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A REPORT BY *Canada.*
THE SECTOR TASK FORCE ON

THE CANADIAN FOOTWEAR INDUSTRY

Chairman D. G. MacLeod

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FOOTWEAR INDUSTRY SECTOR CONSULTATIVE TASK FORCE

REPORT OF THE FOOTWEAR INDUSTRY SECTOR

CONSULTATIVE TASK FORCE

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FOOTWEAR INDUSTRY SECTOR

CONSULTATIVE TASK FORCE

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FOOTWEAR INDUSTRY SECTOR

CONSULTATIVE TASK FORCE

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July 14th, 1978.

The Honourable Minister of Industry, Trade
and Commerce

Dear Mr. Minister,

It is a pleasure to submit herewith the unanimous report of the Consultative Task Force on the Canadian Footwear Industry.

As a part of its consultation, the Task Force submitted its draft report to the associations comprising the National Footwear Conference (retailers, importers, tanners, suppliers and travellers). To date no comments have been received except for verbal statements of support and concurrence from the tanners. If any other comments are received, these will be forwarded for inclusion as appendices to the report.

The Task Force would like to record its appreciation of the fine co-operation received from government personnel at all levels, and as Chairman I would like to express my appreciation to all of the members of the Task Force for their outstanding efforts and conscientious dedication.

Respectfully submitted,



Donald G. MacLeod
Chairman
Task Force on the Canadian Footwear Industry

DGMaL:es

ACKNOWLEDGEMENT

The members of the Footwear Industry Sector Consultative Task Force thank those persons whose contributions to this report are much appreciated. Their names are listed below.

Yours truly,

D. G. MacLeod, Chairman

F. Bastien	Department of Labour -- Ottawa
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REPORT OF THE FOOTWEAR INDUSTRY SECTOR
CONSULTATIVE TASK FORCE

I INTRODUCTION

1. Objectives -- The footwear industry appreciates the opportunity to place "on record" its proposals to increase the viability, competitiveness and prosperity of the footwear manufacturing industry. It is recognized that these proposals could have relevance for all manufacturing industries in Canada. The consultative process now underway is a most commendable step which enlarges the understanding of the issues and problems of all the groups and individuals who participated in the Task Force and which in turn should lead to meaningful changes in policy direction, and as a result should be continued.
2. Members of the footwear industry Task Force benefited greatly from the close co-operation developed among all of the participants in the preparation of and presentation to the Anti-Dumping Tribunal in the Spring and Summer of 1977, and more particularly has benefited from the very comprehensive and competent study of the industry, as set out in the report of the Anti-Dumping Tribunal dated September, 1977.
3. The footwear and tanning industries are among the few industry sectors in which a Sector Strategy is in place. The industries have taken action to facilitate the implementation of the strategy, and are on the threshold of achieving significantly greater benefits as the programs under the Strategy continue to be developed and utilized in the industries.
4. The above statement is substantiated by the Anti-Dumping Tribunal report which emphasized that the Canadian footwear manufacturing industry is competitive in the areas of fashion, worker productivity, quality, and the utilization of advanced technology. The report confirmed what the industry has long known, that to be "price competitive" with imports is vital to industry survival. Steps that enhance the ability of the industry to be price competitive and to continue to be competitive in other areas, are the main thrust of this report.
5. Because footwear manufacturing deals in products produced from leather, a truly "natural material", the industry is among the most labour intensive of all manufacturing industries. This has a major impact on the costs of production of footwear, as well as on the costs of production of the major raw material, leather. More than 25 per cent of the wholesale price of footwear produced in Canada is direct and indirect manufacturing labour. In addition, when the raw material suppliers' labour is added, total labour comes to more than 60 per cent of the wholesale price.
6. The labour intensiveness is a characteristic of those Canadian industries most vulnerable to low wage import competition, and as a result the footwear industry has much in common with textiles, clothing, furniture and certain electronic components industries (See the Conference Board in Canada Report attached as Exhibit 1).
7. The Task Force has had the opportunity to study population and labour force growth projections from a variety of sources, and concurs in the projections and analysis that unfortunately indicate that the elimination of both regional and demographic disparities in employment will take many decades to achieve.

The Canadian Labour Congress Analysis and other data clearly indicate that men under 25 years of age, and women in the labour force are bearing the major brunt of the hardships of unemployment. The footwear industry is a substantial employer of these very people. The industry is therefore very much needed as an employer in general, and especially in the many small and medium-size communities in Ontario and Quebec, where footwear manufacturing is the major source of employment.
8. The finding of serious injury by the Anti-Dumping Tribunal and the imposition of quantitative restrictions of footwear imports is a recognition of the severity of

the import threat to employment, and to the viability of footwear manufacturing, tanning and supply production.

9. The Task Force felt it to be of critical importance to recognize and attempt to reconcile two major economic realities in the preparation of its recommendations to the various levels of government.
- (i) Canada is a trading nation and in order to maintain the standard of living and reduce its cost, trade has to be encouraged;
 - (ii) Providing useful productive employment to Canadians is the major challenge of the last quarter of the 20th Century, and probably this challenge will exist even longer.

The challenge to the private sector is to stimulate consumption and pay wages that enable consumption, as well as to make capital investments necessary to put the needed jobs in place.

The challenge to government is to create an environment in which such activity is politically feasible and economically viable. It is our emphatic impression that the majority of Canadians agree that such action is appropriate NOW.

10. The task of reconciling the various conflicting sets of objectives in their practical application in the footwear industry could best be described as the act of recognizing:
- (i) That no responsible Canadian industry would support reduced wage levels or the repeal of legislation negatively affecting employee protection, child labour, and social welfare, to make industry labour costs and regulations equivalent with those of some countries which are major competitors.
 - (ii) The substantial number of rulings by Revenue Canada resulting in added values for duty on footwear from Italy, Spain, Taiwan, Korea and Brazil, are clear evidence of the nature of some of the competition the Canadian industry faces. Furthermore, specific examples of "controlled trade unions", hiring of child labour and an almost complete lack of social welfare programs were discussed at length and MUST be recognized in order to avoid further Canadian unemployment *
 - (iii) It is recognized that most footwear workers in the rest of the world have a lot of catching up to do in relation to Canadian shoe workers, but even more importantly, that Canadian footwear workers have a lot of catching up to do with many other Canadian workers.

11. This report therefore represents the efforts of the Task Force to present the realities of the Canadian footwear industry in the context of the Canadian economy, and to present recommendations that are reasonable, viable and practical, in the interests of all Canadians, and that will enable significant improvements in the security of employment and investment provided by the Canadian footwear manufacturing industry. The recommendations herein represent the unanimous views of the members of the Task Force.

* Report of William Scanlon of the Boot and Shoe Workers and of the AFL-CIO details an example of this competition. Leather and Shoes/November 1977.

II IMPORT CONTROLS AND INDUSTRY VIABILITY

Canada is among the increasing number of developed countries which has imposed restrictions on the imports of footwear, (U.S., Australia, Sweden, Denmark, Britain, European Economic Community). The imposition of quantitative restrictions has provided a "pause" to facilitate restructuring, to enable the successful application of the Industry Sector Strategy, and to permit the industry to become more "price competitive".

THE PRINCIPAL RECOMMENDATIONS OF THIS REPORT ARE THAT FOLLOWING THE TERM OF THE EXISTING QUOTA SYSTEM (1st DECEMBER, 1977 TO 30th NOVEMBER, 1980) FOR THE MEDIUM TERM 1981 TO 1985 AND THE LONGER TERM 1986 TO 1995, CONSTANT MONITORING ON A FORMAL BASIS BE MAINTAINED AND INDUSTRY PARTICIPATION IN THE MONITORING PROCESS BE PUT IN PLACE. IT IS EXPECTED THAT AS A RESULT OF THIS MONITORING --

- (1) IMPORT RESTRICTIONS FOR SOME DEVELOPED COUNTRIES COULD BE ELIMINATED FROM THE QUOTA PROGRAM, WHILE THE EXISTING TARIFF PROVISIONS ON IMPORTS ARE LEFT IN PLACE.
- (2) FOR SOME OTHER DEVELOPED COUNTRIES ORDERLY MARKETING AGREEMENTS SHOULD BE NEGOTIATED ESTABLISHING QUANTITATIVE LEVELS OF IMPORTS FROM THESE SOURCES ALONG WITH MAINTAINING EXISTING TARIFF PROVISIONS.
- (3) LONG-TERM SPECIAL MEASURES OF PROTECTION BE MAINTAINED WITH RESPECT TO THE STATE TRADING COUNTRIES OF EASTERN EUROPE, THE FAR EASTERN COUNTRIES, DEVELOPING COUNTRIES, INCLUDING MAJOR EXPORTERS IN CENTRAL AND LATIN AMERICA COUPLED WITH MAINTAINING EXISTING TARIFF PROVISIONS.

The proposed monitoring system would include constant reading of both domestic and import prices, and as a result it is further recommended --

- (4) THAT THE NATIONAL FOOTWEAR CONFERENCE OF CANADA, WHICH REPRESENTS ALL OF THE GROUPS CONCERNED WITH THE FOOTWEAR CHANNEL OF DISTRIBUTION, SUPPLEMENTED BY PARTICIPANTS FROM BOTH FEDERAL AND PROVINCIAL GOVERNMENTS, BE INVOLVED IN ON-GOING MONITORING OF IMPORT QUANTITIES AND SOURCES, DOMESTIC AND IMPORT PRICES WITH STATISTICAL INFORMATION PROVIDED MONTHLY FOR THE PREVIOUS MONTH BY THE OFFICE OF SPECIAL IMPORT POLICY AND STATISTICS CANADA.

The report of the Anti-Dumping Tribunal dated September 1977, and the finding of serious injury to the domestic industry, coupled with actions of the Department of National Revenue in increasing the value for duty on shoes from a number of exporting countries, describes most vividly the realities of the Canadian footwear market in 1978.

The actions of the Government of Canada in imposing quantitative restrictions on footwear imports, represent an emergency action to correct the serious injury to the industry. It is the opinion of the Task Force that it is realistic to make the long-term recommendations set out above, in order that the long-term viability of the industry may be ensured, providing a major source of employment in Canada, and an adequate return on shareholders' investment.

It is recognized that the continuance of special measures of protection should be subject to frequent and systematic assessment, in order to ensure that the interest of the consumer is protected and that consumers have access to reasonable quantities of low priced imports, and do not suffer from excessive price increases as a result of excessive charges by domestic manufacturers and importers or "trading up" by importers.

In order that the National Footwear Conference be involved in a meaningful way in the monitoring process, monthly data on import levels, prices and other statistical information has to be produced on a monthly basis for the previous month and provided to the National Footwear Conference.

Increased domestic production has started an "upward spiral" in the footwear manufacturing industry where increased volume resulting in the improved utilization of employee skills and equipment, will enable the industry to become more price competitive by spreading overhead costs over a larger volume of production, hence reducing the overhead cost per pair.

- (5) FURTHER RECOMMENDATIONS WERE DISCUSSED INCLUDING THE SUGGESTION THAT A STUDY BE MADE BY GOVERNMENTS TO DETERMINE THE FEASIBILITY OF RELATING IMPORT QUOTA GRANTING TO EMPLOYMENT CREATED IN CANADA (See report of Centrale des Syndicats Démocratiques (CSD) attached as Exhibit 2). THE PROPOSED STUDY WOULD ALSO INCLUDE COMPARISONS OF COSTS OF JOB CREATION BOTH IN CANADA AND IN THE MAJOR FOOTWEAR EXPORTING COUNTRIES.

III TARIFF AND TAXATION POLICY

The recommendations with respect to Tariff and Taxation Policy are complementary to the essential recommendations in Section II relating to import controls and industry survival and viability.

(A) TARIFFS

- (1) BECAUSE OF WORLD-WIDE DISRUPTION IN THE FOOTWEAR TRADE, THE FEDERAL GOVERNMENT SHOULD INCLUDE FOOTWEAR ON ITS EXEMPTION LIST IN THE PRESENT MULTILATERAL TRADE NEGOTIATIONS THUS EXEMPTING FOOTWEAR FROM THE PROPOSED TARIFF CUTS.

Any tariff reductions would destroy the industry's ability to expand and invest. Lay-offs, closures and further market erosion would be inevitable.

Canada should follow the example of the U.S. and include footwear on its exemptions list, and exclude it from tariff reduction.

- (2) THE CANADIAN GOVERNMENT SHOULD PROVIDE LEADERSHIP AND TOGETHER WITH OTHER GOVERNMENTS PURSUE THE DEVELOPMENT OF AN INTERNATIONAL FOOTWEAR AGREEMENT.

The Canadian Government should give immediate attention to devising some suitable form of international arrangement with the governments of other countries, many of which are experiencing the disruptive effects of footwear imports.

- (3) IN CASES FOR WHICH VALUE FOR DUTY CANNOT BE DETERMINED BY THE USUAL METHODS, CANADIAN SELLING PRICE OF FOOTWEAR SHOULD BE USED IN EVALUATING IMPORTED FOOTWEAR FOR DUTY PURPOSES.

It is suggested that Canadian Selling Price be used for duty evaluation of footwear, eliminating the unsatisfactory third country value, as soon as enough evidence is available of unfair trade practice.

- (4) IN CASES WHERE COMPLAINTS FROM DOMESTIC MANUFACTURERS ABOUT FOREIGN GOVERNMENT SUBSIDIES TO EXPORTERS ARE BROUGHT TO THE ATTENTION OF THE FEDERAL GOVERNMENT, THE MACHINERY ALREADY IN PLACE FOR THE APPLICATION OF COUNTERVAILING DUTIES SHOULD BE ACTIVATED. THIS SHOULD BE STRENGTHENED BY THE NEGOTIATION OF A CODE OF CONDUCT IN THE CURRENT MULTILATERAL TRADE NEGOTIATIONS.

Last year the Government of Canada promulgated Countervailing Duty Regulations by the Governor in Council, and urged Canadian manufacturers to take advantage of these procedures when they feel they are being injured by subsidized imports.

The Task Force strongly urges the Federal Government not to compromise one of the few potentially effective weapons in its trade policy arsenal.

- (5) IN CASES WHERE RAW MATERIALS ARE NOT AVAILABLE IN CANADA --

- (a) DUTY SHOULD BE REFUNDED THROUGH DUTY REMISSIONS
and/or
(b) TARIFF SCHEDULE SHOULD BE REVISED ACCORDINGLY,
UNTIL SUCH TIME AS THE INDUSTRY IS LARGE ENOUGH
TO SUPPORT DOMESTIC PRODUCTION. WHEN THIS
HAPPENS DUTY SHOULD BE REIMPOSED.

