March 11, 2025

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street Northwest
Washington, D.C. 20508

Re: Request for Comments To Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions To Investigate Harm From Non-Reciprocal Trade Arrangements (USTR-2025-0001)

Dear Ambassador Greer:

The Footwear Distributors & Retailers of America (FDRA) appreciates the opportunity to provide comments to the Office of the United States Trade Representative (USTR) as it assesses the prospect of reciprocal tariffs.

FDRA is the footwear industry's trade and business association, representing more than 500 footwear companies and brands across the U.S. This includes the majority of U.S. footwear manufacturers and over 97 percent of the industry. FDRA has served the footwear industry for 80 years, and our members include a broad and diverse cross section of the companies that make and sell shoes, from small family-owned businesses to global brands that reach consumers around the world.

FDRA understands the importance of ensuring our trade rules are fair and that our trade agreements benefit the American people. We support the administration's efforts to enact pro-growth and pro-family policies like tax reform. We also understand the administration's goal of creating a more balanced global trade environment to the benefit of the American people. Imposing tariffs on consumer goods, however, does not further that objective and, instead, harms consumers without any benefit to the United States. We believe the imposition of reciprocal tariffs should be done in a way that does not harm American footwear companies and hardworking American families.

The U.S. government already places a substantial tariff burden on footwear, even before any new tariffs are added.

Consumer goods should not be the focus of reciprocal tariffs aimed at balancing global trade. The U.S. footwear industry operates under very tight margins, especially when it comes to the types of footwear sold at mass market retailers. Tariff rates on footwear are some of the highest in the entire tariff code, and there is little room left for companies to absorb added tariffs:

- **Tariffs on shoes are higher than almost any product category**. Footwear is taxed at an average rate of 12.3 percent, while all other imported consumer goods are taxed at an

average rate of less than 2 percent. Footwear tariffs reach rates as high as 37.5 percent, 48 percent, 67 percent, and now with the recent additional tariffs on China, 95 percent[1].

- **Footwear tariffs are regressive, with the highest rates placed on low-value shoes**. The tariff rate for footwear often depends on the value. For a typical athletic-looking, textile upper children's shoe with a high value, the rate is 20 percent. If it is a mid-range valued shoe, the rate goes to 90 cents per pair plus 20 percent. If the value is lower, the rate goes to 37.5 percent and higher. Compare that to a men's leather dress loafer – taxed at just 8.5 percent.

- **The tariff burden on children's shoes disproportionately impacts low-income families**. The regressive structure of Chapter 64, the footwear chapter of the Harmonized Tariff Schedule, hits children's shoes particularly hard. Because children's shoes typically have a lower price, they face higher tariffs. Parents must also buy new shoes for children several times a year as their feet grow. The latest annual survey from the Bureau of Labor Statistics entitled "Consumer Expenditures in 2023" found those without college educations spend a greater expenditure of their income on shoes, apparel, and other consumer goods.[2] A 2023 study, sponsored in part by FDRA, further highlighted the negative impact of tariffs on low-income families.[3]

U.S. footwear companies cannot mitigate the harm from added tariffs by shifting sourcing.

Unlike some industries, U.S. footwear companies cannot avoid tariffs by changing to a more favorable sourcing location. Only a handful of sourcing countries have the capabilities to produce footwear on a large scale. To meet consumer demand, the U.S. market receives 2.4 billion pairs of shoes each year, or 7 pairs for every man, woman, and child in America.

Even moderate or smaller-scale footwear production requires large machinery, substantial capital investment, robust infrastructure, and a large workforce dedicated to learning the intricate skill of shoemaking. Footwear is labor intensive. It takes more than *100 touches* to make a basic pair of leather dress shoes, for example. Setting up a new factory also involves years of planning and relationship building. This includes brands devoting significant time and resources to ensuring that factories have the strongest labor, environmental, chemical safety, and product safety standards possible.

As a medium-sized footwear importer and FDRA member described, "The complexity of manufacturing footwear products makes it difficult to quickly shift production and maintain the

---

[1] The 67 percent rate refers to the compound duty rate found throughout Chapter 64, which is 90 cents a pair + 37.5 percent.

