

2014

Special Children's Footwear Report

- Duties on children's footwear are increasing dramatically
- Charitable shoe drives for low-income children are on the rise
- A new average of \$3 for every pair of shoes sold is due to 'hidden taxes'



Americans Are Paying 'Hidden Taxes'

Children's shoes are a necessity,
but we tax them like a luxury.

99.9% of children's shoes sold in the US are imported
and are hit with tariff rates upwards of

37.5, 48 and **67.5%**

Other imported consumer goods are
taxed at an average of just 1.3%.

Tariffs on children's shoes are also regressive.

In comparison, imported leather loafers
face just over an 8% tariff rate.



48%

Vs.

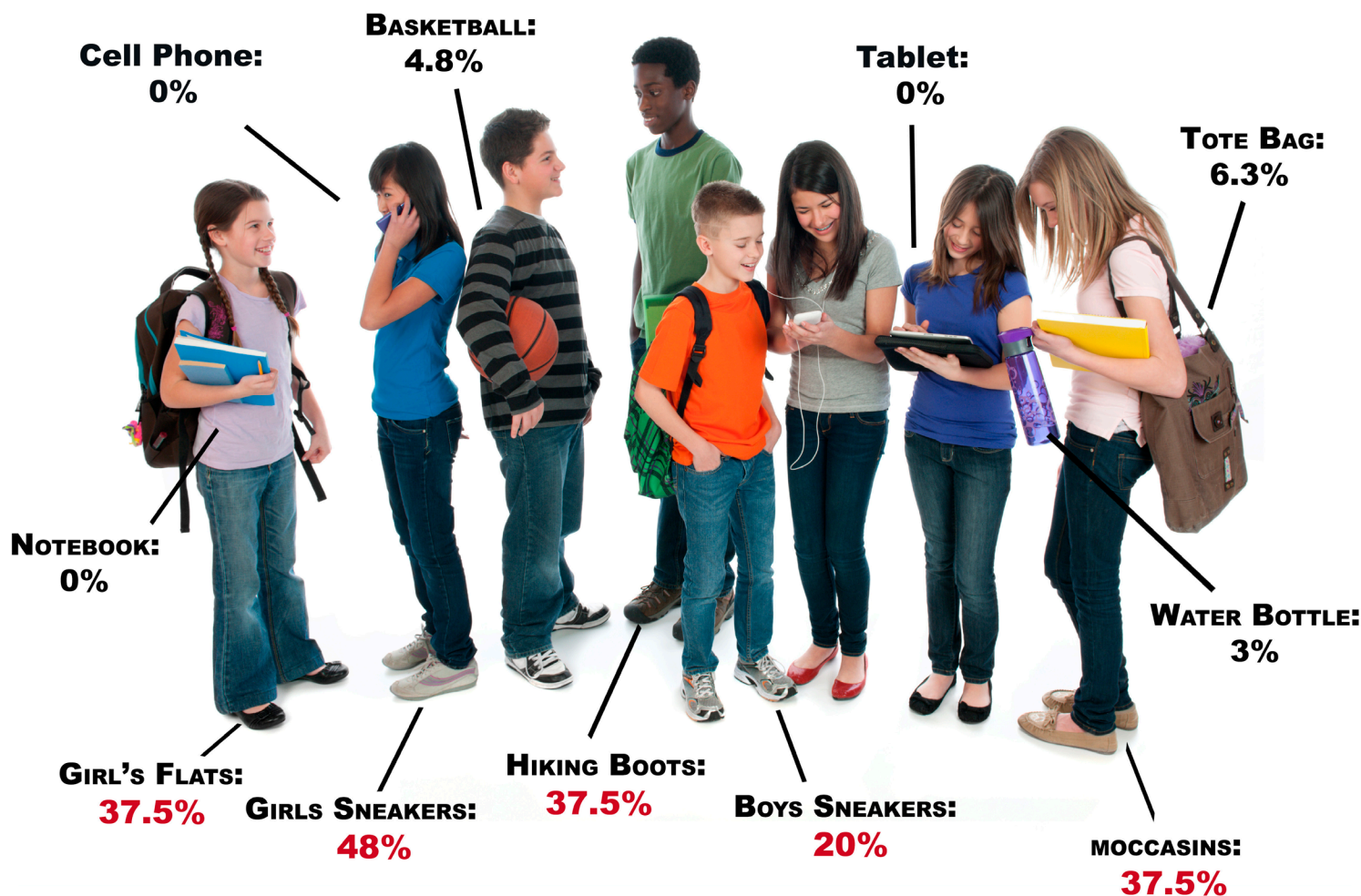


8.5%

These 'hidden taxes' have been law since the Smoot-Hawley Tariff Act of 1930.

