

Footwear giants call tariffs 'catastrophic' in open letter to Trump

Some of the biggest names in footwear have signed an [open letter](#) to President Donald Trump urging him to reconsider the proposed tariffs on shoes made in China. Among the 173 US companies that signed the open letter are Nike, Adidas, Asics, Converse, Crocs, Puma, Reebok, Skechers, Under Armour and Foot Locker.



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The letter states that the tariff policy announced by the Trump administration last week could be catastrophic for consumers, US companies, and the economy as a whole.

Earlier this month, the Trump administration hiked tariffs on \$200 billion of Chinese-made goods. The tariffs mostly hit industrial materials and component parts, but also applied to luggage, hats and gloves for US importers, states a [CNN Business report](#).



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Additionally, the Trump administration has started a formal process to slap 25% tariffs on the remaining \$325 billion in goods coming from China that aren't already taxed. That list included sneakers, toys and other consumer products, notes the *CNN* report. Industry trade group Footwear Distributors and Retailers of America estimates that 25% tariffs on shoes coming from China would add \$7 billion in additional costs for US customers annually.

The open letter signed by the footwear companies was posted on the website for the Footwear Distributors and Retailers of America, and was also addressed to United States Trade Representative Robert Lighthizer, Treasury Secretary Steven Mnuchin, Commerce Secretary Wilbur Ross and Larry Kudlow, the director of the National Economic Council.

Read the letter below.

Dear Mr President:

As leading American footwear companies, brands and retailers, with hundreds of thousands of employees across the U.S., we write to ask that you immediately remove footwear from the most recent Section 301 list published by the United States Trade Representative on May 13, 2019. The proposed additional tariff of 25% on footwear would be catastrophic for our consumers, our companies, and the American economy as a whole.

There should be no misunderstanding that U.S. consumers pay for tariffs on products that are imported. As an industry that faces a \$3 billion duty bill every year, we can assure you that any increase in the cost of importing shoes has a direct impact on the American footwear consumer. It is an unavoidable fact that as prices go up at the border due to transportation costs, labor rate increases, or additional duties, the consumer pays more for the product.

This significant tax increase, in the form of tariffs, would impact every type of shoe and every single segment of our society. In fact, our industry's trade association, the Footwear Distributors & Retailers of America (FDRA), ran the numbers and the results are staggering. FDRA estimates your proposed actions will add \$7 billion in additional costs for our customers, every single year. This dramatic increase would be on top of the billions Americans already pay as a result of the current tariff burden on footwear imports that was started in 1930.

High footwear tariff rates fall disproportionately on working-class individuals and families. While U.S. tariffs on all consumer goods average just 1.9%, they average 11.3% for footwear and reach rates as high as 67.5%. Adding a 25% tax increase on top of these tariffs would mean some working American families could pay a nearly 100% duty on their shoes. This is unfathomable.

There have been suggestions that industries should quickly shift sourcing to countries other than China in the wake of these additional tariff threats. While our industry has been moving away from China for some time now, footwear is a very capital-intensive industry, with years of planning required to make sourcing decisions, and companies cannot simply move factories to adjust to these changes. Any action taken to increase duties on Chinese footwear will have an immediate and long-lasting effect on American individuals and families. It will also threaten the very economic viability of many companies in our industry.

On behalf of our hundreds of millions of footwear consumers and hundreds of thousands of employees, we ask that you immediately stop this action to increase their tax burden. Your proposal to add tariffs on all imports from China is asking the American consumer to foot the bill. It is time to bring this trade war to an end.