

RESTRICTED

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**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

ARTICLE XIX - ACTION BY CANADA

Non-Leather Footwear

Continuation of Action

Addendum

The following communication, dated 23 May 1984, has been received from the Permanent Mission of Canada.

The Government of Canada wishes to advise Contracting Parties of its decision to extend for sixteen months from November 30, 1984, quotas on imports of leather and non-leather footwear including canvas footwear. This action is being taken in accordance with GATT article XIX and is intended as an interim measure pending outcome of a comprehensive examination of the Canadian footwear industry by the Canadian Anti-dumping Tribunal. Rubber footwear, waterproof plastic footwear, downhill ski boots and certain specialty footwear will continue to be excluded from coverage of the quota. The interim extension of the footwear quota will contain provision for a significant increase in the quantity of footwear which will be permitted entry into Canada. The global import quota levels for the

period December 1, 1984 to November 30, 1985 will be increased by 3% over current levels to 12.1 million pairs for leather footwear and 37.3 million pairs for non-leather footwear. For December 1, 1985 to March 31, 1986, the quota levels will take the 3% annual growth factor into account.

In addition, effective December 1, 1984 the price points above which leather footwear is exempt from quota are being lowered to \$40 Canadian per pair (value for duty) for shoes and sandals and \$67 Canadian per pair (value for duty) for boots. The price points are currently at \$45 and \$75 respectively.

The review of the Canadian footwear industry by the Anti-dumping Tribunal will be broad in scope and will include an examination of the restructuring progress made by Canadian footwear manufacturers, the future competitive prospects of the industry and the impact of quotas on consumers, importers and retailers. The Tribunal will also determine whether, in the absence of special measures of protection, footwear would likely be 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. Also in the event of a determination of injury, the Tribunal will be asked to recommend approaches for a phase-out of import quotas not exceeding a period of three years.

The Canadian Government remains committed to assisting the Canadian footwear industry to restructure and modernize its operations in order to meet international competition. Many Canadian footwear manufacturers have taken advantage of financial assistance made available through a program administered by the Canadian Industrial Renewal Board (CIRB) which is intended to foster the development of a more competitive footwear industry. The program is also intended to assist those communities and employees most affected by the restructuring operations which are taking place in the industry. Additional funds were made available by the Canadian Government under this program for its two remaining years.

The interim extension of the quotas will allow time for the Tribunal to complete its investigation and will be consistent with the current mandate of the CIRB Industry Restructuring Program which is also in place until March 31, 1986. The Canadian Government has noted that the recent recession has delayed the restructuring of the industry and that accordingly an extension of quotas is necessary.

The Government of Canada is prepared, in accordance with the requirements of Article XIX of the GATT, to afford an opportunity to Contracting Parties having substantial interests as exporters of footwear covered by the measure to consult with respect of this action.