



FOOTWEAR TRADE DISTRIBUTION & CUSTOMS

FTDC 2018 CONFERENCE

October 21–23 | The Renaissance | Long Beach

Future of the Chinese Supply Chain

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Things Are Getting Serious



LETTER FROM ASIA

How Trump's Trade War Is Driving China Nuts

Chinese leader Xi Jinping has reacted to American pressure with a level of desperation that is good for neither Washington nor Beijing.

By WILLIAM PESEK | October 16, 2018

Key Chinese Economic Indicators

THE WALL STREET JOURNAL.

WORLD | ASIA | CHINA

China Posts Weakest Growth in Nearly a Decade, Scrambles to Soothe Investors

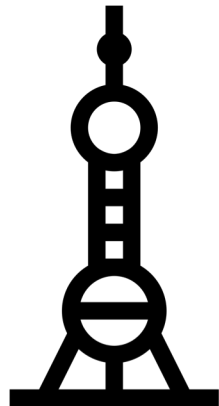
Growth figure of 6.5% is the lowest since the first quarter of 2009



Chinese
Currency
is Down
6.4%

上海

Shanghai Stock
Market is Down
22.3%



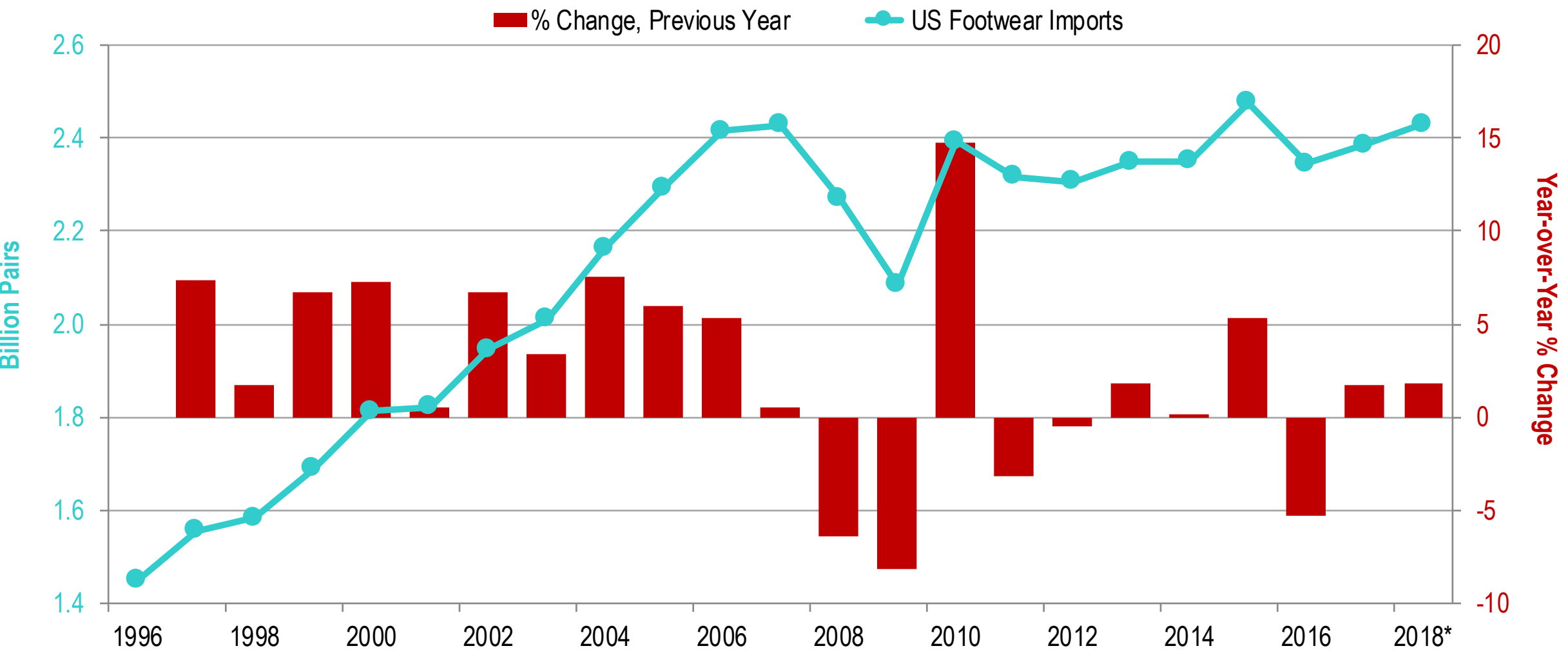
CHINA ECONOMY



Trump's trade war is forcing Beijing to retreat from its own anti-debt battle

- Faced with pressure from the U.S. trade war, China is stepping away from a battle to pare massive debt levels as it seeks ways to bolster its faltering economy.
- A Citi report says the pause in the so-called deleveraging campaign will see China's debt-to-GDP ratio increase to 274.5 percent by the end of the year.
- China has been cutting reserve requirement ratios for banks, freeing them up to lend out more money.

