FDRA
FOOTWEAR DISTRIBUTORS AND RETAILERS OF AMERICA

July 1, 2021

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

Dear Ambassador Tai:

On behalf of the Footwear Distributors & Retailers of America (FDRA), we write to express our strong opposition to potential new 301 tariffs on Vietnamese-made footwear. 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 95 percent of the industry, from small family-owned businesses to global brands.

Adding new tariffs on Vietnamese-made shoes would directly harm U.S. companies and U.S. consumers. The COVID-19 pandemic placed a tremendous strain on our industry, and footwear companies currently operate in a very difficult shipping environment that includes substantial costs, container shortages, and transit delays. Many footwear companies face fourfold increases in shipping fees. In addition, our industry already struggles with the highest tariff burden of almost any consumer good. While tariff rates on most goods average just 1.9 percent, footwear tariffs average 12 percent and can reach rates up to 67 percent. These tariffs act as a regressive, hidden tax, with the highest rates generally placed on lower-value shoes and children's shoes. Adding even more tariffs on top of this heavy burden would be a staggering cost that would be difficult for companies to absorb without impacting consumers.

The impact would be impossible to mitigate, because Vietnam is the second largest supplier of footwear to the U.S. market, providing the U.S. 24.3 percent of footwear by volume and 31.8 percent by value. Vietnam is also America's largest supplier of athletic footwear, accounting for 48.2 percent by volume and 50.7 percent by value. Footwear is a very capital-intensive industry, and it takes years of planning to build relationships, make sourcing decisions, and ensure factories have the highest standards possible. Companies cannot move factories in a short timeframe to avoid a new tariff burden.

In addition, U.S. companies devoted significant resources to the difficult process of adjusting supply chains in response to the China 301 tariffs. The China 301 process created tremendous uncertainty, challenges, and added costs for American companies. Many companies moved production from China to Vietnam to try to avoid the new China tariffs. Those same companies that moved production outside of China, as urged by the previous Administration, now face a threat of potential tariffs in Vietnam, and there are simply not many sourcing options left for footwear.

We urge the U.S. and Vietnam to work together to resolve this important issue and strongly believe that added tariffs on footwear should never be considered.

Sincerely,

Matt Priest
President & CEO
Footwear Distributors and Retailers of America

Matt Priest, President & CEO
1319 F Street, NW, Suite 700, Washington, DC 20004 • (p) 202.737.5660 • (f) 202.638.2615 • mpriest@fdra.org • www.fdra.org