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Report

drawn up on behalf of the Committee on External Economic Relations

on the situation in the European footwear industry

Rapporteur: Mrs T. CARETONI ROMAGNOLI

At its sitting of 5 November 1980 the European Parliament referred to the Committee on External Economic Relations the motion for a resolution tabled by Mr Almirante and others pursuant to Rule 47 of the Rules of Procedure on the crisis of the footwear industry in Italy.

At its meeting of 27 January 1981 the committee appointed Mrs Carettoni Romagnoli rapporteur.

It considered the draft report at its meetings of 13 April, 23 June, 21 September and 13 October 1981.

At its meeting of 13 October 1981 the committee adopted the motion for a resolution and explanatory statement by 15 votes in favour, 4 against and 6 abstentions.

Present: Sir Frederick Catherwood, chairman; Mrs Wieczorek-Zeul, first vice-chairman; Mr van Aerssen, second vice-chairman; Mr Seal, third vice-chairman; Mrs Carettoni Romagnoli, rapporteur; Mr Adonnino (deputizing for Mr Majonica), Mr Almirante, Mrs Baduel Glorioso (deputizing for Mr Galluzzi), Mr de Courcy Ling (deputizing for Lord O'Hagan), Mr Ferrero (deputizing for Mr Gremetz), Mr Filippi, Mr Habsburg (deputizing for Mr Lemmer), Mr Hänsch, Mr Irmer, Mr Klepsch (deputizing for Mr Giummarra), Mrs Lenz, Mrs Moreau, Mr Pelikan, Mrs Poirier, Mr Radoux, Mr Rieger, Mr Seeler, Sir Fred Warner and Mr Welsh.

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VI. Motion for a resolution (Doc. 1-548/80)

A

The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the situation in the European footwear industry

The European Parliament,

- having regard to the motion for a resolution tabled by Mr Almirante and others on the crisis of the footwear industry in Italy (Doc. 1-548/80),
- having regard to the report of the Committee on External Economic Relations (Doc. 1-640/81),
- whereas the situation in the footwear industry in the European Community has seriously deteriorated,
- whereas the 1980 GATT negotiations (Tokyo round) have not promoted the elimination of tariff and non-tariff barriers in this sector,
- whereas the recent efforts by the Commission to improve access to certain Community footwear markets have regrettably proved fruitless and certain countries still refuse categorically to grant any concessions,
- whereas developed countries have introduced quantitative restrictions on imports which have been maintained under a system of customs duties and quotas,
- whereas a main feature of trade in this sector is a high degree of protectionism by third countries which limits the scope for European penetration,
- whereas the Community market is open to competition and absorbs a significant part of the increased production of recently industrialized countries,
- whereas the legitimate claims of third world countries concerning transfers of technology and exports of industrial products to European countries should be supported after carefully reviewing most effective means of protecting the interests of their peoples and not those of a certain number of companies which have established themselves in developing countries and have perverted the traditional concept of unequal trade by exploiting their workers,
- having regard to the sharp variations in the price of the raw material caused by speculation which increases the price on the international markets, and by restrictive measures applied by certain traditional supplier countries,

- whereas certain countries, in attempting to meet the competition from developing countries, run the risk of reindustrialization and an extension of the 'black' economy;
 - whereas the need to protect jobs (57% of which are held by women) in a sector which has a predominantly regional structure, divided into small and medium-sized undertakings with little scope for conversion, gives cause for concern,
 - whereas the abnormal increase in temporary lay-offs could prefigure a drastic reduction of employment in the short term,
 - whereas the extremely difficult situation in the footwear sector is partly due to the unequal terms of international trade with which it is faced and which require the adoption of suitable measures in order to remedy this situation,
1. Requests the Commission to continue to spare no effort in seeking access to third markets for goods produced in this Community sector;
 2. Requests the Commission, in view of the heavy impact of the price of the raw material on the final cost of the product, to make a particular effort to ensure that leather is rendered more accessible on the international markets;
 3. Considers that action by the Commission should include:
 - an overall approach aimed at bringing together the principal exporting countries, with a view to examining jointly the problems arising in international trade in the goods in question;
 - 3a. Urges the Commission to undertake the following specific action:
 - (a) in the spirit of the recent declaration by the Japanese Government on the increase in imports from Europe, at the next high-level consultation the Japanese authorities should be requested to adopt immediately suitable measures for liberalizing footwear imports;
 - (b) the Commission should continue to exert pressure on the Canadian Government to ensure that it complies with the obligations entered into under GATT and ends restrictions on footwear imports;
 - (c) protests should be lodged with the Australian and New Zealand Governments with a view to their easing restrictions on footwear imports from the Community;

