

October 4, 2011

SUMMARY – Brazilian Anti-Circumvention Investigation – Footwear

On October 4, 2011, Brazil initiated an anti-circumvention investigation to verify the existence of practices that circumvent the antidumping duty imposed on imports of footwear originating from China, as it relates to the following:

- a) Imports of footwear components originating from China and used in the assembly of shoes;
- b) Imports of footwear from Indonesia and Vietnam manufactured with parts and components originating from China.

1. Process Number: MDIC/SECEX 52100.001835/2011-13
2. Petitioner: Abicalçados - Associação Brasileira das Indústrias de Calçados (Brazilian Association of Footwear Industries)
3. Subject Product: footwear designated for feet protection, with the top part made in natural or synthetic material and the bottom part made in natural or synthetic material, for male, female or children consumer-oriented, destined for daily, social or sporting use.
4. The investigation covers imports of parts and components of footwear originating from China and of footwear originating from Indonesia and Vietnam, under the following tariff positions of the MERCOSUR Common Nomenclature (NCM / HS):
 - China: 6406.10.00, 6406.20.00 and 6406.99.00
 - Indonesia and Vietnam: 6402 to 6405. From July 2005 to December 2009 the Import Tax Duty was 14% and increased to 18% in January 2010.

Exceptions: The following products are not subject to the definitive antidumping duty currently charged and, therefore, are excluded from this investigation:

- I. Beach sandals, made of rubber and which strips are fixed to the sole by spikes (commonly classified under NCM 6402.20.00);
- II. Shoes destined for skiing and snowboard (commonly classified under NCM 6402.12.00 and 6403.12.00);
- III. Natural leather shoes with upper straps that covers the big toe, popularly called espadrilles (commonly classified under NCM 6403.20.00);
- IV. Shoes designed for sports, equipped or prepared to receive tacks, staples, clips, bars or devices, including shoes specifically and exclusively for skating, wrestling, boxing, and cycling;
- V. Domestic footwear (slippers);
- VI. Dancing shoes;
- VII. Disposable footwear, with applied soles, usually designed to be used once;

- VIII. Shoes for protection against electrostatic discharge (anti-static) for usage in industrial mills;
 - IX. Footwear for babies and/or newborns, with the upper part made of 100% of textile materials;
 - X. Footwear with upper and sole exterior made of 100% of textile materials.
5. Timeframe: Deadline to submit the questionnaire: thirty (30) days from the date the questionnaire is issued.

IMPORTANT: Decom (the Brazilian investigating authority) will sample Chinese exporters of parts and components of footwear, and Vietnamese and Indonesian exporters of footwear, based on the highest percentage of volume of exports to Brazil subject to this investigation.

6. Other interested parties have a period of 20 days to request their participation in the investigation.
7. Period of Investigation: July 2010 to June 2011.
8. Access to any other information (including the names of respondents) will only be granted to the parties duly represented by the filing of a power-of-attorney (which must be notarized and consularized).