

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

## DETAILS OF APPLICATION

### 1.1 Applicant

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

- Istanbul Leather and Leather Products Exporters Association (IDMIB)
- Aegean Leather and Leather Products Exporters Association (EDMIB)
- Turkish Footwear Industrialists Association (TASD)
- Turkish Footwear Sector Research Development and Training Foundation (TASEV)
- Footwear Supplier Industries Association (AYSAD)

### 1.2 Safeguard Measure

As a safeguard measure, additional financial liability practice was started in imports of footwear by to those Council of Ministers decision published in the Official Gazette of 11/7/2006, no. 26225. The term of validity of the said safeguard measure expired in 9/8/2009. By Council of Ministers decree published in the Official Gazette no. 27492, implementation of safeguard measures on footwear imports has been extended for another period with implementation to end as of 09/08/2012.

Sub-Heading	Description of Good	Additional Financial Liability		
		(USD/pair)		
		Period 1 (10.8.2009-9.8.2010)	Period 2 (10.8.2010-9.8.2011)	Period 3 (10.8.2011-9.8.2012)
64.02 <sup>(1)(2)</sup>	Other footwear with outer soles and uppers of rubber or of plastics	1,70	1,65	1,60
64.03 <sup>(1)(2)</sup>	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather	2,55	2,50	2,45
64.04 <sup>(1)(2)</sup>	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials	1,70	1,65	1,60

(1) Except for sub-headings 6402.12; 6402.19; 6403.12; 6403.19; 6404.11.

(2) For sub-headings 6402.99.50; 6402.99.91; 6403.51.11; 6403.51.91; 6403.59.31; 6403.59.50.00.11; 6403.59.50.00.12; 6403.59.50.00.13; 6403.59.91; 6403.91.11; 6403.91.91; 6403.99.31; 6403.99.50; 6403.99.91; 6404.19.10.00.11; 6404.19.10.00.12; 6404.19.10.00.13; 6404.19.90.00.13; 6404.20.10, implementation will be 1.20 USD/pair.

## 2. DETAILS ON IMPORTS OF IMPORTS OF FOOTWEAR SUBJECT TO SAFEGUARD

### 2.1 Course of Imports

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

Year	IMPORTS			CHANGE		
	Quantity (Pair)	USD	Unit Price	Quantity (%)	USD (%)	U.P. (%)
2008	34.882.619	589.703.013	16,91	14,49	16,01	1,33
2009	31.073.221	476.797.888	15,34	-10,92	19,15	-9,23
2010	37.345.095	571.878.218	15,31	20,18	19,94	-0,20
2011	48.399.627	755.424.412	15,61	29,60	32,10	1,92
2011/3	17.117.325	239.911.621	14,02			
2012/3	17.330.566	252.762.406	14,58	1,25	5,36	3,99

While imports of footwear subject to the safeguard measure were 35 million pairs approximately in 2008; in 2009, have gone to the level of 31 million pairs with a drop of 11 % under the impact of the recession in 2009. Footwear imports which displayed a rapid increase in subsequent years with increases of 20 % and 30 % respectively have gone over 48 million pairs by the end of 2011.

### 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 imports over the years.

	2008	2009	2010	2011
CHINA	72	71	74	73
VIETNAM	9	11	10	10
INDONESIA	8	8	7	8
BRAZIL	3	2	2	2
SYRIA	1	0	1	1
ITALY	2	2	1	1
INDIA	1	2	1	1
SPAIN	1	1	1	1
KAMPUCHEA	0	0	1	1
THAILAND	1	1	1	1
OTHER	3	2	2	2

As inferred from examination of the table, imports from People's Republic of China represents approximately three quarters of total imports. The share of imports

of Vietnam and Indonesia, together with People's Republic of China, is above 90 % of total imports.

### 2.3 Market Share

Market Share (%)	2008	2009	2010	2011
Market Share of Imported Products	25	23	26	31
Market Share of Domestic Products	75	77	74	69

The market share of imports which was 23 % in 2009 and respectively 26 % and 31 % in 2010 and 2011 has started to increase starting with 2009 as shown in the table above.

### 2.4 Increase in Imports Relative to Domestic Production

Percentage of Imports Compared to Domestic Production (%)	2008	2009	2010	2011
	23	21	22	25
Change (%)		-10	6	16

The proportion of imports to domestic production has increased by 20 % in the period 2009-2011.

