

July 3, 2006 11:37 a.m. EDT

EU Proposes Quotas For China, Vietnam Shoes Until 2011

DOW JONES NEWSWIRES

July 3, 2006 11:37 a.m.

BRUSSELS (Dow Jones)--European governments are studying a plan by the European Commission for a quota system on imports of Chinese and Vietnamese-made leather shoes that Brussels hopes will resolve a trade row with both countries, an E.U. spokesman told Dow Jones Newswires Monday.

European governments received the plan Friday and have a month to comment on plans for import ceiling that would launch in October and stay in place for five years, until 2011. Under the system, shoe imports would reach Europe at a low duty up to a certain threshold. Beyond the threshold, a higher duty would kick in, trade spokesman Peter Power said.

"Duties would only kick in after a certain level of imports has been reached," Power said.

Under the plan currently tabled, Europe would import up to 140 million pairs of Chinese-made leather shoes and 95 million pairs of Vietnamese-made leather shoes with a minimum duty annually, with a clause to review the levels every year, E.U. diplomats said.

Beyond that level, imports from China would face a 23% duty and those from Vietnam a 29.5% duty, according to people familiar with the case.


A Chinese official in Brussels said the plan breaks international trade rules.

"We don't want to return to the 1980s when quotas were prevalent. But the door is open and we are ready to negotiate for a possible solution," the official told Dow Jones Newswires.

The proposed ceiling would admit imports equivalent to about 80% of volumes imported from China in 2005, and more than 80% of volumes imported from Vietnam in the same year, diplomats said.

Brussels launched temporary punitive tariffs on Chinese and Vietnamese leather shoes in April

DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

after it found that both countries were giving shoe makers tax breaks and cheap loans. The temporary measures run out in October. Currently, these measures tax all leather shoe imports from China at a maximum of 19.4% and from Vietnam at 16.8% at most. Diplomats said the new plan will end a tax exemption for children's shoes, a carve-out that Italian shoemakers will likely try to retain.

The plan faces criticism within the E.U., which has been divided over backing either European retailers eager for cheap access to Asian goods and European shoemakers worried about a flood of imports priced under what Brussels says are unfair pricing conditions. Italy in particular has led the drive to slow Asian imports of shoes, textiles, furniture and ceramics. Trade officials from national governments engrossed in deadlocked global trade talks said it was too early to dismiss or welcome the Commission's plan but predicted months of wrangling over the issue.

"We're a long way from knowing what the final outcome will be" on shoe imports, Power said. "It's the Commission's job to come up with a proposal that addresses the issues at stake and steers the middle ground between competing interests."

-By Juliane von Reppert-Bismarck, Dow Jones Newswires; +32-2-741-1487;
juliane.vonreppert@dowjones.com

URL for this article:

http://online.wsj.com/article/BT_CO_20060703_705006.html

Copyright 2006 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our **Subscriber Agreement** and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.