

# GENERAL AGREEMENT ON

# TARIFFS AND TRADE

RESTRICTED

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NOTIFICATION IN PURSUANCE OF PARAGRAPH 3 OF THE  
UNDERSTANDING REGARDING NOTIFICATION, CONSULTATION,  
DISPUTE SETTLEMENT AND SURVEILLANCE

Imports of Footwear into Italy and France

Notification by the European Economic Community

The attached communication, dated 27 July 1988, has been received from the Permanent Delegation of the Commission of the European Communities for circulation to contracting parties.

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EEC: IMPORTS OF FOOTWEAR INTO ITALY AND FRANCE

Communication from the European Economic Community

In pursuance of the Understanding of 1979 regarding Notification, Consultation, Dispute Settlement and Surveillance (paragraph 3 of the text), the European Economic Community is hereby communicating the following.

In the context of Regulation (EEC) No. 288/82, the Commission has carried out an investigation of the trend of imports into Italy and France of footwear originating in South Korea and third countries.

The Community investigation has found that both the trend of imports into Italy and France of footwear originating in South Korea and the prices at which those imports have taken place are causing serious injury to the Community industries concerned whose current restructuring effort in this sector could be compromised.

The trend of imports into Italy of footwear originating in South Korea has been as follows (in millions of pairs): 1984: 8.6; 1985: 10.3; 1986: 11.7; 1987: 21.7. This has resulted in an increase in the market share held by South Korean exports from 5.5 per cent in 1984 to 12.7 per cent in 1987. Resale prices on the Italian market of certain types of footwear imported from South Korea have been about 70 per cent below the prices charged by Italian producers. The Italian producers' market share fell from 65.9 per cent in 1984 to 41.9 per cent in 1987, and the capacity utilization rate declined from 77 per cent in 1984 to 68 per cent in 1987 with a deterioration of the financial situation and of employment.

With respect to France, the trend of imports of footwear originating in South Korea has been as follows (in millions of pairs): 1984: 8.7; 1985: 8.7; 1986: 11.5; 1987: 23.1. The market share of imports from South Korea increased from 3.5 per cent in 1984 to 10.1 per cent in 1987. Resale prices on the French market of certain types of footwear imported from South Korea were about 69 per cent below the prices charged by French producers. The market share of French producers fell from 42.5 per cent in 1984 to 32 per cent in 1987, and the capacity utilization rate declined from 87 per cent in 1984 to 77 per cent in 1987, with a deterioration of the financial situation and of employment.

On being informed of the findings of the Community investigation, the Korean authorities undertook, with effect from 1 March 1988 for Italy and 1 July for France, to issue export certificates for the footwear concerned so as to comply with specified quantitative limits (see Annex) up to 30 June 1990.

In order to check the proper functioning of the machinery set up by the Korean authorities to limit exports, the Community has instituted a system of import authorizations applicable to imports into Italy and France of footwear originating in South Korea within the agreed quantitative limits.

These measures are of limited duration, up until 30 June 1990, and provision is made for phased easing of the limitation.

The measures have been published in the Official Journal of the European Communities: as regards Italy, Regulation (EEC) No. 561/88, O.J. L/54 of 1 March 1988 and as regards France, Regulation (EEC) No. 1857/88, O.J. L/166 of 1 July 1988.

ANNEX

PRODUCTS CONCERNED

<u>CN code</u>	<u>Description</u>
6401 92 to 6401 99 90	Waterproof footwear with outer soles and uppers of rubber or plastics
6402 19 00 6402 20 00 6402 91 to 6402 99 99	Other footwear with outer soles and uppers of rubber or plastics
6403 19 00 6403 20 00 6403 50 to 6403 99 99	Footwear with outer soles of rubber, plastics, leather or compositions leather and uppers of leather
6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials
6405	Other footwear

Quantitative limits for the export to Italy of footwear originating in South Korea:

1988 (10 months)	9,300,000 pairs
1989	13,230,000 pairs
1990 (6 months)	6,946,000 pairs

Quantitative limits for the export to France of footwear originating in South Korea:

1 July to 31 December 1988	5,400,000 pairs
1 January to 30 June 1989	9,100,000 pairs
1 July 1989 to 30 June 1990	15,225,000 pairs