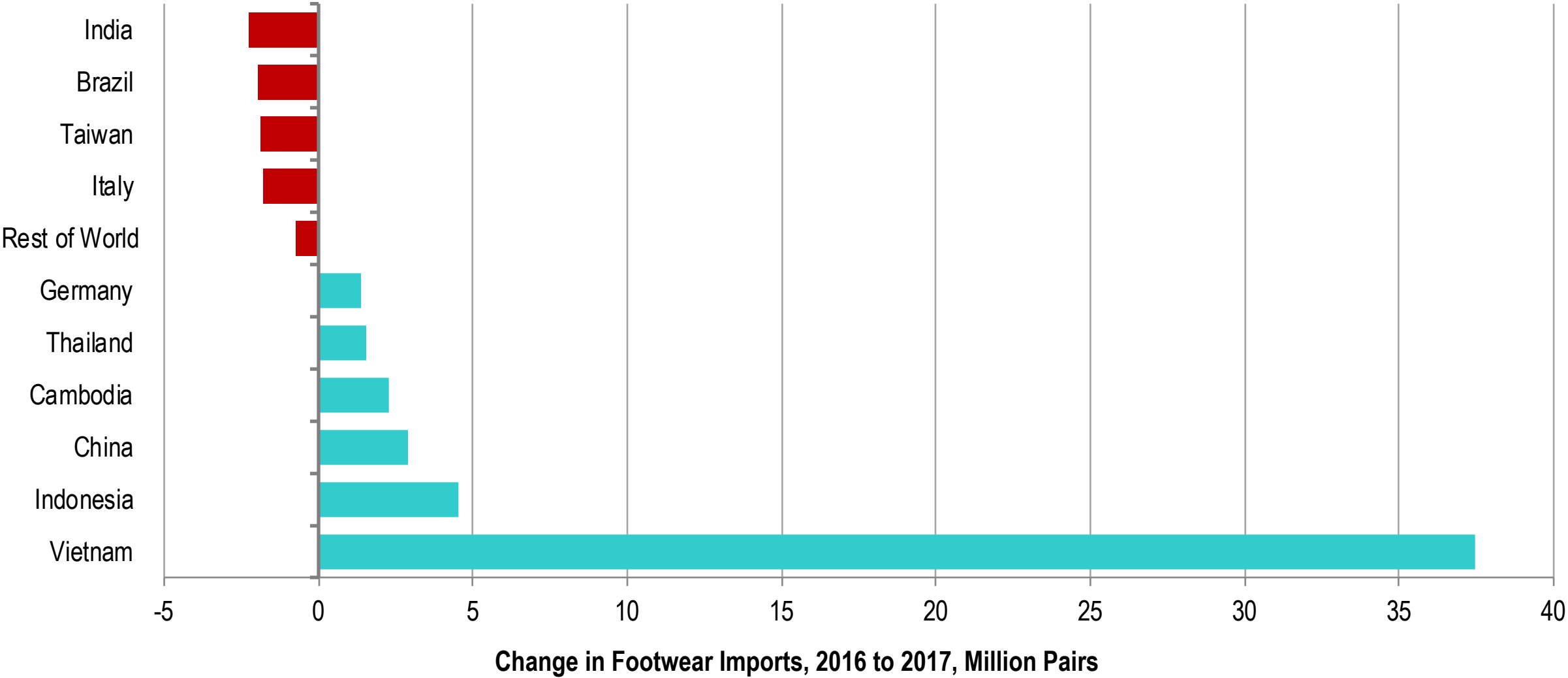
U.S. Footwear Imports Remain Mostly Flat Over Last Decade



