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Footwear industry wants to stomp out tariff

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WASHINGTON — Footwear makers and retailers are trying to get the government to drop a Depression-era shoe tariff, a move they say could save American consumers hundreds of millions of dollars annually and kick-start sales.

Trade associations and their members, such as St. Louis-area based Bakers Footwear Group Inc. and Brown Shoe Co., have been lobbying U.S. lawmakers weekly since the summer to get them to exempt certain categories of footwear — including all children's shoes — from import taxes that can run as high as 67.5 percent a pair.

The groups created a website — EndtheShoeTax.org — to raise awareness and encourage constituents to tell their lawmakers, via an e-mail prompt on the site, to pass the Affordable Footwear Act of 2007.

"We support the reduction of duties on shoes and other footwear and believe it will help American consumers," said Michael Oberlander, who is senior vice president, general counsel and corporate secretary for Brown Shoe, which is based in Clayton.

U.S. shoe tariffs are among the highest in the world, compared with the European Union's 17 percent, Japan's 10 percent or Chile's 6 percent duties, according to the centrist Progressive Policy Institute.

Imposed in the 1930s, the tariffs were designed to protect a domestic manufacturing industry from cheap imports. But that industry has largely disappeared over the past 20 years, as manufacturing overseas has become easier and cheaper.

"These tariffs were put in place decades ago to protect the domestic shoe manufacturing industry. A domestic shoe manufacturing industry has ceased to exist," said Peter Edison, CEO of Bakers Footwear, which is based in St. Louis.

Of the 2.4 billion pairs of shoes Americans bought in 2006, nearly 99 percent were made overseas, mostly in China, according to the American Apparel & Footwear Association.

"It's an anachronism," Peter T. Mangione, president of the Footwear Distributors and Retailers of America, said of the tariffs. "It's just completely out of sync with what we need today."

Even those last-standing domestic shoemakers, represented by the Rubber and Plastic Footwear Manufacturers Association, and some companies, including privately held New Balance, which makes 25 percent of its products in the United States, support the bill.

"For the first time ever, we've got a united footwear industry," said Brad Figel, global director of government affairs for Beaverton, Ore.-based Nike Inc.

By framing the issue as tax relief for consumers, the trade groups say it's gained a bipartisan foothold in Congress.

Reps. Joseph Crowley, D-N.Y., and Kevin Brady, R-Texas, on Oct. 23 introduced a House bill that repeals duties on certain footwear. It now has 61 co-sponsors. Sens. Gordon Smith, R-Ore., Jim DeMint, R-S.C., and Maria Cantwell, D-Wash., introduced companion legislation in the Senate before Thanksgiving.

The proposed legislation wouldn't repeal the duties entirely but would eliminate some \$800 million paid annually to the U.S. Treasury, which collected nearly \$2 billion in 2006 just from shoe import duties.

Any savings is significant, tariff critics say, because the biggest dent would be in low-cost footwear and all children's shoes — items most likely on the shopping list of lower-income families.

Kevin Burke, president of the American Apparel & Footwear Association, said, as an example, a high-end casual leather men's boat shoe that sells for \$189.95 includes a 6.9 percent duty, or \$13.13. But a pair of canvas casual shoes for a young girl, priced at \$14.99, contains a 28.8 percent duty, or \$4.32.

"That's ridiculous," said Burke, whose group spent \$432,000 lobbying in the first six months this year on tariff legislation, according to a Senate disclosure form.

The industry hopes the bill will be approved by the spring.

Gail Appleson of the Post-Dispatch contributed to this report.

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