

RESTRICTED

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GENERAL AGREEMENT ON
TARIFFS AND TRADE

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SWEDEN - IMPORT RESTRICTIONS ON CERTAIN FOOTWEAR

At the meeting of the Council on 31 October 1975 (C/M/109) the representative of Sweden informed the Council of his Government's intention to introduce a global import quota system for certain footwear.

With respect thereto, the following communication has been received from the Swedish delegation.

I hereby have the honour to send you enclosed a notification concerning the introduction in Sweden of a global import quota system for leather shoes, plastic shoes and rubber boots with the request that it be circulated to the contracting parties.

INTRODUCTION OF A GLOBAL IMPORT QUOTA SYSTEM
FOR LEATHER SHOES, PLASTIC SHOES AND RUBBER BOOTS

Notification by the Swedish Delegation

1. The Swedish Government will introduce, as from 5 November 1975, a global import quota system for leather shoes, plastic shoes and rubber boots. The system will be applied to imports from all sources, except some State-trading countries for which special restrictive arrangements concerning imports to Sweden already exist. It will be introduced in order to allow time to remedy the serious difficulties that have arisen in this sector of the industry. The global quotas will be determined on the basis of average imports for the period 1972-1974.
2. The following items will be included:

Tariff heading	Description	Swedish statistical No.
ex 64.01	High boots and ankle-boots with outer soles of rubber or plastic and with uppers of rubber	64.01.120
ex 64.01	Footwear with outer soles of rubber or of plastic material and with uppers of plastic material, other than slippers	64.01.203-209
ex 64.02	Footwear with outer soles of leather, composition leather, rubber or artificial plastic material and with uppers of leather, other than slippers and footwear with inner soles of wood and outer soles of other materials	64.02.200-318

3. A downward trend in the Swedish shoe industry started already in the 1960s, a development which was accelerated during the 1970s. This is not a result of the current recession. The reasons underlying this development are mainly the relatively high production costs in Sweden, combined with the traditional liberal trade policy pursued by the Swedish Government. This has encouraged and made possible a very substantial increase in the volume of imports.

4. The continued decrease in domestic production has become a critical threat to the emergency planning of Sweden's economic defence as an integral part of the country's security policy. This policy necessitates the maintenance of a minimum domestic production capacity in vital industries. Such a capacity is indispensable in order to secure the provision of essential products necessary to meet basic needs in case of war or other emergency in international relations.

5. As to shoes and rubber boots, Sweden's domestic production capacity has already fallen below the minimum level required to meet such basic needs. The development of the whole shoe industry can be illustrated by the fact that the total number of persons employed has decreased from 9,500 in 1960 to 2,900 in 1975. Out of this number less than 1,900 are engaged in the production of leather and plastic shoes and rubber boots. Domestic production now accounts for only about 25 per cent of the total supply of leather and plastic shoes.

6. Detailed information concerning Swedish production, imports, exports and supply is attached at Annex.

7. In view of the above the Swedish Government cannot take the responsibility of letting the present production capacity decrease any further. Recent developments show, however, alarming indications of continued deterioration. Some of the few remaining enterprises have given notice to close down. To counter this adverse development the Swedish Government has already undertaken and will continue to undertake various domestic adjustment assistance measures. These measures are, however, not sufficient to guarantee a basic supply in the case of emergency.

8. The Swedish Government therefore feels compelled to resort to temporary emergency measures to prevent a further deterioration of the domestic production capacity of shoes and rubber boots. The global quotas will be established on the basis of imports for the period 1972-1974 and will thus provide ample possibilities for continued imports into Sweden on a very high level.

9. The Swedish Government is ready to enter into immediate consultations with those contracting parties having an interest in the matter.

SWEDEN'S PRODUCTION, IMPORT, EXPORT AND SUPPLY OF
RUBBER BOOTS, PLASTIC SHOES AND LEATHER SHOES
(Expressed in thousands of pairs)

	1960	1970	1972	1973	1974	January-June	
						1974	1975
<u>Rubber boots</u>							
64.01.120							
Production	1,682	2,271	1,841	1,257	1,058	529	600
Imports	325	1,064	1,309	1,740	1,743	858	1,046
Exports	185	699	470	544	442	158	207
Supply	1,822	2,636	2,680	2,453	2,359	1,229	1,439
Production/total supply - percentage	92.3	86.2	68.7	51.2	44.8	43.0	41.7
<u>Plastic shoes</u>							
64.01.203-209							
Production	..	..	2	0	50	31	41
Imports	..	..	3,459	4,356	3,480	2,084	1,240
Exports	..	..	42	37	46	32	21
Supply	..	..	3,419	4,319	3,484	2,083	1,260
Production/total supply - percentage	..	..	0.1	0.0	1.4	1.5	3.3
<u>Leather shoes</u>							
64.02.200-318							
Production	10,671	6,034	4,736	4,663	4,195	2,320	2,233
Imports	3,850	11,371	11,607	8,689	8,547	4,157	5,787
Exports	99	724	1,106	1,035	749	411	336
Supply	14,422	16,681	15,237	12,317	11,993	6,066	7,684
Production/total supply - percentage	74.0	36.2	31.1	37.9	35.0	38.2	29.1