

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY CANADA

Footwear, other than Footwear of Rubber or Canvas

Addendum

The following communication, dated 18 July 1980, has been received from the Permanent Mission of Canada.

The Government of Canada wishes to refer to the Canadian global import restraint on footwear which was instituted in accordance with the provisions of GATT Article XIX on 1 December 1977. The CONTRACTING PARTIES will recall that this action, which was scheduled to expire on 30 November 1980, was taken pursuant to a finding by the Anti-Dumping Tribunal that footwear of all kinds and in all sectors of production, other than footwear of rubber, waterproof plastic or canvas, was 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.

Since the introduction of the global import restraint conditions in the Canadian footwear industry have improved and some progress has been achieved in making the required structural adjustments. The Canadian Government has recently reviewed progress in the industry. In doing so the Government took account of the significant market share held by imports and of the pressure imports continue to exert on the Canadian footwear industry. Given the sensitivity of the industry the Government has decided to ask the Anti-Dumping Tribunal to conduct an enquiry into whether imports of non-rubber footwear could cause or threaten to cause injury to domestic production of like goods in the absence of special measures of protection.

In referring this matter to the Tribunal the Canadian Government has attempted to limit the scope of the enquiry to major sources of specific imports which compete with product lines manufactured in volume in Canada. In this regard a number of specific items have been identified which no longer appear to pose a serious threat to the Canadian industry and, accordingly, will be released from the global quota's coverage. These items include cow-boy boots, golf shoes, English riding boots, orthopaedic footwear, climbing and hiking boots, motocross

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special racing boots, bowling shoes, highland dancing pump or jig shoes, ice and roller skate boots. In 1978, these items represented imports of approximately 500,000 pairs of specialized footwear and were valued at \$8-\$10 million. Importers' quota allocations will not be adjusted to take account of the reduced coverage and thus they will be able to apply these allocations to other items under quota.

In addition to its review of the injury case the Tribunal is being asked to report on the extent to which the Canadian footwear industry has restructured since the Anti-Dumping Tribunal's report in 1977.

To provide adequate time for the Anti-Dumping Tribunal to carry out a public enquiry into the matter and to minimize disruption to commercial interests the Government has decided to extend the global quota on footwear for a period of not more than one year. The Canadian Government has also undertaken, as soon as possible after the receipt of the Tribunal's report, to make an announcement concerning future footwear import policy.

For the period of extension the size of the global quota will remain unchanged and will continue to be administered by means of individual import permits. Importers who imported footwear under the current global quota programme will be entitled to a pro rata share of the total quota based on their performance during the first two years of the present quota. The Quota Review Committee for Footwear will continue to function and will allocate a portion of the available quota to new importers and will deal with special circumstances not foreseen by the guidelines of the import régime.

The Government has recently held consultations with certain major suppliers and is prepared to enter into further consultations on request under the provisions of GATT Article XIX.