(d) the Commission should seek to conclude voluntary restraint agreements at Community level with those recently industrialized countries which fail to recognize reciprocity of access for Community footwear products; any Community agreement should encompass existing agreements in order to preserve the status quo;

4. Requests the Commission, pending practical results from these measures (assumption by the developed countries of the responsibilities and burdens of international competition and the restoration of fair terms of trade), to take action in order to protect employment in the Community industry by adopting immediate measures, even if of a provisional and diverse nature, designed to limit the increase in the existing high levels of penetration and sales of certain producer countries (in particular Korea and Taiwan);

5. Requests the Commission, with regard to the improvement of the conditions under which small and medium-sized undertakings have to operate:

a) to facilitate the conversion of production lines by, inter alia, measures which encourage the pooling of resources;

b) to pursue relentlessly the objectives laid down in the Treaties in the field of social policy (Articles 117 to 128 of the EEC Treaty), and in particular, those relating to the professional training of workers and craftsmen;

c) to encourage the export side through easier access to export credits and by making it easier for these industries to take part in international trade fairs and similar events;

6. Requests the Commission, in the course of the accession negotiations with Spain, to establish provisional rules for this sector in order to avoid further distortions of the market at a later stage,

7. Instructs its President to forward this resolution with the report of its committee to the Governments of the Member States, the Council and the Commission of the European Communities.

EXPLANATORY STATEMENT

If we analyse development of the footwear sector over the last twenty years, given the features of this type of production in social terms, we are bound to stress the consequences that a prolonged crisis may have not only for the sector in question but also for the social fabric of the regions concerned, seeing that this industry is frequently located in less-favoured areas which have little scope for conversion, in addition to the indirect effects on dependent sectors such as the tanning and components industries.

A trade and industrial policy in this sector should have as its priority objectives:

1. creating optimum operating conditions to ensure that a sector can face up to its international competitors under equal and fair conditions of competition;
2. Protecting employment both in the sector itself and in others related to it;
3. underpinning the industry's role and presence on international markets.

The Community must take due account of the importance to the economies of many European countries of individual sectors such as footwear, tanning and leather goods, the existence of which depends on the export market and which employ a large labour force (330,000) with a structure of production made up principally of small and medium-sized undertakings (94% of which have less than a hundred workers) which have to compete on highly protected markets.

With production totalling 997 million pairs, the European Community is the largest footwear producer in the world. Leather footwear accounts for approximately two-thirds of production and Community exports. During the 1970's annual Community exports averaged 17% of production.

The footwear industry makes an important contribution to the Community economy by processing one of the raw materials possessed by the EEC, namely leather, in which the Community is 80% self-sufficient. Consequently,

the replacement of footwear manufactured in the Member States by imports from third countries entails a significant loss to the Community's trade balance. A weakening of the footwear industry would also have repercussions on dependent sectors such as tanning and machine-tools manufacturing which provide employment for approximately 150,000 workers.

The footwear industry consists of small and medium-sized undertakings (approximately 10,000 in Europe) which, owing to their structure, have considerable potential resources in terms of employment and new ideas notwithstanding their limited capacity to cope with the dangers of the current economic situation.

I. RECENT TRENDS

Up to the beginning of the 1980's, this industry experienced a period of steady growth on both the internal and export market during which production and consumption increased in parallel:

- production	1958/1972	+60%
- consumption	1958/1972	+72%

From 1972 the level of consumption fell off due to a slow-down in the development of production accompanied by cyclical fluctuations which were more pronounced than during the period of growth. From this moment onwards Community imports rose rapidly in terms of both absolute volume and penetration.

In 1979 this industry suffered, in particular, from the direct and indirect consequences of the more serious barriers imposed on trade by numerous countries. The effects of these distortions have become progressively more evident and unacceptable, with the result that the first months of 1980, as compared with the same period in 1979, saw a 7% fall in production and a 24% decline in exports which was partly due to the substantial drop in Italian sales on the American market following the significant increase achieved in the years 1978-1979 (emergence of 'candy shoes').

The slack performance of exports in the years 1972-1977 should therefore be considered as indicative and significant, and essentially due to the lack of scope for penetration on most third markets (see Annex 1 below).

For the first time a deficit is forecast for 1980 on the trade balance of the footwear industry of approximately 70 m EUA (this balance has traditionally been positive hitherto).

- 1980		- 70 m EUA
- 1979	balance	+ 379 m EUA
- 1978		+ 366 m EUA
- 1977		+ 280 m EUA

The level of penetration of the Community market by third country imports have risen from 18% in 1972 to 30% in 1980 (estimate based on the first nine months, see Table 1).

