COMMISSION REGULATION (EEC) No 1735/90

of 21 June 1990

introducing prior Community surveillance of imports of certain types of footwear originating in South Korea and Taiwan

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 288/82 of 5 February 1982 on common rules for imports (1), as last amended by Regulation (EEC) No 3365/89 (2), and in particular Article 10 (1) thereof,

Having consulted the committee set up by Regulation (EEC) No 288/82,

Whereas :

PROCEDURE

In August 1988 certain Member States informed the Commission that imports into the Community of footwear originating in South Korea and Taiwan were continuing to rise, in spite of the restrictive measures which Italy (3) and France (4) had been authorized to impose. The said Member States and other Member States opposed to the application of new regional measures asked the Commission to re-examine the trend of imports of footwear into the Community as a whole and their effect on the Community industry.

The Member States supported their request with evidence relating to the trend of imports of the products in question and the terms of sale, including price.

Information was also provided on the impact on Community production of like and competing products.

Having decided, following consultations, that the evidence in its possession was sufficient to warrant an investigation, the Commission published a notice in the *Official Journal of the European Communities* (5) announcing the opening of a Community investigation into imports into the Community of footwear originating in South Korea and Taiwan.

The Commission officially informed the importers known to be concerned ; it gave all interested parties the opportunity to make their views known in writing and to request a hearing.

Many importers made their views known in writing by completing the questionnaire sent to them by the Commission.

Arguments were put forward on behalf of Community producers by the various national footwear federations and by the European Footwear Confederation (CEC).

The Commission also organized hearings throughout December 1988 in which the following organizations and companies took part :

Producers

— Confédération Européenne de l'Industrie de la Chaussure, B-1030 Bruxelles,

— Fédération nationale de l'industrie de la chaussure de France, F-75008 Paris,

— Hauptverband der Deutschen Schuhindustrie e. V., D-6050 Offenbach a/Main,

— Associazione Nazionale Calzaturifici Italiani, I-20123 Milano,

— Fédération belge de l'industrie de la chaussure, B-1030 Bruxelles,

— Federatie van Nederlandse Schoenfabrikanten, NL-5037 AA Tilburg,

— British Footwear Manufacturers Federation, UK London W1V 5HB,

— Federation of Irish Footwear Manufacturers, IRL Dundalk,

— Skofabrikantforeningen, DK-1358 Kobenhavn K,

— Hellenic Association of Footwear Manufacturers and Exporters, GR-11710 Athens,

— Federación de industrias del calzado español, E-28006 Madrid,

— Associação Portuguesa dos Industrias de Calçado, Componentes e Artigos de Peles e seus Sucedâneos, P-4000 Porto.

Importers into the EEC

— Reebok France, F-78530 Buc,

— Reebok Deutschland GmbH, D-8011 Heimstetten,

— Reebok International Ltd, UK-Bolton BL1 1PP,

— Oppenheimer Wolff & Donnelly, B-1050 Bruxelles, representing : Nike (UK) Ltd, Nike International Ltd (Deutschland),

(1) OJ No. L 35 van 9. 2. 1982, p. 1.
(2) OJ No. L 325 van 10. 11. 1989, p. 1.
(3) OJ No. L 54 van 1. 3. 1988, p. 59.
(4) OJ No. L 166 van 1. 7. 1988, p. 6.
(5) OJ No. C 215 van 17. 8. 1988, p. 6.

— British Sports and Allied Industries Federation, UK Croydon CRO 9XY,
— Federation of Irish Sports Distributors, IRL Dublin 4,
— Hi-Tec Sports plc, UK-Essex SS2 6GH,
— Foreign Trade Association, B-1200 Bruxelles,

Non-EEC exporters

— Oppenheimer Wolff & Donnelly, B-1050 Bruxelles, representing: Korean Footwear Exporters Association.

During its investigation the Commission endeavoured to collect and verify all the information it considered necessary, and carried out inspection visits in Belgium, Spain, Greece, Portugal and the United Kingdom.

