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## EU Adopts New Import Duties On China, Vietnam Shoes

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BRUSSELS -- The European Commission Thursday endorsed a plan to slap import duties on Chinese and Vietnamese-made leather shoes that investigators have found are being sold on the European market at illegally low prices.

The duties will launch April 7 and be phased in over five months, reaching a peak of 19.4% on leather shoes made in China, and 16.8% on leather shoes made in Vietnam.

They will affect about 9% of all shoes sold in Europe.

The sanctions mirror proposals by European Trade Commissioner Peter Mandelson, who has vowed to protect European shoemakers from illegal trading practices that may already have cost Europe 40,000 jobs.

Brussels investigators found China and Vietnam have been giving their shoemakers tax holidays, cheap loans and below-market rental conditions, allowing them to sell their wares at below production cost. This practice is illegal under world trade rules.

"These antidumping measures will correct the injury caused to European leather shoe producers. It is important that we act against unfair trade while encouraging legitimate and competitive from emerging economies. We do not target China and Vietnam's natural competitive advantages, only unfair distortions of trade," said Mandelson in a statement.

The decision failed to please European shoemakers in countries such as Italy, Spain and France, who had demanded higher duties.

Moreover, in an effort to appease retailers worried about duties denting their profit margins, the Brussels decision exempted high-tech sports shoes and childrens' shoes from the duties. Children's shoes made up 16% of shoes imported by Europe in 2005, according to the Foreign Trade Association, which represents big European retailers and importers.

Traders agree it is almost impossible to tell childrens' shoes from regular shoes. The category covers all shoes up to a European size 37.5 - the average women's shoe size in Italy.

Mandelson has vowed to continue talks with China and Vietnam. Both countries deny price dumping and China has said it could complain against the duties at the WTO.

During the five months of the duties' phase-in, trade and customs experts will survey trade flows to make sure importers and retailers aren't circumventing the duties by ordering shoes exempted from the duties.

By the fall, Brussels will have to decide whether to make the duties permanent. In that case, the tariffs could stay in place for five years, until 2011.

The duties have rekindled a dispute between European retailers hungry for cheap Asian goods and the bloc's manufacturers who fear for their jobs. Brussels has found that since 2001, shoe imports from China and Vietnam have surged at the same time as European footwear production tumbled 30%.

A similar dispute last year over Chinese-made clothing led to emergency import ceilings being first imposed and then overshot.

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