## 3. DETAILS ON DOMESTIC PRODUCTION OF THE SUBJECT GOOD

### 3.1 Production

Production (Pair)	2008	2009	2010	2011
	151.000.000	150.000.000	170.000.000	190.000.000
Change (%)		-1	13	12

Although footwear production has taken a parallel course in 2008 and 2009, with the revitalization in the marketplace, it has gone first up to 170 million pairs in 2010 and subsequently, to 190 million pairs in 2011.

### 3.2 Consumption

The figures relating to the consumption quantities of footwear subject to safeguards are given below.

Consumption (Pairs)	2008	2009	2010	2011
	138.195.000	133.152.000	143.689.000	155.287.000
Change (%)		-4	8	8

Consumption figures have increased significantly in the period 2009-2011.

### 3.3 Capacity and Capacity Utilization Rate (CUR)

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

Capacity (Pairs)	2008	2009	2010	2011
	385.000.000	385.000.000	385.000.000	385.000.000
<b>CUR (%)</b>	39,22%	38,96%	44,16%	49,35%

It is observed that there was no change in the capacities of domestic manufacturers over the years; however, in parallel with the increase in the volume of production, there was an increase in the capacity utilization rate especially in years 2010 and 2011.

### 3.4 Domestic Sales

Domestic Sales (Pairs)	2008	2009	2010	2011
	102.169.000	101.000.000	105.000.000	106.000.000
<b>Change (%)</b>		-1	4	1

Although domestic sales have taken a parallel course in 2008 and 2009, a certain amount of increase was observed in 2010 and 2011. However, this increase has remained quite removed from the revitalization in the marketplace and the experienced increase in demand. During the period under review, firms have exported part of their increased production to international markets.

### 3.5 Employment

Employment (Person)	2008	2009	2010	2011
	366.000	320.000	300.000	280.000
<b>Change (%)</b>		-13	-6	-7

The number of persons employed in the industry was 366,000 in 2008 but this figure has gone down to 280,000 in 2011.

### 3.6 Productivity

Productivity figures calculated based on per capita manufactured footwear are given below.

Productivity (Pair/Person)	2008	2009	2010	2011
	413	469	567	679
<b>Change (%)</b>		14	21	20

Decreasing employment underlies the productivity which has increased sharply between 2008-2011. While employment has gone down during the subject years, the increase in production has caused an increase in productivity.

### 3.7 Profitability

Profitability in domestic production of footwear subject to safeguard has gone from 1 % to 3 % during the years under review. However, such profitability rates are quite low for the footwear industry.

Profitability (%)	2008	2009	2010	2011
	1%	1%	2%	3%

## 4. CONCLUSION

For the first time, safeguard measures were imposed on imports of footwear on August 10, 2006, which measures were extended for three years in 2009. While import figures have taken a parallel course in terms of both value and also quantity in the first years of the implementation of the safeguard measure, after extension of the safeguard measure in 2009, imports have displayed a rapid trend of increase in terms of both value and also quantity. While in the same period, the market share of imports and proportion of imports to domestic production have increased, employment has gone down.

After the safeguard measure was extended in 2009, due to the global recession a stagnation has taken place in the industry in the same year and in the second half of 2011, the process has been disrupted once again with the anticipation of a global crisis. It is requested that the existing safeguard measures are extended for another term of three years so that this positive process which started with the impact of the existing safeguard measures continues and to ensure reflection onto the industry positively of the results of activities increasing the competitiveness of the industry.