The Commission visited the following companies:

Belgium:

Producers:

— Euro-Vana, B-3290 Diest,
— NV Monarca, B-2500 Lier;

Importer:

— Joggingsport, B-1080 Bruxelles;

Spain:

Producers:

— Alex Shoes SL, E-03204 Elche,
— Peter SA, E-03204 Elche,
— Pikolinos, E-0329 Elche,
— Grupp International SA, E-Alicante,
— Lois Shoes-Valiente, E-03400 Villena,
— Divine Shoes SL, E-03600 Elda,
— Juan Gomez, E-97 Elda,
— Lucas Calzados SA, E-03400 Villena,
— Petit Shoes, E-03400 Villena,

Greece:

Producers:

— 'Last' Paliokostas Bros SA, GR-Liossa Athens,
— John Dourambeis, GR-Piraeus,
— Attica SA, GR-Athens,
— Diana, GR-Neon Iraklion Attique,
— A Dynamides SA, GR-Athens,
— Omega SA, GR-Athens,
— Ropa-Rodopes Shoe Ind., GR-Athens,
— Athanasios Tsigiras SA Shoe Ind., GR-Athens,
— Vergina Shoes Ltd, GR-Athens,
— Vioghian SA, GR-Athens;

Importer:

— Dicas — Dimitris S. Kasimis, GR-Athens;

Portugal:

Producers:

— Kyaia, P-4802 Guimarães,
— Sanjo, P-3701 São João da Madeira,
— Rillago, P-4523 Feira,
— Lima's/Halley, P-3702 São João da Madeira,
— Pratik — Jefaris, P-Felgueiras,
— Basilius —Calçado SA, P-3706 São João da Madeira,
— Mariano & Mariano Ltd, P-3703 São João da Madeira;

United Kingdom:

Producers:

— J. H. Hirst Ltd, Rossendale, UK-Lancs BB4 9HT,
— Fiona Footwear Ltd, UK-MD Glan CF31 1DN,
— Eatough Ltd, UK-Leicester,
— Asworth & Hoyle Ltd, UK-Lancs BB4 4PW,
— Mansfield Shoe Co. (1981) Ltd, UK-Notts NG18 5QA,
— K-Shoes Ltd — Clarks, UK-Cumbria LA9 7BT.

PRODUCTS CONCERNED AND LIKE PRODUCTS

The investigation covered all types of footwear falling within CN codes 6401, 6402, 6403, 6404 and 6405 imported from South Korea and Taiwan.

The wide variety of footwear sold on the Community market can be classified according to a variety of criteria such as material, use, shape, price, etc.

In view of the wide variety of products, for the purposes of determining the injury suffered by the Community industry, the Commission examined Community products which are like the imported products or which compete directly with term.

To that end, the Commission started by analysing the Community market to identify the criteria according to which footwear is marketed. For marketing purposes footwear is classified according to criteria relating to the user (men's women's and children's footwear) and to the intended use (town wear, sportswear, leisure wear, etc.).

However, it was not possible to apply those criteria for the purposes of calculating the injury suffered, since the statistics available on sales, production and imports were not compiled on a comparable basis.

The classification used by the Statistical Office of the European Communities and the European Footwear Confederation, based essentially on the materials used for the upper part of the footwear, was accordingly considered to be the most appropriate.

This classification divides footwear into six categories: four main categories (footwear with uppers of leather (1), synthetic materials (2), rubber (3) and textile (4)) and two residual categories (slippers (5) and other footwear (espadrilles and sandals) (6)).

Although it can be broken down into these categories, all footwear has the same basic characteristics.

Moreover, footwear of different categories can be used for the same purposes and footwear of a given category can be used for several different purposes. Thus the various categories of footwear are generally interchangeable.

The degree of interchangeability varies from one category to another. It is very low for slippers, is, for climatic reasons low in certain Member States and high in others for other footwear (espadrilles and sandals), whereas it is high for the four main categories and is very high for footwear with uppers of leather and footwear with uppers of synthetic materials which, besides being used for the same purposes, look so similar that in most cases an inexperienced observer would be unable to distinguish between them (7).

The consumer makes use of this interchangeability according to a wide variety of factors such as fashion, advertising, season, climate and location, but his final choice is determined by price and by the possibility of using the same type of footwear for different purposes. Thus, for a given use or series of uses, he may choose a 'synthetic' shoe instead of a 'leather', 'textile', 'rubber' shoe, sandal, espadrille or a slipper.

