-0.4%	-0.3%
Quantity:	-2.9%	-3.6%	-2.1%	-2.7%	-4.4%	-5.9%	-3.7%	-5.1%
Revenue:	-3.2%	-3.8%	-2.3%	-2.9%	-4.8%	-6.2%	-4.0%	-5.3%
Change in Quantity of Imports:	-12,591,385	-15,761,720	-9,262,894	-11,910,993	-19,293,765	-25,986,431	-16,129,427	-22,303,512
Change in Value of Imports:	-\$241,030	-\$288,159	-\$177,383	-\$217,808	-\$369,041	-\$474,804	-\$308,629	-\$407,601