There are many raw materials, with specific footwear applications, that are not economically producible by supplier sources in Canada. Consequently, large quantities of raw materials are currently being imported by footwear manufacturers to service the needs of the Canadian market. However, few of these components enter Canada duty free, notwithstanding the absence of domestic suppliers for these specific products.

The reductions or eliminations in tariff rates on products as described above would have an immediate and significant impact on the price of Canadian-made footwear, with the resultant savings to the Canadian consumer.

- (6) IT IS FURTHER RECOMMENDED THAT THE GOVERNMENT OF CANADA CONVENE A MEETING OF ALL OF THE INTERESTED PARTIES TO RECOMMENDATION (5) ABOVE INCLUDING REPRESENTATIVES OF VARIOUS GOVERNMENT DEPARTMENTS TO CLARIFY THE POSITIONS OF THE TEXTILE, PLASTICS AND FOOTWEAR INDUSTRIES.

It should be added, however, that as the Canadian footwear manufacturing industry grows, thereby becoming large enough to support a viable Canadian raw material industry in any one given commodity, we would recommend a reimposition of tariffs on any or all of these commodities, subject to an indepth study of availability.

(B) TAXATION POLICY

RECOMMENDATION 1

IT IS RECOMMENDED THAT FEDERAL AND PROVINCIAL CORPORATE TAXES ON PROFITS OF FIRMS IN THE FOOTWEAR AND ALLIED MANUFACTURING SECTORS BE REDUCED AS FOLLOWS UNTIL STABILIZATION IS ACHIEVED IN THESE INDUSTRIES:

- (a) REDUCTION OF THE NET FEDERAL TAX RATE FROM 30 PER CENT TO 26 PER CENT.
(b) REDUCTION OF PROVINCIAL TAX RATES BY A SIMILAR AMOUNT.

The secondary manufacturing sector plays an essential role in the economy in terms of value added and of providing jobs for Canadians. The adoption of (a) or (b) of this recommendation would enable non-manufacturing corporations to be taxed at a rate of 46 per cent (36 per cent by the Federal Government and approximately 10 per cent by provincial governments allowing for some variations in the latter rate). Manufacturing corporations would be taxed at a rate of approximately 32 per cent (26 per cent by the Federal Government and 6 per cent by the provincial governments).

Tax rate reductions would greatly enhance price competitiveness of Canadian footwear compared to imports and it is certain that the tax reductions would be passed on to the consumer in the form of lower prices.

RECOMMENDATION 2

THE PRESENT 12 PER CENT FEDERAL SALES TAX ON SPECIAL PURPOSE FOOTWEAR IS DISCRIMINATORY AND FAVOURS IMPORTED FOOTWEAR. IT IS RECOMMENDED THAT THIS TAX BE REMOVED IMMEDIATELY.

The growth in consumption of special purpose footwear in Canada has been prompted by the growth of leisure and athletic activities during the past several years. As substantial quantities of special purpose footwear within the leisure/athletic category are currently being taxed at 12 per cent, this is defeating the original intent of Cabinet which was to provide a stimulus to the footwear industry. At the time the 12 per cent was dropped, the leisure/athletic category was only a minor part of all footwear consumption. Such is not the case today. In fact, indications are that one out of every five pair of adult male footwear purchased in 1977 was in the leisure/athletic category and significant Canadian manufacturing growth is likely to be achieved in this sector during the next three to five years.

The application of this tax also tends to discriminate against Canadian manufactured special purpose footwear as opposed to imported special purpose footwear, because the 12 per cent when applied to imported footwear, is applied on a value which does not reflect the Canadian costs of sales and distribution of the imported footwear.

RECOMMENDATION 3

IT IS RECOMMENDED THAT ALL PROVINCIAL SALES TAXES ON ALL FOOTWEAR BE ELIMINATED IMMEDIATELY.

The permanent removal of provincial sales taxes on all remaining taxable footwear would

have an immediate beneficial effect in reduction of the consumer price of footwear with effects right through the source pipelines leading to an increase in manufacturing demand.

Provincial Retail Sales Tax Rates on Footwear as of Budgets 1977. Bracketed Figures Reflect Recent Federal Reductions to Provinces.

<u>Nfld.</u>	<u>P.E.I.</u>	<u>N.S.</u>	<u>N.B.</u>	<u>Que.</u>	<u>Ont.</u>	<u>Man.</u>	<u>Sask.</u>	<u>Alta.</u>	<u>B.C.</u>
Nil	Nil	Nil	Nil	8%(Nil)	7%(5%)	5%(2%)	5%(3%)	Nil	5%(2%)

Source: Canadian Tax Foundation

RECOMMENDATION 4

IT IS RECOMMENDED THAT THE SALE OF FAMILY AND SMALL PRIVATELY OWNED FOOTWEAR MANUFACTURING COMPANIES TO CHILDREN AND/OR EMPLOYEES BE FACILITATED BY TAX FORGIVENESS OR DEFERMENT ON DIVIDENDS TO PURCHASERS UP TO PURCHASE COSTS.

As is already recognized in the case of farms (family and corporate) the transfer of ownership of family and small privately owned footwear manufacturing companies to children and/or employees would be desirable and beneficial and this step would encourage and in some cases enable the retention of private Canadian ownership.

However, the raising of equity capital through debt financing is discouraged (often to the point of impossibility) because of the tax on dividends in the hands of the purchasers.

RECOMMENDATION 5

IT IS RECOMMENDED THAT REGIONAL LOANS AND INCENTIVES TO ENCOURAGE PLANT LOCATION IN DESIGNATED AREAS BE COMBINED WITH A CORPORATE TAX HOLIDAY FOR ANY FIVE YEARS OF THE FIRST TEN YEARS OF EXISTENCE.

The problem of regional disparities in terms of income and job opportunities has been of direct concern to the federal and most provincial governments. Incentives designed to favour the designated regions usually take the form of grants.

When judged by the permanent jobs created against the dollars expended and lost, the results have not been encouraging. When the further consideration of market disruption to established non subsidized competitors caused by artificial pricing due to low or non-existent owner equity is added, results are often disastrous.

A better approach is one that leaves the decisions and the risks to the businessman and as an incentive, offers rewards to the successful enterprise, rather than encouraging a potential loser (or one who has little or nothing to lose).

RECOMMENDATION 6

THE FEDERAL GOVERNMENT SHOULD GIVE SERIOUS CONSIDERATION TO A BASIC MODIFICATION OF ITS CORPORATE TAX STRUCTURE IN ORDER TO GENERATE GROWTH AND CREATE JOBS IN THE MANUFACTURING SECTOR.

Examples of this type of proposal are the "Manufacturers Inverse Tax Rate System" proposed by the Economic Research Department of the Toronto-Dominion Bank, and the suggested elimination of Corporate Income Tax on reinvested profits by the Royal Commission on Corporate Concentration.

The need for an overhaul of the corporate tax system has often been expressed. The Task Force has neither the expertise nor the time to undertake a detailed study of the various proposals that have been put forward. It believes, however, that the Federal Government should examine the two proposals as soon as possible and publish its

findings as a first step towards positive action.

RECOMMENDATION 7

THE RECENTLY INTRODUCED EMPLOYMENT TAX CREDIT PROGRAM SHOULD
BECOME A PERMANENT PROGRAM TO ENCOURAGE CONTINUED INCREASE IN
EMPLOYMENT.

Representing a labour-intensive industry, the Footwear Task Force believes that
employment incentives (in addition to incentives favouring capital investment)
are necessary to stimulate growth in the industry.

IV INDUSTRY RATIONALIZATION -- FOOTWEAR AND TANNING INDUSTRIES SECTOR STRATEGY --
MANPOWER TRAINING AND DEVELOPMENT -- PROVINCIAL GOVERNMENT ASSISTANCE PROGRAMS

The Footwear and Tanning Industries Sector Strategy and Provincial Government Assistance Programs are an essential part of the competitive environment of the industry. The "Manpower Canada" training programs also contribute in a positive way to this environment. The federal and provincial programs are many and varied, and appear to the Task Force to be effective and adequate for the requirements of the industry. However, a number of improvements are recommended as follows:

1. THE EASE OF ACCESS TO ASSISTANCE THROUGH THE UTILIZATION OF BOTH SECTOR STRATEGY AND MANPOWER PROGRAMS SHOULD BE INCREASED AND THE TIME NECESSARY FROM THE INITIATION OF AN APPLICATION TO ITS ACCEPTANCE AND IMPLEMENTATION REDUCED.

Many medium and smaller-sized manufacturers have encountered considerable difficulty in completing the necessary applications for assistance under both sets of programs, because of the substantial amount of detail that has to be provided, and because of the number of steps that have to be followed in the processing of an application. The establishment of regional government offices and the increased information available to the companies involved through The Shoe Manufacturers' Association and the Footwear and Leather Institute of Canada, have, to some extent, reduced the problems. It is recognized that the expenditure of public funds has to be carried out prudently, but it is felt that the current situation errs on the side of excessive detail and overly complex processing procedures.

2. IT IS RECOMMENDED THAT THE DESIGN SCHOLARSHIP PROGRAM OF THE FEDERAL GOVERNMENT BE CONTINUED. IN ADDITION INSTRUCTORS BE BROUGHT TO CANADA TO PRESENT THE COURSES.

Very few manufacturers have been able to avail themselves of the Design Scholarship Program because the size of their design staff does not permit them to send personnel on extended courses in Europe. Presenting the Design Course on a "night school" or one or two day a week basis in local colleges, would greatly increase the use made of the program.

3. IT IS RECOMMENDED THAT QUALIFICATION FOR THE DREE PROGRAM, OR A SIMILAR PROGRAM, INsofar AS IT RELATES TO ENLARGEMENT OF EXISTING SHOE MANUFACTURING FACILITIES AND THE UTILIZATION OF MORE MODERN TECHNOLOGY BE MADE AVAILABLE TO ALL FOOTWEAR MANUFACTURERS REGARDLESS OF "GEOGRAPHIC" LOCATION.

This would enable the benefits of the job creation activities of DREE to be spread into all regions of the country where footwear manufacturing now exists.

As noted in the preceding section on Taxes and Tariffs, consideration should also be given to having the DREE grants supplemented by loans and tax credits.

4. IT IS RECOMMENDED THAT ARTICLE 9(4) OF THE REGIONAL DEVELOPMENT INCENTIVE ACT BE AMENDED TO PERMIT A FIRM THAT HAS ALREADY RECEIVED A GRANT SOME YEARS AGO TO OBTAIN ADDITIONAL FINANCING FROM DREE IF A MODERNIZATION PROGRAM IS WARRANTED BY COMPETITION AND/OR NEW TECHNOLOGY.
5. THE INDUSTRY WILL CONTINUE ITS EFFORTS TO PROMOTE USE OF GOVERNMENT ASSISTANCE GRANTS TO ENABLE "JOINT EFFORTS" BY GROUPS OF MANUFACTURERS FOR THE PURPOSE OF PUTTING ON JOINT TRAINING PROGRAMS, PURCHASING HIGH TECHNOLOGY MACHINERY ON A GROUP BASIS, AND FOR THE DEVELOPMENT OF EXPORT OPPORTUNITIES.
6. IT IS RECOMMENDED THAT THE MANPOWER TRAINING ASSISTANCE FOR THE FOOTWEAR INDUSTRY BE EXPANDED TO INCLUDE NOT ONLY TRAINING OF PRODUCTION PERSONNEL AND FIRST LINE SUPERVISORS, BUT ALSO MANAGEMENT TRAINING ON ALL LEVELS.

The presentation of training programs for management personnel open to all of the companies in a given geographic area, incorporating a series of visits to the various plants in the area, would be of significant benefit to the industry, and is not now possible under the existing training assistance regulations.

V CONSUMER, CORPORATE AND ENVIRONMENTAL LEGISLATION

1. IN THE DEVELOPMENT, ENACTMENT AND APPLICATION OF THE LEGISLATION LISTED HEREUNDER, PRIOR CONSULTATION WITH THE INDUSTRY AND LABOR IS ESSENTIAL.
 - (a) The industry is vigorously promoting the "Made in Canada" label and the "Shop Canadian" program. In consultation with the National Footwear Conference of Canada recommendations with respect to the identification of the materials used, the development of a quality assurance symbol, and related items, will be submitted directly to the Department of Consumer Affairs. The Task Force particularly stresses the importance of the use of "symbols" rather than words in any of the labelling requirements.
 - (b) The industry is prepared to work in every way possible to enable and encourage Canadian athletes to wear Canadian-made footwear in Canadian and International competition.
 - (c) Environmental protection is considered to be of major importance and the recommendation is that consultations be carried out well in advance of the enactment of enforcement of legislation in this area, and that where necessary, government assistance be provided in the form of loans or tax rebates, to facilitate companies complying with regulations.
 - (d) The Competition Bill has been the subject of substantial modifications, and representations have been made on this subject by the industry, and the Task Force has no further comments.
 - (e) Statistics -- it is recommended that a review of footwear product definitions be carried out to achieve consistency between reports on shipments, imports, exports, and further it is recommended:

THAT CLOSER LIAISON BE ESTABLISHED BETWEEN THE SHOE
MANUFACTURERS' ASSOCIATION OF CANADA AND THE FOOTWEAR
AND LEATHER INSTITUTE OF CANADA AND STATISTICS CANADA
TO PRODUCE STATISTICAL DATA ON A MORE TIMELY BASIS,
IN A FORMAT MORE READILY USABLE BY THE INDUSTRY.

This will undoubtedly require the assignment of more Statistics Canada personnel to footwear projects, until the program is fully in place.

VI THE FOOTWEAR CHANNEL OF DISTRIBUTION -- CO-ORDINATION AND RATIONALIZATION

The channel of distribution in the footwear industry requires extensive consultation and collaboration among its members to eliminate the strains created by the conflicting positions taken before the Anti-Dumping Tribunal, and the subsequent representations to the government. The major objectives of the parties in the channel of distribution are as follows:

- (a) The provision of footwear in the quantity, quality and style at a competitive price for the Canadian consumer.
- (b) The preservation and enhancement of the jobs of Canadian workers, both in the manufacturing, tanning and supply industries, and in the retail and distribution industry.
- (c) The preservation of economic viability and profitability in all segments of the channel, to enable increased investment and increased growth, in order to meet the increased requirements of the Canadian consumer.