In 1979 the Community imported 265 million pairs of shoes, 55% of which came from certain developing countries, 27% from developed countries and 18% from state-trading nations. Leather shoes accounted for approximately one-third of these imports (see Annex 2).

IMPORTS

(Table 1)

	Recorded consumption (million pairs)	Imports (million pairs)	Level of penetration
1973	962	181	19%
1974	967	178	18%
1975	938	186	20%
1976	998	231	23%
1977	998	257	26%
1978	970	235	24%
1979	1,041	265	25%
1980	1,083	325	30%

In 1980 expostfacto monitoring of footwear imports into the EEC, concerning almost 85% of the total volume of imports, revealed a substantial increase: 25% over the first 9 months of 1980 as compared with the same period in 1979 (see Annex 1).

The increase in volume over the first nine months of 1980 as against the first nine months of 1979 (47 million pairs) represents by far the greatest increase in imports ever yet recorded (the equivalent total for the full 12 months of 1971, for example, was 39 million pairs). The investigation also showed that, with the exception of Malaysia, all the countries monitored have increased their sales to the Community.

The most significant imports for the Community as a whole are those from certain Asian countries. The figures relating to Taiwan and South Korea reveal an upward trend in high quality footwear, above all leather goods. The penetration level of imports of textile footwear has reached 60%. Taiwan, South Korea, Hong Kong and China alone account for 70% of textile footwear and 85% of EEC imports of slippers and thus occupy a dominant position in these two sectors of the Community market.

The emergence of China as a textile footwear-exporting country is a new phenomenon for the Community.

The pressure exerted by, in particular, Taiwan and South Korea on the Community market has been accentuated, above all by restrictive measures imposed against them by all non-European industrialized countries.

As regards footwear categories, South Korea and Taiwan have also increased their share of total imports of leather footwear into the Community (from 1% in 1975 to 15% in 1980).

Imports from Brazil in 1980 have increased, with particularly serious consequences for the British market.

Figures available for 1980 also show that the rate of growth of leather footwear imports from all countries under investigations remains only slightly less (22%) than that of imports in all categories (see Annex 2).

II. BARRIERS TO TRADE

The protectionist measures originally introduced by our trading partners on a provisional basis were renewed in the early 1980's (e.g. recourse to Article 19 of GATT by Canada and Australia and renewal of the orderly marketing agreements by the USA). These measures were bound to increase the pressure of imports on the Community market.

Exception should be made of voluntary restraint measures by Taiwan and Korea vis-à-vis other Member States (e.g. the voluntary restraint agreement recently reached between France and Taiwan) (see Annex 5). The Community, on the other hand, grants free access to imports.

Non-tariff duties and measures applicable to imports from the EEC

(see further Annex 5)

Countries	Duties applicable to leather footwear	Other barriers
Brazil	170%	Licences plus 100% guarantee
United States	from 2.5 to 15%	Tariff classification system-OMA with Taiwan & South Korea
South Korea	80%	Ban on imports
Taiwan	91%	Increase in dutiable value
Japan	27%	Secret quotas
Canada	25%	Quotas plus increase in dutiable value
Australia	46.5%	Quotas
New Zealand	36.5%	Quotas
South Africa	30%	Quotas
Spain	19.7%	Surcharge on imports

Countries such as Brazil impose, in addition to these restrictions, a total or partial ban on the exports of hides which are not finished or tanned, thereby granting their national manufacturers a considerable advantage by reducing prices and, at the same time, causing serious fluctuations on the world leather markets by reducing supplies.

In this connection it is worth pointing out, with regard to the problem of ensuring supplies of raw materials, that some years ago there was suddenly a sharp rise in the price of leather and raw hide on the international market due, on the one hand, to import bans applied by certain traditional supplier countries such as Brazil, Argentina, India and Uruguay and, on the other hand, by the establishment of tanneries in countries such as Japan and Korea which lack raw materials but have low labour costs and thus became buyers on the world market even where prices were extremely

high. All these factors make it more difficult to ensure supplies for the European industry, in a sector in which the raw material accounts for 48% of the cost of the finished product.

With the exception of partial quotas imposed in isolated cases on certain state-trading nations, the Community is an extremely open market. The basic duty applicable to leather footwear is 8%. Zero duty is granted under tariff preferences, in particular to South Korea, Hong Kong, Brazil, China and India, and to the EFTA countries, the ACP states and the countries of the Mediterranean Basin; a significant proportion of zero duty is granted to Yugoslavia, and Spain enjoys a preferential agreement. In all, 54% of footwear imports in 1979, or 583 out of 1,085 m were exempt from duty. This percentage increased still further in 1980. In this trade situation, in which there has been an effective loss of traditional outlets and constant pressure from imports, the level of activity and employment of the footwear industry is under serious threat.

