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Arch rivals unite: Cut shoe tax

Tariffs of up to 67% a pair date to Depression era

By DIBYA SARKAR | The Associated Press
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WASHINGTON - Footwear makers and retailers are trying to stomp out a Depression-era U.S. government shoe tax, a move they say could save American consumers hundreds of millions of dollars annually and kick-start relatively flat footwear sales.

Trade associations and their members, such as *Payless ShoeSource*, *Nike Inc.* and *Columbia Sportswear 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 the import tariffs that can run as high as 67.5 percent a pair.

The groups created a Web site — 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.

While the matter appears to have widespread industry support, its relative obscurity and low-level priority make passage of the bill anything but a shoe-in, several supporters say.

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.

"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."

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.

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.

The proposed legislation won'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.

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 shoe for a young girl, priced at \$14.99, contains a 28.8 percent duty, or \$4.32.