

COMMISSION REGULATION (EEC) No 3667/84

of 21 December 1984

instituting a system for the authorization of imports in respect of imports into France of certain beach slippers, slippers and other indoor footwear

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⁾, and in particular Article 15 (1) thereof,

Having regard to Council Regulation (EEC) No 1765/82 of 30 June 1982 on common rules for imports from State-trading countries⁽²⁾, and in particular Article 11 thereof,

Having regard to Council Regulation (EEC) No 1766/82 of 30 June 1982 on common rules for imports from the People's Republic of China⁽³⁾, and in particular Article 11 thereof,

Having regard to Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level⁽⁴⁾, and in particular Articles 8 and 9 thereof,

After consultations within the Advisory Committees set up by the above Regulations,

Whereas :

A. Procedure

(1) By means of Regulation (EEC) No 2483/83⁽⁵⁾, the Commission set up a system for the authorization of imports into France for certain beach slippers, slippers and other indoor footwear of Chinese origin. In so doing the Commission took account of the steps taken by the authorities of the principal exporting country, the People's Republic of China, which subjected the export to France of the products in question to an export certificate in order to contain such exports within certain quantitative limits in 1983 and 1984.

(2) On 20 July 1984 the Commission was informed by the French authorities that the expiry of the

measures in question, due on 31 December 1984, threatened to expose French producers to serious injury once again.

(3) The French request was supported by evidence regarding the trend of imports and the conditions under which they were taking place, in particular with regard to prices. Information had also been supplied regarding the effects of such imports on the slipper and beach slipper industries.

(4) Having decided, after consultations, that the evidence in its possession was sufficient to justify the initiation of an investigation, the Commission accordingly announced, in a notice published in the *Official Journal of the European Communities*⁽⁶⁾, the initiation of a Community investigation in respect of imports into France of such products originating in third countries, and commenced the investigation.

(5) The Commission officially informed the importers known to be concerned and gave all parties concerned the opportunity to make known their views in writing or to request an oral hearing.

Arguments were presented on behalf of the French producers notably by the Fédération Nationale de l'Industrie de la Chaussure de France, and on behalf of the importers by the Fédération Nationale des Négociants en Gros en Chaussures.

No arguments were put forward on behalf of Community consumers of the articles in question.

(6) The countries exporting the slippers and beach slippers were also given an opportunity to make known their views in writing or to request an oral hearing. Non-confidential parts of the report of the investigation were also sent to the authorities of the principal exporting country, the People's Republic of China.

(7) In the course of its investigation, the Commission endeavoured to gather and verify all the information it regarded as necessary. Since imports from China represent virtually all imports into France

⁽¹⁾ OJ No L 35, 9. 2. 1982, p. 1.

⁽²⁾ OJ No L 195, 5. 7. 1982, p. 1.

⁽³⁾ OJ No L 195, 5. 7. 1982, p. 21.

⁽⁴⁾ OJ No L 346, 8. 12. 1983, p. 6.

⁽⁵⁾ OJ No L 244, 2. 9. 1983, p. 12.

⁽⁶⁾ OJ No C 210, 10. 8. 1984, p. 5.

of slippers and beach slippers coming from non-member countries, the Commission's investigation concentrated on products from the People's Republic of China. It made on-the-spot checks on the premises of the following companies:

French producers

- SA Charmine, Angoulême,
- SARL Degorce & Fils, Marthon,
- Éts. Etchandy, Mauléon,
- Aguer & Fils SA, Mauléon;

Importers

- Atlex, Paris,
- Borsumij Wehry France, Wissous,
- Dresco, St. Maur (Paris),
- Netter Cie, Paris.

- (8) Price comparisons made related to the period 1 January to 31 July 1984.

B. Products and industries concerned

- (9) The products which are the subject of the investigation are, first, slippers and other indoor footwear with textile outer soles falling within heading No ex 64.04 of the Common Customs Tariff, corresponding to NIMEXE code 64.04-10, and secondly, all types of beach slippers, including those with outer soles with elastomer (beach slippers falling within subheading ex 64.02 B of the Common Customs Tariff, NIMEXE code ex 64.02-69) and those without elastomer (beach slippers falling within subheading ex 64.04 of the Common Customs Tariff, NIMEXE code ex 64.04-90).
- (10) The Commission investigation showed that a distinction should be made between slippers and beach slippers, whether with regard to import trends, prices or the impact of imports on French industry, since slipper production and beach slipper production constitute two different industries.

