

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - PROPOSED ACTION BY SOUTH AFRICA

Certain Footwear

The following communication, dated 2 November 1984, has been received from the Permanent Mission of South Africa.

The Government of the Republic of South Africa wishes to advise the CONTRACTING PARTIES, in accordance with the provisions of Article XIX of the General Agreement, that it has decided to suspend temporarily the existing bindings in Schedule XVIII - South Africa on certain footwear falling within sub-items 64.02.35.05 and 64.02.35.15. This action is being taken pursuant to the South African Government's decision to increase the duties on these products shortly and in the following manner :

<u>Tariff heading</u>	<u>Existing GATT binding</u>	<u>Revised rate of duty</u>
64.02.35		
Footwear with outer soles of rubber or artificial plastic material and uppers of textile fabric, whether or not trimmed or reinforced with other materials (excluding spiked athletic shoes), designed to be fastened with laces :		
ex 64.02.35.05 Sizes 150 to 205	30% <u>ad valorem</u> or 30 South African cents per pair	30% <u>ad valorem</u> or 235 South African cents per pair, minus 70% <u>ad valorem</u>
ex 64.02.35.15 Sizes exceeding 205	30% <u>ad valorem</u> or 80 South African cents per pair	30% <u>ad valorem</u> or 320 South African cents per pair, minus 70% <u>ad valorem</u>

According to South African trade statistics, imports into South Africa of these products have increased substantially since 1982. During the first seven months of 1984, for example, imports were 142,5% up on imports during the first seven months of 1983 and indications are that this surge will continue during the following months.

In its deliberations on the extent of the tariff protection needed to protect the local industry against disruptive competition, the Board of Trade and Industries took into account the fact that such competition is only experienced in the lower price brackets and not in respect of expensive shoes. The duties recommended by the Board have therefore been calculated in such a manner as not to affect shoes in the more expensive price brackets. Furthermore, the reference prices applied by the Board in calculating the revised rates of duty, correspond with ex-factory selling prices of similar quality footwear in several other countries.

Among other factors considered by the Board, were the price levels of raw materials, the effect of the slow-down of economic activity on the price of shoes and the competition experienced from overseas countries resulting in some instances, in adverse effects on the local manufacture of footwear.

The South African Government is prepared to consult under Article XIX:2 of the General Agreement with contracting parties having a substantial interest as exporters of the products concerned.