The Commission accordingly considers that the similarities between footwear classified as 'leather', 'synthetic', 'textile', 'rubber' 'other' or 'slippers', in terms of basic characteristics and possible uses outweigh the differences. Footwear belonging to these categories can therefore be considered to be sufficiently like and competing.

PRODUCER INDUSTRY

For the purposes of identifying the branch of Community industry liable to suffer serious injury or the threat of serious injury as a result of imports originating in South Korea and Taiwan it should be noted that the Community industry produces footwear identical to all types imported from the said countries and concerned by this investigation.

The Community industry is located in all Member States, although production of certain categories is limited to certain Member States.

Fotwear with uppers of leather is the main product in each Member State, whereas at the opposite end of the scale production of rubber shoes is marginal and falling.

Community production of products like those in question breaks down as follows: 'leather' footwear 65 %, 'synthetic' footwear 16 %, slippers 10 %, 'textile' footwear 5,4 %, 'other' footwear 2,1 % and 'rubber' footwear 1,5 %.

CONSUMPTION IN THE COMMUNITY

Overall consumption of footwear is very stable — it increased only slightly from 1 189 million pairs in 1985 to 1 219 million pairs in 1988.

Between 1985 and 1988 consumption of 'leather' footwear fell slightly from 597,7 million pairs to 594,5 million pairs, and that of 'synthetic' footwear fell from 206,3 million pairs to 176,3 million pairs. Between the same dates consumption of 'textile' footwear increased from 166,7 million pairs to 179 million pairs, that of 'other' footwear (espadrilles and sandals) increased from 30,9 million pairs to 88,5 million pairs, that of 'rubber' footwear increased from 15,4 million pairs to 17,2 million pairs, and that of slippers increased from 172,6 million to 179,1 million pairs.

IMPORTS OF THE FOOTWEAR IN QUESTION ORIGINATING IN SOUTH KOREA AND TAIWAN

Overall imports of footwear originating in South Korea and Taiwan increased significantly between 1985 and 1988; however, imports of certain categories peaked in 1987. This was because of the regional measures introduced in Italy and France in 1988 resulted in a slight fall in imports of these products.

(a) Overall imports

During the reference period (1985 to 1988), imports originating in South Korea and Taiwan continued to rise rapidly. Imports from South Korea increased from 37,1 million pairs in 1985 to 47,7 million pairs in 1986, 79 million pairs in 1987 and 87,5 million pairs in 1988; imports from Taiwan increased from 63,4 million pairs in 1985 to 80,4 million pairs in 1986 and 106,8 million pairs in 1987, falling back to 99,4 million pairs in 1988.

(1) CN codes 6403 11 00, 19 00, 20 00, 30 00, 40 00, 51 11, 51 15, 51 19, 51 91, 51 95, 51 99, 59 11, 59 31, 59 35, 59 39, 59 91, 59 95, 59 99, 91 11, 91 13, 91 16, 91 18, 91 91, 91 93, 91 96, 91 98, 99 11, 99 31, 99 33, 99 36, 99 38, 99 91, 99 93, 99 96 and 99 98.

(2) CN codes 6401 10 90, 91 90, 92 90, 99 90, 6402 11 00, 19 00, 20 00, 30 90, 91 90, 99 31, 99 39, 99 91, 99 93, 99 96 and 99 98.

(3) CN codes 6401 10 10, 91 10, 92 10, 99 10, 6402 30 10, 91 10 and 99 10.

(4) CN codes 6404 11 00, 19 90 and 20 90.

(5) CN codes 6402 99 50, 6403 59 50, 6403 99 50, 6404 19 10, 6404 20 10 and 6405 20 91.

(6) CN codes 6405 10 10, 10 90, 20 10, 20 99, 90 10 and 90 90.

(7) Interchangeability between these two categories ('leather' and 'synthetic'), particularly at the lower end and middle of the range, extends to the manufacturing process, where only minor changes are required to switch between manufacturing 'leather' and 'synthetic' products.

