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## GOVERNMENT ANNOUNCES CHANGES IN FOOTWEAR IMPORT POLICY

The Minister of International Trade, the Honourable Ed Lumley, today announced new temporary measures of protection for Canada's footwear industry. Effective today, leather footwear has been added to the Import Control List. Simultaneously, notification of this action is being made to Canada's trade partners through the General Agreement on Tariffs and Trade. Mr. Lumley noted that, with the addition of leather footwear to the Import Control List, all non-rubber footwear imports now require import permits.

In making the announcement, Mr. Lumley underlined that imports of leather footwear in the early months of 1982 had exhibited a sudden and sharp increase and that an import surge of this magnitude has serious implications for the business climate within which the industry was being asked to undertake modernization and restructuring programs. More specifically, he noted that for the first four months of 1982, imports of leather footwear increased by 19%, while overall footwear imports rose by 2%.

Increased leather footwear imports are coming from low-wage sources that had been designated as injurious sources by the Anti-dumping Tribunal, as well as developed country suppliers. Mr. Lumley noted that increases in leather footwear imports are coming at a time of particular softness in the footwear sector as the apparent Canadian market for footwear had declined by 4% compared to the first four months of 1981. Further, with these increases, overall footwear imports now account for about 67% of the Canadian market versus 63% a year ago. These increased imports have contributed to declines in production and employment of 13%.

The new import quota applies to leather footwear imports from all sources, and was introduced under the provisions of Article XIX of the General Agreement on Tariffs and Trade which allows for special measures of protection to deal with problems of injury or threat of injury as a result of increased imports. The level of leather footwear imports has been set at 11.1 million pairs, representing import performance during a recent representative period. The quota will run concurrently with the present non-leather quota and will terminate on November 30, 1984. The quota provides for an increase in the base level of 3% per annum. Mr. Lumley indicated that footwear importers would be asked to document their recent leather footwear imports in order that an equitable and timely allocation of import quota among Canadian importers could be made. A Notice to Importers issued by the Office of Special Trade Relations provides further information on the administrative provisions which will apply, and copies are available through the regional offices of the Department of Industry, Trade and Commerce and of Regional Economic Expansion.

While noting that the import surge has necessitated a further period of regulation, Mr. Lumley stressed that the Government remains convinced that the footwear industry has the potential to restructure and modernize its operation to meet international competition. In this regard, he was pleased to note that several companies were seeking assistance from the Canadian Industrial Renewal Board. Further, Mr. Lumley indicated that the Government was concerned over the apparent lack of cooperation between segments of the Canadian footwear industry in their effort to maintain a viable domestic industry. He strongly urged all sectors of the industry to do their utmost to encourage Canadians to buy Canadian-made footwear by producing the quality footwear at competitive prices demanded by Canadian consumers. He also encouraged the retailers to place a higher priority on merchandising Canadian-made footwear.

Mr. Lumley also announced technical adjustments with respect to the non-leather quota. The overall level of the quota was adjusted from 35.6 million pairs to 34.1 million pairs reflecting more accurate statistical information now available. Individual importer quota allocations would not be affected by this adjustment. The non-leather specialty footwear items, which had been excluded from the quota as of December 1, 1981, were now to be added to the Import Control List for surveillance purposes with import permits available on request.