



TRADE COMMITTEE



## WFSGI WEBINAR MINUTES: WFSGI TRADE COMMITTEE

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<b>Date:</b>	Thursday, 30 April 2021
<b>Location:</b>	Phone / Internet
<b>Attendees:</b>	Masashi Abe / Asics / MAE Peter Baehr / Puma / PBR Cinthia Battilani / Nike / CBI Patrick Fox / VF / PFX Gabriel Hoyos / Under Armour / GHS Shinji Matsuda / Asics / SMA Youri Mercier / FESI / YMR Sophie O'Kelly / Decathlon / SOY Manuel Pauser / adidas / MPR Akihiko Shirane / Mizuno / ASE Jeff Whalen / Nike / JWN
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<b>Confidentiality:</b>	For WFSGI members only

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⇒ Please note that the presentation "00964804 WFSGI Strategy Facilitation\_v3" is an integral part of the minutes.

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## 1. WFSGI STRATEGY

This conference call was initiated in order to review and discuss amongst the WFSGI Trade Committee members the draft strategy for the WFSGI. This strategy has been worked out by a special ad hoc working group of WFSGI board members and is now being reviewed by the different WFSGI committees.

The draft strategy has been shared with all WFSGI Trade Committee members prior to this conference call.

The following comments and inputs were collected during the conference call:

### 1.1. Lead Role

It was recognized that the strategy has not foreseen any leading role for the WFSGI when it comes to trade.

The group agrees that trade is not like other field of activities helping to build the reputation of the industry. The focus for trade will be advocacy. Participants stress that it is the nature of the trade subjects making it very difficult to define how to lead as an organization in this domain. Thus, it should be accepted that for the time being there is no such role to define for the WFSGI in trade. However, the group agrees also that this can change at any moment in time.

Nevertheless, it is being discussed to consider also a more general approach to certain topics such as ensuring a fair and free trade environment. This means, that the WFSGI could not solely focus on ad hoc and case-oriented actions but also take positions independently from particular trade cases.

The increasing number of national regulations requesting from the industry compliance with for example testing and marking requirements could be addressed. This would ideally be done at WTO level but also at other organizations such as the WCO and multinational trade agreement bodies (e.g., ASEAN, MERCOSUR). However, this would then again fall from an operational point of view under the role category advocacy and not lead.

### 1.2. Advocacy Role

The WFSGI Trade Committee sees an increasing importance of subjects such as business and human rights, sustainability, etc. having an impact in trade negotiations. The committee considers it important that this link should be worked out and included in the advocacy part of the strategy. Even though trade can support in this context, businesses cannot take over the responsibility of states to drive sustainability. Nevertheless, this development impacts the sporting goods business both in practical and regulatory manner and it is crucial to ensure that it is not hindering global trade.

It is being pointed out as well, that the WFSGI has been invited in the past in some WTO discussions around the value trade offers for development. It is important to attach value to this aspect of trade and other such overarching trade subject. Sustainability, aid for trade, addressing the north-south divide are major focus areas of the WTO. This might even become more important or at least not change considering the first ever African WTO Director-General, Ngozi Okonjo-Iweala is in office now. Being one of the leading trading industries, the SGI might be able to develop some leading advocacy in this context in the future.

As already mentioned under point 2.1., it would be important to clearly state in the advocacy part that technical barriers to trade are becoming more of an issue to the industry and there needs to be a specific focus on this development.

Furthermore, the Trade Committee members point out that they have re-assessed the mandate of their committee earlier in 2018. Back then it was agreed, to extend the scope of the committee work to the following areas:

- Customs
- Technical barriers to trade
- Market access
- Protectionism
- Regulations
- Transfer pricing and customs valuation
- Supply chain
- Logistics
- Government Relations/Affairs relates to Trade

These areas of activity should be included as well in the WFSGI strategy.

### **1.1. General Comments**

Participants express some concern that the different priorities in the strategy are too much separated and that this silo structure might not be reflecting the actual world the industry operates in. Many topics are of interest and concern to several WFSGI working committees and can no longer be assigned to one single committee. As an example, the Russian footwear labelling case is mentioned which was taken up by the legal committee but then a joint working group with the trade committee engaged in the case.

Mirroring the developments on brand level, it is important to include different views on a subject to successfully address it. This can be achieved with cross-functional working groups, coordination, etc. But there is a need to flesh out specific solutions to this issue.

## 2. INDONESIA TRADE REGULATION 68/2020

The group was asked to discuss the impact of the Indonesian Trade Regulation 68/2020 which is amongst others stipulating an import approval for footwear.

### 1.2. Background Information

A new Trade Regulation 68/2020 for the imports of footwear, electronics, bicycle, and tricycle was signed on 19th August 2020, and came into effect on 28th August 2020. The Regulation aims to reduce Indonesia's imports of consumer goods. Textile footwear with outer soles of rubber, plastics, leather, or leather composition are affected which are classified with HS 6404.11.10, 6404.11.20, 6404.11.90, 6404.19.00, 6404.20.00. Also, origin and destination ports that can be used as an entrance gate of the imported goods are regulated. The Trade Regulation 68/2020 requires business entities to get an Import Approval (PI) as new import requirements for the commodities.

The EU has addressed the issue of the Indonesian import permit scheme. The Indonesian authorities have responded that they take notes of the EU's concern on this matter seriously and realizes the importance of proper regulation to maximize trade and at the same time prevent unnecessary trade barriers.

### 1.3. Status Quo

It seems that some of the WFSGI member companies are facing a situation where only a fraction of the requested licensees has been approved by the Indonesian authorities.

### 1.4. Discussion

Participants on the call cannot conclusively confirm if they are still facing challenges with the regulation. One company did though not primarily face problems with the number of permits provided but rather with the delay to get the permits.

## Conclusion 2.

Participants need yet to verify internally the status quo.

## Action Plan 2.

#	Deadline	Topic	Who
1	April 6, 2021	Investigate internally if the trade regulation 68/2020 is still causing issues and report back to the WFSGI.	All
2	April 7, 2020	Based on the feedback received, initiate conference call to discuss potential consolidated industry action.	WFSGI

## 3. WTO PUBLIC FORUM 2021

### 3.1. Background Information

The WFSGI informs the group that it is possible to submit proposals for hosting a session at this year's WTO Public Forum. The WFSGI has clarified what under format the forum will be most likely to take place this year as last year the forum was cancelled as such and the group invested time in developing a proposal.

The WTO has informed the WFSGI that they hosted a first larger virtual event in March which has served as proof of concept. So, they would be ready to host the Public Forum virtually what is most

likely the format that will be chosen. According to the WTO they have internal limitation for meetings up to 15 persons and the current vaccination status and progress in Switzerland does not allow for an optimistic outlook until September when the forum takes place.

### **3.2. Discussion**

Participants agree that one of the important assets of the forum was the opportunity to meet in person with others at the event but also schedule delegation visits to missions or meetings at the WTO head quarters. With a virtual forum, participants do no longer have these advantages. Without this personal interaction, the group sees very limited value in participating in an online event where just a few panellists present.

Participants are still persuaded that it is important to formulate an industry and participate in the global debate providing the industry expertise. But in a virtual event not providing the exposure and visibility no meaningful interaction is possible.

### **Conclusion 3.**

Participants agree that they will refrain from submitting a proposal to host a session at the WTO Public Forum 2021 as it will most probably be held virtually.