

**NON-CONFIDENTIAL SUMMARY OF THE
APPLICATION FOR EXTENSION OF THE
SAFEGUARD MEASURE IN IMPLEMENTATION IN
IMPORTS OF FOOTWEAR**

NON-CONFIDENTIAL SUMMARY OF APPLICATION

1. DETAILS OF APPLICATION

1.1 Applicant and its status of representing domestic production

The application relating to the extension of the safeguard measure in implementation on imports of footwear was filed by domestic producers, which are members of the following professional associations under the coordination of Istanbul Textile and Apparel Exporters' Association.

- Istanbul Leather and Leather Products Exporters Association (IDMIB)
- Aegean Leather and Leather Products Exporters Association (EDMIB)
- Footwear Industrialists Association of Turkey (TASD)
- Turkish Footwear Sector Research Development and Education Foundation (TASEV)
- The Turkish Federation of Shoemakers (TUAF)
- Footwear Supplier Industries Association (AYSAD)

The listed companies account for more than 90 % of the footwear industry in Turkey.

1.2 Safeguard Measure

As a safeguard measure, additional financial liability practice was started in imports of footwear by the Council of Ministers decision published in the Official Gazette of 11/7/2006, no. 26225. The term of validity of the said safeguard measure will expire as of 11/08/2009. The goods subject to the current safeguard measure and the additional financial liability rates are given in the table below.

Sub-Heading	DESCRIPTION OF GOOD	Additional Financial Liability (USD/pair)		
		Period 1	Period 2	Period 3
64.02	Other footwear with outer soles and uppers of rubber or plastics	2,00	1,90	1,80
64.03	Footwear with outer soles of rubber,, plastics, leather or composition leather and uppers of leather	3,00	2,85	2,70
64.04	Footwear with outer soles of rubber,, plastics, leather or composition leather and uppers of textile materials	2,00	1,90	1,80

2. DETAILS ON IMPORTS OF THE SUBJECT GOOD

2.1 Course of total imports

The total import figures for footwear subject to the safeguard measure are listed below.

TOTAL IMPORTS			
YEARS	QUANTITY (Pair)	USD	UNIT PRICE
2005	28.507.632	391.047.752	13,7
2006	34.199.593	488.375.085	14,3
2007	31.261.885	530.083.618	17,0
2008	36.025.987	624.121.628	17,3
2008/3	14.271.772	215.391.748	15,1
2009/3	13.340.951	182.574.354	13,7

While total imports of footwear were 28.507.632 pairs in 2005, this figure has risen to 34.199.593 pairs with an increase of 20 % in 2006. The total imports of footwear, which decreased by 9 % in 2007 after implementation of the safeguard measure has risen to the level of 36.025.987 pairs with an increase of 15 % once again in 2008. It is observed that imports travel on the same high course in the first quarter of 2009, compared to the same period of 2008.

2.2 Imports by countries

Import statistics by countries are given in ANNEX-1. The table below shows the shares of the ten countries with highest import figures in total quantity of imports over the years.

COUNTRIES	2005	2006	2007	2008	2009/3
PEOPLE'S REPUBLIC OF CHINA	70,4	76,0	70,3	70,3	71,7
VIETNAM	8,6	7,1	10,0	10,2	11,7
INDONESIA	3,2	3,7	6,4	8,0	7,6
BRAZIL	2,5	1,9	2,2	2,4	1,9
INDIA	0,5	0,7	0,8	1,1	1,7
ITALY	3,2	3,0	2,8	2,2	1,3
THAILAND	1,3	1,6	1,8	1,3	1,2
SYRIA	0,0	0,2	1,3	0,8	0,5
SPAIN	1,0	0,9	0,9	0,9	0,5
MALAYSIA	5,4	0,7	0,3	0,2	0,3
OTHER	3,7	4,2	3,1	2,6	1,6

2.3 Market share of Imports

Market shares calculated for imported footwear are given below.

Market Share of Imports (%)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	21	22	22	26	27	31

The market share of imports which was 21 % in 2005 and 22 % in 2006 and 2007 has reached 26 % with an increase in 2008. It is observed that in the first quarter of 2009 in which the increasing trend continues, imports have taken a share of 31 % of the domestic market.

2.4 Ratio of imports to domestic production

The ratio of imports to domestic production has increased over the years, reaching 32 % in the first quarter of 2009.

