FDRA
FOOTWEAR DISTRIBUTORS AND RETAILERS OF AMERICA

May 24, 2016

The Honorable Orrin G. Hatch
Chairman
Senate Committee on Finance
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
Washington, D.C. 20510

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member
House Committee on Ways and Means
Washington, D.C. 20515

Dear Chairman Hatch, Ranking Member Wyden, Chairman Brady, and Ranking Member Levin:

Thank you for your leadership in the 114th Congress in passing trade legislation important to our industry, including the African Growth and Opportunity Act, Customs Reauthorization, and Miscellaneous Tariff Bill process. We encourage the Senate Finance Committee and House Ways and Means Committee to continue to use this momentum and build on this bipartisan support for trade and work to advance the Trans-Pacific Partnership (TPP) this year.

Passing TPP is the highest priority for the U.S. footwear industry and critical to U.S. job creation and consumer value, with an estimated $500 million in footwear duty savings the first year of implementation alone and $6 billion over the first decade. Even the majority of domestic footwear manufacturers support TPP, expressed to the United States Trade Representative (USTR) in the enclosed letter.

We see the TPP not only in terms of the countries currently in the agreement, but as a blueprint to the future of footwear trade.

As we look to the future, the TPP will drive other countries to raise their regulatory standards in order to join this 21st century agreement. It would allow our members to source footwear in a variety of countries and import those products duty free, which would grow American footwear jobs as well as provide significant value for American families. This is especially true of Indonesia, which is the 3rd largest footwear exporter to America.

As your committees consider additional trade policy, we would again recommend a reform of the Generalized System of Preferences (GSP) to include footwear.

Since the start of the GSP program in the 1970s footwear has not been included on the list of eligible products even though many GSP beneficiaries such as Brazil, India, Indonesia, and Cambodia produce some footwear for the U.S. marketplace. As the largest footwear trade association in the U.S. — representing the entire width of the industry from family-owned small businesses to global corporations and supporting more than 130 companies and 250 brands — we have long advocated and led the charge for expanding GSP to cover footwear.

Matt Priest, President
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Tariff reduction is particularly important for the U.S. footwear industry, since today 99 percent of shoes are imported and hundreds of thousands of Americans employed in the footwear industry depend on global supply chains. While duties average just 1.4% for all U.S. consumer goods, they average 11% for footwear and can reach up to 67.5%. As a result, the industry paid $2.9 billion in duties in 2015 alone.

In addition, over the past few years, we have witnessed a shift in manufacturing from China as companies seek to diversify their production. Amending GSP to include footwear would help facilitate the possibility of more diversification options for companies.

As the committee works to renew the program in the next Congress, we urge you to consider reforms that will help provide new sourcing options to our industry by allowing footwear companies to participate in the GSP program. We look forward to working with you on this important issue.

Thank you for your service to our nation.

Sincerely,

Matt Priest

Enclosure

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