



AFFORDABLE FOOTWEAR ACT (AFA)

AFA HELPS TO PROTECT U.S. EMPLOYMENT

- The 15 million workers employed in U.S. retail are being hit hard by the overall economic crisis. The February 2009 unemployment rate for the U.S. retail sector rose to 9.2%.¹ Nearly 600,000 retail jobs were lost in 2008 alone – one-fifth of all U.S. job losses that year.
- Traditionally, footwear jobs account for three percent of the overall U.S. retail sector. Therefore, of the 15 million U.S. retail jobs, approximately half a million are footwear jobs.
- The Affordable Footwear Act (AFA) eliminates duties across a broad range of footwear imports, with a focus on those purchased by lower- and moderate-income families and all children's footwear.

AFA HELPS TO CREATE U.S. EMPLOYMENT

- AFA would eliminate some \$800 million in duties on an estimated \$8.3 billion in footwear imports in 2009² (if duties were eliminated for the full year). CBO scores the revenue loss at \$613 million, since CBO seems to assume that 25% of the lost revenue from duties goes back to the Treasury in the form of taxes from other economic activity.
- Since the retail price for footwear sales is generally calculated to be three times the first cost (so the duty paid is also marked-up three times to the consumer), \$800 million multiplied by three equals **\$2.4 billion in estimated savings to U.S. consumers by AFA.**
- The underlying assumption in the jobs estimate presented by Obama Administration advisers Romer-Bernstein on January 9, 2009 (“The Job Impact of the American Recovery and Reinvestment Plan”) for the stimulus package is that one percent of GDP represents one million U.S. jobs.
- Based upon this model, the \$2.4 billion of incremental savings to U.S. consumers at the retail level from enactment of the AFA **should produce an incremental 18,000 full time U.S. jobs.**
- The average cost in lost tariff revenue for these jobs because of the leveraging affect from the duty reduction would be slightly over \$30,000 per job. This is a deal - a mere fraction of the overall average Obama proposal cost per job based upon the Romer-Bernstein estimate of an \$800 billion package for 3.5 million jobs, or over \$200,000 per job.

¹ Bureau of Labor Statistics: <http://www.bls.gov/iag/tgs/iag44-45.htm#workforce>

² Derived from CBO's score for 2009 - 110th Congress