

Anti-dumping: What effect would an anti-dumping duty have on consumer prices for Chinese and Vietnamese shoes? – Brussels, 23 February 2006

Some retailers have suggested that a measure on leather shoes from China or Vietnam could mean a rise in consumer prices of more than 20%. There is no evidence for such a claim.

The average import price for shoes subject to this investigation is about 8.5 euros. The average retail price of those shoes subject to this investigation is about 35 euros, although many branded shoes of this kind import for slightly more and retail for as much as 120 euros depending on the brand. A duty would be added to the import cost of the product – ie, about 1.7 euros if a duty of 20% was imposed.

In order for such a duty to increase the retail price by 20% or more retailers would have to almost quadruple the duty when they passed it on to the consumer. Because an import tariff imposes no additional costs within the European market there would be absolutely no grounds to do this. In this hypothetical example, passing on the duty cost direct to the consumer would in fact raise the price of a 35 euro pair of shoes to 36.5 euros.

But this is to assume that there would be no absorption of the new import price within the supply and retail chain. If the costs in this hypothetical example were spread across the whole supply chain the cost to consumers would be less than a euro on a pair of shoes that cost 35 euros or more. Where is the 20% increase?

Even this calculation neglects the fact that the shoes under investigation represent just 9% of all shoes sold in Europe, and retailers routinely balance out such costs across product ranges. A price rise of 1 euro or less on nine pairs of shoes in every hundred can be absorbed into the retail costs of the other 91.

Moreover: import prices for leather shoes from China and Vietnam has fallen by more than 20% in the last five years while retail prices for these shoes have remained stable or even risen slightly. This suggests that there are margins within the supply chain to absorb a small additional import duty.