C. Slippers

- (11) The investigation showed that slippers originating in non-Community countries, and in the People's Republic of China in particular, generally have textile soles coated with plastic material and that slippers manufactured in France with outer soles of rubber or artificial plastic material are similar to or directly competitive with such products. For that reason, the impact of imports of the slippers

in question was gauged in relation to French production of slippers with soles of rubber or artificial plastic material, whether or not the slippers had textile uppers.

- (12) Imports into France of slippers originating in non-member countries increased from 23,5 million pairs in 1979 to 37,2 million pairs in 1982.

Following the implementation in August 1983 of the system instituted by Regulation (EEC) No 2483/83 in respect of slippers originating in China, the level of imports originating in non-member countries fell to 29 million pairs in 1983 and around 30 million pairs in 1984. Imports originating in China during these two years accounted for 18 million pairs and about 19,6 million pairs respectively, which corresponds, for 1983, with the export limits decided on by the Chinese authorities, but which exceeds by some 597 000 pairs the quantitative limit for 1984.

- (13) Resale prices of these imports in France were substantially lower than the prices applied by Community producers; the average price differential varied between 35 and 67 %, depending on the article.
- (14) With regard to the impact of the imports on the French slipper industry, the Commission investigation highlighted the fact that serious economic difficulties still existed, but also revealed the positive effects of the export ceilings decided on by the Chinese authorities.

Although apparent consumption has remained relatively steady at around 70 to 72 million pairs since 1980, the falling trend in the number of persons employed (15 000 in 1979, 11 500 in 1983), the reductions in the number of firms (82 in 1979, 67 in 1983) and the worsening of the financial results of the latter have not been reversed.

However, total slipper production, which showed a marked drop after 1980 (51 million pairs), seemed to stabilize at around 45 million pairs in 1983 and 1984. Moreover, while the market share of imports from China increased very sharply between 1979 (16,6 %) and 1982 (32,3 %), the system introduced in August 1983 reduced it to 27 %, thereby allowing French producers to win back a substantial share of the market between 1982 (48,7 %) and 1983 (54,4 %).

- (15) In the light of the information checked during the investigation, it appears that the lower end of the slipper market has now been largely taken

over by imports from outside the Community but that voluntary restraint on Chinese exports has enabled French manufacturers to diversify their production and to extend their line into the middle of the range.

Taking into account the still large market share of imports from non-member countries in 1984 (about 47 to 49 %), and Chinese imports (27 to 30 %) in particular, and in the light of the very low price levels of these imports, it is clear that failure to maintain protective measures would inevitably result in a further substantial increase in imports, which would in itself constitute a source of serious injury.

D. Beach slippers

- (16) Imports into France of beach slippers originating in non-member countries increased from about 1,7 million pairs in 1979 to 3,5 million in 1982 and 5,7 million in 1983.

The institution in August 1983 of the import system established by Regulation (EEC) No 2483/83 should have reduced imports from China to 2 700 000 pairs in 1983 and 2 800 000 in 1984. Actual imports originating in China substantially exceeded the levels laid down by the Chinese authorities, as communicated to the Commission, and for 1984 in the light of the French authorities, the experience gained in 1983 and after consultations with the Commission, suspended the issue of import authorizations once the quantitative limit had been reached.

Actual imports of Chinese origin finally amounted to about 5 200 000 pairs in 1983 and about 2 700 000 pairs in 1984.

- (17) Resale prices of imported beach slippers on the French market were about 26 to 29 % below the prices applied by French producers, depending on the article.
- (18) With regard to the impact on the French beach slipper industry, the investigation highlighted the serious economic difficulties which continued into 1983 and 1984 as a result of the fact that manufacturers were unable to benefit from reduced import pressure until 1984.