[2] See *BLS Consumer Expenditures Report* (December 2024), https://www.bls.gov/opub/reports/consumer-expenditures/2023/home.htm

[3] See *Impacts of Section 301 Tariffs on Imports from China: Case Studies of Apparel, Footwear, Travel Goods and Furniture*, Trade Partnership Worldwide, LLC (January 2023), https://tradepartnership.com/wp-content/uploads/2023/01/China-301-Tariff-Costs-Joint-Association-Study-FINAL.pdf

level of quality and standards for our brand. The manufacturing skill and technology expertise is limited in other countries."

Shifting footwear production back to the U.S. would require a huge surge of capital investment to build factories and the ability to hire and train thousands of workers in the intricacies of shoemaking. This would need to be done while at the same time keeping costs down to deliver shoes to consumers at competitive prices.

In addition, the regional suppliers needed to make footwear are often located in Asia. There are upwards of *70 materials* in a typical bill of materials for a shoe. Companies would also need to find regional factories that can supply the eyelets, the cotton laces, the glue for the vulcanizing cement process, the rubber for the sole, the textile for the upper, and scores of other materials. Countless new factories and suppliers for *materials* would also need to shift back to the U.S. in order to manufacture finished footwear in the U.S. on a large scale. Developing this supplier base in the U.S. would take decades. These materials simply do not exist here, and many of these materials have never existed in the U.S.

Several FDRA members have attempted to establish large-scale production of footwear in the U.S. over the last 15 years only to find a lack of interest in workers wanting to work in a shoe factory. America's economic landscape has evolved and matured over the last many decades. FDRA believes policies should focus instead on promoting good-paying U.S. jobs in high-value and advanced manufacturing.

The less than one percent of footwear production that occurs in the U.S. is done almost exclusively by U.S. importers. These companies may produce a line of specialized high-end leather boots in the U.S. while also importing children's shoes that reflect a much larger percentage of their business. In addition, many U.S. footwear manufacturers source components from China to use in domestic footwear production. There are currently 301 tariffs on almost every footwear part and component. There is now an additional 20 percent tariff, imposed using the International Emergency Economic Powers Act (IEEPA), on every footwear component from China. The additional costs imposed by new tariffs limit the ability of our U.S. manufacturers to hire U.S. workers, invest in new equipment, and design new products.

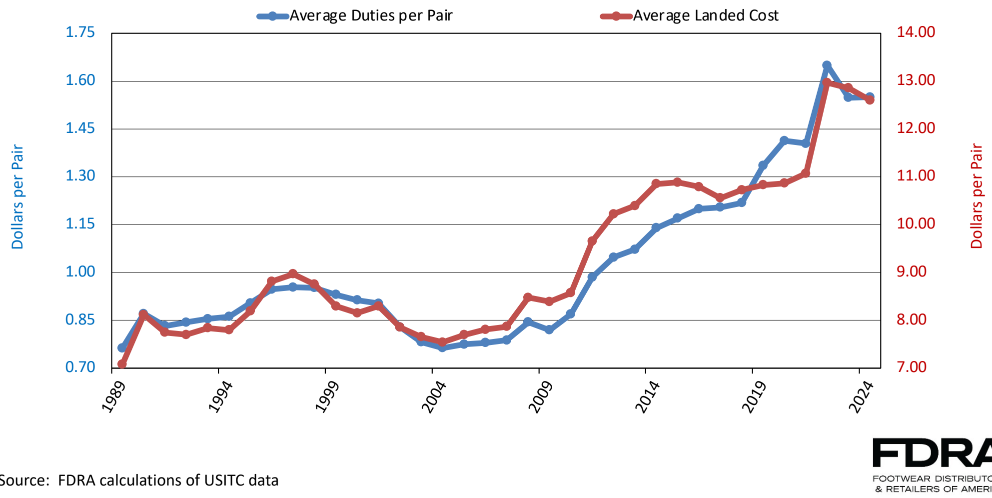
In addition, in 2009, the American footwear industry started the process of diversifying production out of China for a variety of different market based reasons. In 2009, 87 percent of the volume of footwear imported to the U.S. came from China, with 76 percent of the total value spent. In 2024, China accounted for about 58 percent of volume and the value had almost halved to 35 percent. Therefore, those companies that took on the difficult and costly multi-year task of shifting sourcing outside of China now face the prospect of reciprocal tariffs in other markets.