As a result South Korea's market share increased from 3,1 % in 1985 to 7,2 % in 1988, and Taiwan's market share increased from 5,3 % in 1985 to 8,2 % in 1988. Their overall market share increased from 8,4 % to 15,4 %

(b) **Imports by category**

Imports of footwear with uppers of leather

Imports into the Community of footwear with uppers of leather originating in South Korea increased from 2,9 million pairs in 1985 to 6,1 million pairs in 1986, 12,7 million pairs in 1987 and 23,6 million pairs in 1988; imports originating in Taiwan increased from 4,8 million pairs in 1985 to 9 million pairs in 1986, 16,8 million pairs in 1987 and 20,6 million pairs in 1988.

In 1988 South Korea acounted for 4 % and Taiwan for 3,5 % of the market in footwear with uppers of leather. Their overall market share increased from 1,3 % in 1985 to 7,5 % in 1988.

Imports of footwear with uppers of synthetic materials

Imports of 'synthetic' footwear originating in South Korea increased from 0,9 million pairs in 1985 to 1,5 million pairs in 1986 and 3,6 million pairs in 1987, and remained at 3,6 million pairs in 1988, and imports originating in Taiwan increased from 16,2 million pairs in 1985 to 21,3 million pairs in 1986 and 36,3 million pairs in 1987, falling back to 31,3 million pairs in 1988.

Taiwan had a particularly large share of the market for 'synthetic' footwear: its share increased from 7,9 % in 1985 to 17,8 % in 1988.

Overall South Korea and Taiwan increased their share of the market for 'synthetic' footwear from 8,3 % in 1985 to 19,8 % in 1988.

Imports of footwear with uppers of textile materials

Imports of 'textile' footwear originating in South Korea increased from 22,2 million pairs in 1985 to 23,9 million pairs in 1986 and 38,6 million pairs in 1987, falling back to 34,6 million pairs in 1988; imports originating in Taiwan increased from 32,8 million pairs in 1985 to 37,7 million pairs in 1986 and 39,1 million pairs in 1987, falling back to 36,2 million pairs in 1988.

In 1988 South Korea and Taiwan accounted for 19,3 and 20,2 % respectively of the market for 'textile' footwear. Their overall market share increased from 33 % in 1985 to 39,5 % in 1988.

Imports of 'other' footwear (espadrilles and sandals)

Imports of 'other' footwear originating in South Korea increased from 0,9 million pairs in 1985 to 1,6 million pairs in 1986, remained at 1,6 million pairs in 1987 and fell back to 1,5 million pairs in 1988; imports originating in Taiwan increased from 1,3 million pairs in 1985 to 2,9 million pairs in 1986 and 3,3 million pairs in 1987, falling back to 2 million pairs in 1988.

In 1988 South Korea and Taiwan accounted for 1,7 and 2,3 % respectively of the market for 'other' footwear. Their overall market share fell from 7,1 % in 1985 to 4 % in 1988.

Imports of footwear with uppers of rubber

Imports of 'rubber' footwear originating in South Korea increased from 0,7 million pairs in 1985 to 0,9 million pairs in 1986 and 1 million pairs in 1987, falling back to 0,9 million pairs in 1988; imports originating in Taiwan increased from 0,2 million pairs in 1985 to 0,4 million pairs in 1986 and 0,6 million pairs in 1987, falling back to 0,2 million pairs in 1988.

In 1988 South Korea and Taiwan accounted for 5,2 and 1,2 % respectively of the market in 'rubber' footwear. Their overall market share increased from 5,8 % in 1985 to 6,4 % in 1988.

(c) **Imports of slippers**

Imports of 'slippers' originating in South Korea increased from 9,5 million pairs in 1985 to 13,7 million pairs in 1986, 21,5 million pairs in 1987 and 23,3 million pairs in 1988; imports originating in Taiwan increased from 8,1 million pairs in 1985 to 9,1 million pairs in 1986 and 11,7 million pairs in 1987, falling back to 9,7 million pairs in 1988.

In 1988 South Korea and Taiwan accounted for 14,2 and 5,5 % respectively of the market for 'slippers'. Their overall market share increased from 10,2 % in 1985 to 19,7 % in 1988.

PRICES

The Commission compared the prices of footwear imported from South Korea and Taiwan with the prices of Community products.

