

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

L/5263/Add.21

11 March 1985

Limited Distribution

Original: French

ARTICLE XIX -- ACTION BY CANADA

Non-Leather Footwear

Notification of Compensatory Measures
by the European Economic Community

Addendum

The following communication, dated 27 February 1985, has been received from the delegation of the European Communities.

Document L/5351/Add.17 of 7 June 1984 announced the Canadian Government's decision, in pursuance of Article XIX, to extend for sixteen months from 30 November 1984 quotas on imports of leather and non-leather footwear including canvas footwear. Thereafter, the Canadian Government advised contracting parties (cf. L/5263/Add.19 of 21 December 1984) of changes in the implementation of the measures on non-leather footwear (the extension of the quota had been shortened to twelve months, and its level had been raised by 4.1 per cent).

The EEC has had consultations with Canada under Article XIX, without any agreement being reached regarding these measures.

In these circumstances, and unless further consultations with Canada result in a mutually satisfactory agreement in the near future, the European Communities find themselves obliged to take compensatory measures in pursuance of Article XIX:3(a).

Consequently, in accordance with the procedures laid down by those provisions, the European Communities are hereby giving thirty day's notice in writing of their intention to suspend the application of substantially equivalent concessions on trade in certain products originating in Canada.

These compensatory measures will be applicable for a period of one year and will take effect on 1 April 1985 at the earliest. Annexed to the present notification is the list of products affected by this action.

EC WITHDRAWAL OF CONCESSIONS¹

In addition to a total import ban on Canadian footwear (NIMEXE positions 6401.11 to 6405.98), imports of which accounted for an average 4 606 000 ECU during the period 1981 to 1983, the following products will be subject to an increase in duty

Description - NIMEXE Nomenclature 1983	Conventional duties in 85 (86)	Rate applied to Canada	Average EC Imports (81/83) ('000 ECU)
Bethanol 2904.11	13.4 (13.2)	18	7,443
Pentaerythritol 2934.66	13.9 (13.4)	19	5,449
Styrene 2901.71	6.1 (6.1)	13.5	38,035
Polyethylene 3902.03 3902.04 3902.05	13.4 (12.9) 13.4 (12.9) 13.4 (12.9)	15 20 20	16,548 6,581 2,308
Furskin apparel 4303.60	6.4 (6.4)	24	5,378*
Kraft paper 4801.07	8 (8)	14	27,593
Motor vehicle radios 8515.17 (1985 replaced by 8515.15 and 8515.19)	14 (14)	22	22,575
Wire rod 73.63.21	5.6 (5.3)	10	8,972

*Based on first six months of 1984

Description - NIMEXE Nomenclature 1983	Conventional duties in 1985 (86)	Rate applied to Canada	Average EC imports (81/83) ('000 ECU)
Vinyl acetate 2914.32	12.6 (12.1)	20	1,295
Needles and similar articles used in forming stitches 8438.54	4.1 (4)	12	1,828
Crude granite 2516.11	FREE FREE	10	1,066
Coils, min. 1.5 mm wide 7308.49	4.9 (4.7)	10	666
Cold rolled sheets and plates min. thickness 3 mm 7313.41	5.6 (5.3)	10	93
Cold rolled sheets and plates thickness not less than 3 mm 7313.43	4.9 (4.7)	10	573

¹The trade loss suffered by the Community on the Canadian footwear market by reason of the prolongation of import restrictions from 1 December 1984 to 30 November 1985 has been calculated on the basis of average Canadian imports from the EC over the period 1975-77 (the three recent years prior to the restrictions), and a potential rate of increase of 2 per cent in Community footwear exports to the Canadian market. The trade loss amounts to 3.7 million pairs representing, on the basis of an average price of \$Can 15.76 (Canadian figure) a trade loss of \$Can 58.3 million.