

FOOTWEAR DISTRIBUTORS AND RETAILERS OF AMERICA

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The Honorable Read Van de Water
Assistant Secretary for Aviation & International Affairs
U.S. Department of Transportation
400 Seventh Street, SW
Washington, DC 20590-0001

May 29, 2003

Re: **OPPOSITION TO RESOLUTION 502 ADVANCED BY IATA DOCKET OST-2003-14480**

Dear Assistant Secretary Van de Water:

The Footwear Distributors and Retailers of America (FDRA) represents America's footwear retail chain outlets and the companies that supply them. We hereby express our opposition to the application by the Air Transport Association (IATA) for antitrust immunity for revision of its Resolution 502. This revision would decrease the volume conversion factor from the 6,000 cm³ per kilogram to 5,000 cm³ and would have the effect of raising airfreight shipping costs, on a coordinated basis, for all footwear air shipments.

More than 97%, by volume, of footwear sold in America comes from overseas sources, accounting for more than 1.7 billion pair with an ex-factory value in excess of \$15.0 billion in 2002. While the bulk of footwear is transported by ocean, a significant portion, perhaps as much as 15% and an even higher percentage from fashion intensive sources such as Europe, moves by international airfreight. All of this airfreight is subject to the low density IATA rules. The proposed IATA density factor would lead, inevitably, to higher prices consumer in a sector already facing stiff price resistance.

FDRA associates itself with the views expressed in the comments of the High Tech Airfreight Shippers Coalition, which it supports. As is demonstrated in the submission of the coalition, IATA has not demonstrated a transportation need for the proposed change and there is no evidence of any public benefit that would be achieved by the proposed density rule revision. It is also clear that the capacity and regulatory environment in which the original density resolution was granted antitrust immunity has been radically altered in favor of competition and that the pending application of antitrust immunity is not justified by the current airfreight marketplace.

FDRA represents some three-quarters of all footwear sold at retail in the U.S. including such leading footwear retailers as FOOTACTION, Just-For-Feet, Payless ShoeSource, Famous Footwear, Designer Shoe Warehouse, among many others, as well as leading footwear brands and distributors including Nike, Nine West, Wolverine, among others.

On behalf of our members, we urge that the antitrust exemption sought by IATA in conjunction with the change of Resolution 502 be denied.

Best regards.

Sincerely,

Peter T. Mangione