The following communication has been received from the United States mission.

President Ford has decided, considering the interests of both American consumers and producers, that expedited adjustment assistance is the most effective remedy for injury to the United States footwear industry and its employees as a result of imports. This decision was announced on 16 April by Ambassador Frederick B. Dent, the President's Special Representative for Trade Negotiations.

The President's decision was based upon his evaluation of the national economic interest. A remedy involving import restraints would have lessened competition in the shoe industry and resulted in higher shoe prices for American consumers at a time when lowering the rate of inflation is essential. Footwear makes up 1 1/2 per cent of the consumer price index.

Import restraints would also have exposed United States industrial and agriculture trade to compensatory import concessions or retaliation against United States exports. This would have been detrimental to American jobs, and damaged United States exports.
The President noted that the United States footwear industry is benefiting from a substantial increase in production, shipments and employment as a result of the economic recovery. Additionally, a number of plants have reopened, order backlogs of domestic manufacturers have increased, and profitability has improved.

In considering the effect of import restraints on the international economic interests of the United States, as required by the Trade Act of 1974, the President concluded that such restraints would be contrary to the United States policy of promoting the development of an open, non-discriminatory and fair world economic system. The goal of this policy is to expand domestic employment and living standards through increased economic efficiency.

The United States International Trade Commission reported to the President on 20 February 1976, the results of its investigation of a petition for import relief filed by the American Footwear Industries Association, the Boot and Shoe Workers Union and the United Shoe Workers of America. The Commission unanimously found that imports were a substantial cause of serious injury to the domestic industry. However, there was not a majority decision as to the recommended remedy. Three Commissioners recommended tariff increases, two recommended tariff-rate quotas and one recommended adjustment assistance.

The principal sources of footwear exports to the United States are Italy, Spain, the Republic of China, Brazil, and the Republic of Korea. Imports of footwear in 1975 totalled 287.7 million pairs and were valued at $1.1 billion. They made up 40 per cent of domestic consumption. The President has directed the Secretaries of Commerce and Labor to give expeditious consideration to any petitions for adjustment assistance filed by footwear firms and their workers. He also instructed the Secretaries to file supplementary budget requests for adjustment assistance funds, if necessary, to carry out his programme.

The President has also directed the Special Representative for Trade Negotiations to monitor United States footwear trade, watching levels and quantities of imports as well as domestic production and employment. If significant changes occur, they will be reported to the President with appropriate recommendations.