Therefore the Task Force recommends:

1. THE DEVELOPMENT OF THE MARKETING INFORMATION PROGRAM AND MARKET PROJECTIONS BY THE FOOTWEAR AND LEATHER INSTITUTE OF CANADA (FLICCC) IS CONSIDERED TO BE AN ESSENTIAL FACTOR IN ELIMINATING THE IMBALANCES AND FLUCTUATIONS IN THE CHANNEL OF DISTRIBUTION. IT IS RECOMMENDED THAT SUPPLEMENTARY FUNDING BE SUPPLIED TO FLICCC FOR THE IMPLEMENTATION OF THE MARKETING INFORMATION PROGRAM AND THAT THIS BE A MAJOR PRIORITY.
2. THE SUPPORT OF FLICCC INSOFAR AS IT PROVIDES SERVICES TO THE NATIONAL FOOTWEAR CONFERENCE BE INCREASED TO ENABLE CLOSER CO-OPERATION BETWEEN THE TWO BODIES, PARTICULARLY IN DEALING WITH PROBLEMS OF FOOTWEAR LABELLING AND THE PROMOTION OF INCREASED CONSUMPTION.
3. THE TERMS OF REFERENCE OF FLICCC SHOULD BE ENLARGED TO ENABLE SUPPLIERS TO THE CANADIAN FOOTWEAR AND TANNING INDUSTRIES TO BECOME FULL MEMBERS OF FLICCC AND THEREBY BE ENTITLED TO FULL BENEFITS OF MEMBERSHIP.

It is becoming increasingly important that timing, in terms of both the presentation of new lines to the retailer, and the willingness of the retailer to work with the manufacturer at the appropriate time, be recognized. Marketing information on an enlarged scale will do this.

Retailers will have to extend the same lead time to domestic manufacturers and tanners as they extend to importers. Manufacturers and tanners will both have to have their lines ready for presentation much earlier in the selling sequence. Neither a shoe factory nor a tannery can be turned on and off like a tap, and it is unreasonable to expect manufacturing and tanning personnel to work eight months of the year full out, and spend four months (two at the end of each season) unemployed.

The responsibility for carrying both "in-process" and "finished goods" inventory is going to have to be distributed more evenly through the channel, with greater inventories of both crust stock and finished leather carried by the tanners, with the risk shared with manufacturers, and more inventory carried at the manufacturing level, with the risk shared with retailers. Equally, suppliers are going to have to carry stronger inventories, components and materials, in order to respond more rapidly to increases in demand.

Approximately 75 per cent of the output of Canadian tanners and a substantial part of the production of suppliers is absorbed by the Canadian footwear manufacturing industry. In these two areas some 7,000 jobs exist, in direct relation to footwear manufacturing, and the preservation of these associated jobs is considered to be of major importance.

VII CONCLUSION

The Industry Sector Profile which has been reviewed by the Task Force is appended to and included as a part of this report.

As noted in the opening paragraph, the industry and the Task Force greatly appreciate the opportunity to participate in this consultative process and to present the foregoing. We feel that the exchange of views has been most productive and should be continued through the National Footwear Conference or some other form of frequent dialogue.

In dealing with its terms of reference, the Task Force has concentrated on the circumstances of the footwear industry. It is recognized that much of the content of this report is applicable to many other industrial sectors as well.



Compensation Research Centre

May 31, 1978

Mr. D.G. MacLeod
President
Savage Shoes (1970) Limited
Preston, Ontario

Dear Mr. MacLeod:

I am responding to your letter of May 1 in which you requested information on various measures of labour intensity in different industries. The enclosed material was calculated for the years 1971, 1973 and 1975 in order to lend a time dimension to the comparisons. Similar data are available for the other years. I hope this information will be useful to you and that the delay has not too greatly inconvenienced you.

Tables 1 and 4, 2 and 5, and 3 and 6, respectively, contain data for 1971, 1973 and 1975. Each of Tables 1, 2 and 3 list total wages and salaries, value added and the ratio of total wages and salaries to value added for each 2-digit industry group. Where a 2-digit classification covers diverse industries, a selection of 3-digit groups are also included in the tables. Each of Tables 4, 5 and 6 list total wages for production and related workers, the value of shipments of goods of own manufacture and the ratio of wages to the value of shipments for the same industry groups. For our purposes, these terms are defined as follows:

- Total wages and total wages and salaries are comprised, respectively, of all production and related workers' wages, and all employees' wages and salaries (including those of central office staff and administrative staff). These are reported before deductions for income tax and employee benefits and they include all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees. Note that the employer cost of benefits is not included.
- Value added is net output as measured by gross output less purchased commodity inputs used and contract work done by others.
- Value of shipments of goods of own manufacture is the value of goods made by the reporting establishment, or for its account, from its own materials, net of discounts, returns, allowances, sales tax, excise taxes and duties, returnable containers, common or contract carriers' charges for outward transportation.

The major industry groups in each of Tables 1, 2 and 3 are ranked according to the group's ratio of total wages and salaries to value added, being listed from highest to lowest. These tables contain data for "total activities"

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which includes manufacturing activities and operations related to the purchase and resale of goods without further manufacture.

Tables 4, 5 and 6 refer to the manufacturing activity only and rank the major groups according to the ratio of total wages to the value of shipments, of goods of own manufacture, again being listed from highest to lowest. Of the two, the latter ranking is closest to your requested ranking by the ratio of total labour costs to total sales. The difference between the value of shipments of goods of own manufacture and the value of sales is the exclusion of goods for resale from the value of shipments.

Another view of labour intensity which is held by some economists is based on the concept of the amount of capital that is employed relative to the amount of labour. This ratio, however, is rather difficult to estimate because of the problems inherent in measuring capital. Further, while one industry may be said to be more labour intensive than another there is no specific capital/labour ratio at which an industry is said to become "labour intensive". While not reflecting this concept of labour intensity, the ratios of total wages to the value of shipments on a manufacturing activity basis and of total wages and salaries to value added on a total activity basis do provide useful standards of comparison among industries in terms of the relative costs of labour in production. Finally, it can be said that no one measure is the correct measure of labour intensity and the measure chosen is very much dependent on the purpose at hand.

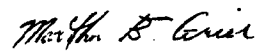
It is useful to compute these ratios for different years to observe the stability over time of the relative costs of labour in production. Most industries respond to the business cycle to some extent although not necessarily simultaneously or to the same degree. During an upswing, increases in capacity utilization result in increases in the value of shipments and value-added in excess of those in an industry's labour force because of past labour hoarding. The ratios of the industries that are most subject to the phenomenon of labour hoarding fall relative to those of the others. The reverse occurs during the initial phases of a downswing. Therefore, some variations in the levels of the ratios are to be expected over time. Only consistent trends in the movement of the ratios can be taken as indicative of changes in labour intensity.

Of the industry groups examined there are few whose ratios move consistently over time. The most extreme movement is in the Knitting Mill group. Its ratio of wages to the value of shipments rises from .195 in 1971 to .227 in 1975 and its ratio of total wages and salaries to value added rises from .563 to .621. The various ratios for the Shoe Factory group, by contrast, are relatively stable. Its ratio of wages to the value of shipments of goods of own manufacture fluctuates around .265 while the ratio of total wages and salaries to value added fluctuates around .660. Its overall rank varies between 1 and 2 in both rankings. This is confirmed by examining yet another ratio: total wages of production and related workers in the manufacturing activity to value added in manufacturing (not presented in the tables). This ratio fluctuates around .525, being .529, .514 and .531, respectively, in 1971, 1973 and 1975.

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I hope these data provide you with the information that you want. If you have any questions please do not hesitate to call me.

Yours truly,

A handwritten signature in cursive script that reads "Martha E. Grier".

Martha E. Grier
Research Associate

MEG/sp

encl.

TABLE 1: Total Wages & Salaries and Value Added,
Total Activity Basis, 1971

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES & SALARIES ('000)	VALUE ADDED ('000)
07	<u>CLOTHING INDUSTRIES</u>	.644	461,021	716,175
04	<u>LEATHER INDUSTRIES</u>	.639	140,015	219,153
	172 Leather Tanneries	.628	19,256	30,649
	174 Shoe Factories	.664	84,544	127,305
	179 Luggage, Handbags, etc.	.582	29,359	50,417
08	<u>WOOD INDUSTRIES</u>	.628	638,202	1,016,958
	251 Sawmills, Planing Mills & Shingle Mills	.640	381,284	596,068
	252 Veneer & Plywood Mills	.657	92,943	1,311,129
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.611	253,530	414,999
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.583	920,010	1,578,238
	332 Mfrs. of Major Appliances	.478	82,442	172,552
	335 Communications Equipment Mfrs.	.722	346,331	479,724
	336 Mfrs. of Electrical Industrial Equipment	.662	214,900	324,664
14	<u>MACHINERY INDUSTRIES</u>	.578	584,534	1,010,465
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.577	649,508	1,125,285
10	<u>PAPER & ALLIED INDUSTRIES</u>	.576	1,039,306	1,803,683
	271 Pulp & Paper Mills	.584	745,608	1,276,837
	273 Paper Box & Bag Mfrs.	.587	170,256	289,909
06	<u>KNITTING MILLS</u>	.563	116,331	202,855
05	<u>TEXTILE INDUSTRIES</u>	.563	422,780	751,116
	181 Cotton Yarn & Cloth Mills	.616	71,246	115,613
	183 Man-made Fibre, Yarn & Cloth Mills	.611	131,047	214,423
	186 Carpet, Mat & Rug Industry	.457	31,349	68,660
13	<u>METAL FABRICATING INDUSTRIES</u>	.561	1,060,181	1,889,307
	304 Metal Stamping, Pressing & Coating	.517	222,378	430,293
	305 Wire & Wire Products	.548	126,013	230,036
12	<u>PRIMARY METAL INDUSTRIES</u>	.553	1,017,713	1,841,779
	291 Iron & Steel Mills	.528	461,627	874,332
	295 Smelting & Refining	.581	327,458	563,956

TABLE 1: (Cont'd.)

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES & SALARIES ('000)	VALUE ADDED ('000)
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.537	380,085	708,172
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.485	1,337,495	2,756,558
	321 Aircraft & Aircraft Parts	.724	213,309	294,753
	323 Motor Vehicle Mfrs.	.373	440,925	1,180,571
	327 Shipbuilding & Repair	.690	107,122	155,237
03	<u>RUBBER & PLASTICS PRODUCTS INDUSTRIES</u>	.483	313,461	649,369
17	<u>NON-METALLIC PRODUCTS INDUSTRIES</u>	.456	405,131	889,282
	352 Cement Mfrs.	.291	38,215	131,276
	356 Glass & Glass Products Mfrs.	.493	90,809	210,342
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.438	1,471,184	3,361,324
	101 Meat & Poultry Products	.595	287,720	482,837
	109 Beverages	.305	256,832	842,719
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.432	669,314	1,582,467
	374 Pharmaceuticals & Medicines	.363	113,996	313,788
	376 Soap & Cleaning Compounds	.335	52,818	157,642
	378 Industrial Chemicals	.457	220,992	482,922
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.397	172,593	435,285
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.329	77,504	235,410

Sources: Statistics Canada, Manufacturing industries of Canada: national and provincial areas, 1973 (31-203) Table 4, pp. 6-7, for 2-digit industry groups.

Statistics Canada, Manufacturing industries of Canada: Type of organization and size of establishments, 1971, (31-210).
Table 9, p.p. 32-61, for 3-digit industry groups.

Total Wages & Salaries - composed of all employees' salaries and wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees.

Value Added - Net output as measured by gross output less purchased commodity inputs used and contract work by others.

Total Activity - includes manufacturing activities and operations related to the purchase and resale of goods without further manufacture.

TABLE 2: Total Wages & Salaries and Value Added,
Total Activity Basis, 1973

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES SALARIES ('000)	VALUE ADDED ('000)
04	<u>LEATHER INDUSTRIES</u>	.639	158,581	248,174
	172 Leather Tanneries	.690	21,328	30,908
	174 Shoe Factories	.652	93,781	143,922
	199 Luggage, Handbags, etc.	.593	34,830	58,766
07	<u>CLOTHING INDUSTRIES</u>	.631	569,612	903,143
06	<u>KNITTING MILLS</u>	.583	143,058	530,127
14	<u>MACHINERY INDUSTRIES</u>	.578	722,468	1,337,275
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.572	340,706	595,718
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.547	811,834	1,484,626
13	<u>METAL FABRICATING INDUSTRIES</u>	.539	1,313,501	2,437,659
	304 Metal Stamping, Pressing & Coating	.503	268,935	534,311
	305 Wire & Wire Products	.518	172,591	332,913
05	<u>TEXTILE INDUSTRIES</u>	.523	537,423	1,027,040
	181 Cotton Yarn & Cloth Mills	.632	73,222	115,807
	183 Man-made Fibre, Yarn & Cloth Mills	.500	164,976	330,057
	186 Carpet, Mat & Rug Industry	.432	52,536	121,541
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.521	1,087,096	2,086,408
	332 Mfrs. of Major Appliances	.500	111,736	223,441
	335 Communications Equipment Mfrs.	.560	380,619	679,841
	336 Mfrs. of Electrical Industrial Equipment	.605	247,189	408,269
12	<u>PRIMARY METAL INDUSTRIES</u>	.517	1,237,900	2,392,648
	291 Iron & Steel Mills	.509	595,382	1,169,567
	295 Smelting & Refining	.515	347,573	1,364,022
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.506	465,254	919,694
10	<u>PAPER & ALLIED INDUSTRIES</u>	.504	1,248,340	2,476,434
	271 Pulp & Paper Mills	.488	884,242	1,812,569
	273 Paper Box & Bag Mfrs.	.584	213,910	2,601,472

TABLE 2: (Cont'd.)