Source: USITC

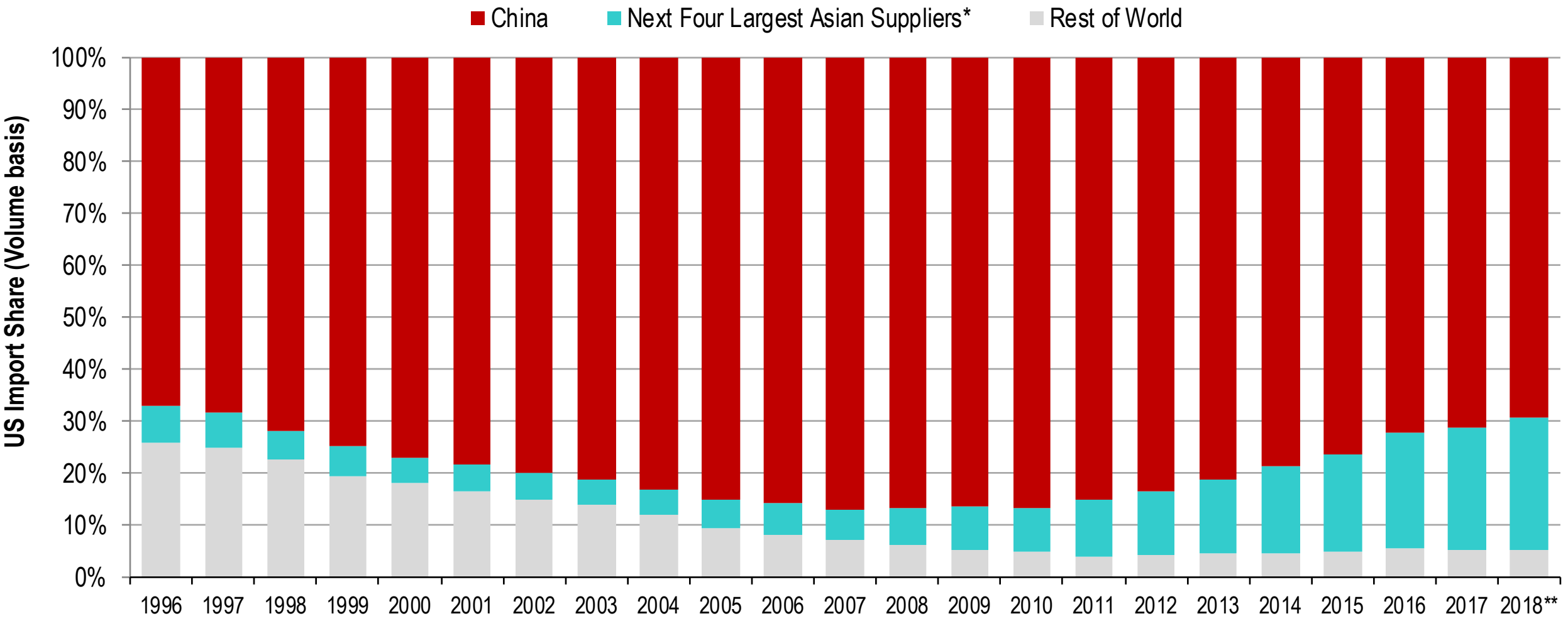
* FDRA forecasts

One Key Theme in the Sourcing Shift in 2017 US Footwear Imports



Source: USITC

Footwear Shipments from China Continue