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# news release

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For release

## GOVERNMENT ANNOUNCES POLICY ON FOOTWEAR IMPORTS

Ottawa, May 22, 1984: The Honourable Gerald Regan, Minister for International Trade and the Honourable Roy MacLaren, Minister of State (Finance), announced today that the government will direct the Anti-dumping Tribunal to undertake a comprehensive enquiry into the Canadian footwear industry, including the possible need for continued special measures of protection. Mr. Regan also announced that, as an interim measure, the existing import quotas on footwear will be extended to March 31, 1986. The extension will allow time for the Tribunal to complete its investigation and will be consistent with the current mandate of the industry restructuring program of the Canadian Industrial Renewal Board (C.I.R.B.). The government has noted that the recent recession has delayed the restructuring of the industry and accordingly an extension of quotas is necessary.

The Ministers indicated that the investigation by the Anti-dumping Tribunal will be broad in scope and will include an examination of the restructuring by Canadian footwear manufacturers, the future competitive prospects of the industry, and the impact of the quotas on consumers, importers and retailers. Finally, if the Tribunal finds that there is injury or threat thereof, it will also propose approaches for a three-year phase-out of the import quotas should they be extended beyond March 31, 1986.

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Mr. Regan noted that, although the footwear manufacturing sector is beginning to benefit from the general recovery now being experienced by the Canadian economy, the government recognizes the concern about the possible threat to domestic production and employment as a result of footwear imports. He also stressed that the government remains committed to assisting the Canadian footwear industry to restructure and modernize its operations in order to meet international competition.

Mr. Regan said he was pleased that many companies have used the financial assistance program administered by the CIRB in order to foster the development of a more competitive footwear industry and to assist those communities and employees most affected by the restructuring process. He also pointed to the recent budget increase announced for the CIRB program on April 3, 1984, which will bring the total program funding to \$344 million for the five year period ending in 1986. One of the key objectives of the CIRB program is to assist the restructuring plans of firms in the textiles and clothing and footwear sectors.

Mr. Regan noted that the Canadian footwear industry's restructuring efforts are expected over time to improve the ability of Canadian manufacturers to meet international competition without the need for special measures of protection. "That is one reason we are asking the Anti-dumping Tribunal to consider possible approaches for phasing out the quotas," the Minister said. "The quotas have always been intended to provide time for what is a necessary structural adjustment by the industry. Obviously, this cannot be of indefinite duration, but we do want to ensure that the industry is given a reasonable period of time to adjust to competitive forces."

As well, as part of this process of adjustment, effective December 1, 1984 a change will be made in the existing pricebreak system for exemption from quota coverage of leather footwear above certain price levels. This will involve a reduction from the current pricebreaks of \$45 value for duty per pair in the case of leather shoes and sandals and \$75 value for duty in the case of leather boots to new levels of \$40 and \$67 respectively.

The Ministers urged all interested parties to take advantage of the Anti-dumping Tribunal's enquiry to present their views. They indicated that the report of the Tribunal will be expected to provide detailed information and analysis to assist the government in its consideration of longer term policies for the sector.

In recent months, the government has received extensive representations regarding the footwear import quotas from manufacturers, unions, supplying industries, importers, retailers and governments of footwear exporting countries. Mr. Regan said these were given careful consideration in the government's decision to extend the quotas for an interim 16 month period until March 31, 1986. He also stressed that the action being taken is fully consistent with Canada's rights and obligations under the General Agreement on Tariffs and Trade (GATT) which allows for the maintenance of import quotas as temporary, emergency safeguard measures to deal with injurious imports.

Mr. Regan announced that the quota levels for December 1, 1984 to November 30, 1985 will be set at 12.1 million pairs of leather footwear and 37.3 million pairs of non-leather footwear. These levels reflect a 3% annual growth factor, which was also included in the 1981-84 quotas.

Mr. Regan noted that, in making today's announcement, the government is responding to a desire expressed by all parties within the footwear trade for an early decision on the quota issue, so that appropriate purchasing and production plans can begin to be made for the post-November, 1984 period.

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