III. EMPLOYMENT

The Community footwear industry employs directly approximately 330,000 people, the majority of whom are women (57%). Firms are often located in less-favoured areas where there are few possibilities of conversion and they are virtually the sole source of employment.

In the 1970's changes in the structure of the sector led to a reduction of approximately 80,000 jobs. The difficulties of the last eighteen months have seen a sharp increase in short-time work which may have serious repercussions on the general level of employment (see Annex 4), with numerous firms being compelled to reduce still further their level of activity and, consequently, their labour force, even though for some time workers have been attempting to save their jobs by working fewer hours. Given the lack of alternative jobs, the current trend is extremely serious at a time when there are approximately 8 million unemployed in the European Community.

IV. PRODUCTION

The information available points to a likely fall in Community production of 7-9%. Furthermore, the EEC footwear industry has undergone a process of restructuring over the last 10 years, above all following the accession of the United Kingdom and Ireland to the Community, and can probably no longer expect a growth in demand, given the saturation of the

market and the fall in consumers' purchasing power on those markets which remain open to European manufacturers (see Annex 3).

The current industrial situation of the main producer countries within the EEC may be described as follows:

ITALY

Although Italian manufacturers, who work mainly to order, have virtually no goods in stock, there has been a significant increase in supplies of Italian distributors which rose to 20 million pairs at the end of 1980.

Approximately 138,000 people are employed in the sector, divided among 7,748 firms, 89% of which employ less than 20 persons.

IRELAND

The situation has progressively deteriorated in recent years with a 13% fall in employment (from 3,840 to 3,300).

DENMARK

A similar situation to Ireland with an 18.4% fall in employment.

UNITED KINGDOM

Over the twelve months up to October 1980 orders in term of volume fell by 14.7% by comparison with the twelve preceding months.

The sector employs 75,000 persons divided among 612 firms.

Over the period from October 1979 to October 1980 employment dropped by 3.6% and short-time work virtually tripled (increase of 291.5%).

In October 1980 25% of workers in the British footwear industry were on short-time.

FRANCE

Stocks at the beginning of 1981 were at an extremely high level, having risen by 10-15% over the preceding year. 458 firms employ a total of 65,000 persons. On 15 February 1981 20,000 salaried workers, approximately one third of the labour force of the French footwear industry, were on short-time.

From 1 January to 15 February 1981 seven footwear undertakings went into liquidation in France, entailing complete closure in five cases and partial closures in the remaining two (over the whole of 1980 there were only eight liquidations and five complete closures in the French footwear sector). From 1 January to 15 February 1981 1,182 workers were made redundant as against a total of 985 jobs lost in the whole of 1980.

GERMANY

Stocks held by manufacturers and distributors have increased by approximately 10% over the past year. The trend as regards short-time working has developed over the past few months as follows:

1980:	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	1981:	<u>January</u>
	22	480	613	357	653		1,187

In January this year 2.2% of the labour force was on short-time and German industry expects a further sharp increase over the next few months.

The explanation of this development is extremely simple: it is the direct consequence of the clear imbalance between the free access to the Community market for imports from third countries and the numerous semi-tariff barriers imposed on our exports in most third countries. 75% of third countries are closed to EEC goods (see Annex 5). It is also the indirect consequence of the same restrictions encountered by other footwear producer countries which therefore switch their production to the accessible markets of Europe.

V. CONCLUSION

The developments which took place in 1980 were foreseeable and inevitable, given the lack of any change in the conditions of international competition. This trend will persist, unless corrective measures are introduced to restore the balance between these conditions of competition, or temporary measures are taken to neutralize their effect. Furthermore, hopes for an easing of restrictions on imports to third countries are unlikely to be fulfilled: (a) the Tokyo round has eliminated any possibility of reducing the duties - which are often excessive-applied by most non-European countries; (b) notwithstanding the existence of tariff barriers which are two or three times higher than the Community tariff, Australia, New Zealand, South Africa and Canada have imposed or renewed general quotas which have thus reduced the potential markets of the Community footwear

industry; (c) Japan remains indifferent to the pressures exerted by the Community and its potentially important market will remain closed to Community competition, despite the significant development achieved latterly by the Japanese industry and the diversification of its production; (d) further inroads to the American market to reach the 1979 level again - assuming this could be achieved commercially - would provoke the threat of restrictive measures which were only avoided in 1980 by the fall in our exports. The United States has also renewed voluntary restraint agreements with Taiwan and Korea.