to Falter, While Rest of Asia Grows

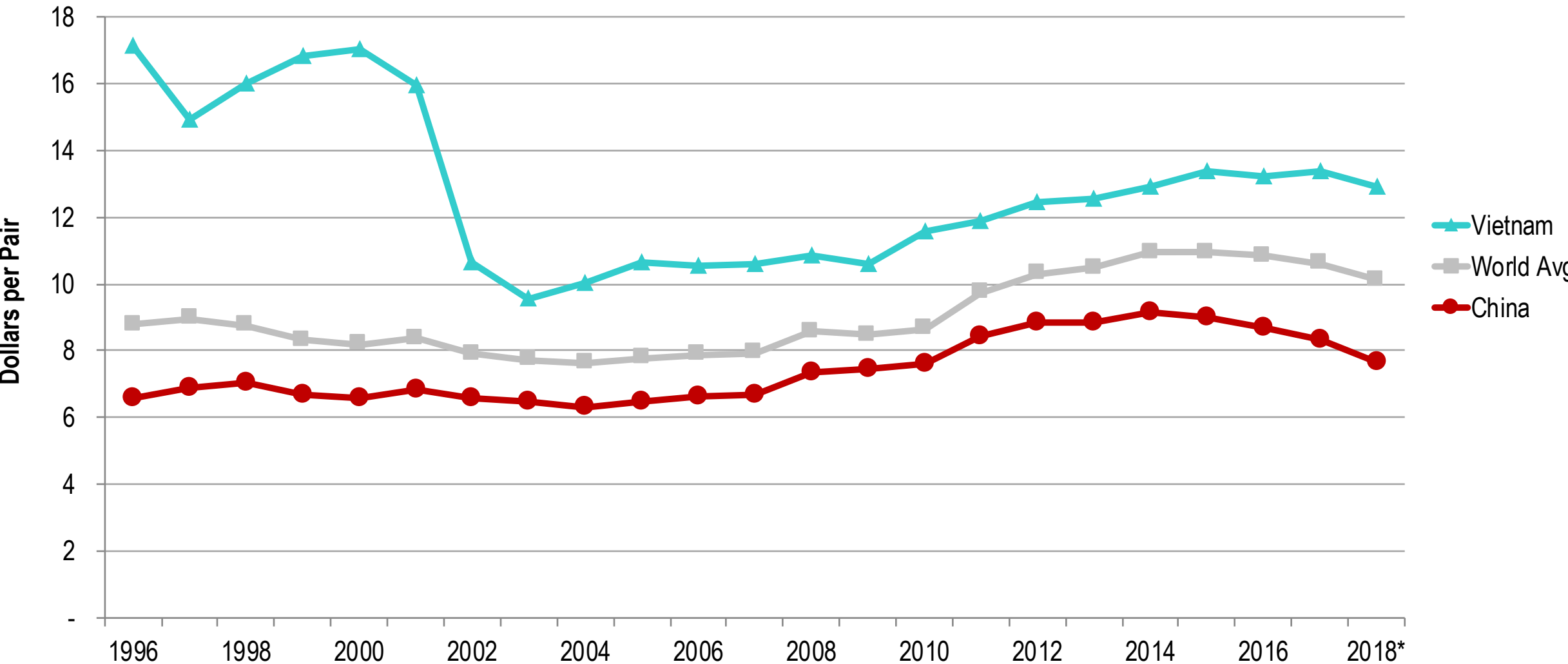


Source: USITC

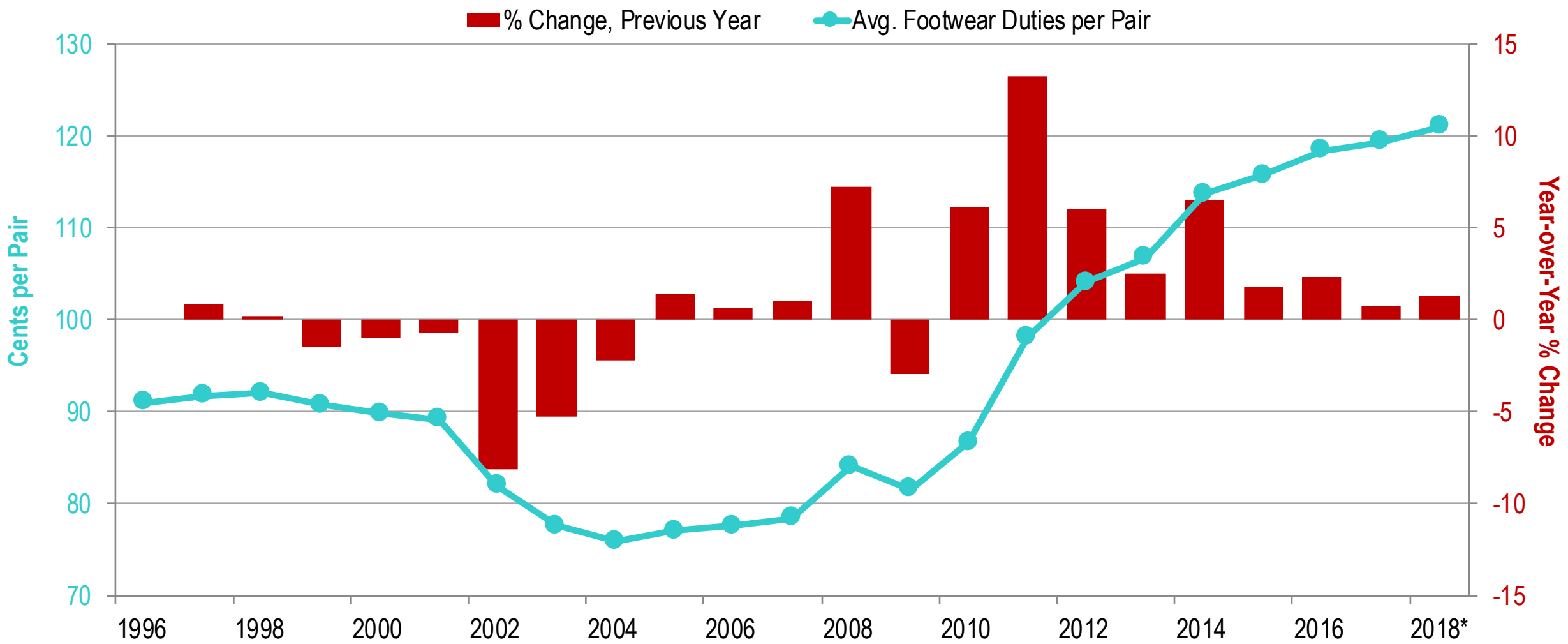
* Vietnam, Indonesia, India, Cambodia ** FDRA forecasts

