



February 5, 2010

Joel Ringer
Chair
Commodity Classification Standards Board (CCSB)
National Motor Freight Traffic Association, Inc.
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Alexandria, VA 22314
Fax: 703.683.1094
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Re: Comments in Support of Public Docket 2010-1, Subject 4 - Footwear

Dear Mr. Ringer:

On behalf of the American Apparel & Footwear Association (AAFA), the national trade association representing the apparel and footwear industries, and their suppliers, I am writing today to urge the National Motor Freight Traffic Association's Commodity Classification Standards Board (CCSB) to approve *Public Docket 2010-1, Subject 4 – Footwear* when the CCSB meets February 9, 2010 in Tampa, Florida. The proposal would return footwear back to its original classification of Class 100. Further, this proposal reverses an October 2009 CCSB decision that AAFA feels was incorrect on both process as well as substantive grounds.

Our members market all types of footwear throughout the United States under hundreds of different brand names.

During these tough economic times, our members have been forced to make difficult decisions to cut costs in order to remain solvent and support our workers. At the same time, AAFA member footwear companies depend on freight carriers, such as those that are members of the National Motor Freight Traffic Association (NMFTA), to move their footwear throughout the United States. Our members simply cannot afford the immense and unprecedented increase in freight rates that will result from the CCSB's recent reclassification of footwear from Class 100 to Class 150. Already, freight companies have informed our members that they will raise their freight rates based on the reclassification.

Obviously, a change as significant as the one this reclassification could have on our members' bottom line would make our members, as well as my association, take notice. Yet, neither AAFA or any of its members have any record of ever being informed about the proposal to reclassify footwear – *Public Docket 2009-3, Subject 2 – Footwear* – prior to the CCSB approving the proposal at its October 2009 meeting. Both AAFA and our predecessor association, the Footwear Industries of America (FIA) were on the "Proposal Notification List," yet we still have no record of being notified.

In fact, the CCSB itself admits that there is no record of any footwear company having participated in any the proceedings that led to CCSB's approval of the reclassification at its October 2009. This seems

impossible, unless no footwear companies were notified of the proposed reclassification. As the CCSB readily admitted in a recent conversation with our staff, the parties of record listed under this proposal had actually responded to a 2007 proposal and had never participated in these proceedings, much less have any record of being notified of this proposal in the first place.

Most importantly, however, the facts just don't support this reclassification. First, the CCSB, under the guise of simplifying the classification structure, eliminated the longstanding separate classification for flip flops and other EVA, plastic type sandals and footwear and then combined these shoes, which clearly have a very low density, into the classification covering virtually all other footwear. Assuming that this change would be approved, the CCSB then conducted a study— *Research Project 1069* – using data collected by the CCSB itself, with some input from carriers (and no or virtually no input from actual footwear companies – it is unclear what the CCSB means by “shipper”). Based on 21,694 “density observations,” the CCSB determined that the density of footwear is now 6.28 pounds per cubic foot (pcf). Based on this density, the CCSB determined that the appropriate freight class for footwear should be Class 150. This conclusion led to the CCSB's approval of the reclassification of footwear from Class 100 to Class 150 at its October 2009 meeting.

It is impossible to determine how many pairs of shoes or even what kind of shoes were included in the sample that comprised *Research Project 1069*. What percentage of the shoes in the study were EVA flip flops? Without this critical information, it is impossible to verify the findings of the study. Again, AAFA, nor any of our members, have no record of ever being notified about participating in *Research Project 1069*.

The facts, however, just don't support the findings of the CCSB's *Research Project 1069* nor the resulting reclassification of footwear from Class 100 to Class 150 implemented by the CCSB on January 9, 2010.

A recent study conducted by AAFA found that the density for footwear in 2009 actually averaged 7.7 pcf. The study is comprised of data from footwear companies that sell virtually all types of shoes through 29 different brands, from sandals and children's shoes to dress shoes, athletic footwear and boots.

The study is based on a sample of over 50 million pairs of shoes, but even these numbers artificially lower density because they under represent boots. Almost 90 percent of the footwear that comprised the study sample are categorized as shoes, which is not reflective of the overall market. Boots, which typically have a much higher density than the average shoe, represent 15-20 percent of the overall footwear market.

Therefore, AAFA again strongly urges the CCSB to approve *Public Docket 2010-1, Subject 4 – Footwear* at the CCSB's February 9, 2010 meeting in Tampa, Florida.

Thank you for your time and consideration in this matter. Please contact Nate Herman of our staff at 703-797-9062 or nherman@apparelandfoowear.org if you have any questions or would like additional information.

Please accept my best regards,

Sincerely,



Kevin M. Burke
President & CEO