Developments in 1980 provide sufficient evidence that the EEC footwear sector, under attack on its own market and hampered on its export markets, is in a critical situation. The cause is the blatant inequality which exists between Europe's import policies on the one hand and those of the rest of the world on the other. The crisis is not a result of the current economic situation. World footwear consumption is increasing, but whereas the European industry ought to be expanding, competitors from third countries are monopolizing the markets. European producers have no control whatsoever over the factors causing this situation.

Immediate action by the Commission is therefore necessary to defend this sector. This action should:

1. through a serious dialogue with the importing and exporting trading partners, establish reciprocity of access for the products in question;
2. not exclude the use of more vigorous specific measures in the event of unrealistic or clearly unjustifiable measures continuing to hamper trade;
3. by facilitating operating conditions (research, specific measures such as export credits, pooling of resources, professional training, presence on international markets), as part of an effective overall policy, succeed in safeguarding the European footwear industry and the need for its consolidation and development.

FOOTWEAR IMPORTS INTO THE EEC COUNTRIES (except Benelux)

SOURCE	EUR-9		GERMANY		FRANCE		ITALY		BENELUX		U.K		IRELAND		DENMARK	
	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80
SPAIN	24,355	25,694	9,376	12,033	5,396	5,735	3,951	3,410	ND	ND	4,787	3,761	113	100	732	654
POLAND	4,192	4,766	631	769	794	705	-	46	ND	ND	2,635	3,120	52	81	30	45
CZECHOSLOV.	4,016	4,152	1,255	1,021	850	917	231	213	ND	ND	1,519	1,764	49	49	112	189
ROMANIA	5,475	6,485	2,961	3,158	2,200	2,776	6	7	ND	ND	1,770	512	1	-	36	32
BRAZIL	4,644	4,987	1,322	978	333	349	2	-	ND	ND	2,496	3,154	15	51	476	454
PAKISTAN	6,993	6,308	2,224	1,360	2,178	2,141	-	13	ND	ND	1,284	2,445	291	292	16	57
INDIA	3,710	6,707	255	469	882	1,694	391	1,457	ND	ND	1,769	2,319	374	317	40	53
MALAYSIA	5,530	4,913	355	562	1,153	733	17	125	ND	ND	3,539	2,898	123	185	342	411
CHINA	13,496	26,725	925	2,790	8,486	13,677	3,671	8,868	ND	ND	79	120	5	52	329	1,219
SOUTH KOREA	29,316	33,826	4,272	7,186	8,626	11,724	1,851	3,669	ND	ND	12,276	9,415	581	335	1,709	1,498
TAIWAN	23,594	40,004	13,179	19,454	6,800	9,280	2,385	4,659	ND	ND	4,788	5,673	39	68	403	871
HONG KONG	17,233	18,440	3,368	4,942	1,445	2,629	2,681	595	ND	ND	11,565	9,629	74	130	513	517
TOTAL #	146,054	183,007	40,173	54,722	39,143	52,360	12,773	23,062	ND	ND	47,507	45,210	1,717	1,660	4,738	6,000
		+25,3		+36,2		+33,8		+80,6		ND		-4,8%		-3,3%		+26,6%

Total of the 12 countries above which account for approximately 85% of extra-EEC imports.

Source: COMTUR

IMPORTS BY FOOTWEAR CATEGORIES INTO THE EEC

(except Benelux countries)
(9 months 1979 - 9 months 1980)

1,000 pairs.

SOURCE	Leather uppers		Rubber uppers		Plastic uppers		textile uppers		Slippers		Other footwear		Total	
	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80	9m79	9m80
SPAIN	14,373	14,741	39	61	418	565	3,639	4,890	2,017	2,866	3,869	2,571	24,355	25,694
POLAND	3,844	4,277	259	420	-	1	-	39	86	29	2	-	4,192	4,766
CZECHOSLOV.	2,582	2,925	848	805	20	7	563	390	3	15	-	12	4,016	4,152
ROMANIA	5,644	5,567	91	144	-	-	240	767	-	-	-	8	5,975	6,485
BRAZIL	4,628	4,972	-	-	-	-	-	3	5	11	10	-	4,644	4,986
PAKISTAN	86	108	-	79	19	17	5,888	6,104	1	-	-	-	5,993	6,308
INDIA	2,328	4,701	3	16	7	8	1,266	1,672	104	310	3	-	3,710	6,707
MALAYSIA	36	105	295	270	74	102	5,109	4,348	2	32	16	-	5,530	4,887
CHINA	206	443	23	7	64	434	535	3,906	10,775	15,972	1,894	5,962	13,496	26,726
SOUTH KOREA	2,582	5,288	4,656	5,394	871	681	13,329	14,419	7,174	7,787	704	258	29,316	33,827
TAIWAN	2,805	4,097	231	359	4,494	8,337	11,461	16,739	8,398	9,831	205	639	27,594	40,005
HONG KONG	185	525	1,094	1,445	7,624	6,595	4,309	4,360	3,977	5,335	53	182	17,233	18,442

N.B. As the figures have been rounded off, their sum for each country may not necessarily correspond to the total in each case. These figures include inward and outward processing traffic systems.