Prices were compared for each type of footwear. The comparisons showed that the imported products substantially undercut the prices of Community products. The cif price of imported footwear was generally some 60 % lower than the price of Community products.

'Leather' footwear originating in South Korea undercut Community prices by between 34 % (Ireland and Spain) and 67 % (Netherlands); 'leather' footwear originating in Taiwan undercut Community prices by between 25 % (Ireland and Italy) and 71 % (Netherlands).

'Synthetic' footwear originating in South Korea undercut prices by between 32 % (Ireland) and 72 % (France) and 'synthetic' footwear originating in Taiwan undercut Community prices by between 16 % (Ireland) and 80 % (Greece).

'Textile' footwear originating in South Korea and Taiwan undercut prices in France by 33 and 32 % respectively.

INJURY TO COMMUNITY INDUSTRY

The situation of the Community footwear industry deteriorated throughout the period 1985 to 1988, as witness the downward ward trend of the main economic indicators:

— capacity utilization in the Community as a whole fell by about 8 %: the falls varied from 21 % in Greece to 15 % in France, 11 % in Spain, 10 % in Italy and

BLEU, 9 % in Ireland and 4 % in Portugal and the United Kingdom. In 1988 capacity utilization was 46 % in Greece, 75 % in Denmark, 70 % in Spain, 72 % in Italy and BLEU, 92 % in Germany, 95 % in Portugal and 96 % in the United Kingdom,

— total production fell from 1 194 million pairs to 1 048 million pairs. The production of 'leather' footwear fell from 749,9 million pairs to 679,4 million pairs, the production of 'synthetic' footwear fell from 196,4 million pairs to 163,9 million pairs, the production of 'textile' footwear fell from 71,1 million pairs to 57 million pairs, the production of 'other' footwear fell from 27,7 million pairs to 22,5 million pairs, the production of 'rubber' footwear fell from 20,2 million pairs to 16,2 million pairs, and the production of slippers fell from 130,2 million pairs to 106,6 million pairs,

— Community producers' share of the Community market fell from 74,4 to 57,2 %. Their share of the Community market for 'leather' footwear fell from 88 to 77,6 %, for 'synthetic' footwear from 81,4 to 60,6 %, for 'textile' footwear from 43 to 18,6 %, for 'other' footwear from 22,3 to 20 %, for 'rubber' footwear from 81,6 to 68,8 % and for slippers from 89,5 to 73,5 %,

— the fall in sales was accompanied by a substantial incease in stocks. Stocks increased from 19,3 million pairs to 76 million pairs,

— most footwear manufacturers made considerable losses,

— substantial investment in new technology and modern structures, in spite of the precarious overall situation, has not yielded the desired results in terms of a return to profitability. The financial situation of many firms has made it difficult for them to gain access to funding,

— the number of firms active in the sector fell from 16 318 in 1985 to about 15 000 in 1988, and the workforce fell from 387 400 to 347 600.

Causality

The Commission found that the collapse of Community production was directly linked to the increased in imports from South Korea and Taiwan.

The Community industry's loss of market share between 1985 and 1988 (17 %) coincided with and approximately equalled the increase in the market share of the two countries concerned (15,4 %).

The impact of the imports varied from one category to another: it was more marked in the case of 'synthetic' and 'textile' footwear than in the case of 'leather' footwear. However, the investigation showed that because footwear is interchangeable the sharp rise in imports of 'synthetic' and 'textile' footwear contributed directly to the fall of more than 70 million pairs in Community production of 'leather' footwear.

Since the price of footwear is a decisive factor for marketing, price undercutting by the countries in question obliged Community producers to reduce their prices. This effect was more marked in the case of highly interchangeable categories of footwear.

This was confirmed by inspection visits to Community producers and importers, which clearly established a link between the supply of low-price imports, the fall in the prices of Community products and the loss of orders diverted to imported products.

The pressure of low-price sales compromised the success of efforts to restructure the industry.

The impact of the imports was aggravated by the fact that the Community industry consists of many small and medium-sized firms, many of which were unable to cope with the market conditions resulting from growth in low-price imports.

Other factors contributing to the injury

The Commission investigated whether the injury to the Community industry could be attributed to other factors.

