

RESTRICTED

L/4611

5 December 1977

Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Original: English

ARTICLE XIX - ACTION BY CANADA

Footwear, Other than Footwear of Rubber or Canvas

The following communication, dated 28 November 1977, has been received from the Permanent Mission of Canada.

The Government of Canada wishes to advise the Contracting Parties that in accordance with GATT Article XIX, global import restraints are to be instituted on footwear, other than footwear of rubber or canvas, for a three-year period beginning shortly, possibly as early as 1 December 1977, at levels corresponding to the average annual level of imports during the period 1974-1975-1976. The restraint level, while below that of 1976, a year of particularly heavy footwear importation, would be considerably above the 1975 total.

This action follows on the findings of the Anti-Dumping Tribunal, as outlined in its report of September 1977, that footwear of all kinds and in all sectors of production, other than footwear of rubber or canvas, is being imported into Canada at such prices, in such quantities and under such conditions as to cause or threaten serious injury to Canadian production of like or directly competitive goods. The Tribunal names Italy, Taiwan, South Korea, Spain, Brazil, Poland, the United Kingdom and Romania as major sources, accounting together for some 75 per cent of Canadian footwear imports in 1976.

These temporary restraint measures are aimed at providing Canadian producers with a period of respite from import pressures which will permit them to make adjustments in order to improve their long-term competitive position.

./.

The following categories of footwear, with the exclusions indicated, are to be placed under restraint:

- (i) women's/girls';
- (ii) men's/boys';
- (iii) children's/infants';
- (iv) slippers/house;
- (v) special purpose.

Footwear, the main component of which is rubber or canvas, waterproof plastic footwear and downhill ski boots are to be excluded from the global quota.

The present serious distress in the Canadian footwear industry developed in the first months of 1976. During that year, imports increased by 46 per cent in volume over 1975, rising from 27.4 million to 40.0 million pairs, while domestic shipments increased only from 37.8 million to 39.4 million pairs. As a result of this sharp increase in imports, the domestic share of the Canadian footwear market declined from 58 per cent to 50 per cent between 1975 and 1976.

The continuing serious penetration of the Canadian market by imports during the first months of 1977 has brought a further deterioration in the situation of the domestic footwear industry as evidenced by a 15 per cent decline in employment, a 12 per cent decline in orders booked and 17 per cent decline in orders ahead. During the January-April period, the share of the market held by Canadian producers fell further to 41 per cent.

Global restraints are to be administered by means of permits issued to importers. Each importer who imported footwear in the twelve-month period 1 September 1976 to 31 August 1977 will be entitled to a pro rata share of the total quota calculated on his performance during this base period. The existing surveillance measures respecting women's and girls' footwear are to be superseded by the new arrangements.

A Quota Review Committee for Footwear will be established to distribute a small amount reserved from the total quota which would be used to meet special circumstances not foreseen by the guidelines.

The Government of Canada has held consultations with major suppliers including Brazil, Spain, the European Economic Community/Italy and is prepared to enter into consultations on request under provisions of GATT Article XIX.

