



TRADE COMMITTEE



## WEBINAR MINUTES: WFSGI TRADE UPDATE

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**Date:** Friday, 15 January 2021

**Location:** Phone / Internet

**Attendees:** Cinthia Battilani / Nike / CBI  
Steve Carr / Selle Royal / SCR  
Tom Cove / SFIA / TCE  
Killick Datta / Global Brands Partners / KDA  
Marjorie Feitosa / APICE / MFA  
Patrick Fox / VF / PFX  
Renato Jardim / APICE / RJM  
Hideaki Kitahara / Asics / HKA  
Marcus Kuerner / adidas / MKR  
Devi Kusumaningtyas / Nike / DKS  
Martin Langner / Canyon / MLR  
John Larsen / New Balance / JLN  
Bob Margevicius / Specialized / BMS  
Gustavo Meyer / IIC / GMR  
Shinji Matsuda / Asics / SMA  
Morgan Nicol / Aero Design Swiss / MNL  
Manuel Pauser / adidas / MPR  
Frank Peiffer / Shimano / FPR  
Jerome Pero / FESI / JPO  
Markus Rist / IIC / MRT  
Karl Sedlmeyer / BSI / KSR  
Bill Sells / SFIA / BSS  
Aki Shirane / Mizuno / ASE  
Eduardo Tavares / FIFA / ETS  
Dmitry Vishnyakov / Nike / DVV  
Jeff Whalen / Nike / JWN

**Ex Officio:** Edwin Vermulst / WFSGI Trade Counsel / EVT  
Karolina Brazyte / WFSGI / KBE  
Marc Magnus / WFSGI / MMS

**Minute Taker:** Marc Magnus / WFSGI / MMS

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**Confidentiality:** For WFSGI members who participate in the case only

⇒ Please note that the presentation “210115 WFSGI Trade Webinar” is an integral part of the minutes.

## INTRODUCTION

MMS welcomes participants and explains that this webinar is not a classical working meeting but rather thought to provide WFSGI members an update on different relevant developments in the trade area. This idea was brought up with the chair of the Committee JWN to provide a substitute for the physical meeting normally hosted at ISPO.

Thus, this meeting will not serve to technically discuss new issues but to rather agree to treat them in a separate additional webinar.

### 1. BRAZILIAN FOOTWEAR ANTI-DUMPING REVIEW

⇒ Please refer to slides 3 to 9 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

RJM explains that this is the second sunset review of the anti-dumping duties put on footwear imports to Brazil from China.

RJM reminds that during the first review another government was in place that was more protective than the current one.

He stresses the importance of this review for the sporting goods industry (SGI) by outlining that the current government in place in Brazil might be more open to an outcome that is more favourable to the SGI.

However, RJM also calls upon the very short deadlines in place for this trade case which requests active and quick participation of the companies involved.

In addition, RJM explains that China is no longer the most important footwear sourcing country for the Brazilian market. But there are rumours and signs that the local Brazilian footwear industry association will request trade measures against footwear imports into Brazil from Indonesia and Viet Nam. These two countries account for the highest footwear imports into Brazil today and are also very important sourcing countries for the SGI. With that said, it is even more important to stand up firmly and actively engage in this sunset review case to showcase that the industry will also actively fight any future possible trade measures against footwear imports from Indonesia and/or Viet Nam.

### 2. FRENCH NOTIFICATION TO THE WTO ON THE FRENCH TRIMAN LAW

⇒ Please refer to slides 10 to 12 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

MMS explains that the WFSGI has put this topic - that FESI is working on since 2013 on the agenda because it is important to create awareness and make members aware about this issue. Upon request, members can get the detailed communications sent to governments if they want to raise this issue in their individual exchanges with authorities.

JPO explains the importance of this issue for the SGI by outlining that until recently it was sufficient for companies to provide product specifications online. However, since last year France is requesting “on product” labelling, this also applies for the Triman logo.

In the meantime, FESI also confirms that the new regulation will be put into force on January 1, 2022.

So far, the product groups hard goods, equipment and personal protective equipment are excluded from this requirement until 2025.

MMS thanks JPO for having shared comprehensive material with the WFSGI. Based on this information the WFSGI has drafted a statement shared with different important SGI sourcing countries and requested them to raise this issue at the WTO Technical Barriers to Trade Committee.

### **3. INDONESIAN APPAREL SAFEGUARD INVESTIGATION**

⇒ Please refer to slides 13 to 17 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

In addition to the information presented on the slides, participants wonder if there are any dates known regarding the implementation of next steps. Both EVT and MMS explain that no such dates are known as of today.

MMS summarizes the importance and argumentation used in this trade case by the industry. First there is a need for a globalized industry to import certain products to a country. This is also required since not all products can be manufactured locally but there is a need to offer products to meet the local demand.

In addition, it is important to consider any possible retaliatory measures taken by other governments if Indonesia is putting in place safeguard measures. This would hit hard the Indonesian apparel market and the SGI.

### **4. RUSSIAN MANDATORY LABELLING REQUIREMENT**

⇒ Please refer to slides 18 to 19 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

MVV explains that the mandatory labelling requirement for footwear imports has now been in place for 6 months. Initially the Russian government justified this measure by explaining it will help to prevent and avoid counterfeiting. Until today no impact at all on counterfeits has been recorded by the companies.