Indeed, the downward trend in the number of jobs was not reversed: 2 500 persons were employed in 1979 and 1 900 in 1981, and numbers continued to fall in 1983 (1 600) and 1984. At the same time, the number of producers

dropped from 24 firms and 14 craftsmen in 1979 to 17 firms and 12 craftsmen in 1982, and to 16 firms and 10 craftsmen in 1983. In addition, even the largest producers were obliged to sell lower and medium quality beach slippers at a loss with serious adverse effects on their financial results.

After falling from 14 million pairs in 1979 to 11,3 million in 1982, French production continued to decline in 1983 (10,8 million pairs) and in 1984.

The market share of imports from non-member countries, which went up from 12,9 % in 1979 to 33,6 % in 1982, grew further to 48,9 % in 1983. It was only in 1984 that their share came back down to around 25 %, reflecting the fact that the issue of import authorizations was suspended once the quantitative limit for Chinese exports had been reached.

- (19) It may be considered, to an even greater extent than in the case of slippers, that the lower end of the beach slipper market has now been taken over by imports from outside the Community. The French producers have responded to this situation by extensive modernization, which has meant diversifying their production in the direction of more expensive articles and boosting exports to a considerable extent.
- (20) In the light of the results of the investigation, it is clear that failure to maintain protective measures would inevitably result in a further substantial increase in imports, which would in itself constitute a source of serious injury and jeopardize the modernization measures.

E. Protective measures

- (21) It emerges from the foregoing that, in the case of both slippers and beach slippers, the threat of injury which has been established justifies the adoption of further protective measures for a period of three years in order to impede as little as possible the harmonious development of world trade and to permit the French undertakings concerned to plan their modernization programmes.
- (22) In view of this situation consultations have taken place between the Commission and the Chinese authorities, in accordance with Article 5 of the Trade Agreement⁽¹⁾ concluded between the

⁽¹⁾ OJ No L 123, 11. 5. 1978, p. 2.

Community and the People's Republic of China, which is the principal exporting country, in order to find a solution to the problems created by the imports in question.

- (23) Following these consultations, and in accordance with the spirit of the abovementioned Article 5, the Chinese authorities notified the Commission

of the steps taken by their Government in order to make exports into France of the slippers and beach slippers in question subject to export certificates and on the other hand to issue such certificates in such a way as to comply with the following quantitative limits for exports of the products in question into France during the calendar years 1985, 1986 and 1987:

Description	CCT heading No	NIMEXE code	<i>(thousand pairs)</i>		
			1985	1986	1987
Slippers and other indoor footwear	ex 64.04	ex 64.04-10	20 200	21 400	22 500
Beach slippers	ex 64.04 ex 64.02 B	ex 64.04-90 ex 64.02-69	3 200	3 400	3 600

these quantitative limits being increased, where appropriate, by unused quantities carried over from the previous year or reduced by quantities used in advance from the quantitative limit for the following year. Thus the limits set out above for 1985 will be reduced by 261 000 pairs of beach slippers and 597 000 pairs of slippers, these quantities having been used in advance in 1984.

- (24) In view of the measures taken by the Chinese Government it is necessary, in respect of imports of slippers and beach slippers into France, that appropriate verification procedures are set up to ensure that the machinery introduced by the authorities of the People's Republic of China to limit exports is operating properly,

HAS ADOPTED THIS REGULATION:

Article 1

1. Imports into France of the products set out below originating in the People's Republic of China shall be subject to an import authorization issued by the French authorities.

CCT heading No	NIMEXE code	Description
ex 64.04	ex 64.04-10	Slippers and other indoor footwear
ex 64.04	ex 64.04-90	Beach slippers
ex 64.02 B	ex 64.02-69	Beach slippers with rubber soles

This import authorization shall be valid only in the Member State in which it was issued.

2. The import authorization referred to in paragraph 1 shall be issued automatically, free of charge, within a maximum of five working days from the date of presentation by the importer of the original of the export certificate corresponding to the quantities requested issued by the authorities in China, subject to the annual quantitative limits for the Member State in question.

Article 2

The Community investigation proceeding to re-examine the trends of imports of certain slippers and other indoor footwear, and certain beach slippers, is hereby terminated.

Article 3

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

It shall be applicable from 1 January 1985 until 31 December 1987.

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

Done at Brussels, 21 December 1984.

For the Commission

Wilhelm HAFERKAMP

Vice-President