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES & SALARIES ('000)	VALUE ADDED ('000)
03	<u>RUBBER & PLASTICS PRODUCTS INDUSTRIES</u>	.499	442,123	885,409
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.491	1,800,378	3,663,988
	321 Aircraft & Aircraft Parts	.678	257,053	378,960
	323 Motor Vehicle Mfrs.	.381	591,800	1,551,760
	327 Shipbuilding & Repair	.717	143,245	199,872
08	<u>WOOD INDUSTRIES</u>	.475	938,843	1,976,683
	251 Sawmills, Planing Mills & Shingle Mills	.436	571,994	1,311,129
	252 Veneer & Plywood Mills	.548	127,210	232,162
17	<u>NON-METALLIC MINERAL PRODUCTS INDUSTRIES</u>	.454	522,112	1,149,843
	352 Cement Mfrs.	.312	53,752	172,236
	356 Glass & Glass Products Mfrs.	.494	116,403	235,776
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.416	1,756,091	4,222,899
	101 Meat & Poultry Products	.512	337,858	660,499
	109 Beverages	.311	309,365	994,846
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.392	775,242	1,975,645
	374 Pharmaceuticals & Medicines	.371	139,093	374,412
	376 Soap & Cleaning Compounds	.331	61,346	185,273
	378 Industrial Chemicals	.405	245,947	606,870
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.362	210,443	580,695
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.335	89,072	265,863

Source: Statistics Canada, Manufacturing industries of Canada: national and provincial areas. 1973. (31-203)

Table 4, pp. 6-7 for 2-digit industry groups
Table 5, pp. 8-16 for 3-digit industry groups

Total Wages & Salaries - composed of all employees' salaries and wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees.

Value Added - Net output as measured by gross output less purchased commodity inputs used and contract work by others.

Total Activity - includes manufacturing activities and operations related to the purchase and resale of goods without further manufacture.

TABLE 3: Total Wages & Salaries and Value Added,
Total Activity Basis, 1975

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES & SALARIES ('000)	VALUE ADDED ('000)
04	<u>LEATHER INDUSTRIES</u>	.635	200,819	316,474
	172 Leather Tanneries	.571	25,665	44,980
	174 Shoe Factories	.663	119,210	179,786
	179 Luggage, Handbags, etc.	.601	45,932	76,395
08	<u>WOOD INDUSTRIES</u>	.634	1,070,932	1,689,596
	251 Sawmills, Planing Mills & Shingle Mills	.677	598,916	884,976
	252 Veneer & Plywood Mills	.691	141,293	204,489
07	<u>CLOTHING INDUSTRIES</u>	.632	722,130	2,306,619
06	<u>KNITTING MILLS</u>	.621	182,833	294,497
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.596	431,897	724,645
05	<u>TEXTILE INDUSTRIES</u>	.559	614,664	1,099,789
	181 Cotton Yarn & Cloth Mills	.578	79,254	137,061
	183 Man-made Fibre, Yarn & Cloth Mills	.577	183,745	318,693
	186 Carpet, Mat & Rug Industry	.486	63,795	131,269
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.549	1,042,556	1,899,375
12	<u>PRIMARY METAL INDUSTRIES</u>	.547	1,612,991	2,948,174
	291 Iron & Steel Mills	.558	761,004	1,364,022
	295 Smelting & Refining	.554	491,480	886,405
13	<u>METAL FABRICATING INDUSTRIES</u>	.527	1,727,946	3,278,286
	304 Metal Stamping, Pressing & Coating	.492	334,397	679,026
	305 Wire & Wire Products	.529	203,405	384,785
14	<u>MACHINERY INDUSTRIES</u>	.525	1,073,613	2,046,762
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.518	1,364,138	2,631,778
	332 Mfrs. of Major Appliances	.511	121,804	238,483
	335 Communications Equipment Mfrs.	.518	481,367	930,139
	336 Mfrs. of Electrical Industrial Equipment	.576	334,499	580,675
03	<u>RUBBER & PLASTIC PRODUCTS INDUSTRIES</u>	.516	531,854	1,030,971

TABLE 3: (Cont'd.)

CODE	INDUSTRY GROUP	TOTAL WAGES & SALARIES VALUE ADDED	TOTAL WAGES & SALARIES ('000)	VALUE ADDED (' 000)
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.515	597,561	1,160,062
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.483	2,033,079	4,208,537
	321 Aircraft & Aircraft Parts	.624	273,425	438,036
	323 Motor Vehicle Mfrs.	.380	668,205	1,758,047
	327 Shipbuilding & Repair	.694	206,608	297,701
10	<u>PAPER & ALLIED INDUSTRIES</u>	.448	1,553,080	3,469,803
	271 Pulp & Paper Mills	.420	1,091,675	2,601,472
	273 Paper Box & Bag Mfrs.	.565	265,543	469,759
17	<u>NON- METALLIC MINERAL PRODUCTS INDUSTRIES</u>	.446	669,350	1,502,408
	352 Cement Mfrs.	.334	70,193	210,342
	356 Glass & Glass Products Mfrs.	.510	132,599	259,966
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.430	2,312,018	5,375,417
	101 Meat & Poultry Products	.522	461,349	884,302
	109 Beverages	.340	413,483	1,217,778
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.377	1,003,909	2,663,040
	374 Pharmaceuticals & Medicines	.376	171,946	457,167
	376 Soap & Cleaning Compounds	.387	81,311	209,983
	378 Industrial Chemicals	.356	323,008	906,847
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.344	298,040	865,952
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.320	117,332	366,845

Sources: Statistics Canada, Manufacturing industries of Canada: Type of organization and size of establishments, 1975. (31-210)
Table 8, pp. 24-29, for 2-digit industry groups
Table 9, pp. 30-58, for 3-digit industry groups

Total Wages & Salaries - composed of all employees' salaries and wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees.

Value Added - Net output as measured by gross output less purchased commodity inputs used and contract work by others.

Total Activity - includes manufacturing activities and operations related to the purchase and resale of goods without further manufacture.

TABLE 4: Wages and the Value of Shipments of Goods of Own Manufacture, Manufacturing Activity Basis, 1971

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
04	<u>LEATHER INDUSTRIES</u>	.259	108,682	420,208
	172 Leather Tanneries	.224	15,863	70,919
	174 Shoe Factories	.273	66,073	242,243
	179 Luggage, Handbags, etc.	.243	21,579	88,938
07	<u>CLOTHING INDUSTRIES</u>	.243	362,021	1,487,773
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.238	187,115	786,564
08	<u>WOOD INDUSTRIES</u>	.220	517,425	2,346,945
	251 Sawmills, Planing Mills & Shingle Mills	.221	318,352	1,439,925
	252 Veneer & Plywood Mills	.256	79,922	311,887
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.216	357,770	1,653,839
13	<u>METAL FABRICATING INDUSTRIES</u>	.212	749,349	3,535,379
	304 Metal Stamping, Pressing & Coating	.170	156,101	919,471
	305 Wire & Wire Products	.183	87,625	478,757
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.203	226,257	1,115,299
06	<u>KNITTING MILLS</u>	.195	88,868	455,055
17	<u>NON-METALLIC PRODUCTS INDUSTRIES</u>	.189	281,047	1,489,174
	352 Cement Mfrs.	.124	23,910	192,729
	356 Glass & Glass Products Mfrs.	.231	65,793	284,408
14	<u>MACHINERY INDUSTRIES</u>	.188	350,173	1,865,818
10	<u>PAPER & ALLIED INDUSTRIES</u>	.183	731,326	4,000,851
	271 Pulp & Paper Mills	.193	546,239	2,832,267
	273 Paper Box & Bag Mfrs.	.166	116,001	700,827
12	<u>PRIMARY METAL INDUSTRIES</u>	.181	714,600	3,948,458
	291 Iron & Steel Mills	.189	333,581	1,764,037
	295 Smelting & Refining	.201	210,166	1,045,621
03	<u>RUBBER & PLASTICS PRODUCTS INDUSTRIES</u>	.176	204,821	1,163,894

TABLE 4: (Cont'd.)

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
05	<u>TEXTILE INDUSTRIES</u>	.175	297,265	1,697,932
	181 Cotton, Yarn & Cloth Mills	.182	51,415	282,150
	183 Man-made Fibre, Yarn & Cloth Mills	.183	90,647	494,611
	186 Carpet, Mat & Rug Industry	.118	22,199	187,755
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.168	468,991	2,794,629
	332 Mfrs. of Major Appliances	.158	55,238	349,225
	335 Communications Equipment Mfrs.	.218	143,809	660,190
	336 Mfrs. of Electrical Industrial Equipment	.190	101,611	534,950
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.132	912,231	6,931,367
	321 Aircraft & Aircraft Parts Mfrs.	.238	113,839	479,286
	323 Motor Vehicle Mfrs.	.076	279,937	3,681,719
	327 Shipbuilding & Repair	.335	86,924	259,580
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.104	288,640	2,781,997
	374 Pharmaceuticals & Medicines	.080	34,559	433,428
	376 Soap & Cleaning Compounds	.076	19,923	261,975
	378 Industrial Chemicals	.105	116,858	951,534
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.094	852,873	9,111,176
	101 Meat & Poultry Products	.084	204,445	2,420,936
	109 Beverages	.093	117,646	1,261,153
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.089	51,381	575,235
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.032	68,215	2,114,324

Sources: Statistics Canada, Manufacturing industries of Canada: national and provincial areas, 1973 (31-203) Table 4, pp. 6-7, for 2-digit industry groups.

Statistics Canada, Manufacturing industries of Canada: Type of organization and size of establishments, 1971, (31-210). Table 9, pp. 32-61, for 3-digit industry groups.

Wages - composed of all wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees, including production and related workers but excluding managerial and central office administration personnel.

Value of Shipments of goods of own manufacture - goods made by the reporting establishment, or for its accounts, from its own materials, net of discounts, returns, allowances, sales tax, excise duties, returnable containers, common or contract carriers' charges for outward transportation.

TABLE 5: Wages and the Value of Shipments of Goods of Own Manufacture, Manufacturing Activity Basis, 1973

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
07	<u>CLOTHING INDUSTRIES</u>	.244	448,593	1,837,587
04	<u>LEATHER INDUSTRIES</u>	.241	122,444	508,813
	172 Leather Tanneries	.182	17,024	93,297
	174 Shoe Factories	.254	72,666	286,306
	179 Luggage, Handbags, etc.	.250	26,293	105,313
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.229	255,891	1,118,534
06	<u>KNITTING MILLS</u>	.210	111,067	530,127
13	<u>METAL FABRICATING INDUSTRIES</u>	.207	940,437	4,539,418
	304 Metal Stamping, Pressing & Coating	.169	193,046	1,143,176
	305 Wire & Wire Products	.180	124,416	691,071
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.203	439,258	2,160,309
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.199	288,835	1,454,206
14	<u>MACHINERY INDUSTRIES</u>	.198	481,318	2,431,899
7	<u>NON-METALLIC PRODUCTS INDUSTRIES</u>	.190	366,030	1,922,982
	352 Cement Mfrs.	.122	30,870	253,571
	356 Glass & Glass Products Mfrs.	.231	85,596	369,845
03	<u>RUBBER & PLASTICS PRODUCTS INDUSTRIES</u>	.187	295,314	1,577,303
08	<u>WOOD INDUSTRIES</u>	.186	755,805	4,055,996
	251 Sawmills, Planing Mills & Shingle Mills	.179	471,436	2,626,769
	252 Veneer & Plywood Mills	.226	110,104	486,704
12	<u>PRIMARY METAL INDUSTRIES</u>	.179	897,352	5,001,764
	291 Iron & Steel Mills	.189	438,622	2,317,520
	295 Smelting & Refining	.221	253,013	1,143,420
05	<u>TEXTILE INDUSTRIES</u>	.173	381,971	2,204,755
	181 Cotton, Yarn & Cloth Mills	.182	52,208	286,958
	183 Man-made Fibre, Yarn & Cloth Mills	.171	118,065	688,687
	186 Carpet, Mat & Rug Industry	.116	34,909	302,209

TABLE 5: (Cont'd.)

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.168	592,838	3,537,898
	332 Mfrs. of Major Appliances	.163	75,376	463,294
	335 Communications Equipment Mfrs.	.200	177,603	888,984
	336 Mfrs. of Electrical Industrial Equipment	.203	122,520	604,336
10	<u>PAPER & ALLIED INDUSTRIES</u>	.168	885,584	5,271,027
	271 Pulp & Paper Mills	.170	645,084	3,790,939
	273 Paper Box & Bag Mfrs.	.170	149,817	881,274
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.141	1,278,429	9,056,704
	321 Aircraft & Aircraft Parts Mfrs.	.265	142,716	538,130
	323 Motor Vehicle Mfrs.	.083	390,680	4,715,829
	327 Shipbuilding & Repair	.336	122,371	363,906
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.098	344,508	3,503,823
	374 Pharmaceuticals & Medicines	.087	45,357	518,811
	376 Soap & Cleaning Compounds	.079	23,679	300,780
	378 Industrial Chemicals	.109	130,008	1,196,831
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.091	56,434	618,022
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.084	1,033,417	12,375,344
	101 Meat & Poultry Products	.063	239,425	3,776,238
	109 Beverages	.097	146,682	1,513,774
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.028	84,538	3,073,197

Sources: Statistics Canada, Manufacturing industries of Canada: National and provincial areas. 1973. (31-203)

Table 4, pp. 6-7 for 2-digit industry groups

Table 5, pp. 8-16 for 3-digit industry groups

Wages - composed of all wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees, including production and related workers but excluding managerial and central office administration personnel.

Value of Shipments of goods of own manufacture - goods made by the reporting establishment, or for its accounts, from its own materials, net of discounts, returns, allowances, sales tax, excise duties, returnable containers, common or contract carriers' charges for outward transportation.