The Commission noted that consumption had increased slightly (3 %).Thus the injury to the Community industry cannot be attributed to a drop in consumption.

Certain importers claimed that the Community industry was not sufficiently competitive. Although the Community has higher labour costs, it has compensated this by rationalizing production and investing in new technology. It is competitive overall, particularly in the 'leather' footwear sector, as witness the substantial exports, amounting to 263 million parts in 1988 or 25 % of total production, and 70 % of 'leather' footwear production.

As regards imports originating in countries other than South Korea and Taiwan, the Community's other main suppliers during the reference period (1985 to 1988), in decreasing order of market share, were China (12,3 %), Thailand (1,7 %) and Brazil (1,7 %).

Although imports of footwear originating in Brazil and Thailand increased sharply (by 240 and 125 % respectively), their impact has so far been extremely small. Thus they cannot have made a significant contribution to the fall in Community production.

However, in case imports from these two countries continue to rise sharply, on 31 January 1990 the Commission adopted Regulation (EEC) No 274/90 [1] introducing retrospective surveillance of such imports.

Although imports originating in China obtained a large share of the community market, they consisted mainly of slippers, espadrilles and sandals, and to a lesser extent 'textile' footwear, of very low unit value.

China's share of the market for 'other' footwear (mainly espadrilles) increased slightly (by 5 %). The only substantial increase other than slippers was of 'textile' footwear, which accounted for a very low proportion (5,4 %) of Community footwear production.

Although imports of footwear originating in Brazil, China and Thailand had a negative impact on the situation of the Community industry, for the reasons set out above and taking overall imports into account, they did not contribute substantially during the period 1985 to 1988 to the injury suffered by the Community industry within the meaning of Regulation (EEC) No 288/82.

Conclusion

The Commission finds that the increase in the volume and market share of footwear originating in South Korea and Taiwan and the difference between the prices of imported products and of like and directly competing Community products has caused serious injury to Community producers. These two factors can be considered to be the main cause, if not the only cause, of the injury observed.

Community interest

The Commission accordingly considers that it is in the Community interest to ensure that the Community industry is protected against the danger of a further deterioration in its situation, to slow down the fall in employment and to find a solution for the social problems caused thereby.

The Commission notes that the Community industry has already taken the necessary steps to adapt itself to the new competitive conditions on the Community market and to increase its competitiveness. The Community industry has already started to innovate in the fields of new technology, materials processing and materials testing (improvement and standardization of components). However, these activities require adequate funding to finance the necessary investment. Under present circumstances most firms are making little or no profit from selling their products and are therefore unable to obtain the resources needed for such investment.

Against this background, on 19 March 1990 the Commission presented to the Council, which approved it, a communication proposing ways and means of improving the environment of the sector to enable it to complete its restructuring before the end of 1992.

The Commission accordingly believes that appropriate measures would enable the Community industry to realize the objectives of the restructuring currently under way.

The Commission also considered the argument that protective measures were not in the Community interest because they would run counter to the interest of consumers in having a wide choice at low prices. The Commission does not underestimate the weight of this argument in the short term. However, it fears that the deterioration in the situation of the Community industry which would result if appropriate measures were not adopted would, in the medium term, have far more negative consequences for consumers. The repercussions which such measures would have on prices would be offset by the continuation of high-quality production and wider choice. The presence on the market of high-quality Community products would afford consumers protection against the danger of diminishing quality of imports.

However, the Commission considers that the case of slippers is different.

Given the overall situation in the Community, the advantages of adopting measures with regard to such imports do not appear to outweigh the interest of consumers. The production of slippers accounts for only a small proportion of the value of Community footwear production. Protection of the Community industry in this sector would in most Member States have only a small positive impact and would therefore be of only very limited benefit.

Moreover, the market of the Member State which is the main producer of such products is already protected by a regional measure against imports from the Community's main supplier country.

The Community reserves the right to re-examine the situation of slipper production when the said regional measures expire.

[1] OJ No L 30, 1. 2. 1990, p. 54.

Under these conditions, and given the very low degree of interchangeability of slippers, the Commission believes that it is at present not in the Community interest to adopt measures with regard to imports of slippers originating in South Korea and Taiwan.