Source: OECD (retroactive control).

		Production	Intra-EEC imports	Extra-EEC imports	Intra-EEC exports	Extra-EEC exports	Recorded consumption
GERMANY	9m79	78,250	85,827	57,797	8,863	7,791	205,217
	9m80	78,407	91,999	74,796	9,843	8,690	226,669
FRANCE	9m79	142,100	39,852	46,210	26,409	12,272	189,481
	9m80	144,400	43,992	61,009	30,273	13,890	205,238
ITALY	9m79	372,542	3,548	14,472	158,017	124,545	108,000
	9m80	328,618	4,716	24,765	158,088	85,011	115,000
NETHERLANDS	9m79	8,778	21,566	16,321	7,968	296	38,401
	9m80	9,047	21,308	21,502	8,846	304	42,707
BELGIUM (*)	9m79	4,148	23,920	7,064	3,373	112	31,557
	9m80	4,686	25,490	8,039	3,681	139	34,395
UNITED KINGDOM	9m79	109,800	30,531	55,535	7,757	5,662	182,447
	9m80	99,800	28,998	53,933	8,111	5,592	169,028
IRELAND	9m79	3,818	5,717	2,444	1,310	874	9,795
	9m80	3,265	5,303	2,532	1,103	836	9,161
DENMARK	9m79	4,964	5,438	(6,717)	1,098	(1,599)	14,422
	9m80	5,151	5,510	(7,607)	1,534	(2,033)	14,701
EEC	9m79	724,400	216,399	206,557	214,794	153,151	779,320
	9m80	673,374	227,316	254,183	221,479	116,495	816,899
	△%	- 7 %	+ 5 %	+ 23 %	+ 3 %	- 24 %	+ 5 %

(1,000 pairs).

(*) The figures for Belgium are calculated on the basis of the first 8 months.

PRODUCTION OF FOOTWEAR GOODS IN THE COMMUNITY

(1,000 pairs)

	GERMANY	FRANCE	ITALY	NETHERLANDS	BELGIUM	U.K.	IRELAND	DENMARK	EEC
Leather	79,033	89,482	264,320	8,905	4,560	72,536	4,511	7,422	530,769
Synthetic	1,724	34,720	67,109	(1)	(1)	39,053	(1)	25	144,041
Slippers	19,434	52,519	18,790	1,548	3,485	36,640	(1)	478	133,026
Others	16,390	36,219	39,350	1,586	504	9,107	389	15	102,018
Total	116,581	212,940	389,569	12,039	8,549	157,336	4,900	7,940	909,854
% Leather	68%	42%	68%	73%	53%	46%	92%	93%	58%
Leather	76,332	94,923	249,525	<u>1977</u> 9,722	3,638	74,596	4,503	6,937	520,176
Synthetic	4,284	30,566	63,715	(	N.D	42,703	(	33	138,462
Rubber	(2)	2,123	3,925	(	N.D	(2)	(	0	9,890
Textile	14,615	37,203	29,269	(3,252	491	7,557	(540	67	89,892
Slippers	19,130	51,309	16,419	(	3,094	32,255	(	393	127,698
Total	114,361	216,124	362,853	12,974	7,223	160,111	5,043	7,430	886,119
% Leather	67%	44%	69%	75%	50%	46%	89%	93%	59%
Leather	73,262	98,000	279,128	<u>1978</u> 9,300	3,107	76,173	4,400	5,809	549,179
Synthetic	(4,061	30,000	70,426	(	504	36,381	(	4	138,586
Rubber	(	2,000	5,514	(	0	3,063	(	0	13,967
Textile	11,460	27,000	23,079	(2,700	0	5,646	(600	14	68,449
Slippers	18,417	47,000	13,702	(	2,591	35,190	(	334	118,684
Total	107,200	204,000	391,850	12,000	6,202	156,435	5,000	6,161	888,865
% Leather	68%	48%	71%	77%	50%	49%	88%	94%	62%
Leather	73,752	97,889	388,055	<u>1979</u> 9,521	3,207	77,844	4,148	5,993	610,409
Synthetic	(4,323	31,499	86,507	(	379	31,524	(	0	151,292
Rubber	(	2,347	9,413	(	0	3,375	(	17	18,781
Textile	8,804	25,016	31,498	(2,403	0	4,256	(752	15	70,698
Slippers	18,758	48,269	23,766	(	2,452	32,572	(	337	127,511
Total	105,637	205,020	489,239	11,925	6,039	149,571	4,900	6,362	978,693
% Leather	70%	48%	60%	80%	53%	52%	84%	94%	62%

(1) Included under others.

