

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX. - ACTION BY THE UNITED STATES

Footwear

The following communication dated 7 July 1977 has been received from the Permanent Mission of the United States.

An agreement between the Government of the United States and the Government of the Republic of Korea limiting exports of certain footwear from the Republic of Korea to the United States was signed on 21 June by representatives of the two governments. A similar agreement was concluded with the Republic of China (which is not a contracting party) on 14 June.

Pursuant to this agreement the Republic of Korea has agreed to limit its exports of certain non-rubber footwear to the United States and the Government of the United States has implemented import restrictions. These actions are based upon a finding by the United States International Trade Commission that imports are a substantial cause of serious injury to the domestic industry. The United States International Trade Commission recommended the imposition of tariff rate quotas applicable to imports from all sources to remedy that injury. On 3 March the United States notification of the United States International Trade Commission action was circulated to the contracting parties (L/4477).

On 1 April 1977 the President determined to reject the advice of the United States International Trade Commission and directed the United States Special Representative for Trade Negotiations to negotiate orderly marketing agreements with principal supplier countries to moderate the disruptive increase in imports of certain non-rubber footwear. The United States notified the GATT secretariat of this proposed action, which was circulated to the contracting parties on 19 April (L/4477 Add.1).

Pursuant to the agreement reached with the Government of the Republic of Korea, the United States will assist the Government of the Republic of Korea in carrying out its export restraints by taking the following actions limiting imports:

The United States will limit the imports from the Republic of Korea for a period of four years as follows:

Items	Articles	Quota Quantity (in 1,000 pairs) exported on or after			
		28 June 1977	1 July 1978	1 July 1979	1 July 1980
Republic of Korea:					
923.93	Footwear (except athletic footwear) provided for in items 700.05 through 700.45	11,520	12,740	13,090	13,260
923.94	Athletic footwear provided for in items 700.05 through 700.45, and footwear provided for in item 700.58 and items 700.66 through 700.85 (except item 700.75 and disposable footwear, designed for one-time use provided for in item 700.35)	21,480	23,760	24,410	24,740

Summary of the principal provisions of the agreement between the Government of the United States and the Government of the Republic of Korea follows:

Product coverage - all non-rubber footwear except zoris, disposable paper footwear and wool felt footwear.

Duration - four years and three days, starting 28 June 1977.

Restraint levels (in millions of pairs exported):

First Year	33
Second Year	36 $\frac{1}{2}$
Third Year	37 $\frac{1}{2}$
Fourth Year	38

Categories:

Korea - (a) Leather, except athletic footwear - 34.9 per cent
(b) All other, including leather - 65.1 per cent athletic footwear.

Swings among categories are allowed up to 10 per cent of the receiving category in the case of shifts into leather footwear and up to 15 per cent for other footwear.

Carryover - if exports are below the ceiling levels, the shortfall can be carried over to the following year, but the amount carried over into individual categories may not exceed 11 per cent of the ceiling for those categories.

Carry forward - exports in excess of ceilings will be allowed to enter up to a maximum of 6 per cent in any category. Reductions equal to such overceiling entries will be made in the entries allowed in the following year.

Import spacing - Korea will employ its best efforts to maintain an even distribution of imports throughout the year, taking into account seasonal factors.

Equity - in the event of large increases in United States imports from other countries, Korea may initiate consultations with the United States. If mutually agreed, the United States will take appropriate remedial action.

Pipeline - footwear exported prior to 28 June will be allowed to enter the United States. However, such exports entering after 1 June will be counted and any excess above nine million pairs for Korea will be charged against the ceilings for the first year.

This action is to be a temporary restriction and is taken under Article XIX. The Government of the United States does not consider this type of agreement to be the ideal long-term solution to trade problems. The United States is taking this action with the full agreement of the Government of the Republic of Korea. The action does not at this time adversely affect other traditional United States suppliers nor does it restrict imports below those of a recent representative period.

In order to assure the limited nature of this action, the President of the United States has directed the United States Departments of Commerce and Labour and the Office of the Special Representative for Trade Negotiations to develop a new and more effective federal trade adjustment assistance programme to assist trade impacted domestic firms and workers.

The United States does not at this time contemplate taking restrictive action affecting other countries. Should the Government of the United States determine to institute import restrictions on countries not parties to the orderly marketing agreement, the Government of the United States will notify the contracting parties and provide an opportunity for consultations under Article XIX.

A full text of the Presidential proclamation implementing the restrictions on certain non-rubber footwear, a text of the orderly marketing agreement and a press release explaining the action has been supplied to the secretariat for viewing by interested contracting parties.