Footwear tariffs mean higher landed costs for companies and higher prices for consumers.

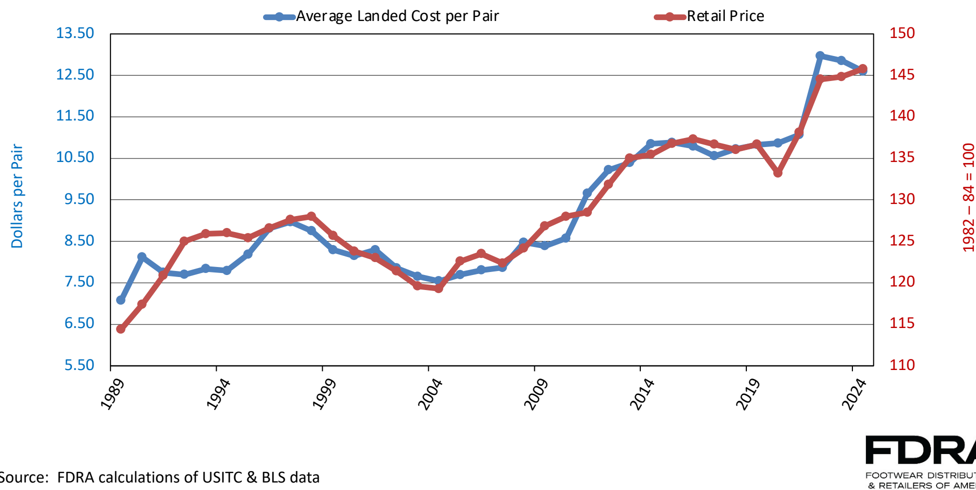
What's more, trends in *duties per pair* are strongly correlated with average *landed costs* of footwear imports. In fact, over the last *thirty-five* years, any year-over-year increase or decline in average duties per pair saw a similar increase or decline in average landed cost *twenty-eight* of those years. Since implementation of 301 tariffs against China, average duties per pair on footwear imported from China have risen 14.9 percent through 2024. At the same time, the

average landed cost of footwear imports has risen a comparable 19.3 percent over the same period. This cost surge has come despite the yuan falling about 6 percent from 2017 to 2024 to near its lowest in seventeen years.