(2) Included under synthetics.

DEVELOPMENT OF EMPLOYMENT IN THE EEC FOOTWEAR INDUSTRY

COUNTRIES	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
BELGIUM	8,136	7,518	6,836	5,953	5,833	4,888	4,022	3,449	2,980	2,740
DENMARK	3,676	3,327	3,800	3,600	3,100	2,700	2,600	2,500	2,700	2,373
FRANCE	74,182	77,995	75,784	73,630	72,385	67,817	66,266	64,229	62,500	64,354
IRELAND	5,900	5,420	5,200	5,000	4,500	3,400	3,100	3,753	3,698	3,750
ITALY	129,200	128,500	132,400	132,180	132,180	132,180	118,767	118,367	124,695	138,800
NETHERLANDS	10,420	9,000	7,180	6,500	6,555	5,430	5,400	4,808	5,550	5,548
GERMANY	89,404	82,368	77,124	68,900	61,329	55,628	54,980	54,301	54,537	55,326
UNITED KINGDOM	95,900	91,403	87,600	85,500	83,500	76,600	74,300	75,300	74,400	74,100
TOTAL	416,818	405,528	395,924	381,263	369,382	348,643	329,435	326,707	331,066	366,944

N.B. In 1980 the number of those employed in the sector decreased by approximately 5%.

1. QUANTITATIVE RESTRICTIONS IN FORCE IN THE COMMUNITY IN
RESPECT OF COUNTRIES OTHER THAN STATE-TRADING NATIONS

- A. UK/Korea : 16,825,000 pairs (all footwear)¹
- Ireland/Korea : 1,310,000 pairs for 1981 and 1982
(1981: 636,000. 1982: 674,000)
Footwear with leather and textile uppers²
- UK/Taiwan : 7,950,000 pairs, all footwear
Undertaking given by Taiwan exporters
- B. Quotas
- Ireland/Taiwan : Footwear with rubber or plastic uppers :
64.01 : 17,000 pairs
64.02B : 120,200 pairs
- Italy/Japan : Textile or rubber footwear
- Benelux/Japan : Textile or rubber footwear
- Denmark/Taiwan : Rubber footwear

¹ Restriction on exports by the Korean footwear industry

² Restriction on exports imposed by the Korean authorities

2. QUANTITATIVE RESTRICTIONS IN FORCE IN THE COMMUNITY IN
RESPECT OF STATE-TRADING NATIONS

NEGOTIATED MEASURES¹

Ireland/Poland	:	Imports of leather footwear limited to 62,000 pairs for 1981;
UK/Romania	:	Leather footwear imports limited to 1,145,000 pairs for 1981;
UK/Czechoslovakia	:	Leather footwear imports ₂ limited to 2,825,000 pairs for 1980
UK/Poland	:	Leather footwear imports limited to 4,745,000 pairs for 1980; ²

¹ Ceilings negotiated in advance are subsequently communicated each year by unilateral letters from the Commission.

² The totals for 1981 have yet to be fixed.

Quotas in force in respect of state-trading nations

Summary table

	BENELUX		DENMARK		GERMANY		IRELAND		ITALY		UNITED KINGDOM	
	es 64.01	es 64.02	es 64.01	es 64.02	es 64.01	es 64.02	es 64.01	es 64.02	es 64.01	es 64.02	es 64.01	es 64.02
BULGARIA	X	X		X		X					X	X
HUNGARY	X	X		X		X			X		X	X
POLAND	X	X		X		X					X	X ¹
RUMANIA	X	X		X		X						
CZECHOSLOVAKIA	X	X		X		X	X	X	X	X	X	X ¹
USSR						X						
GDR	X	X		X								
CHINA		X				X			X	X	X	X
VIETNAM						X						

¹ 64.02 the quotas apply to footwear other than leather footwear. For leather footwear restrictions have been negotiated (see page 1, point 2 of document)

3. OTHER TRADE POLICY PROVISIONS

(tariffs)

I. Generalized tariff preferences

Footwear under the heading 64.01 and 64.02 is liable to tariff quotas (for the most competitive countries) or tariff ceilings. China and Romania are excluded from tariff preferences for these products. Footwear under the headings 64.03 and 64.04 is liable to preferences without limitation (Romania is excluded, China included).

