

FDRA Shoe Sourcing Snapshots: China Alternatives

Vietnam

U.S. footwear imports from Vietnam have climbed each of the last sixteen years, making the country America's second-largest foreign supplier. Vietnam now provides 18.4% of all shoes imported into the U.S., and a majority of athletic footwear imports.

The quality is good but the average landed cost into the US (\$13.25/pair) is well above the average world cost (\$10.57), let alone China (\$8.09). Factory wages average 5.4 million dong per month (~\$231), are increasing rapidly, and will soon match China's.

The average duty rate on shoes imported from Vietnam is 14.3%, due to the number of athletic shoes made there, as athletic shoes generally have higher duties than non-athletic.

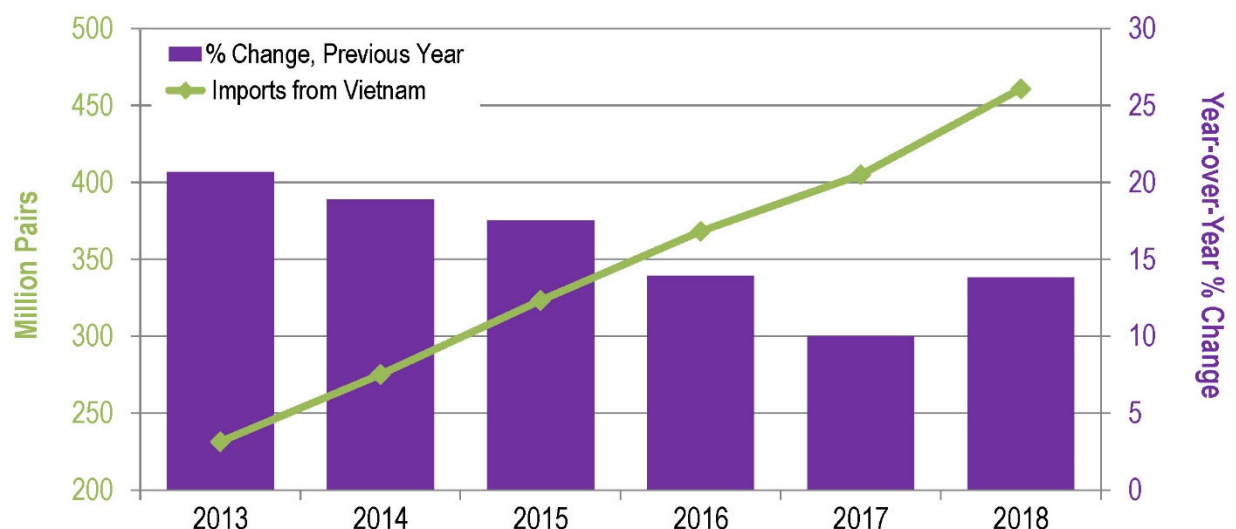
The challenge for footwear brands who do not currently have a foothold in Vietnam is that factory capacity is well over 90%. Many factories are not taking orders from new customers.

Capacity is limited and will remain so in Vietnam due to a limited workforce. Further, the Vietnamese workforce is now being split among a number of industries also moving production outside China.

Some brands are clever in having certain components made in China, shipped to Vietnam and fully assembled to bypass any country of origin (COO) issues should duties jump on Chinese imports. There are rules to this - FDRA members should use FDRA's guidance. It is important to understand U.S. Customs guidance on "substantial transformation" and if you do it wrong it will cost you.

Vietnam is a great option to move some of your production outside China, IF you can find capacity.

US FOOTWEAR IMPORTS FROM VIETNAM CLIMB AGAIN TO A RECORD IN 2018



Source: USITC