Cost Differences are not why China Loses Share—and Vietnam Gains

Average Landed Cost of U.S. Footwear Imports, by Origin



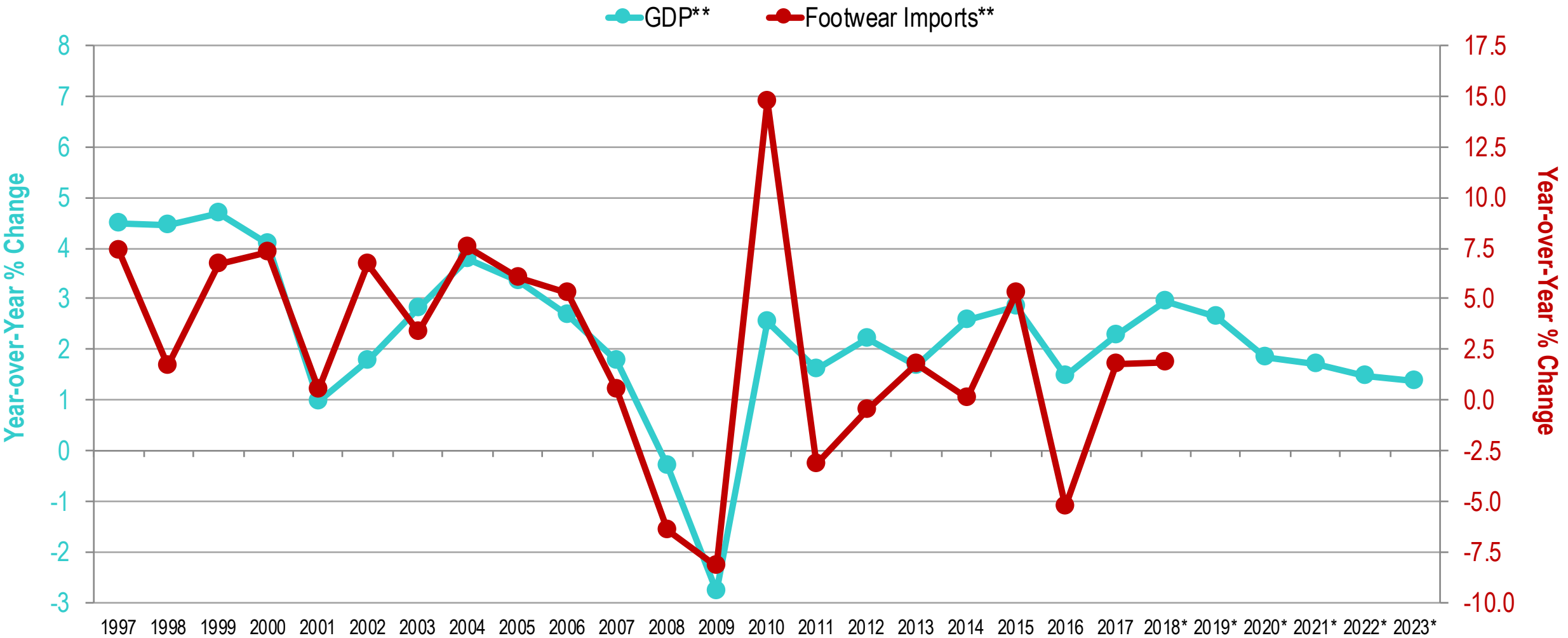
Footwear Duties per Pair set to Climb to a Record in 2018