## ANNEX-1: DEVELOPMENT OF IMPORTS BY COUNTRIES

Name of Country	2008	2009	2010	2011
CHINA	290.379.718	254.032.879	322.236.517	418.834.280
VIETNAM	66.844.964	63.065.478	71.877.270	94.637.980
INDONESIA	66.971.709	51.200.518	57.006.081	78.341.716
BRAZIL	13.586.384	7.964.159	8.021.624	11.077.771
SYRIA	5.136.596	2.610.041	4.696.955	13.603.218
ITALY	78.778.166	45.018.676	51.186.342	67.881.771
INDIA	9.419.312	12.412.256	12.442.080	15.649.181
SPAIN	12.164.731	6.972.608	7.828.247	11.650.201
KAMPUCHEA	856.249	1.437.034	2.748.666	4.603.972
THAILAND	13.719.201	8.154.809	6.324.469	6.663.041
PORTUGAL	6.417.937	4.201.509	3.527.429	6.028.651
GERMANY	1.799.516	1.410.415	1.499.819	3.214.426
BANGLADESH	276.636	216.772	871.525	1.521.789
RUMANIA	6.309.324	2.600.528	2.954.268	4.480.228
ALBANIA	346.304	429.068	524.081	1.060.406
DOMINICAN REPUBLIC	1.531.140	1.847.828	1.816.765	1.816.120
MOROCCO	2.224.805	2.035.293	3.564.400	2.097.687
FRANCE	1.171.771	630.622	1.081.691	1.148.399
HOLLAND	427.508	287.931	434.163	715.595
MALAYSIA	973.750	1.258.182	518.013	587.031
TAIWAN	349.312	483.289	903.159	912.632
UKRAINE	39.439	53.365	333.320	429.017
SAUDI ARABIA				61.237
U.S.A.	234.434	139.011	285.691	391.014
ARGENTINA	14.239	4.565		10.879
AUSTRALIA	10.453	1.037.566	406.378	3.277
AUSTRIA	158.916	148.272	17.410	94.831
BELGIUM	164.331	22.715	51.260	1.618
BOSNIA HERZEGOVINA	891.730	524.132	525.856	1.090.269
BULGARIA	375.366	253.065	444.633	798.851
DENMARK	19.462	14.992	19.746	37.194
DOMINICA	3.843			4.934
EL SALVADOR	104.331	21.362		142
ETHIOPIA	24.900	17.332	4.250	18.216
PHILIPPINES	1.104.208	1.140.739	526.524	9.005
FINLAND	85.606	33.737	83.790	22.731
SOUTH KOREA	51.092	113.236	613.681	43.701
CROATIA	220.001	340.015	247.654	189.663

HONG-KONG	158.197	79.550	270.913	226.460
JAPAN	222.780	103.724	251.011	218.951
TURKISH REPUBLIC OF NORTHERN CYPRUS	106.656	16.238	49.746	733
CANADA	18.723	59.666	628.790	121.640
LITHUANIA	868	668	18.992	176
HUNGARY	359.121	199.941	218.018	256.539
MACEDONIA	166.751	13.797	84.957	112.043
MAURITIUS	321			1.771
MEXICO	341.950	126.176	195.010	187.802
EGYPT	57.977		13.763	60.468
MOLDAVIA	376.705	253.411	269.406	507.446
PAKISTAN	356.163	776.131	335.813	257.896
PANAMA	8.662			12.635
POLAND	141.743	101.720	99.301	188.755
RUSSIAN FEDERATION	63.454	189.871	28.729	39.615
SERBIA	187.894	68.675	74.801	323.663
SLOVAKIAN REPUBLIC	292.471	120.447	221.245	447.837
SLOVENIA	17.770	31.053	11.979	58.500
SRI LANKA	54.739	64.241	104.959	54.527
SINGAPORE	107.143	51.393	44.488	45.600
TUNISIA	998.665	698.118	1.499.684	746.808
NEW ZEALAND	24.675	18.463	16.486	26.715
GREECE	425.253	79.731	178.594	131.797
CHECK REPUBLIC	90.017	38.516	24.229	793
ENGLAND	518.036	970.127	972.077	925.277
ISRAEL	3.200	18.449	7.548	62.429
SWEDEN	6.015	6.633	27.478	1.870
SWITZERLAND	338.057	107.406	206.459	339.058
U.A.E.		1.126	511	14.707
IST.THRACE FREE ZONE		11.354		4.061
AEGEAN FREE ZONE			39.377	151.490
GEORGIA			171.575	13.114
LEBANON			913	16.943
AMERICAN SAMAO				544
WEST SAMOA				6.356
CHRISTMAS ISLANDS				410
REPUBLIC OF SOUTH AFRICA				41.436
CAMERON				35.719
COLOMBIA				23.866
NICARAGUA				24.429



PERU				178
TURKMENISTAN				681
BURMA (BIRMANIA)	5.484	131.854	62.661	
HONDURAS	7.880			
KOSOVO	103			
KUWAIT	761		6.590	
MACAO	861.411	93.046	1.208	
NAURU	745			
NEPAL	7.833			
NIGERIA	182.790			
OMAN	4.366			
IRAN	250		94.856	
IRAQ		140.066	5.001	
CANARY ISLANDS		3.911		
KAZAKHSTAN		1.010		
LAOS		10.838		
MADAGASCAR		241	625	
NORWAY		7.426	5.738	
JORDAN		68.872		
KENYA			2.513	
KIRGIZIA			8.246	
IRELAND			171	
ESTONIA				