ARTICLE XIX - ACTION BY AUSTRALIA

Certain Footwear

Addendum

Modification of Action

The following communication, dated 16 December 1977, has been received from the Permanent Mission of Australia.

The Government of Australia advises the CONTRACTING PARTIES that in accordance with the provisions of Article XIX of the General Agreement, it has decided to make the following modifications to temporary restrictions applying to the importation of certain footwear into Australia:

(a) To include within the scope of these restrictions thongs having value for duty less than AU 2.00 per pair falling within Australian tariff items 64.01 to 64.04 and parts for thongs falling within Australian tariff item 64.05.

(b) To implement import licensing procedures for certain specialist sporting footwear and gumboots.

(c) To exempt high priced footwear from import licensing.

The changes take effect from 22 November 1977.

The decision to modify the restrictions on imports of footwear in this way was made following Government consideration of a report by the Industries Assistance Commission on further short-term assistance arrangements. The measures decided upon by the Government will run until mid-1980 and include provision for a review committee to advise on adjustments to quota levels that may be required, to avoid disruption and any consequential major contractions in employment in the footwear manufacturing industry.
During 1976-77, 9.4 million pairs of rubber and/or plastic thongs (tariff item 64.01) were imported compared with 3.7 million the previous year, an increase of more than 150 per cent. Thongs are also imported under other tariff item (e.g. leather thongs under item 64.02) but these are not separately recorded. Australian production over the same period fell by almost 50 per cent, from 5.2 million pairs in 1975-76 to 2.7 million in 1976-77. The apparent share of market supplies of rubber and/or plastic thongs represented by imports rose from 41 per cent in 1975-76 to 78 per cent in 1976-77.

The initial annual quota level to be applied to imports of thongs and parts of thongs from 1 November 1977 will be as follows:

Thongs (64.01-64.04)
- having a value for duty (VFD) less than $A 0.35 per pair: 3 million pairs
- other, having a VFD less than $A 2.00 per pair in 1976-77: 100 per cent of imports

Parts for thongs (64.05): 100 per cent of value of imports in 1976-77

Imports of gumboots and specialist sporting footwear, except ski, wading and diving boots, are now subject to import licensing because of administrative difficulties which have arisen regarding the definition of such footwear. However, licences will be freely available for traditional type gumboots and specialist sporting footwear incorporating sprigs, stops and spikes or provision therefor of a type which render the footwear not suitable for normal streetwear. Other specialist sporting footwear will be considered on a case-by-case basis and special licences will be authorized if it is evident that the footwear concerned is not competitive in use with footwear manufactured in Australia for normal streetwear.

High priced footwear, which is defined as footwear having a value for duty exceeding a specified price level, will in future be exempt from import licensing. This "threshold" price level will be adjusted each six months in accordance with movements in the footwear component of the Australian consumer price index, lagged by six months. Importers who already hold licences issued to cover imports of high priced footwear with a value for duty exceeding $A 21 per pair will still be able to use these licences to clear imports of footwear during the period of validity specified in the licence.