

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY CANADA

Leather Footwear

The following communication, dated 9 July 1982, has been received from the Permanent Mission of Canada.

The Government of Canada wishes to advise the CONTRACTING PARTIES of its decision to restrict imports of leather footwear for the period 9 July 1982 to 30 November 1984. This action is being taken pursuant to Article XIX of the GATT on the basis of a finding by the Anti-Dumping Tribunal that increased imports of footwear are causing or threatening serious injury to Canadian footwear producers. A global quota of 3.4 million pairs has been established for the period 9 July 1982 to 30 November 1982. The level of restraint for 1 December 1982 to 30 December 1983 will be 11.4 million pairs and will be increased by 3 per cent for the subsequent twelve-month period.

In order to encourage the necessary structural adjustment within the domestic industry, the Government is providing adjustment assistance to this industry to assist manufacturers to undertake the necessary restructuring to consolidate activities, to increase efficiency and productivity, and to modernize operations. Some adjustment has already taken place with government support, but firms in the industry require more time and continued financial assistance to restructure. In addition, small- and medium-sized communities affected by the structural adjustments within the industry have access to government programmes designed to generate sustained employment opportunities for displaced workers and help them adjust to changing occupational demands and technological conditions. The import restrictions are intended to provide Canadian producers a reasonable period within which to develop and to implement adjustment plans.

In the first four months of 1982, imports of leather footwear from all sources increased by 19 per cent over the same period in 1981 while domestic production declined by 13.6 per cent. The employment loss for March 1982 as compared to March 1981 was 12 per cent. The surge in imports has necessitated the introduction of a global quota to protect the Canadian industry from further injury and to enable it to facilitate achievement of the objective of adjustment allowing the Canadian industry to compete with imports following removal of special measures of import protection.

Imports of leather footwear for 1981 were approximately 12.3 million pairs valued at approximately 187 million dollars including: the EC - 4.0 million pairs (\$70 million); and Brazil - 2.5 million pairs (\$35 million).

The Government of Canada is prepared, in accordance with the requirements of Article XIX of the GATT, to afford contracting parties having a substantial interest as exporters of leather footwear covered by the measure to consult in respect of this action.