



# communiqué

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## NEW FOOTWEAR POLICY

The Federal Government today announced its new footwear policy.

In making the announcement in the House of Commons, the Minister for International Trade, James Kelleher, said the Government took into consideration the effects of 8 years of footwear quotas.

"They have driven shoe prices up. Canadian consumers have paid somewhere between \$450 million and half a billion dollars more for footwear than they would have had there been no quotas", Mr. Kelleher said. "This increase has been felt by lower-income Canadians, both because their budgets are lower and low-cost imports have been restricted."

In June of last year, the previous Government directed the Canadian Import Tribunal to review the footwear industry's position. To carry out its mandate, the Tribunal spent one year conducting the most comprehensive review ever undertaken of our footwear industry. The Tribunal found that, by and large, the Canadian footwear industry has, in recent years, matched, and at times out-performed, the economy as a whole and the manufacturing sector in particular. The changes were brought about primarily by the pressures of the marketplace rather than eight years of quota protection.

"We now have an industry that, with one temporary and limited exception - the makers of women's and girls' footwear - is ready to stand up to the international challenge", Mr. Kelleher said.

The Government has therefore concluded that further granting of import relief would not benefit the whole industry and would not be in the country's economic interest. Accordingly, effective December 1, 1985, import controls will be continued only on women's and girls' dress and casual footwear. This sector accounts for nearly half of the Canadian industry's sales, and it is the only sector which the Canadian Import Tribunal found would be injured by an immediate removal of quotas.

Moreover, in the women's and girls' sector, the Government is committed to a phasing-out of quotas over the next three years. They will be increased by six percent the first year, eight percent the second, and ten percent the third year. By then, the quotas will have been in force for eleven years.

Mr. Kelleher noted that Canadian manufacturers will still be protected by a 23 percent tariff on imported footwear.

To assist those affected by this measure, the Government has planned a three-pronged attack. Mr. Kelleher said the Government will provide aid to companies, to communities and to individual workers in the footwear industry:

- Companies experiencing problems can go to the Government's Industrial Adjustment Service;
- Employees are also eligible for the Government's skill investment and skill shortages programs for professional retraining; older workers unable to take advantage of new job opportunities could benefit from the Labour Adjustment Benefits program;
- Affected communities could take advantage of the Industrial Adjustment Service and the Community Futures program.

Mr. Kelleher also said that continued quotas could jeopardize jobs in Canada. For example, last year when 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 forego duties on a range of European imports, at a cost of \$12 million to the Canadian treasury. Had we not done so a great many jobs would have been lost", Mr. Kelleher said.

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