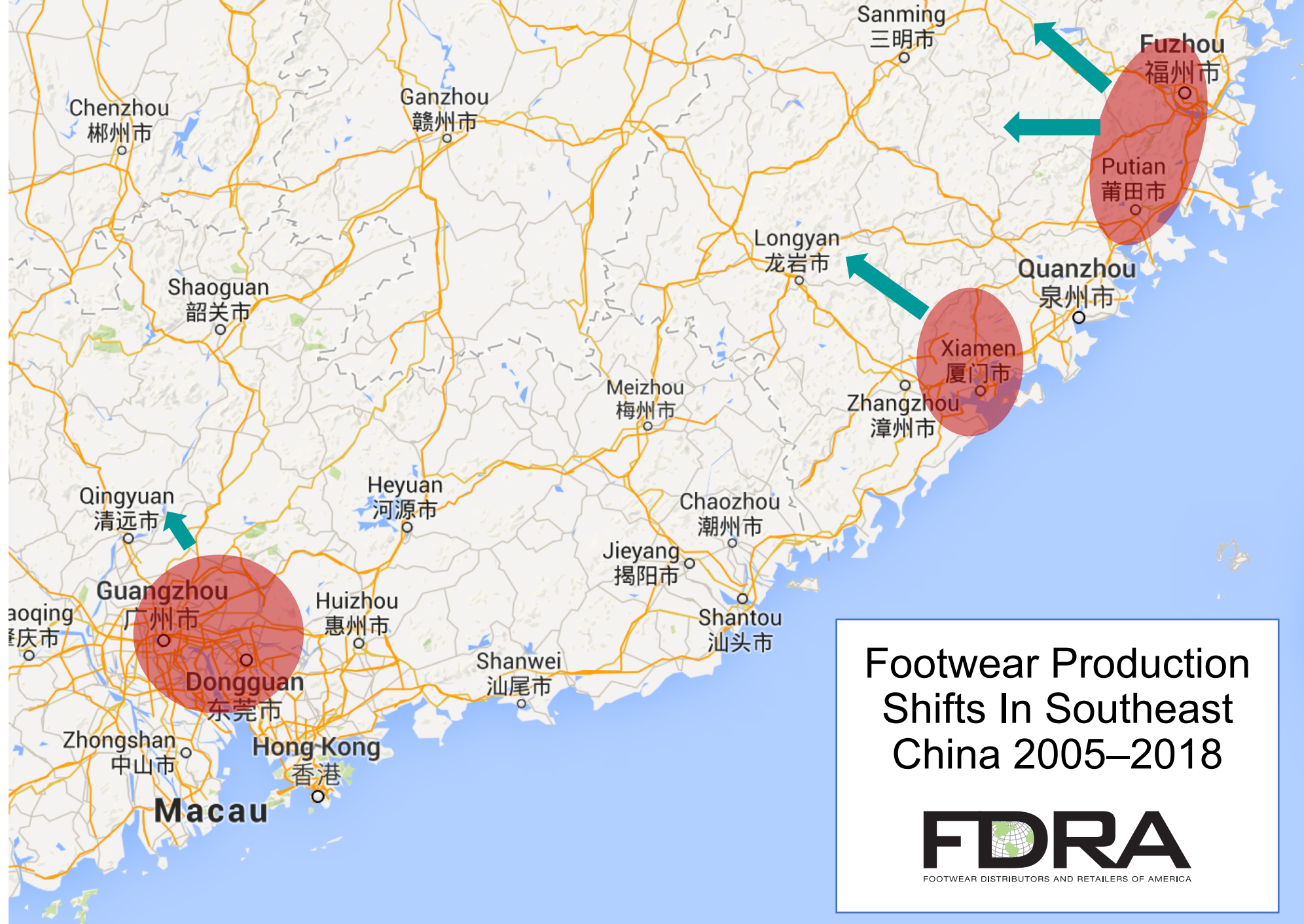
Source: USITC

* FDRA forecasts

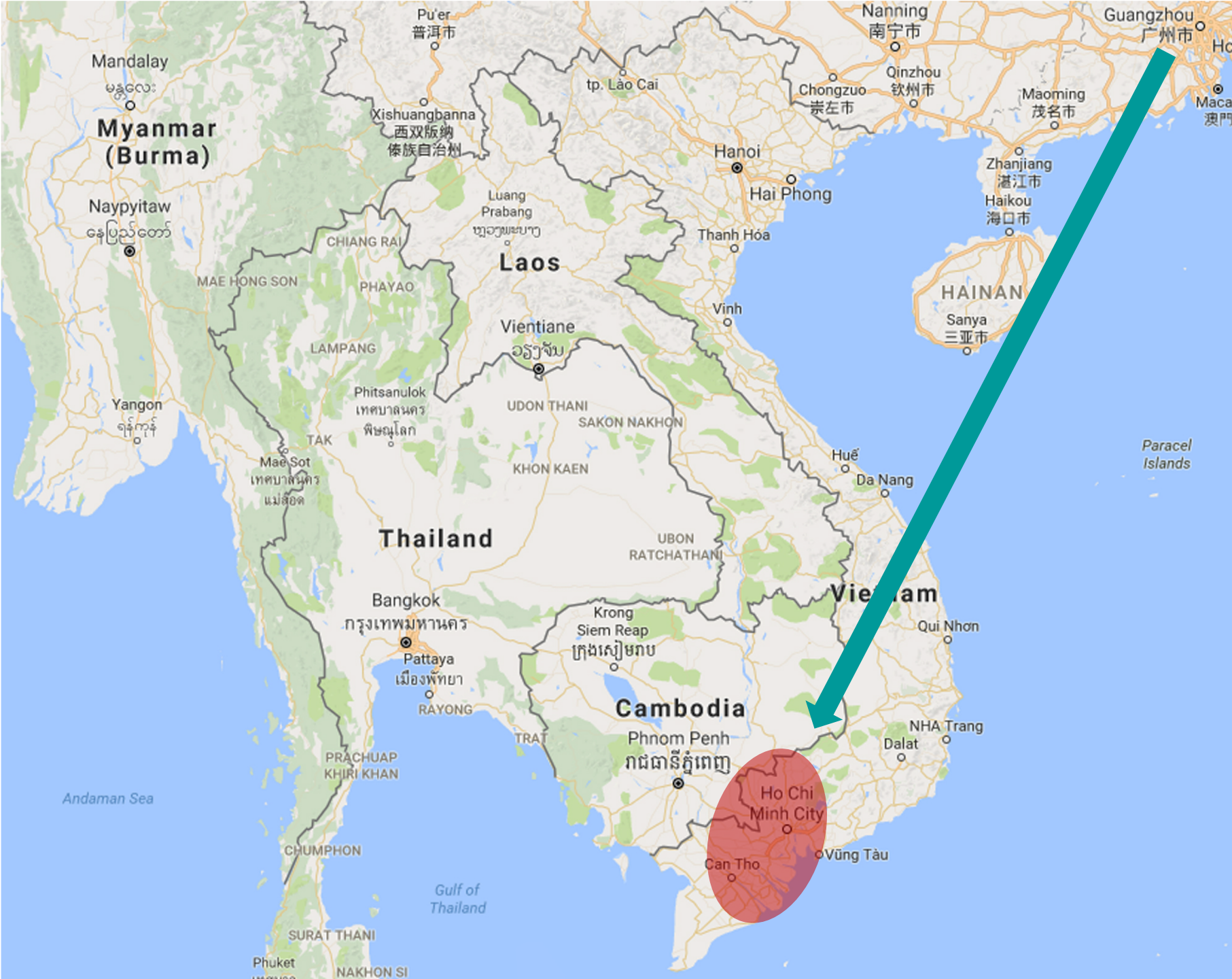
Slower US GDP Growth Forecasts Hint at Easing Gains in Footwear Imports to 2022



