

COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION OF THE COMMISSION TO THE COUNCIL

CONCERNING IMPORTS INTO IRELAND OF RUBBER FOOTWEAR, LEATHER
FOOTWEAR AND OF FOOTWEAR OTHER THAN OF LEATHER

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1. The Irish authorities, by their telex of 7 February 1978, informed the Commission of their intention to establish import restrictions on leather footwear (CCT heading 64.02 A) from Poland and on rubber footwear from Hong Kong (CCT heading 64.01).

These notifications were made, in the case of Poland on the basis of Article 3 of the Decision of the Council of 27 March 1975⁽¹⁾ relating to autonomous import systems with regard to state trading countries (75/210/EEC)⁽²⁾ and in the case of Hong Kong on the basis of the Decision of 19 December 1972⁽³⁾ laying down certain transactional measures for the progressive standardization of the import terms of Member States as regards third countries.

At the request of the Commission and a Member State, consultations have been held within the Committees provided for by these Decisions.

During the course of this consultation the Irish delegation indicated that this action was justified by the rapid increase in the penetration of imports of the products in question on the Irish market, this increase having provoked market disruption.

The Commission and the other Member States raised objections to these requests both for rubber footwear from Hong Kong and for leather footwear from Poland.

In effect, it appears difficult to imagine that in either case these imports could have caused disruption on the Irish market.

(1) Ireland also asked the Commission for the imposition of import restrictions on leather footwear from Spain, South Korea and India on the basis of Regulation No. 1439/74 on common rules for imports. This request has led to a Commission Decision not to impose the restrictions.

(2) O.J. No. L 99/77 of 21.4.1975

(3) O.J. No. L 299/46 of 31.12.72.

Rubber footwear

Imports of rubber shoes from Hong Kong in 1977 amounted to 55,000 pairs, which represent¹:

- 36.9% of Irish imports of rubber footwear from third countries
- 3.5% of Irish imports of rubber footwear of all origins
- 0.77% of Irish imports of all footwear of all regions
- 1.1% of Irish production (all footwear)
- 2.1% of total exports
- 0.57% of consumption.

Leather footwear

In the case of imports of leather shoes from Poland (50,500 pairs in 1977) the percentages are as follows²:

- 14.9% of Irish imports of leather footwear from third countries
- 1.6% of Irish imports of leather footwear of all regions
- 0.7% of Irish imports of all produce of all origins
- 3.1% of imports
- 1.0% of production
- 1.9% of exports
- 0.52% of consumption.

	<u>1975</u>	<u>1976</u>	<u>1977</u>
(1) Imports from <u>Hong Kong</u> (1,000 pairs)	23.3	67.5	55
(2) Imports from <u>Poland</u> (1,000 pairs)	36.4	23.1	50.5

In addition the situation of market disruption advanced by the Irish authorities appears to be debatable. In 1977 production increased slightly compared with 1976 from 4.9 million pairs to 5.0 millions. Certainly, it did not reach its 1974 level (7.5 million pairs) but the signs are that recovery is taking place. Employment has followed a similar trend: in 1976 3,400 persons were employed and 3,600 in 1977 (4,500 in 1974). Exports have also shown signs of recovery: 2.3 million pairs in 1976, 2.6 million pairs in 1977 (3.6 million pairs in 1974).

77% of total Irish imports of all footwear consisted of intra-Community imports (for rubber and leather shoes, the percentage is approximately 90%). The impact of the imports from third countries could, thus, only be modest.

Until 31 December 1977, Ireland benefited from protective measures on leather footwear under Article 135 of the Treaty of Accession maintaining duties of 9% against the United Kingdom, 18.5% against other Member States and 23% with regard to third countries. The provisions of Article 135 expired on 31 December 1977 and these measures of derogation have been abolished.

This indicates that if the Irish footwear industry has encountered difficulties, these difficulties were caused by internal problems in the Community, problems which will not be resolved by protective measures taken against third countries whose deliveries to Ireland remain modest.

The Commission considers, therefore, that the situation of market disorganisation by the products in question is not proved. It considers that in view of this fact Ireland is not justifiedⁱⁿ taking quantitative restrictive measures against :

- rubber footwear from Hong Kong (64.01)
- leather footwear from Poland (64.02 A)

Consequently the Commission proposes to the Council, by virtue of Article 3 of the Decision of the Council of 19 December 1972 laying down certain transitional measures for the standardisation of the import terms of Member States as regards third countries and of Article 5 of the Decision of the Council of 27 March 1972 relating to autonomous import systems with regard to state trading countries, to decide that the measure envisaged by Ireland should not be applied.

2. By telex of 7 February 1978, Ireland also informed the Commission of its intention to impose import restrictions on footwear other than leather footwear (textile or plastic uppers CCT heading 64.02 B) originating in Hong Kong, South Korea, India and Malaysia. The legal basis of this notification is the Decision of 19 December ⁽¹⁾ laying down certain transitional measures for the progressive standardisation of the import terms of Member States as regards third countries.

Within the framework of that Decision the Commission as well as a Member State requested a consultation, during the course of which Ireland justified its action on these products by the arguments already evoked in item 1.

(1) OJ No. L 299/46 of 31.12.1972

Although one delegation objected to the measures envisaged by Ireland, all the delegations and the Commission indicated that, in their opinion the market situation in Ireland for these products was unquestionably more difficult than those mentioned in item 1¹.

In effect, imports from the four countries in question added together reached 784,500 pairs in 1977 representing :

- 74.9% of Irish imports of footwear other than leather from third countries
- 32.9% of Irish imports of footwear other than leather of all origins
- 10.9% of Irish imports of all footwear of all origins
- 15.6% of production (all footwear)
- 30.5% of exports (all footwear)
- 8.1% of consumption.

However, this footwear with plastic or textile uppers does not compete directly with Irish production which is now based principally on leather footwear. Moreover, the assessment made in item 1 that market disruption is not proved could also apply in this case whilst recognising that the impact of imports of this category ^{is} intending to increase. Moreover, the change-over to the almost exclusive production of leather shoes would be likely to make a positive contribution to the normalisation of the situation.

The Commission considers, therefore, that for these products, unquestionably imported in much greater quantities than other types of footwear, the question should be examined in greater depth and on the basis of supplementary statistics relating especially to the prices of imported products, to the situation of Irish footwear producers, to the degree of substitution of their footwear with that produced in Ireland, etc.;

¹ Imports (1,000 pairs)	<u>1975</u>	<u>1976</u>	<u>1977</u>
Hong Kong	43.9	112.1	189
Korea	39.5	179.4	263
India	42.6	102.1	234.1
Malaysia	17.6	73.5	98.4
Total	143.6	467.2	784.1

during this examination, account should also be taken of the reorganisation programme established by the Irish authorities during 1976 and of the actions which could be undertaken on the basis of the results of the analysis being carried out by the Commission on the structures of the Community footwear industry.

In addition, the Commission proposes to approach certain exporting countries with a view to obtaining assurances that excess production, unused because of restrictive measures taken on other importing markets, should not be diverted to the Community market; the problem of the development of imports of footwear into Ireland will be taken into consideration at that time.

Consequently, the Commission considers that for footwear other than leather footwear under CCT heading 64.02 B, the imposition by Ireland of quantitative restrictions on imports from Hong Kong, India, South Korea and Malaysia cannot be justified on the information presently available.