



AFFORDABLE FOOTWEAR ACT (AFA)

THE FUNDAMENTAL OBJECTIVE OF AFA

- The Affordable Footwear Act (AFA) of 2009 seeks to remove regressive import duties on a range of shoe types popular with today's consumers, especially low-priced, children's and the highest duty items, which together accounted for some \$800 million in shoe duties collected in 2008, or about half of all shoe duties.
- If enacted, AFA would act as a tax cut for American footwear consumers by saving them billions of dollars annually, providing economic relief to low- and middle income families at a time when they need it the most.
- AFA also seeks to eliminate the uncertainty that duties will be re-imposed on products such as hiking boots and shoes for which duties were suspended in the 2006 MTB.
- This initiative is not controversial. Domestic footwear producers fully support this initiative, as do outside groups such as the Progressive Policy Institute and the Heritage Foundation.

THE AMERICAN CONSUMER IS PAYING AN OUTDATED, REGRESSIVE SHOE TAX

- U.S. import duties on footwear are very high; some rates are as high as 67.5 percent. U.S. footwear importers paid **\$1.7 billion** in duties to the U.S. Government in 2008, more than the duties paid on imports of virtually any other single type of product.
- The U.S. tariff code with respect to footwear is regressive in that it charges higher rates of duty for lower-valued shoes. As such, footwear duties act as a regressive tax on low- and middle-income American households, including working families with children, who spend a larger share of their disposable income on basic necessities like shoes.
- Because duties are subject to the same mark-ups as any other cost in determining the retail price, the \$1.7 billion in import duties translates into a \$4-5 billion tax each year on hard working U.S. families.

HARDWORKING U.S. FAMILIES WIN IF DUTIES ARE ELIMINATED

- The hard-nosed competition that exists in the U.S. footwear market – recognized by the U.S. International Trade Commission – ensures that a substantial portion of the duty-savings will be passed on to U.S. families. In fact, due to this intense competition, retail prices for footwear were still below 1999 prices in 2008 despite sharply rising prices from China due to the appreciation of the Renminbi against the dollar.
- Passage of AFA would result in tax-relief for low- and middle-income American households in the form of lower prices on footwear – something every man, woman and child must purchase.

ELIMINATION OF FOOTWEAR DUTIES IS NON-CONTROVERSIAL

- High footwear duties originated in the 1930's. These high duties were created to protect a manufacturing sector that no longer exists.
- Over the last three decades, U.S. footwear production has practically disappeared. The few remaining U.S. footwear manufacturers successfully focus on niche items differentiated by quality, brand, specialized purpose, or other non-price elements.
- The AFA does not include reduced tariffs on those few footwear types still produced in the United States – and actually further protects those U.S. manufacturers. Therefore, domestic manufacturers strongly support the AFA.
- The trade bill passed by Congress at the end of 2006 included provisions that temporarily eliminated import duties on 27 specific types of footwear. These provisions were unopposed, further demonstrating the lack of controversy surrounding shoe duty elimination.