

# FTDC 2018

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## Tariff Engineering

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# Tariff Engineering

- ▶ Tariff engineering is nothing more than understanding the physical and legal variables that influence the duty rate applicable to specific footwear and developing approaches to use the variables to take advantage of a favorable rate or avoid an unfavorable one.
- ▶ A time-honored tradition in footwear. Much of the seemingly illogical complexity in Chapter 64 is a response to successful tariff engineering. Additional US Note 5 is only the most recent example.
- ▶ Wide variations in duty rates are the primary motivation.

# Tariff Engineering

- ▶ Tariff Engineering is not an end in itself.
- ▶ The time to engage in tariff engineering is at the inception of a style. It is too late once the style has been developed. This means that designers and line builders need to involve the customs specialists as early as possible.
- ▶ Styling, marketability, and safety, among other considerations will override the most highly inventive tariff engineering ideas.

# TARIFF ENGINEERING VARIABLES

- ▶ Material of the Upper or Sole
- ▶ Method of Construction
- ▶ Gender
- ▶ Price
- ▶ Height
- ▶ Presence of a Foxing
- ▶ Whether Protective
- ▶ Whether Sports or Athletic
- ▶ Whether Open-Toe or Open-Heel
- ▶ Etc., Etc.
- ▶ Almost all of these variables, including foxing, can be manipulated to lower the duty rate.

# Questions or Comments?

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