raises demands for compensation by countries whose exports are affected. These demands are neither unfair nor unrealistic. They are provided for by the rules of the international trading system which Canada supports. But they are very expensive.

Compensation can take many forms -- lower duties on other imports, for example, or higher duties for some of our own exports. Injured countries are even entitled to retaliate by imposing their own quotas on products we sell to them.

Some members of this house will recall that at the time that the present footwear quotas were extended to November 1985, the European Economic Community threatened to exercise their right to retaliate. They threatened to raise tariffs to prohibitive levels on Canadian petrochemicals, steel products, kraft paper, furs and other products. This could have cost us $150 million in sales to Europe -- and in industries that had nothing to do with footwear. We managed to stave off this threat only by agreeing to forgo duties on a wide range of products imported from Europe, at a cost of $12 million to the Canadian treasury. Had we not done so, a great many jobs would have been lost. This, somehow, does not seem fair.

This government does not subscribe to the gloom and doom predictions that the lifting of quota controls would result in the eventual demise of our footwear industry. The evidence suggests just the opposite -- that the footwear industry has regained its vitality and health. It should not be forgotten, moreover, that Canadian manufacturers will still be protected by a 23% tariff on imported footwear. 23% is a lot of protection. In the U.S., the average footwear tariff is 8%; in Western Europe it is 10%. Canada's average tariff on all manufactured goods is 9%.

The process of industry adjustment has been significant. It has, moreover, been speeded by a number of government assistance programs. We estimate that, by the time disbursements are finalized under the Canadian Industrial Renewal Board program, footwear companies accounting for more than 60% of industry sales will have received benefits -- benefits totalling $22.5 million. This assistance has been directed to management, finance, marketing and production, with the bulk of planned investments directed to upgrade equipment.

Additionally, I am pleased to announce that the Minister of Finance will give consideration to any industry requests for temporary tariff or duty remission programs to help the Canadian footwear industry improve its competitive position. These measures, coupled with Canada's existing anti-dumping legislation and the industry's increased competitiveness -- not to mention the 23% tariff -- should allow Canadian manufacturers to compete successfully against foreign imports.

The government anticipates that the lifting of quotas will give rise to a moderate surge in imports. Some of this will be due to pent-up demand for lower priced shoes. Some of it will be due to the fact that there will be a number of new importers, and some will be caused by what we expect will be an inclination by retailers to experiment by importing new items.

Our view is that the surge will be short-lived, that it will stabilize within 12 to 18 months. Nevertheless, to mitigate any effects the surge may have, we will be conducting consultations with the countries that are Canada's principal footwear suppliers. We will put them on notice that their long-term interests in the Canadian