It protects a domestic industry that has not mass produced children's footwear in over 30 years.

TARIFFS ON CHILDREN'S SHOES DON'T FIT



Footwear Tariffs Tie-Up Money Working-Class Families Could Use Elsewhere

*This child's shoes are hit with a **60% duty rate** meaning **\$3.50** of this \$10 shoe (at retail) is due to tariffs.*



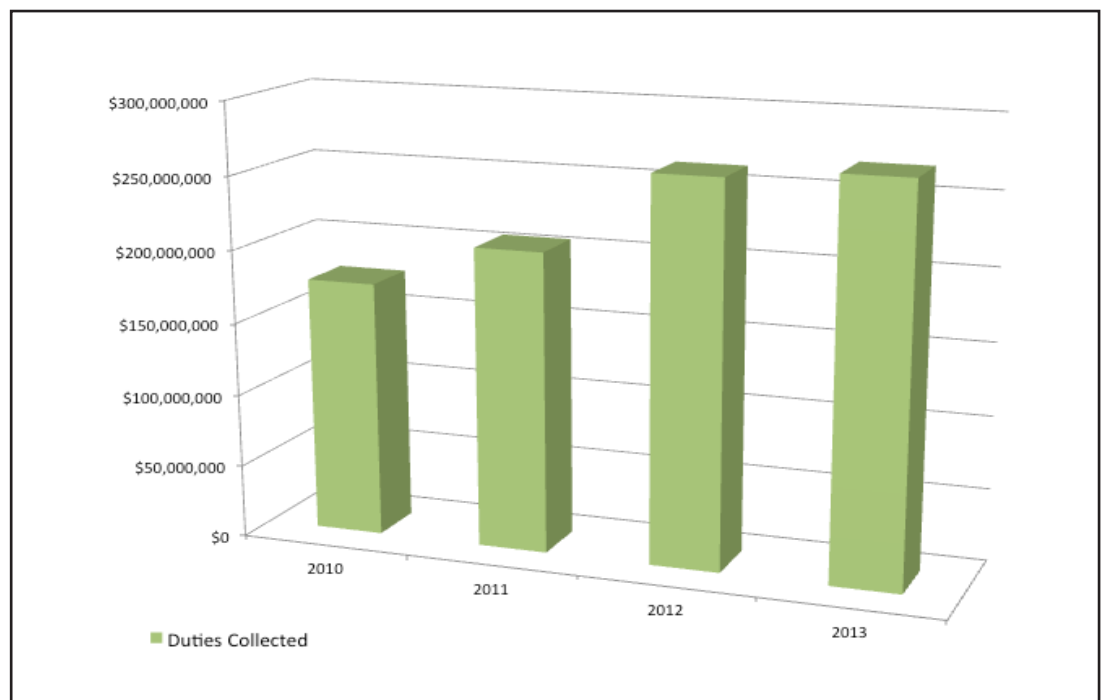
2013 Children's Footwear Facts

- In 2013, 2.4 billion pairs of shoes were imported into the United States. An estimated 547.5 million pairs of those were children's shoes.
- \$2.5 Billion in duties were collected on all footwear in 2013. FDRA **conservatively estimates children shoes were hit with duties of \$268 million in 2013.**
- Footwear duties, like all costs, are multiplied at retail. These costs also include warehouse, transit, marketing, inventory and labor costs, impacting the final retail price. With the industry paying \$2.5 billion in import taxes, it really amounts to almost \$7.5 billion in extra costs for consumers, with **families paying \$804 million more for children's shoes at retail in 2013 than needed.**
- FDRA estimates that the average retail cost of a pair children's shoes in 2013 was \$24.50, and **\$3 of this average price per pair is directly attributed to the cost of import taxes** on hard working American families at a time they can least afford it. Putting this cost per pair in perspective, a 2013 National Poverty Center study on extreme poverty reported **there are 3.55 million children in America living in households making less than \$2 a day, per person.**
- A typical growing child, or a youth involved in various athletic or school activities, needs an average of 7 pairs of new shoes a year. This means **families are overpaying an average of \$21 per child, per year, to protect an industry that has not mass produced shoes in America in 30 years.**

Duties Collected on Children's Footwear

**From
2010 - 2013
duties on
children's
footwear
increased**

52.9%



An Unknown Need is Growing

Sadly, many in America do not realize how low and middle income families struggle to purchase new shoes. Financial difficulty often means parents delay the purchase of shoes for their children in order to pay bills - a choice no one should ever have to make.