At the close of its investigation, the Commission informed the Korean authorities and the Taiwan Footwear Manufacturer's Association of the findings set out above.

The Korean authorities undertook, in a letter to the Commission, to make exports to the Community of 'leather', 'synthetic', 'textile', 'rubber' and 'other' footwear subject from 1 July 1990 to presentation of an export licence and restrict the issue of such licences until 31 December 1992 to traditional trade flows within the following quantitative limits for exports of such products to the Community:

1 July to 31 December 1990:	26 000 000 pairs
1991:	55 120 000 pairs
1992:	58 420 000 pairs

The Taiwan Footwear Manufacturers' Association informed the Commission by letter that from 1 July 1990 exports to the Community of 'leather', 'synthetic', 'textile', 'rubber' and 'other' footwear would be subject to emitting by exporters of an export declaration and would be limited to traditional trade flows within the following quantitative limits for exports of such products to the Community:

1 July to 31 December 1990:	45 300 000 pairs
1991:	96 000 000 pairs
1992:	101 700 000 pairs

The Commission has noted these undertakings and considers that at this stage these measures are sufficient to make good the injury suffered by the Community industry without recourse to Community measures restricting imports.

However, since imports under these conditions still threaten to cause serious injury to the Community producers concerned, the Commission considers it necessary to introduce prior Community surveillance of such imports. Entry of the footwear in question for free circulation in the Community should therefore be made subject to the issue of an import document. The said document shall be issued automatically, free of charge, for any quantity requested and without delay to any importer established within the Community within five working days following submission of a request to that end accompanied by an export licence issued by the competent body in Korea or an export declaration by the exporter from Taiwan for the same products appearing on the said export document,

HAS ADOPTED THIS REGULATION:

Article 1

From 1 July 1990 entry for free circulation in the Community of products listed in the Annex originating in South Korea and Taiwan shall be subject to prior Community surveillance in accordance with the procedure described in Articles 11 and 14 of Regulation (EEC) No 288/82.

Article 2

1. Entry of the products referred to in Article 1 for free circulation in a Member State shall be subject to presentation of an import document issued by the competent authorities of the importing Member State.

2. The import document referred to in paragraph 1 shall be issued automatically by the competent authority of the importing Member State, free of charge, for any quantity requested, within a maximum of five working days from the day on which a request is presented by any Community importer, wherever he is established in the Community, on presentation of an export licence to the Community issued by the competent body in South Korea or an export declaration by the exporter from Taiwan for the same products appearing on the said export document. The import document may be used during a period of three months from the date on which it is received by the importer.

3. The request presented by the importer shall contain the following information:

(a) the name and address of the importer and of the exporter;

(b) description of the product indicating:

— its trade description,

— its CN code,

— country of origin,

— country of last export;

(c) free-at-frontier cif price and quantity in pairs;

(d) proposed date(s) and place(s) of import;

and shall be accompanied by the export licence issued by the competent body in South Korea or of the export declaration by the exporter from Taiwan.

Article 3

Within 10 days of the end of each month the Member States shall inform the Commission of the quantities of footwear (in pairs) for which import documents were issued in that month.

The Member States' returns shall be broken down by product (trade description, CN code) and country of origin.

Article 4

The CN codes of the products referred to in Article 1 shall be inserted into Annex II to Regulation (EEC) No 288/82, followed by the sign '+' in the 'EUR' column.

Article 5

The Community investigation of the trend of imports into the Community of footwear originating in South Korea and Taiwan is hereby terminated.

Article 6

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities.*

It shall apply from 1 July 1990 to 31 December 1992.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 21 June 1990.

For the Commission

Frans ANDRIESSEN

Vice-President

ANNEX

CN code	Description
6401	Waterproof footwear with outer soles and uppers of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes
6402	Other footwear with outer soles and uppers of rubber of plastics excluding slippers and other indoor footwear falling within CN code 6402 99 50
6403	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather, excluding slippers and other indoor foorwear falling within CN codes 6403 59 50 and 6403 99 50
6404	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials, excluding slippers and other indoor footwear falling within CN codes 6404 19 10 and 6404 20 10
6405	Other footwear excluding : — slippers and other indoor footwear falling within CN code 6405 20 91