TABLE 6: Wages and the Value of Shipments of Goods of Own Manufacture,
Manufacturing Activity Basis, 1975

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
04	<u>LEATHER INDUSTRIES</u>	.256	158,242	619,191
	172 Leather Tanneries	.203	21,076	104,054
	174 Shoe Factories	.267	93,864	351,221
	179 Luggage, Handbags, etc.	.258	35,799	138,742
07	<u>CLOTHING INDUSTRIES</u>	.249	573,274	2,306,619
09	<u>FURNITURE & FIXTURE INDUSTRIES</u>	.242	329,384	1,363,703
06	<u>KNITTING MILLS</u>	.227	141,853	624,490
08	<u>WOOD INDUSTRIES</u>	.223	846,138	3,802,635
	251 Sawmills, Planing Mills & Shingle Mills	.234	481,999	2,059,512
	252 Veneer & Plywood Mills	.259	118,610	457,791
11	<u>PRINTING, PUBLISHING & ALLIED INDUSTRIES</u>	.203	587,431	2,897,471
13	<u>METAL FABRICATING INDUSTRIES</u>	.200	1,241,513	6,216,654
	304 Metal Stamping, Pressing & Coating	.167	244,341	1,461,557
	305 Wire & Wire Products	.161	140,980	875,081
20	<u>MISCELLANEOUS MANUFACTURING INDUSTRIES</u>	.196	381,486	1,942,966
14	<u>MACHINERY INDUSTRIES</u>	.187	698,998	3,731,625
7	<u>NON-METALLIC PRODUCTS INDUSTRIES</u>	.183	471,466	2,569,385
	352 Cement Mfrs.	.125	42,308	339,194
	356 Glass & Glass Products Mfrs.	.227	95,597	420,531
03	<u>RUBBER & PLASTICS PRODUCTS INDUSTRIES</u>	.182	355,806	1,955,825
05	<u>TEXTILE INDUSTRIES</u>	.179	435,869	2,439,005
	181 Cotton, Yarn & Cloth Mills	.176	56,176	319,196
	183 Man-made Fibre, Yarn & Cloth Mills	.179	128,665	719,386
	186 Carpet, Mat & Rug Industry	.112	39,920	356,314
16	<u>ELECTRICAL PRODUCTS INDUSTRIES</u>	.169	776,409	4,599,292
	332 Mfrs. of Major Appliances	.164	82,555	504,133
	335 Communications Equipment Mfrs.	.187	255,150	1,368,086
	336 Mfrs. of Electrical Industrial Equipment	.192	174,819	911,539
12	<u>PRIMARY METAL INDUSTRIES</u>	.167	1,119,159	6,682,356
	291 Iron & Steel Mills	.176	554,499	3,147,693
	295 Smelting & Refining	.186	287,743	1,550,616

TABLE 6: (Cont'd.)

CODE	INDUSTRY GROUP	WAGES VALUE OF SHIPMENTS	WAGES ('000)	VALUE OF SHIPMENTS OF GOODS OF OWN MANUFACTURE ('000)
10	<u>PAPER & ALLIED INDUSTRIES</u>	.418	1,054,795	7,131,614
	271 Pulp & Paper Mills	.147	754,892	5,122,093
	273 Paper Box & Bag Mfrs.	.155	182,032	1,170,931
15	<u>TRANSPORTATION EQUIPMENT INDUSTRIES</u>	.129	1,446,395	11,193,031
	321 Aircraft & Aircraft Parts Mfrs.	.216	152,748	707,790
	323 Motor Vehicle Mfrs.	.073	441,391	6,024,429
	327 Shipbuilding & Repair	.309	176,824	571,668
19	<u>CHEMICAL & CHEMICAL PRODUCTS INDUSTRIES</u>	.091	463,522	5,107,353
	374 Pharmaceuticals & Medicines	.092	60,009	654,447
	376 Soap & Cleaning Compounds	.082	34,006	413,580
	378 Industrial Chemicals	.091	169,109	1,858,425
02	<u>TOBACCO PRODUCTS INDUSTRIES</u>	.086	71,806	831,522
01	<u>FOOD & BEVERAGE INDUSTRIES</u>	.085	1,396,422	16,492,290
	101 Meat & Poultry Products	.076	334,352	4,391,518
	109 Beverages	.169	208,731	1,233,012
18	<u>PETROLEUM & COAL PRODUCTS INDUSTRIES</u>	.021	122,267	5,953,330

Sources: Statistics Canada, Manufacturing industries of Canada: Type of organization and size of establishments, 1975. (31-210)
Table 8, pp. 24-29, for 2-digit industry groups
Table 9, pp. 30-58, for 3-digit industry groups

Wages - composed of all wages, reported before deductions for income tax and employee benefits. This includes all man-hours paid (for regular work, overtime and paid leave) as well as bonuses, commissions etc. paid to regular employees, including production and related workers but excluding managerial and central office administration personnel.

Value of Shipments of goods of own manufacture - goods made by the reporting establishment, or for its accounts from its own materials, net of discounts, returns, allowances, sales tax, excise duties, returnable containers, common or contract carriers' charges for outward transportation.

CENTRALE DES SYNDICATS DEMOCRATIQUES (CSD)
POLICY WITH REGARD TO
THE IMPORTING OF
FOOTWEAR INTO CANADA

Montreal, June 22, 1978

Need for a Coherent Policy on Imports

While it recognizes the need for resorting to imports in the footwear sector for reasons of trade and consumer satisfaction, the CSD does not think the workers in this industrial sector should be sacrificed to the desires of importers and the protagonists of free trade at any price. In the eyes of the CSD, the present policy cannot help but foster insecurity among the workers with regard to their employment and working conditions and lead to the complete disappearance of the industry if this import policy does not become more coherent than it is at the present time.

New Import Policy

The CSD is therefore proposing a policy which takes into account the real interests of the country and the producers (entrepreneurs and workers) rather than the personal interests of importers and of economists in search of guinea-pigs to prove their theories. The importers' resistance to the controls is a clear indication of how profitable their business is. (It is said to be a virtual monopoly - a small group controls more than a third of the market - 22 million pairs out of 32 million.)

We take the following position:

1. Only persons who invest in Canadian footwear production and maintain employment in that industry may obtain licenses to import footwear;
2. Those licenses may only allow footwear imports commensurate with the investments and employment level maintained;
3. The volume of imports permitted is to be determined in relation to existing and future employment levels.

The CSD feels that such a policy satisfies Canada's trade requirements and provides an answer to the cyclical insecurity of the workers and the industry and is therefore a genuine economic and social policy for the footwear industry.

CANADIAN FOOTWEAR INDUSTRY

DEFINITION OF INDUSTRY

The footwear industry is defined as the following two sub-industries:
Rubber Footwear - This industry is primarily concerned with the production of footwear made of rubber or plastic materials.

SECTOR PROFILE

The footwear industry is a significant part of the Canadian manufacturing sector. It is characterized by a high degree of specialization and a strong emphasis on quality. The industry is primarily located in the eastern and central regions of the country. The sector is highly competitive and is subject to fluctuations in demand. The industry is also characterized by a high degree of innovation and a strong emphasis on research and development.

INDUSTRY OBJECTIVE

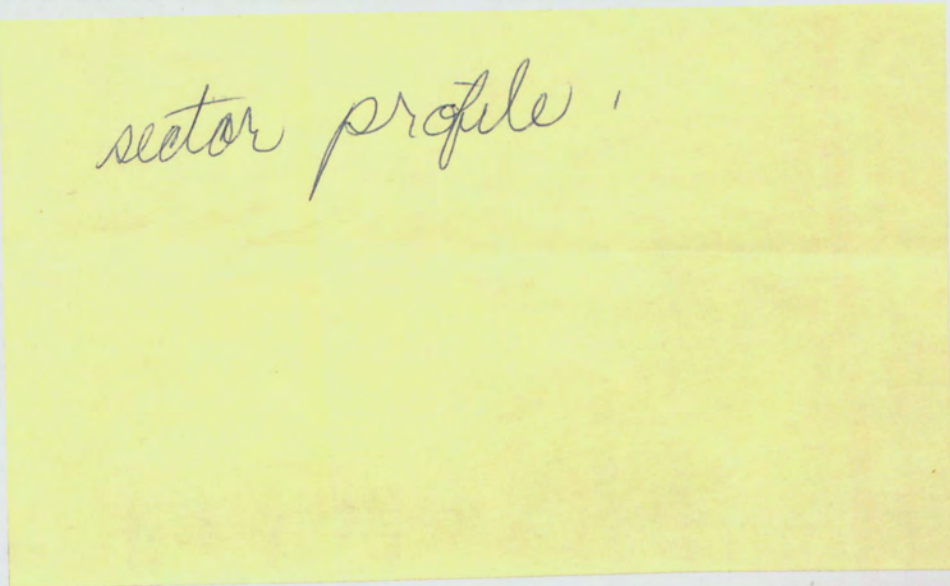
The objective of the footwear industry is to produce high-quality footwear that meets the needs of the Canadian market. The industry is committed to innovation and research and development. The industry is also committed to environmental sustainability and social responsibility.

FOOTWEAR INDUSTRY

The footwear industry is a significant part of the Canadian manufacturing sector. It is characterized by a high degree of specialization and a strong emphasis on quality. The industry is primarily located in the eastern and central regions of the country. The sector is highly competitive and is subject to fluctuations in demand. The industry is also characterized by a high degree of innovation and a strong emphasis on research and development.

INDUSTRY STRUCTURE

The footwear industry is a highly competitive sector. It is characterized by a high degree of specialization and a strong emphasis on quality. The industry is primarily located in the eastern and central regions of the country. The sector is highly competitive and is subject to fluctuations in demand. The industry is also characterized by a high degree of innovation and a strong emphasis on research and development.



The following profile of the Canadian Footwear Industry was developed by the Sector Task Force on the Canadian Footwear Industry from a profile prepared by the federal Department of Industry, Trade and Commerce.

CANADIAN FOOTWEAR INDUSTRY

DEFINITION OF INDUSTRY

- The manufacture of footwear in Canada is carried on by the following two industrial groups:
- Rubber footwear manufacturers who manufacture primarily lumbermen's boots, unlined or flock-lined plastic galoshes, and footwear having fabric uppers and moulded rubber or plastic soles;
 - Leather and synthetic footwear manufacturers who manufacture primarily boots, shoes, slippers, moccasins and similar footwear, out of leather and synthetic materials other than rubber.

Together these two industry sub-sectors make footwear for all of the major Canadian market segments (i.e. women's/girls', men's/boys', children's/infants', athletic/special purpose, slippers/housewear). The largest portion of the industry, leather and synthetic footwear, accounts for approximately 84 per cent of the total industry employment while rubber footwear manufacturers account for 16 per cent of industry employment.*

INDUSTRY IN PERSPECTIVE

The footwear industry in Canada consists of 148 firms operating 172¹ plants located mainly in Ontario and Quebec which directly employ some 19,600 persons. In addition, the industry is directly or indirectly responsible for the employment of approximately 9,000 persons, mainly in other manufacturing activities, including 2,500 persons in the leather tanning industry and 1,200 persons in the boot and shoe findings industry which are largely dependent upon the domestic footwear industry for their existence. In 1976, the footwear industry produced 47.0 million pairs of footwear. Total estimated shipments were valued at \$460 million.²

In international terms, the Canadian production of footwear is approximately 1 per cent of estimated world production of 4.9 billion pairs. The Canadian industry contributes 0.4 per cent to the output of Canadian manufacturing industries and 0.25 per cent to the GNP. About 4.3 per cent of total Canadian production in 1976 (2.9 million pairs), representing 5.2 per cent of the value of the industry's sales (\$23.8 million), was exported, mainly to the United States.

MARKET STRUCTURE

The apparent Canadian market for footwear has fluctuated between 86 and 100 million pairs per annum in the period 1968 to 1975. The market in 1975 dropped somewhat to 84.6 million pairs but increased by 14.9 per cent in 1976 for a total market of some 97.2 million pairs.

During this period of relatively limited market growth, imports of footwear became an important force in the market place. As shown in the accompanying chart, between 1968 and 1971 imports of footwear increased their share of the Canadian market as measured by pairage from 38 per cent to approximately 49 per cent where they have stabilized (Chart 1). By contrast, the dollar value of imported footwear, as a percentage of the total market, has increased almost without interruption since 1968 from 17.4 per cent to 29.4 per cent (Chart 1A). This penetration of the Canadian market by imports took place in spite of a Canadian tariff barrier (which ranges between 16 ½ per cent to 25 per cent MFN for the bulk of footwear). Although the Canadian rates range from 16 ½ per cent to 25 per cent, the rates most commonly applied to imports are at the very top of the range (weighted average of 24.4 per cent). In terms of pairage about two-thirds of these imports come from low-cost countries. In terms of value, imports are more or less evenly divided between developed countries (mainly Italy) and low-cost countries.

The three principal sources of imports are Taiwan, South Korea and Italy.

¹ Source: Department of Industry, Trade and Commerce

² Includes the rubber and leather footwear production and value of shipments of own manufacture

* NOTE: Although much of the data in this profile is consistent with that of the Anti-Dumping Tribunal Report of September 1977, caution should be exercised in making comparisons as, in many instances, different sources of information were used.

1976 Imports From

	Low-Cost Countries			Total Imports ¹	Domestic Production ²
	Developed Countries	State Controlled	Non-State Controlled		
<i>Leather Footwear</i>				39,874,291	43,269,364
Pairs #	12,724,439 (31.9)	3,410,040 (8.6)	23,739,812 (59.5)	175,470	—
Value (\$'000)	91,267 (52.0)	15,090 (8.6)	69,113 (39.4)		
<i>Rubber, Plastic and Canvas</i>					
Pairs	555,284 (4.4)	1,478,352 (11.9)	10,437,856 (83.7)	12,471,492	4,758,600
Value (\$'000)	2,020 (9.0)	2,514 (11.2)	17,916 (79.6)	22,450	—
<i>All Types Excluding Beach Sandals</i>					
Pairs #	13,279,723 (25.4)	4,888,392 (9.3)	34,177,668 (65.3)	52,345,783	48,037,964
Value (\$'000)	93,287 (47.1)	17,604 (8.9)	87,029 (44.0)	197,920	—

Source: ¹ Statistics Canada, Cat. # 65-007, Imports by Commodities, December 1976

² Statistics Canada, Cat. # 33-002, Footwear Statistics, December 1976

N.B. () represents percentage to total Imports of Commodity

Developed Countries — U.S. and most of the European countries, Japan and Israel

Low-Cost Countries — State controlled: communist countries (including People's Rep. of China)

— Non-State controlled: non-communist countries in Asia, Africa, Europe and South America

Source of Footwear Imports 1976

Type of Footwear	Source	Value %	Pairs %
Leather and Synthetic	Developed Countries	46	24
	Low-Cost Countries	43	52
	All Countries	89	76
Rubber	Developed Countries	1	1
	Low-Cost Countries	10	23
	All Countries	11	24
All Footwear	Developed Countries	47	25
	Low-Cost Countries	53	75
	All Countries	100	100

Source: Statistics Canada, Cat. 65-007. Imports by Commodities

Imports of Footwear from the Five Highest Volume Countries of 1976 Imports (Pairs '000)

	1976	1975	1974	1973
Taiwan	13,392	6,153	11,217	14,665
South Korea	11,303	8,268	7,389	6,643
Italy	6,681	5,350	4,960	4,598
United States	2,872	1,550	2,031	2,711
Spain	2,782	1,170	816	965
<i>Value \$ '000</i>				
Taiwan	21,590	13,233	14,643	13,506
South Korea	22,762	25,568	12,411	7,958
Italy	48,012	39,185	29,893	24,523
United States	16,628	11,628	10,127	5,801
Spain	17,825	5,307	3,395	3,569

Source: Statistics Canada, Cat. 65-203. Imports, Merchandise Trade

Exports of Canadian Footwear by Pairage and by Dollar Value 1968-1975¹ Pairage, 000 Pairs

	1968	1969	1970	1971	1972	1973	1974	1975	1976
Leather and Synthetic	1,659	1,780	2,276	1,872	1,784	2,009	1,821	1,591	1,960
Rubber	161	290	402	442	455	473	706	163	90
All Footwear ²	1,820	2,070	2,678	2,314	2,239	2,482	2,527	1,754	2,050
<i>Dollar Value, \$000</i>									
Leather and Synthetic	5,964	7,148	10,779	9,458	9,331	13,278	10,704	18,362	23,314
Rubber	1,352	2,618	2,948	3,864	4,312	5,056	6,794	1,370	534
All Footwear ²	7,316	9,766	13,727	13,322	13,643	18,334	17,558	19,732	23,848

¹ Source: Statistics Canada, Catalogues 33-203, 33-206, 65-004, 65-007

² Excluding skates, paper slipper and beach type sandals.