Footwear Imports' Average Landed Costs Tend to Trend with Duties per Pair…

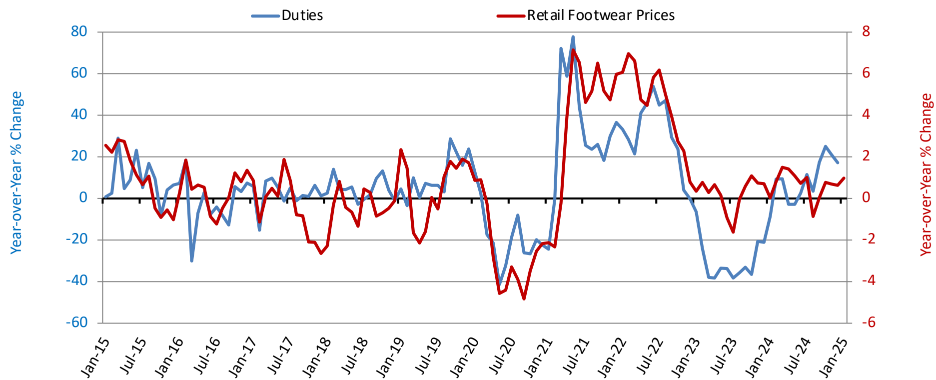


…and Retail Footwear Prices Generally Trend with Landed Costs of Footwear



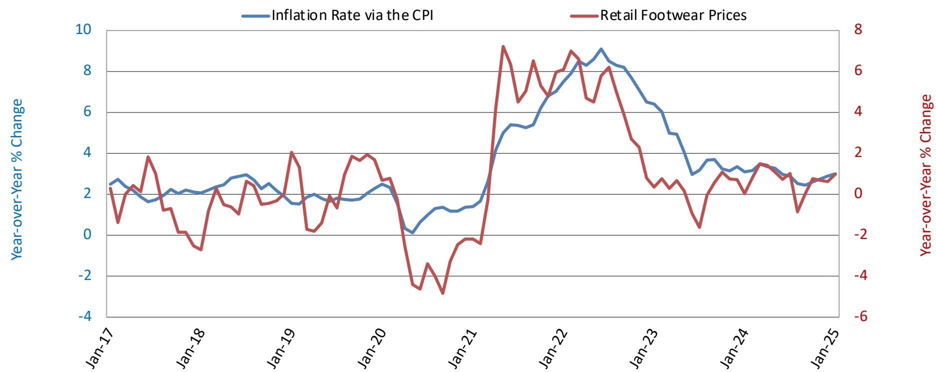
Tariffs are embedded into the first cost of a shoe. As a result, the tariff impacts the price of the shoe each time it is marked up, both at wholesale and retail. Trends in average landed costs of footwear imports therefore are strongly correlated with *retail footwear prices*. In fact, over the last *twenty-six* years, any year-over-year increase or decline in average landed cost saw a similar increase or decline in retail prices *eighteen* of those years. Indeed, retail footwear prices climbed for the fourth straight year to a record in 2024. As inflation drives prices even higher, big-box retailers and national chains are having to pass along these added costs to their consumers.

Trends in Duties Paid vs. Retail Footwear Prices over the Decade



Sources: USITC & Bureau of Labor Statistics

Inflation Rate & Retail Footwear Prices Strongly Correlated over the Short Term



Source: US Bureau of Labor Statistics

U.S. consumers are deeply concerned about price increases due to tariffs.

U.S. consumers are increasingly concerned that tariffs will mean higher prices on groceries, gas, clothing, and footwear. A national survey, conducted last month by Emerson College Polling and commissioned by FDRA, found that consumers across the political spectrum believe tariffs drive up prices on consumer goods.[8] According to the survey, 82 percent of registered voters believe tariffs will increase costs at stores like Walmart, Amazon, Target, and Costco. 72 percent of Republican voters believe that reducing prices on essential goods should be President Trump's main priority.

[8] http://fdra.org/wp-content/uploads/2025/02/FDRA-Poll-Memo-2.18.25.pdf

Likewise, the February University of Michigan consumer sentiment survey found that consumer sentiment declined sharply in February, for the second consecutive month. U.S. consumer sentiment dropped 10 percent from January.[9] Through a variety of recent consumer sentiment surveys, American consumers have expressed concerns that tariffs could mean higher prices on everyday goods.

Any new reciprocal tariffs should be rolled out in a way that is strategic and provides certainty to businesses.

When the administration announced new 10 percent tariffs on Chinese-made goods in February, U.S. companies that imported goods from China had just days to comply. This had a major impact on small businesses, because U.S. small business importers are often the most reliant on China. The scale of Chinese footwear production allows entry for all types of footwear at all price points. These small businesses simply cannot find factory partners in countries other than China, because they have relatively small orders. One family-owned small business footwear company had a large amount of footwear that missed being loaded onto the vessel by just one day, and now that U.S. small business must come up with $100,000 to pay the U.S. government.

If the administration decides to impose new reciprocal tariffs on our trading partners, it should do so in a way that provides a long lead time and much-needed certainty for U.S. companies. We also encourage the administration to seek feedback from industry stakeholders after any tariffs are announced and allow an exclusion process for U.S. businesses, including small businesses, as they try to adjust to substantial new costs. No matter the process you employ for reciprocal trade, FDRA believes it is critical to take a surgical approach for those industries strategically important to U.S. economic interests.

Conclusion

FDRA appreciates the opportunity to provide feedback to USTR as it examines reciprocal tariffs. Our companies have incalculable real-world expertise in global trade and the movement of goods worldwide. They know first-hand the impact added tariffs and costs have on pricing for consumers—and the very unlikely scenario that exporters will pay for additional tariffs. As you continue to hone your strategy to create a more balanced trade landscape, we ask that you keep the American consumer in mind. They elected President Trump on the notion he would lower costs in these inflationary times. Our concern is that the actions announced so far will do the opposite, driving up costs for Americans from all walks of life—a concern they share.

Sincerely,

Matt Priest
President & CEO
Footwear Distributors and Retailers of America

---

[9] http://www.sca.isr.umich.edu/