However, as feared by the companies, this measure has proven to be a huge bottleneck for imports. Especially technical issues that are not resolved by the local operator cause delay in shipments which have a significant impact on the companies' operations in Russia. In addition to footwear, now also cameras, tires and apparel must undergo the mandatory labelling.

The industry has requested that at least products that are important but not meant to be sold, should be exempted from this measure (e.g., samples). Such a regulation should be signed off soon.

MMS also explains that DVV has drafted a comprehensive briefing paper. There will be a preparatory conference call with DVV, FESI and the WFSGI next week to align on the next steps, whereupon further information along with the briefing paper will be shared with the working group.

## 5. TRADE UNDER THE NEW BIDEN ADMINISTRATION

⇒ Please refer to slides 20 to 21 of the presentation "210115 WFSGI Trade Webinar" for detailed information.

BSS explains that Biden made it clear that his first priority will be to fight the COVID-19 pandemic. Thus, trade matters will not be on top of his agenda. Regarding trade, it is also important to note that Biden will still need to get consent from the Republicans to make changes, so it is not yet a given that quick changes can be expected in that area.

Nevertheless, the huge pressure from labour unions will remain unchanged with regard to steel, aluminum and other Chinese items imported on Lists 1 & 2. This will put pressure on any trade liberalization of the new administration. However, there will be less pressure to keep the tariffs on consumer goods in place on lists 3 and 4A. Also, labour as such will be an important issue that will get the support and attention of the new administration.

However, SFIA is expecting that things will go back to normal when it comes to the US role and position at international institutions such as the WTO, the Paris Agreement, etc.

The "Buy American" request and the French digital tax will be the two trade aspects having most probably the biggest impact on the trade relation with Europe.

Referring to China, BSS assumes that the issues around forced labour in China will continue to raise concerns in the US and impact trade. This is underlined by a recent measure taken against cotton imports from China where allegations are made that Uighurs are forced to harvest cotton.

BSS then also brings up the Miscellaneous Tariff Bill (MTB) and Generalized System of Preferences (GSP). Both these tariff relief programs expired in December 2020. SFIA estimates once renewed the two programs would provide \$100 million annually in tariff relief to U.S. importers of sporting goods & fitness products.

Finally, BSS outlines that the whole issues around the elections slowed down the decision-making process for example for the adoption of tariff exemption for shipments.

In general, SFIA is expecting to a certain degree a return to normal when it comes to trade. However, it will be a very slow return as the COVID-19 pandemic is slowing down everything.

## **6. USTR INVESTIGATION ON VIETNAMESE CURRENCY MANIPULATION**

⇒ Please refer to slides 22 to 23 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

JWN explains that the publication of the findings of the USTR investigation is due any day. But it seems to be already clear, that the report will confirm findings of currency manipulation. The question is only what kind of tariff consequently will be applied and what kind of rules will be put in place.

Participants raise the question whether there is a possibility that no actions are taken at all.

JWN explains that theoretically there could be a resolution taken that no action is taken. But most probably USTR will also be to a certain extend looking at what the IMF and US Treasury decides.

## **7. INDIAN FOOTWEAR IMPORT MEASURES**

⇒ Please refer to slides 24 to 25 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

JWN explains that this new import measure is considered a technical barrier to trade which is causing significant obstacles for compliance.

Especially the certification of factories is requesting a lot of time, money, and resources from companies.

There is a clear a need to align these rules to existing international standards.

### **Conclusion**

There will be a separate additional webinar to investigate how the industry can engage jointly in this issue.

## **8. ARGENTINA FOOTWEAR ANTI-DUMPING REVIEW**

⇒ Please refer to slides 26 to 27 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

JWN explains that this trade case has been mainly off the radar of the SGI. The reason therefore is, that the duty only applies to imports where the FOB of a pair of footwear is below US\$ 13.38. This is not the case for most SGI footweares.

But there is a new government in place and there are real concerns that this new authority might increase the duties or apply changes that will affect the SGI.

Participants add that there is still a registration process in place for imports. This process has not improved with the new government or even got worse. This issue should be addressed at WTO level as well.

#### Conclusion

There will be a separate additional webinar to investigate how the industry can engage jointly in this issue.

### 9. MISCELLANEOUS AND AOB

- ⇒ Please refer to slides 28 to 29 of the presentation “210115 WFSGI Trade Webinar” for detailed information.

MMS explains that several members have provided agenda points for this webinar. One reoccurring issue was the lack of shipping capacities and especially also the increasing shipping costs. This point has been brought forward by manufacturing, legal and trade committee members.

#### Conclusion

There will be a separate additional webinar to investigate how the industry can engage jointly in this issue.

#### Action Plan

#	Deadline	Topic	Who
1.	ASAP	The WFSGI will schedule a working conference call to discuss the above three issues further: Shipping, Argentina AD FTW case and Indian FTW Import Registration. As always, with new trade topics, this invitation will be sent to all WFSGI trade contacts. If you are not sure whether you will be on that list, please request the invitation from mmagnus@wfsgi.org	WFSGI