The Canadian market place is a highly competitive one dominated by the large retail chain stores. In this highly volatile and risky market almost all sales, with the exception of a few large manufacturers, are made to order and little inventory of finished footwear is carried in stock. Style and price are important criteria in the buyer's decision-making process but other criteria such as quality also play a role. Consequently, to be successful in obtaining orders, the footwear manufacturer must be able to assess accurately the style requirements of the market and, at the same time, be able to produce a good quality product at a competitive price.

Heavy import competition of fashionable footwear has had a stimulating effect on the demand in the Canadian market for fashionable and functional footwear. The increasing orientation of the market place towards fashion has fostered an increased emphasis on style and design of footwear in Canada. Styles now change faster and the traditional two-season approach has given way to more frequent changes.

In this increasingly critical design aspect of the business, the Canadian industry has shown major improvements, and more and more Canadian companies produce shoes of their own original design although the influence of foreign fashion trends is apparent.

FOOTWEAR PRICES

Between 1971 and 1976 leather and vinyl footwear prices increased at a slower rate than overall Canadian consumer and wholesale prices. Taking 1971 as a base of 100, footwear consumer price index in 1976 was 131.5 compared to 148.9 for the general consumer price index. The wholesale price index for footwear in 1976 was 157.5 as against 162.2 for all manufacturing industries. One of the major contributors to increases in footwear prices has been leather which increased (on an index basis) from 100.0 in 1971 to 196.2 in 1976.

EXPORTS

Exports of leather and synthetic footwear have stagnated between 5 per cent and 6 per cent of Canadian production for the last nine years, the United States absorbing 90 per cent of these exports. Out of 25 firms identified as exporters, eight are based in Ontario and the others in Quebec. It is estimated that in 1976 four firms accounted for more than 50 per cent of the exports. The items exported are mainly specialized footwear of either protective or functional type, with some incorporating a high fashion content. The absence of growth in exports suggests an opportunity for companies with proper marketing know-how and aggressiveness. Recent exposure of Canadian manufacturers to European and U.S. markets through well-organized trade fairs sponsored by the Department of Industry, Trade and Commerce highlighted to many manufacturers the export opportunities which can only be exploited through a well-planned and long-term marketing strategy. Such an approach is currently under development as part of the marketing element of the existing sectoral strategy.

INDUSTRY STRUCTURE

The rubber footwear industry in 1974 consisted of five plants which manufactured waterproof rubber and plastic footwear and canvas footwear.

Shipments in this sub-sector in 1974 were \$54 million.

The industry remained fairly stable between 1966 and the mid 1970s. During most of this period it consisted of five plants employing, in total, more than 3,000 workers. Three plants remain, at present, in the rubber footwear industry, two in Quebec, and one in Ontario. The majority of the industry's employees are located in small and medium-sized communities heavily dependent on the industry.

The leather and synthetic footwear industry consists of 167 plants which manufacture a full range of boots and shoes from non-rubber materials.

In 1975 the leather and vinyl footwear sector of the industry had total shipment value of \$355 million and employed 16,860 persons.

Of the 148 firms that make up the industry, only 25 are large multiplant companies employing 200 persons or more and relatively few produce a full range of footwear. In 1977, the ten largest firms accounted for over 45 per cent by value of all footwear shipments in Canada and five of these firms were multi-national with four being U.S. controlled. The majority of the industry (82 per cent of firms) is made up of small, local

family-owned single-plant firms employing less than 200 persons and servicing only one of the basic market segments. In total Canadians own 88 per cent of firms by number, which account for approximately 72 per cent of total employment and output.

The size of plants in the Canadian industry (as opposed to size of firm) has historically ranged from very small establishments employing two or three persons (which were little more than shoe repair shops producing shoes on a custom basis) to plants employing more than 500 employees. Although the larger plants are clearly associated with the larger firms, these larger firms also operate a number of smaller plants employing 200 people or less.

The industry is located mainly in central Canada with 95 per cent of the manufacturers in Ontario and Quebec. The shoe industry is heavily concentrated in major urban centres, particularly in Montreal, Toronto, Kitchener and Quebec City (in order of importance). In 1974 almost three-fifths of small plants (with less than 50 employees) were located in Toronto and Montreal. These two cities, however, accounted for less than one-quarter of the largest plants (more than 200 employees). Nevertheless, the footwear industry provides employment in more than 50 communities and in fact at least one-quarter of its employees live in communities of less than 20,000. In Ontario, the industry is concentrated mainly in urban areas although 14 establishments have been identified in 14 different small communities and of these, three are single-plant firms of less than 200 employees while the remaining 11 are owned by the large multiplant firms. In Quebec, 45 establishments have been identified in 22 small communities other than Montreal and Quebec City urban areas. Two of these establishments employ more than 200 employees and are part of the larger firms while the remaining 43 are single-plant firms, with less than 200 employees, 20 having less than 50 employees. Many of these small communities are relatively isolated and almost entirely dependent on the industry for employment or are situated in areas of high unemployment. Indeed, the non-rubber footwear industry is one of the fairly small number of manufacturing industries whose economics appear to permit them to locate in relatively small rural communities. The industry does not require large scale plants and its location is not determined by the need to be close to raw materials, markets or industry infrastructure. Plant site selection is dependent to a large extent upon the availability of a suitable labour force and relative lack of competition from high wage industries although it can provide employment for secondary wage earners. The industry employs mainly unskilled and semi-skilled workers.

Based on the annual census, the productivity per worker in the leather and synthetic sub-sector has experienced little growth between 1968 and 1974 (See Chart 5). The most recent data from Statistics Canada on productivity by plant size (1974) shows little or no difference in productivity among plants ranging in size from 20 to 499 employees. In a study of the footwear industry undertaken in 1970¹ it was concluded that optimum plant size (in terms of employees) varied between 170 for women's high grade shoe factories to 330 for factories producing women's medium grade shoes. An average optimum plant size of 250 to 260 employees was identified.

Most footwear manufacturers in Canada are not integrated either backward into findings, tanneries or shoe machinery or forward into retailing. Most integration has been connected with the larger firms and has been directed toward retailing. Although small in number, these firms account for a large portion of production and together they control more than 500 retail outlets².

BUSINESS FUNCTIONS

Production Process – The production process in the industry is relatively simple and consists of the following steps: cutting, sewing, assembly and finishing. The assembly operation is the most highly automated part of the process. The manufacturing cost of footwear and the speed at the assembly are affected by a number of variables, the most important being the number of different styles produced and the type of upper material used.

The reasonable maximum speed of one assembly line, assuming no significant downtime caused by changing styles, is 1,200 pairs of footwear per day. Additional production in a plant is achieved by the addition of a second assembly operation. Accordingly, there appears to be little or no advantage to be found in economies of scale in the production function once sufficient volume for one production line has been

¹ Source: "A Study of Productivity in the Canadian Leather Footwear Industry" by John L. Schwab Associates

² Source: Department of Industry, Trade and Commerce

achieved. In fact, executives in the industry have indicated that there may be advantages to be found in terms of labour rates, labour stability, ease of management and flexibility in operating a number of smaller plants in rural locations where there are fewer alternative employment opportunities rather than one or two larger plants in metropolitan centres.

The entire process is highly labour-intensive and labour costs typically account for about 35 per cent of total manufacturing costs. Approximately \$200,000 of capital equipment (exclusive of building) would be sufficient to establish a plant employing 60 persons and capable of producing 200,000 pairs of footwear per year.

The production of footwear is in essence an assembly process. Technology in the industry has been directed towards the refinement and improvement of this process. Most research and development in this area is carried out by the material and machinery suppliers to the industry many of which, while located in Europe, are American-owned. The results of this research are readily available to anyone (including Canadians) purchasing the suppliers' products. Significant technological improvements in the automation of the production process are now being introduced which are anticipated to reduce significantly the labour content in the end product.

FINANCE

The most current financial statistics available¹ (which are given below) indicate that, in spite of its past difficulties, the leather footwear industry has maintained a good financial position. The ratio of current assets to current liabilities for the industry as a whole was a healthy 1.63 in 1974 indicating a high level of short-term liquidity. The ratio of long-term debt to equity was 16 per cent, indicating that further capital might be available to the industry through the issuance of long-term debt. The rate of return on investment for the leather footwear industry was 14.8 per cent. However, it should be noted that 1974 was a particularly good year for corporate profits but information based on a sample of 24 firms suggests that profitability in the industry declined sharply in 1975 (Chart IV).

As shown below, the average return on equity (after tax) in 1974 varied substantially by company size, being the lowest for small companies and the highest for medium-sized ones.

The working capital ratio for the rubber footwear industry was 2.39 in 1974. However, the industry's liquidity was compromised to some extent by the fact that two-thirds of its current assets were in the form of inventories. The industry had a debt/equity ratio of 14 per cent in 1974. However, the rate of return on investment of 5.1 per cent lowers the potential and attractiveness for further borrowing.

Canadian Footwear Industry – Financial Ratios 1974¹

	<i>Rubber Footwear</i>	<i>Leather Footwear</i>	<i>Total Manufacturing</i>
Working Capital Ratio	2.39	1.63	1.56
Quick Asset Ratio	0.48	0.67	0.62
Return on Investment (%)	5.1	14.8	16.2
Wages and Salaries/Total Costs (%)	40.4	35.2	20.7
Cost of Sales/Sales (%)	86.3	80.2	77.6
Debt/Equity Ratio (%)	14.0	15.7	24.3
	<i>Return On Equity After Tax 1974</i>		
<i>Company Size (Assets)</i>	<i>%</i>		
Less than \$1 million	12		
\$1 million to \$5 million	17		
More than \$5 million	14		

The general financing practices of the leather and synthetic industry are worth noting in that much capital financing is one of the "off-balance sheet" nature. For the most part, machinery and capital equipment are leased from major suppliers and, therefore, do not require large capital investment by the company. As a

¹ Source: Statistics Canada, Business Finance Division

result, capital requirements do not pose a significant barrier to entry into the industry. Also, existing producers are not inhibited from obtaining more advanced and efficient production technology by either existing investment in capital equipment or the requirement to obtain large amounts of capital.

LABOUR/MANAGEMENT RELATIONS

High labour turnover (a common factor among light manufacturing industries) is an acute problem for the shoe industry. In 1975 a study by Professor Portis² found that turnover rates in a sample of 25 plants ranged from 56 per cent to 230 per cent. Portis estimated that the training cost alone of high labour turnover in the industry was between \$400 and \$500 per worker and suggested that for plants employing 200 or more persons it could cost \$100,000 or more per year. The problem, according to Portis, was most serious for plants located in major urban centres in Quebec and Ontario, which faced severe competition from other employers. On the other hand, plants located in small cities, with high levels of unemployment or a limited number of employers, or in areas of large cities settled by immigrants, seemed to have had much less difficulty in attracting and retaining labour. Portis said that most employees left because of low pay, unpleasant working conditions and family or personal reasons.

MANAGEMENT CAPABILITY

In general, management in the Canadian footwear industry is very competent in those areas required to establish and operate a small plant in an industry dominated by entrepreneurs. However, recent changes in the industry have made it important that management be proficient in all areas of business. Unfortunately, owner-managers of the small firms typically do not possess the full range of management skills and find it difficult to attract managers with these skills into the industry. The larger multiplant firms have been much more successful in attracting professional management and correspondingly have been more successful in maintaining their position in the industry.

INDUSTRY PERFORMANCE

The historical performance of the footwear industry can be conveniently divided into three time spans: 1968 to 1971, 1971 to 1975 and 1976 to date.

1968-1971

During this time span, the industry experienced severe competitive pressures from imported footwear which were particularly successful in obtaining a larger share of the Canadian footwear market. As Chart No. 1 shows, imported footwear increased its share of the Canadian market (measured by pairage) from 38 per cent to 49 per cent of the market. The impact of the import competition during this period was concentrated in the leather and synthetic footwear segment of the market (see Chart No. 2). Canadian manufacturers' share of this market segment declined from 73.1 per cent (pairage) and 85.8 per cent (dollar value) to 58.5 per cent and 76.7 per cent respectively in 1971. All major market segments in this sub-sector felt this pressure from imports with each segment maintaining its share of total Canadian production while losing its share of the market (see Table 2, 2A). In achieving this penetration, imports appear generally to have concentrated on the low-price end of each market segment. As Chart No. 3 shows, unit price of imports as a percentage of domestic shipments unit price declined significantly during this period in the two most important market segments, men's/boys' and women's/girls' footwear, and a slight decrease was recorded in the children's/infants' market segment. By contrast, the rubber footwear sub-sector was relatively unaffected during the same period losing only 5.9 per cent (pairage) and 1.7 per cent (dollar value) of its market to imports.

The financial performance of the leather and synthetic sub-sector of the industry is shown in Chart No. 4. Net profit in the industry declined during this period and the ratio of assets to liabilities decreased reflecting the substantial reduction in annual capital expenditure by the industry.

Productivity in the leather and synthetic sub-sector remained relatively constant over the time period.