II. Zero duty imports other than within the GPS

- Signatory countries to the Lomé Convention
- Associated countries
- EFTA
- Yugoslavia

Within the framework of its Agreement with the Community, since 1.7. 1980 Yugoslavia has enjoyed zero duty tariff ceilings for its exports to the Community of certain types of footwear at the following annual levels:

64.01	340 tonnes
64.02 A	400 tonnes
64.02 B	138 tonnes

TRADE RESTRICTION MEASURES IN FORCE IN CERTAIN
THIRD COUNTRIES

I. Measures of voluntary restraint or quota restrictions

UNITED STATES

Voluntary restraint agreements with Taiwan and Korea in force from June 1977 to June 1981 (footwear other than rubber footwear).

LEVEL OF CEILINGS

(millions of pairs)

	<u>June 1977</u> <u>June 1978</u>	<u>June 1978</u> <u>June 1979</u>	<u>June 1979</u> <u>June 1980</u>	<u>June 1980</u> <u>June 1981</u>
<u>TAIWAN</u>				
Leather	9,76	10,00	10,24	10,48
Plastic	104,68	107,25	109,82	112,40
Others	7,56	7,75	7,94	8,12
TOTAL	122,00	125,00	128,00	131,00
<u>KOREA</u>				
Leather (except sport and leisure)	11,52	12,74	13,09	13,26
Sport and leisure and others	21,48	23,76	24,41	24,74
TOTAL	33,00	36,50	37,50	38 00

HONG KONG

Arrangement without limitation on exports. Exports to the USA are nevertheless subject to licence and must be accompanied by a certificate of origin with a view to preventing any diversion of footwear from Korea or Taiwan via Hong Kong.

NEW ZEALAND

Import quotas fixed annually on the basis of those for the preceding year (value quotas).

CANADA

The erga omnes quota in force for leather footwear for three years (01.12.1977 - 01.12.1980) has recently been renewed for one year, i.e. until 01.12.1981, without any increase in quotas : 32.9 million pairs.

AUSTRALIA

Erga omnes quotas since 1978. Renewed for 1981.

Leather uppers	:	4.2 million pairs	¹
Other footwear	:	16.5 million pairs	
Plastic sandals	:	7.4 million pairs	
Footwear parts	:	2.2 million dollars	

JAPAN

Import quotas : not published.

2. Customs duties and non-tariff measures in force in certain third countries

	<u>Duties applicable to leather footwear</u>	<u>Other barriers</u>
Brazil	170%	Licenses plus 100% guarantee
India	100%	Ban on imports
Taiwan	91%	Increase in customs value
South Korea	80%	Ban on imports
Australia	46.5% ²	Quotas
New Zealand	36.5%	Quotas
South Africa	30%	Quotas
Japan	27%	Secret quotas
Canada	25%	Quotas plus increase in customs value
Spain	19.7%	Import surcharge
United States	2.5 to 15%	System of tariff classification - OMA with Taiwan and South Korea

¹ In September 1980 the clause excluding from the quota footwear above a certain price (exported by the EEC in particular) was deleted in exchange for an increase in the quota of 534,000 pairs.

² Including an import surcharge of 12.5%.

MOTION FOR A RESOLUTION (DOCUMENT 1-548/80)

tabled by Mr ALMIRANTE, Mr BUTTAFUOCO, Mr PETRONIO and Mr ROMUALDI

pursuant to Rule 25 of the Rules of Procedure

on the crisis in the footwear industry in Italy

The European Parliament,

- having regard to the present crisis in the Italian footwear industry,
 - whereas this crisis is distinguished largely by a fall in exports to the North American market and whereas various protectionist measures have been taken in the United States and Canada with increases in customs duties of 30% and 8.5% respectively,
 - whereas exports have fallen by more than 45% in one year, which constitutes a very real danger signal for the protection of employment levels in an industry which provided 110,000 jobs in 1979, the workforce of which is now seriously affected,
 - whereas the United States, besides increasing customs duties, has initiated an aggressive policy to secure the European market with low-cost products which, in spite of their poor quality, compete favourably with local production,
 - whereas the EEC in the Tokyo Round agreed to lower import duties on footwear without measures to counterbalance that agreement being taken at the proper time,
 - whereas the footwear industry plays an important role in Italy's trade balance,
 - whereas the Italian footwear industry is predominantly a regional industry and is therefore decentralized and composed of small and medium-sized firms, the closure of which could cause immense damage to the fabric of the entire national economy,
1. Calls upon the Commission to check whether the United States has resorted to dumping to secure the European and Italian markets, and, if so, calls for proceedings to be started against that country;
 2. Furthermore, hopes that the Council of Ministers will request the USA to observe the treaties more strictly;
 3. Proposes that concrete measures be taken with a view to bilateral trade agreements between the EEC and developing countries which produce and export leather, such as India, Argentina, Brazil, Indonesia etc., agreements which would be profitable from every point of view for both parties.