Ratio of Imports to Domestic Production (%)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	18	20	19	24	29	32

3. DETAILS ON DOMESTIC PRODUCTION OF THE SUBJECT GOOD

3.1 Output

Output (pair)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	156.000.000	173.000.000	162.000.000	151.000.000	50.000.000	42.000.000

While footwear output was 156 million pairs in 2005, domestic production which increased in the following year has fallen somewhat in 2007, retreating to 162 million pairs and down to 151 million pairs in 2008. The output, which was 50 million pairs in the first quarter of 2008, has retreated to 42 million pairs in the same period of 2009.

3.2 Consumption quantity

The figures relating to the consumption quantities of footwear listed in subheadings 64.02, 64.03 and 64.04 are given below.

Consumption (pairs)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	138.139.160	156.443.135	141.855.152	138.194.739	52.350.404	43.700.079

3.3 Capacity and capacity utilization rate

Data on footwear production capacities and capacity utilization rates are given below.

	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
Capacity (pairs)	385.000.000	385.000.000	385.000.000	385.000.000	103.000.000	103.000.000
CUR (%)	41	45	42	39	49	41

There was no change over the years in total capacity; however, in parallel with the decrease in the quantity of output, there were significant declines in the capacity utilization rate in years 2007 and 2008 and in the first quarter of 2009 specifically.

3.4 Domestic sales

Domestic sales (Pairs)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	109.631.528	122.243.542	110.593.267	102.168.752	38.078.632	30.359.128

Domestic sales, which increased in 2006 over the previous year, has started to drop starting with 2007, reaching a figure lower than the level in year 2005 at the end of 2008. Domestic sales have declined by 20 % in the first quarter of 2009 over the first period of the previous year.

3.5 Productivity

Productivity (2005=100) (2008/3 =100)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
	100	106	106	101	100	103

In to the indexing carried out assuming 100 for 2005, the following figures are reached. The productivity index, which was 100 in 2005, does not display any significant change in the period under review.

3.6 Employment

Employment (persons)	2005	2006	2007	2008	2008 (3 Ay)	2009 (3 Ay)
	280.000	294.000	283.000	278.000	278.000	233.520

While the number of people employed by domestic manufacturers was 280.000 in 2005, this figure has reached 294,000 in 2006; however, the employment data which started to decline in that year were somewhat below the employment figure of 2005, in 2008. It is observed that employment has declined by 15 % in the first quarter of 2009 over the same period of the previous year.

3.7 Profitability

In footwear production, profitability has been travelling in the range of 1 to 3 percent in the last 4 years.

Profitability (%)	2005	2006	2007	2008	2008 (3 Months)	2009 (3 Months)
	1	4	3	1	1	3

3.8 Price undercutting

The price cutting indicators derived by comparison of details of cost and sale price in domestic production and imports are given below. It is observed that imported goods undercut the prices of directly competitive domestic products significantly.

Price undercutting (%)	2005	2006	2007	2008	2008 (quarter)	2009 (quarter)
		55-69	59-69	49-58	50-58	56-68

4. CONCLUSION

Imports of footwear continuing to increase after the adopted safeguard measure have risen to 36 million pairs in 2008. It is observed that imports continue approximately at the same level compared to the same period of the previous year in the first quarter of 2009, too.

In light of the above summarized developments, it is observed that the safeguard measure implemented in July 2006 has led to a certain improvement and adaptation in the general performance and competitiveness of the industry, that however, the rehabilitation process of the industry was interrupted due to the impact of imports' continuing to increase and therefore, as the need for maintaining the current safeguard measure continues, it is petitioned that the term of the safeguard measure is extended.