² Reducing Labour Turnover in the Canadian Shoe Industry by Bernard Portis — University of Western Ontario

1971- 1975

Beginning in 1971, Canadian manufacturers' share of the total market stabilized at approximately 50 per cent as measured by pairage; with 40 per cent of the leather and synthetic sub-sector and 66 per cent of the rubber footwear market held by imports. However, during this same period, imports' share of the leather and synthetic market, as measured by dollar value, continued to increase from 24 per cent to 30 per cent, indicating that the cost of imported footwear has continued to rise. At the same time, it is generally recognized that the quality of imported footwear has also continued to improve.

As might have been expected with relative stability in the market place, the financial performance of the industry also stabilized and began to improve somewhat, as is shown by the accompanying charts, for the leather and synthetic sub-sector of the industry. Capital expenditure in the industry also increased substantially in 1974 and continued at its increased level of expenditure in 1975 and 1976 (see Table No. 3). During the same period, there has even been some gain in labour productivity.

1976 to Date

Since 1975, there has been a change in the stabilized situation in the leather and synthetic segment of the Canadian footwear market. In 1976, there was a dramatic rise of 46 per cent in imports over 1975 (27.4 million to 39.9 million pairs) while domestic production increased only 5 per cent (from 40.3 million pairs to 42.2 million). Canadian exports of footwear increased from 1.6 million to 2 million pairs.

The substantial rise in leather and synthetic footwear imports has significantly reduced the industry's share of this market segment from 59 per cent to 50 per cent.

GOVERNMENT INVOLVEMENT IN THE INDUSTRY

1972- 1975

In spite of the relatively stable picture of the Canadian footwear industry presented by the statistics between 1972 and 1974, there existed an air of uncertainty about the industry's future. In large part, this resulted from the published conclusions in 1973 of an investigation by the Anti-dumping Tribunal which found no causal relationship between imports and the state of the industry. These conclusions were not anticipated by the industry which did not agree with them. Under the circumstances, the government of the day instituted a program to assist the industry to overcome its structural and other difficulties enabling it to compete better in the Canadian market place.

After consultation with industry and provincial governments, a Footwear and Tanning Industries Sector Strategy became effective January 1, 1974. Originally restricted to leather and synthetic footwear, it was extended to rubber footwear in August 1975.

The objective of the strategy, certain elements of which will only remain in place until December 1978, is to create a situation within which the industries can regain confidence and undertake the necessary adjustments required to meet international competition in the Canadian market place.

The strategy comprises 13 integrated measures and programs grouped under three major activities: Productivity Improvements, Marketing Practices and Commercial Policy.

Implementation of the various elements of the strategy is on schedule and the response by industry to the specific measures and programs has been good. (See Appendix I for details.)

1976 to Date

During the 1970s, following the announcement of the Footwear Strategy, a measure of stability returned to the industry. Capital investment increased substantially and the implementation of the strategy was proceeding on schedule. In late 1976, however, at the request of the industry and in the light of the large influx of low-cost imports within the leather and synthetic sub-sector, the Cabinet requested the Anti-dumping Tribunal to undertake an immediate enquiry under Article 16-1 of the Anti-dumping Act to determine if imports of footwear of all kinds, other than footwear the main component of which is rubber or canvas, are a cause or a threat of serious injury to domestic production. The final report was issued in September 1977. The tribunal concluded that "footwear of all kinds and in all sectors of production, other than footwear the main component of which is rubber or canvas, is being imported and likely to be imported into Canada at such prices, in such quantities and under such conditions as to cause or threaten serious injury to Canadian production of like or directly competitive goods." On December 1, 1977, the government imposed a global quota on imports of most kinds of footwear for a period of three years to allow time for the industry to adjust to normal conditions of competition.

FOOTWEAR AND TANNING INDUSTRY SECTOR STRATEGY

OBJECTIVE

The basic objective of the Footwear and Tanning Industries Sector Strategy is to provide a framework whereby the industry will regain confidence and accelerate necessary adjustments, in the short to medium-term, to enable it to meet international competition in the Canadian market with only normal tariff protection. Specifically it is expected that full implementation of the strategy would achieve an increase of 30 per cent in productivity and more than double the volume of exports; a 6 per cent decrease in imports share of the Canadian market; and an industry consolidation resulting in 15 per cent fewer establishments and 25 per cent fewer firms. The strategy was announced in 1973 to take effect January 1, 1974. Certain elements of it are to terminate in December 1978.

THE STRATEGY

The strategy comprises 13 integrated measures and programs grouped under three major activities: Productivity Improvements, Marketing Practices and Commercial Policy.

Productivity Improvements

1. The main components of this activity are: Footwear and Tanning Industries Adjustment Program which provides up to 80 per cent of the cost to companies, in the form of grants, of the study and implementation of actions for restructuring their operations. It also provides for direct loans.
2. The Department of Labour's Adjustment Assistance Benefits Program for Displaced Workers which is to be used to assist those workers displaced in the rationalization and restructuring of the industry to find alternate employment.
3. Manpower Development Programs designed to enhance the level of professional management and operator skills within the industry. These programs include management courses and seminars as well as management scholarships at international training centres. Operator skills are to be enhanced through improved training facilities in major footwear production centres.
4. The provision of interfirm comparisons of key performance indicators and ratios to assist firms in assessing their own performance in relation to the remainder of the Canadian industry.
5. The establishment of a Development and Productivity Centre which will provide services in a number of fields (e.g. industrial engineering, financial management, etc.) so that participating firms can derive the full benefits of modern management science.

Marketing Practices

6. The establishment of a footwear and tanning industries design and colour centre which will permit firms to better anticipate and co-ordinate colour and footwear styling trends.
7. The provision of design scholarships which will improve the styling capability in the industry. These scholarships are available for prospective designers as well as experienced footwear designers to study at advanced schools.
8. The improvement of market information for the benefit of the industry and government through:
 - A comprehensive review of the government statistical information system;
 - A study to provide information on consumer attitude and purchasing patterns;
 - Market analysis to identify new opportunities for the footwear and tanning industries.
9. The continued support of the footwear industry's image enhancement program through financial support for fairs and fashion design promotion.
10. The provision of export promotion assistance through:
 - Financial support for the Annual Montreal International Footwear Exhibition and the International Fall and Winter Footwear Fair;
 - Tanning sales missions to prospective international markets;
 - The establishment of industry export sales consortia.

Commercial Policy

11. The exclusion of the leather footwear sector from the generalized system of preferences. This means that non-Commonwealth developing countries will not receive the lower of current British preferential tariffs or rates which are one-third lower than most favoured nation rates.
12. An ongoing study of the tariff structure to determine whether import costs can be reduced through tariff reduction taking into account the interest of concerned parties.
13. The maintenance of normal methods of protection against injurious import competition provided for under the customs tariff and under the Anti-dumping Acts.

CHART 1

**CANADIAN FOOTWEAR MARKET — PAIRAGE — 1968-1975
PERCENTAGE OF MARKET SERVED BY IMPORTS AND DOMESTIC SHIPMENTS***

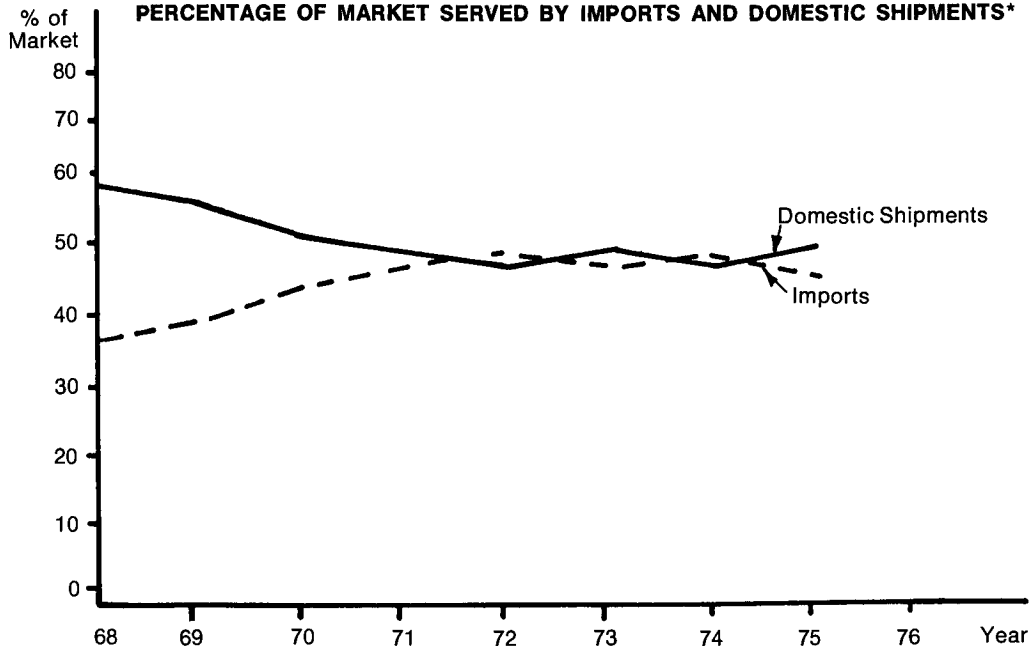
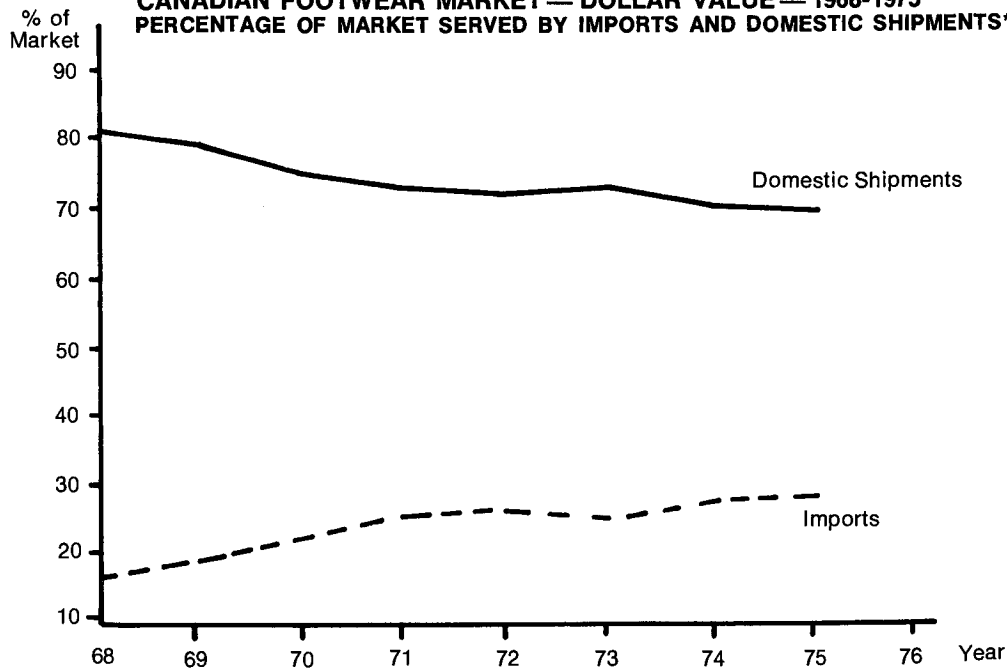


CHART 1A

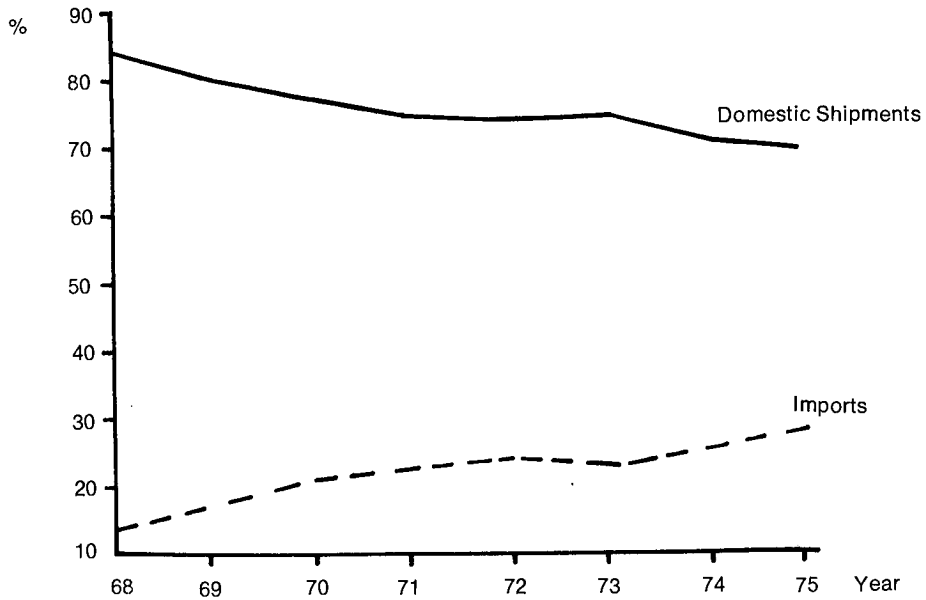
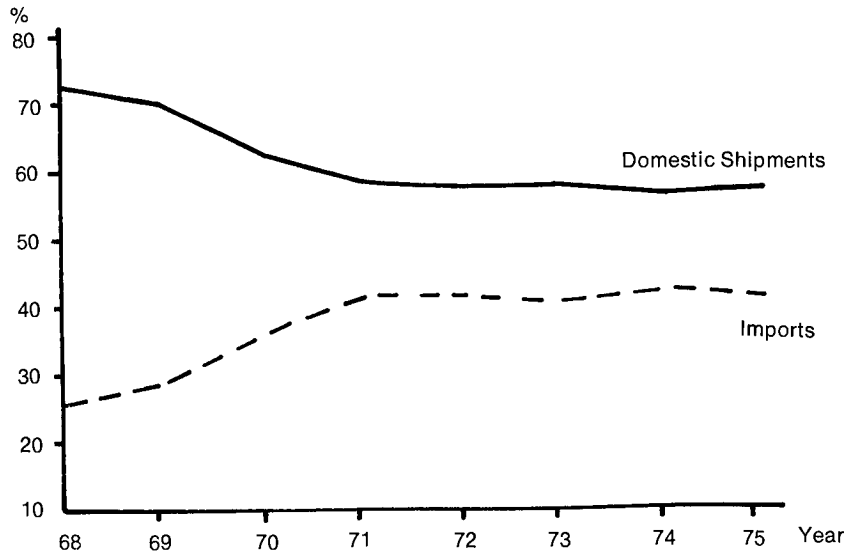
**CANADIAN FOOTWEAR MARKET — DOLLAR VALUE — 1968-1975
PERCENTAGE OF MARKET SERVED BY IMPORTS AND DOMESTIC SHIPMENTS***