In 2013, the industry saw **a rise across America in the number of children who desperately needed footwear.** To meet this vital need, footwear companies donated tens of thousands of shoes to families. Churches, civic groups, and individuals also lead charitable drives to provide shoes to needy children.

Examples of Need Across America:

- In **Winslow/Holbrook, AZ**, global non-profit *Soles for Souls* provides shoes to needy children on the Navajo/Hopi Indian Reservations. They also have provided shoes to 6,000 children who attend one of 140 camps in the United States that support abused and neglected children.
- In **Oklahoma City, OK** on October 9, 2013, A local shoe store donated shoes for 500 needy students at an elementary school. (Source: KFOR-TV)
- In **Los Angeles, CA** on October 3, 2013, 7,500 lined up for free shoes from Foot Locker. (Source: USC TV)
- In **Philadelphia, PA** on September 30, 2013, 3,500 pairs of sneakers donated to needy school children. (Source: CBS Philadelphia)
- Near **Boston, MA** on September 5, 2013, several youth held a footwear drive collecting 100 shoes for children in need of sports shoes. (Source: Westborough Community Advocate)
- Around **Miami, FL** on August 16, 2013, a shoe drive, started by a teenage girl, provided 7,000 pairs of new or like-new shoes to children from Miami-Dade County to Belle Glade in Palm Beach County. (Source: Local10 News Miami)
- In **Memphis, TN** on August 2, 2013, Samaritan's Feet provided 250 pairs of shoes for children in need. (Source: FOX13 Memphis)
- In **Portland, OR** on June 13, 2013, Sketchers donated 1,000 Shoes to Portland's YWCA for those in need of shoes for summer camps. (Source: The Oregonian Newspaper)

The **A**ffordable **F**ootwear **A**ct (AFA) Can Help



The AFA can put **dollars** back in the pockets of hard working families during a time when every penny counts.

The AFA (S.1633 / H.R. 1708) is one of the most bipartisan bills in Congress.

The AFA is sponsored by Senators Cantwell (WA) and Blunt (MO), and Representatives Jenkins (KS) and Crowley (NY).

- Following the MTB model, AFA would suspend duties on children's footwear, and footwear at the most egregious tariff rates, for three years.
- The bill was written so that it does not cover the remaining 1% of footwear still made in the U.S., preventing any impact to domestic producers. In fact the majority of domestic footwear producers support this legislation to help consumers.
- Cost savings on children's footwear will go to families - retail algorithms are used to calculate children's footwear costs at big box retailers, ensuring in a competitive marketplace savings go to consumers.
- The AFA will provide immediate financial help for working class families by correcting an outdated hidden tax that unfairly targets and penalizes children's shoes.

U.S. Senators and Representatives wishing to sponsor the bill should contact:

Erin Gulick in Sen. Cantwell's office at 202-224-3441

Bo Prosch in Sen. Blunt's office at 202-224-5721

Eric Schmutz in Rep. Jenkins' office at 202-225-6601

Jeremy Woodrum in Rep. Crowley's office at 202-225-3965

**On Behalf of
American Families,
Please Cosponsor
and Support the
Affordable
Footwear Act.**



Current Congressional Support

S.1633 COSPONSORS

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*Ways and Means Members

About FDRA — 70 Years of Excellence

At over 80% of the industry, the Footwear Distributors Retailers of America (FDRA) is the largest and most respected footwear trade association in the US. It represents and serves the entire width of the footwear industry from small family owned footwear businesses to global footwear companies. It also represents and serves the full supply chain of the footwear industry from research, design and development, to manufacturing and distribution, to retailers selling to consumers all over the globe. It supports more than 100 companies and over 200 brands.



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