IMPORTS BY COUNTRIES

	2005	2006	2007	2008	2009-3
COUNTRIES TOTAL	28.507.632	34.199.593	31.261.885	36.025.987	13.340.951
FRANCE	45.128	61.832	27.594	28.216	4.541
HOLLAND	7.397	13.255	9.975	16.686	3.041
GERMANY	173.466	304.064	44.579	70.339	7.308
ITALY	905.588	1.028.854	880.499	789.028	176.432
ENGLAND	20.073	21.021	25.457	10.485	7.168
IRELAND	195	243	99	0	0
DENMARK	5.393	1.149	2.469	439	27
GREECE	8.136	8.004	3.452	7.322	706
PORTUGAL	221.461	228.956	191.418	174.381	30.703
SPAIN	289.649	294.518	296.603	306.284	62.248
BELGIUM	469	7.649	7.870	4.123	0
SWEDEN	88	215	16	132	29
FINLAND	0	695	73	1.070	0
AUSTRIA	9.359	12.659	2.072	4.158	1.369
SWITZERLAND	1.548	1.143	2.826	4.934	11
ESTONIA	5.674	1.960	0	0	0
LITHUANIA	14.886	1.488	0	12	0
POLAND	1.613	7.682	12.200	10.223	5.200
CZECH REPUBLIC	4.622	20.501	2.135	4.541	253
SLOVAKIAN REPUBLIC	8.167	21.434	12.977	5.910	787
HUNGARY	7.806	8.598	30.997	4.555	772
ROMANIA	107.196	199.083	185.150	143.496	17.088
BULGARIA	18.139	103.805	13.655	6.718	1.194
ALBANIA	966	3.328	8.061	12.829	3.990
UKRAINE	468	1.454	1.419	1.451	656
MOLDAVIA	3.149	5.899	4.851	7.231	590
RUSSIAN FEDERATION	778	5.087	2.130	2.491	409
SLOVENIA	600	3.376	1.890	1.152	371
CROATIA	522	6.293	10.315	5.839	3.050
BOSNIA HERZEGOVINA	8.551	7.056	16.841	21.243	3.281
MACEDONIA	511	1.879	5.433	3.745	0
SERBIA	0	2.335	5.801	3.791	210
MOROCCO	24.022	38.886	40.675	27.454	5.796
TUNISIA	8.825	20.704	28.537	39.147	5.942
LIBYA	0	0	2.280	0	0
EGYPT	944	4.749	2.008	1.115	0
BURKINA FASO	0	236	0	0	0
SIERRA LEONE	0	29	0	0	0
NIGERIA	0	100	214	30.240	0
ETHIOPIA	0	0	10	1.140	198
SEYCHELLES	0	0	49	0	0
MADAGASCAR	0	0	0	0	6
MAURITIUS	0	0	0	35	0

	2005	2006	2007	2008	2009-3
ZIMBABWE	0	4	0	0	0
U.S.A.	14.525	8.541	4.849	6.679	645
CANADA	0	2.526	13	661	458
MEXICO	45	353	3.225	8.667	2.609
HONDURAS	0	0	0	42	0
EL SALVADOR	628	2.387	922	1.908	0
PANAMA	0	0	0	64	0
DOMINICAN REPUBLIC	19.801	30.420	18.038	33.422	15.316
DOMINICA	1.663	23	40	108	0
COLOMBIA	65	15	8	0	0
VENEZUELA	167	0	0	0	0
BRAZIL	722.768	661.178	684.234	855.981	249.163
ARGENTINA	5	0	49	101	0
TURKISH REP. OF NORTHERN CYPRUS	221	352	491	1.454	0
LEBANON	56	0	48	0	0
SYRIA	8.846	78.117	409.584	287.377	64.459
IRAQ	0	0	6.252	0	0
IRAN	0	0	1	19	0
ISRAEL	4.078	7.349	0	108	0
JORDAN	57	25	28	0	0
SAUDI ARABIA	179	120	44	0	0
UNITED ARAB EMIRATES	397	3.244	40.083	61	0
PAKISTAN	17.080	3.755	2.472	16.916	28.937
INDIA	136.087	222.612	246.673	388.103	222.666
BANGLADESH	6	7.415	3.930	13.598	3.667
SRI LANKA	586	3.977	1.011	1.912	1.298
NEPAL	0	0	435	516	0
THAILAND	374.221	543.463	556.112	453.714	164.446
LAOS DEM. PEOP. REP.	3.960	11.904	202	0	0
VIETNAM SOCIALIST	2.465.447	2.445.192	3.137.677	3.686.054	1.564.530
CAMBODIA	2.034	31.277	31.741	54.208	26.053
INDONESIA	924.622	1.279.863	2.001.333	2.899.909	1.010.481
MALAYSIA	1.535.483	228.206	100.812	72.188	41.466
SINGAPORE	0	137	15	7.140	2.436
PHILIPPINES	19.339	36.038	49.653	70.782	21.932
PEOPLE'S REPUBLIC OF CHINA	20.077.411	25.981.405	21.961.977	25.340.065	9.571.001
NORTH KOREA	12	0	24	0	0
SOUTH KOREAN REPUBLIC	10.266	8.134	1.539	478	505
JAPAN	7.161	5.755	7.321	9.867	0
TAIWAN	211.324	103.235	62.342	24.647	1.427
HONG-KONG	8.545	15.804	9.973	16.103	232
MACAO	27.297	24.092	22.229	17.986	3.393
AUSTRALIA	0	0	1	217	3
NEW ZEALAND	0	1.262	2.118	1.672	410
AEGEAN FREE ZONE	70	0	78	0	0
MENEMEN FREE ZONE	3.328	0	0	0	0