*Source: Statistics Canada Catalogues Nos. 33-203, 33-206, 65-004 and 65-007

CHART 2

CANADIAN LEATHER AND SYNTHETIC FOOTWEAR MARKET — PAIRAGE — 1968-1975 PERCENTAGE OF MARKET SERVED BY IMPORTS AND DOMESTIC SHIPMENTS*



*Source: Statistics Canada Catalogues No. 33-203, 33-206, 65-004 and 65-007

CHART 3

CANADIAN LEATHER AND SYNTHETIC FOOTWEAR MARKET — 1968-1971 UNIT PRICE OF IMPORTS AS A % OF DOMESTIC SHIPMENTS UNIT PRICE

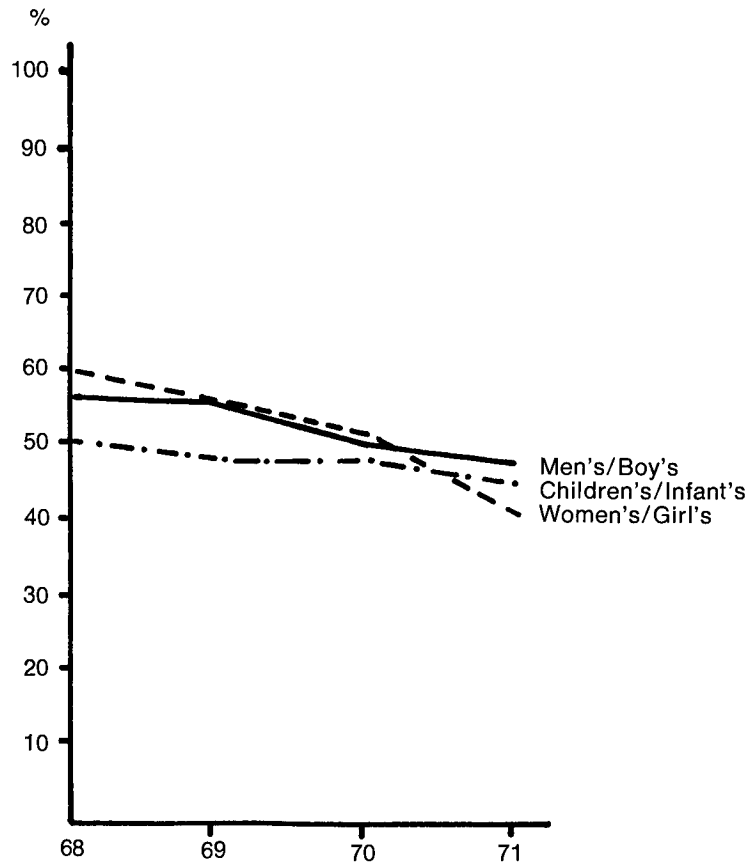
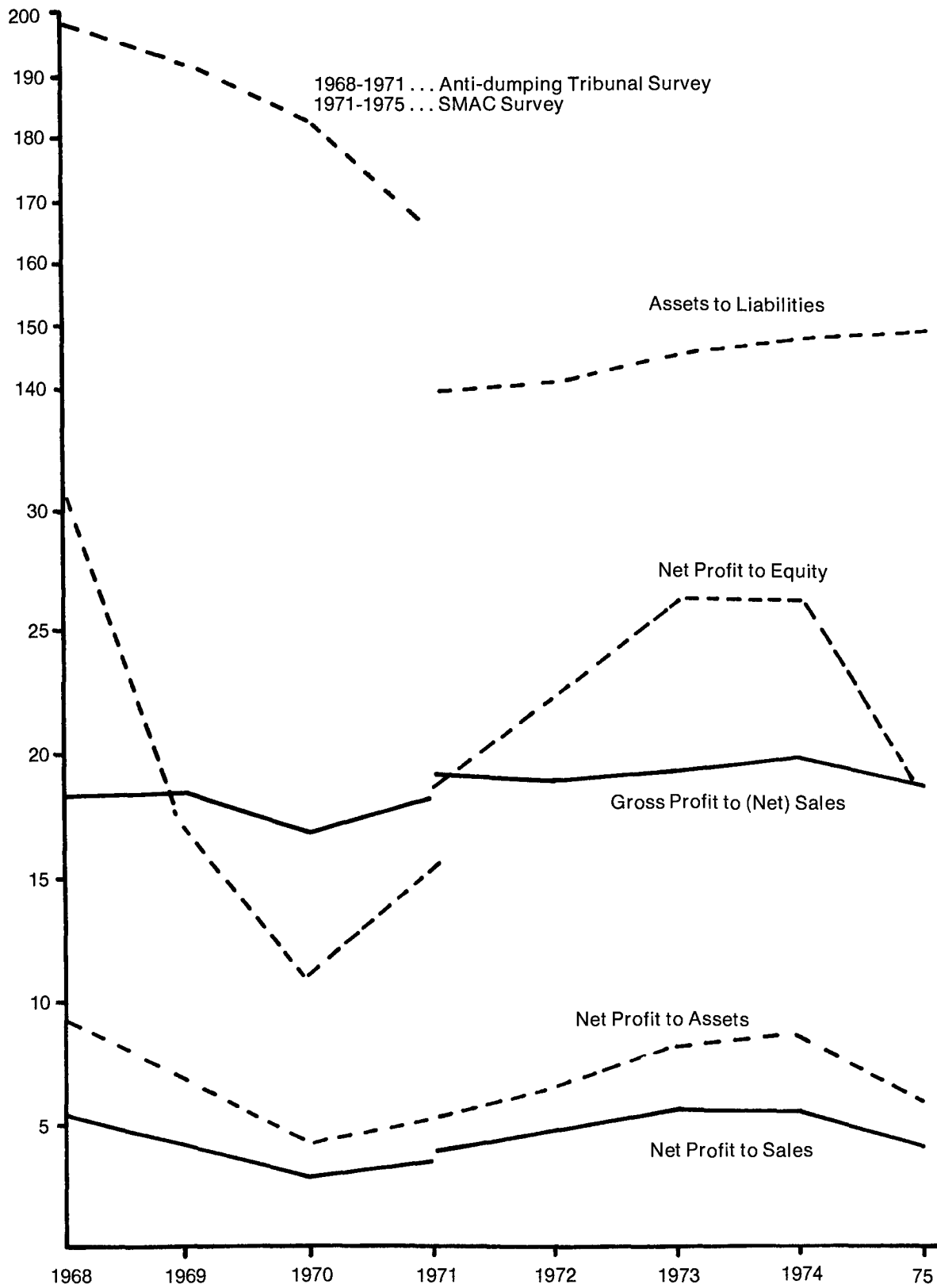


CHART 4
CANADIAN FOOTWEAR INDUSTRY — LEATHER AND SYNTHETIC SUB SECTOR
FINANCIAL PERFORMANCE 1968 — 1975*



*Sources: 1968-1971 — Anti Dumping Tribunal Survey
 1972-1975 — SMAC Survey of 24 Companies

CHART 5
CANADIAN FOOTWEAR INDUSTRY — LEATHER AND SYNTHETIC SUB SECTOR
PRODUCTIVITY PERFORMANCE 1968-1974

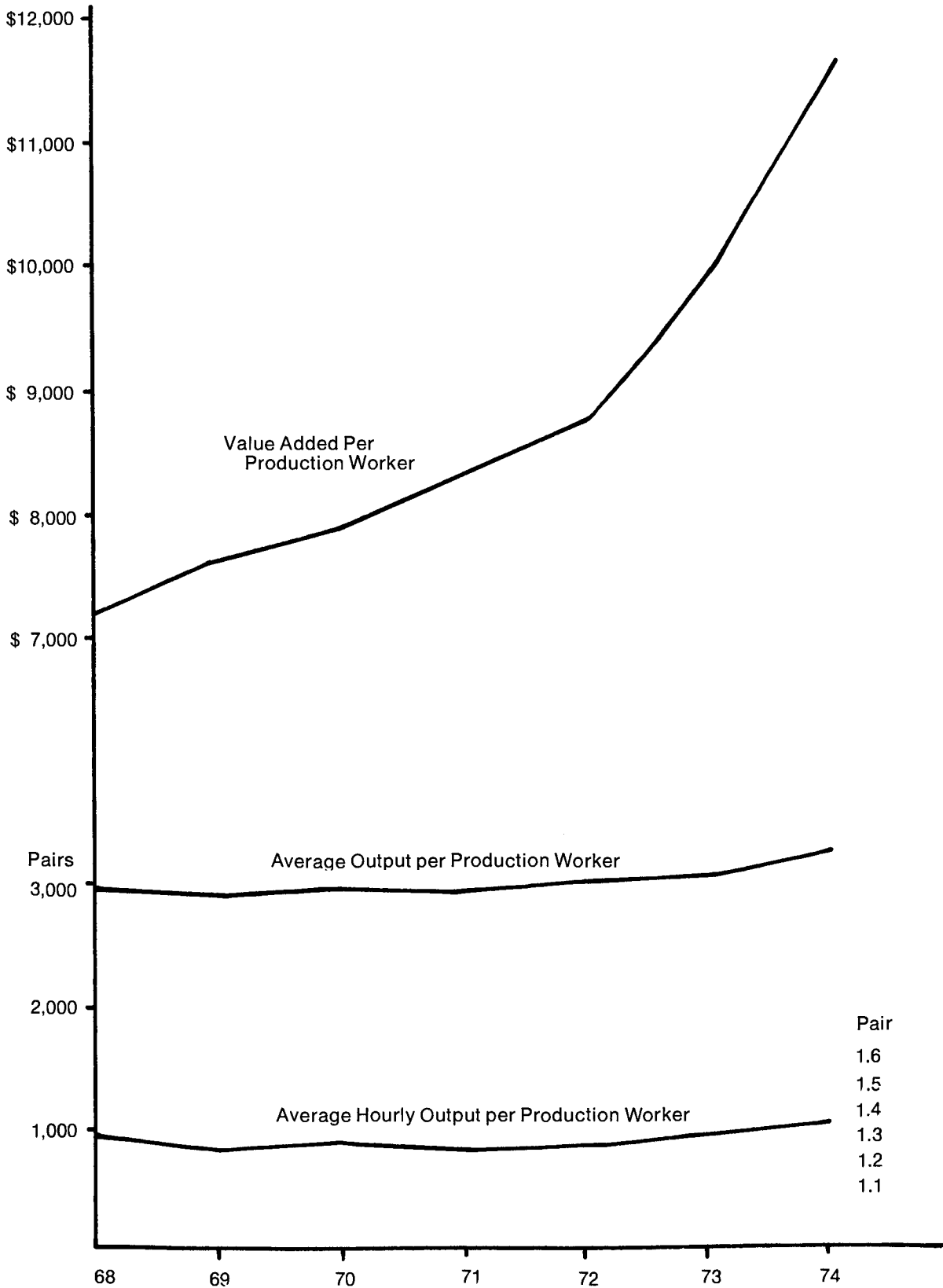


Table 1
Shoe Factories (SIC 174)
Number of Establishments by Employee Size Group and Year, Canada

Employee Size Group	Year					
	1969	1970	1971	1972	1973	1974
less than 49	94	88	83	77	76	78
50 - 99	36	35	35	33	27	35
100 - 199	44	44	42	40	40	32
200 - 499	29*	22*	23*	21*	21*	18
500 +						4
Total	203	189	183	171	164	167

Percentage Distribution of Establishments by Size Group to Total Establishments by Year, Canada

Employee Size Group	Year					
	1969	1970	1971	1972	1973	1974
less than 49	46.3	46.6	45.4	45.0	46.3	46.7
50 - 99	17.7	18.5	19.1	19.3	16.5	20.9
100 - 199	21.7	23.3	22.9	23.4	23.4	19.2
200 - 499	14.3*	11.6*	12.6*	12.3*	12.8*	10.8
500 +						2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

*Employee Size Group of 200 and more

Source: Statistics Canada, Catalogue No. 31-210, Manufacturing Industries of Canada: Type of Organization and Size of Establishment.

Table 2
Canadian Leather and Synthetic Footwear Market Pairage — 1968/1975
Distribution of Domestic Shipments by Market Segment* (%)

Market Segment	Year								
	68	69	70	71	72	73	74	75	
Men's/Boys'	23	25	26	26	27	28	32	32	
Women's/Girls'	51	51	51	51	47	46	45	45	
Children's/Infants'	8	8	8	7	8	6	7	7	
Athletic/Special Purpose	10	10	10	8	6	16	12	11	
Slippers/Housewear	7	7	5	7	13	3	3	5	

*Sources: Statistics Canada Catalogue Numbers: 33-203, 65-004, 65-007 Industry, Trade and Commerce

Table 2A
Canadian Leather and Synthetic Footwear Market Pairage — 1968/1975
Market Segment Domestic Shipments as a Percentage of Total Market Segment*

Market Segment	Year								
	68	69	70	71	72	73	74	75	
Men's/Boys'	80.4	76.6	71.2	70.3	68.8	68.6	67.2	67.1	
Women's/Girls'	82.1	77.0	70.5	65.3	60.9	64.3	61.4	61.9	
Children's/Infants'	77.8	73.7	64.8	59.5	57.1	60.3	53.9	57.6	
Athletic/Special Purpose	80.9	72.6	57.1	42.9	31.8	61.0	51.8	46.0	
Slippers/Housewear	33.2	38.0	29.2	29.3	48.1	17.5	16.7	27.0	

*Sources: Statistics Canada Catalogue Numbers: 33-203, 65-004, 65-007 Industry, Trade and Commerce

Table 3
Capital and Repair Expenditures
Shoe Factories 1967 – 1976 (\$ Millions)

	<i>Capital</i>	<i>Repair</i>	<i>Total</i>
1967	3.6	2.4	6.0
1968	4.6	2.7	7.3
1969	3.2	2.7	5.9
1970	3.0	2.3	5.3
1971	2.5	2.9	5.4
1972	3.4	3.0	6.4
1973	4.9	2.7	7.6
1974	8.0	3.5	11.5
1975	8.5(P)	3.4(P)	11.9(P)
1976	7.3(I)	3.5(I)	10.8(I)

Source: Statistics Canada



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