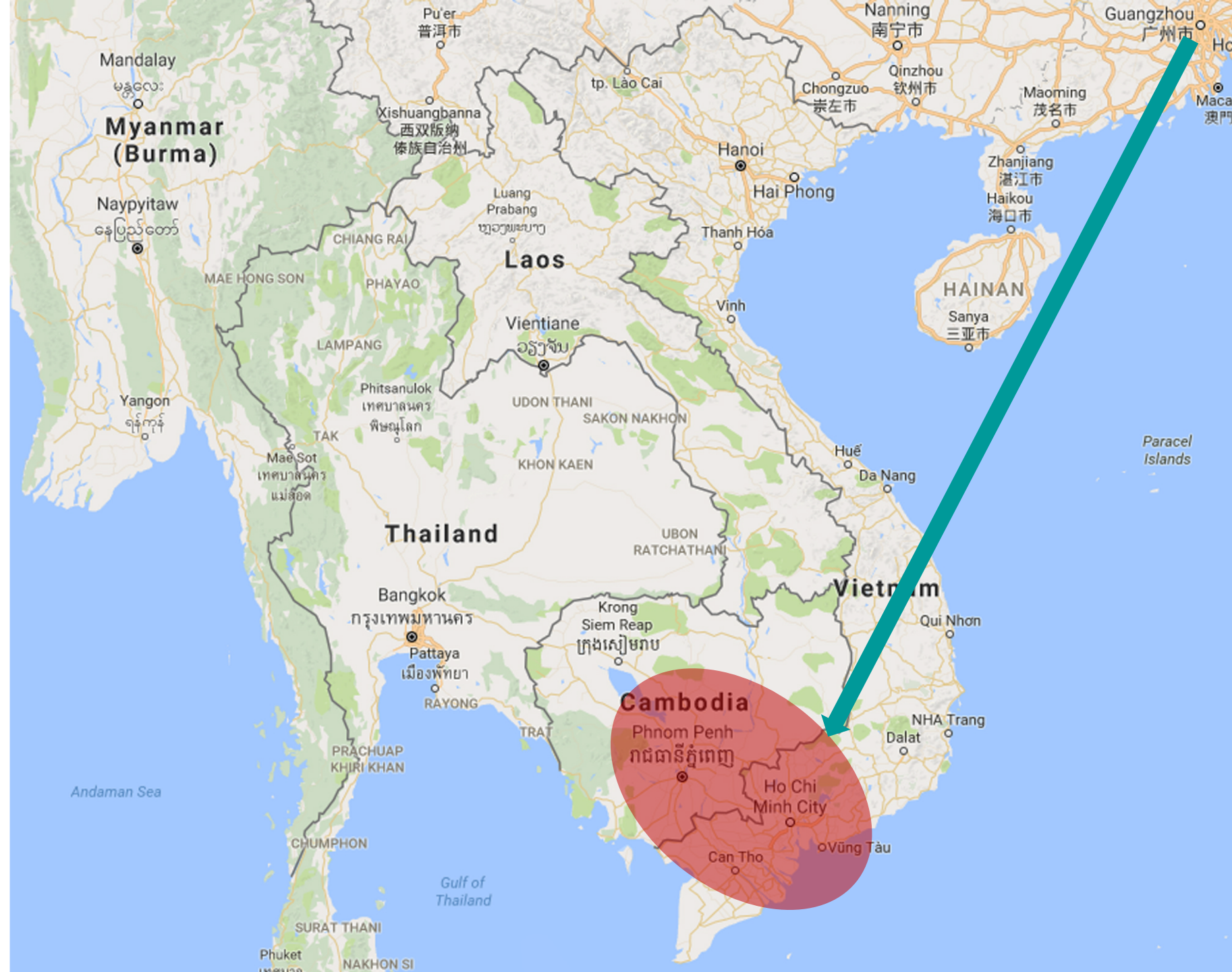
Footwear Challenges: Sourcing Diversity



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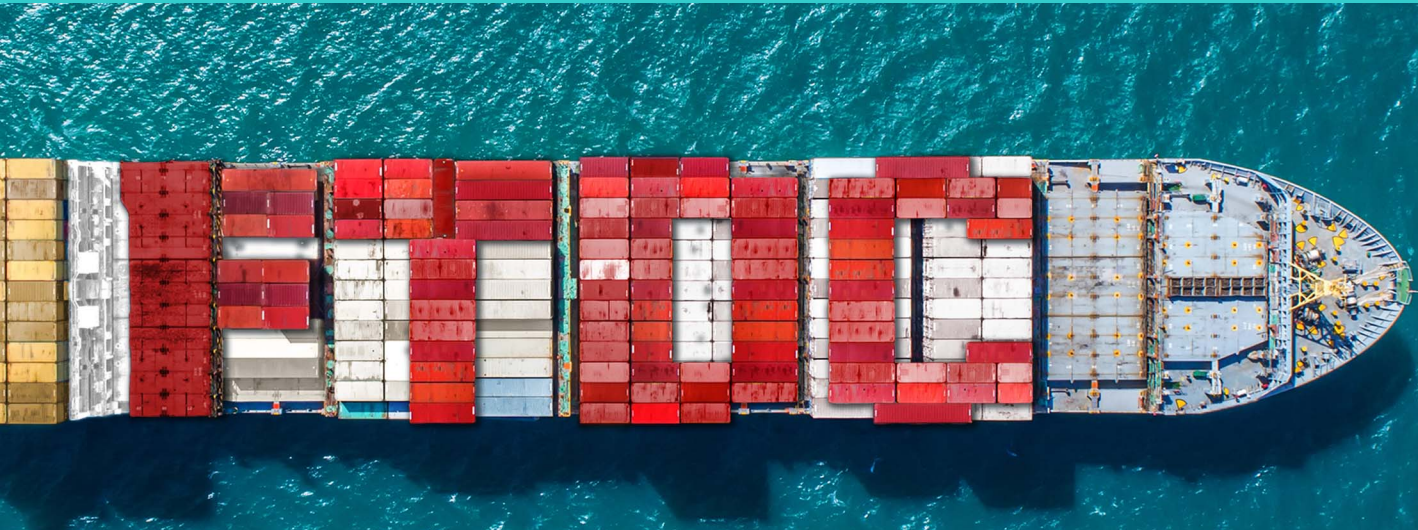
Considerations As We Look Forward:

China's Growing Ability to Automate

China's Factories Going Digital PD

Growing sourcing intelligence





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Questions?