

*A children's sandal from Mustang.  
Every colour in every shoe is its  
own supply chain.*

RENE TILLMANN/MESSE DÜSSELDORF



# Chain reaction

Washington DC resident and veteran footwear industry observer Peter Mangione says that, in more than 30 years of observing the political scene in the United States, he has never seen "such a train-wreck" as the Consumer Product Safety Improvement Act (CPSIA), introduced in August 2008 by then-president, George W Bush, and brought into force last year.

Among the complaints that Mr Mangione—the former president of the Footwear Distributors and Retailers of America and now managing director of a consultancy company called Global Footwear Partnerships—levels at the law is that it focuses too much on lead, "almost as though other heavy metals didn't exist". His view is that this came about as a result of reaction in the US media to a scare over lead paint in toys imported from China and that the government "wrote the law based on frenzy and not on science".

The new act reduces the amount of lead allowed in the surface coatings of products for children (12 years and younger), including shoes, to 90 parts-per-million (ppm). The total amount of lead permitted in the whole product reduced to 600 ppm immediately, then, in August 2009, to 300. On the 14 August 2011, this limit will be lowered again, this time to 100 ppm.

Children's footwear manufacturers, distributors and retailers have had to move quickly to comply. Stock that went onto shelves before new limits come in will enjoy no exemption. And retailers selling women's shoes containing too much lead to 12-year-old girls will

**Since we last wrote about the impact on the footwear industry of the US Consumer Product Safety Improvement Act in the November-December 2009 issue of *World Footwear*, changes have taken place affecting the upstream supply chain partners of big footwear manufacturers.**

have no defence in the eyes of the law. They will have to apply stickers saying 'product not suitable for children aged 12 and under'. Civil penalties for failure to report possible product hazards to the Consumer Product Safety Commission (CPSC) are now much higher, starting at \$100,000 per violation and with an upper limit of \$15 million.

"Lead can be everywhere in shoes," Mr Mangione points out. "Footwear has plastic, paint, pigments, buttons, zippers and so on, and the leather, too, has pigments and colouring. That's where lead can come into children's shoes. And as a result of this legislation, children's shoe manufacturers, as well as retailers who maybe devoted 5% of their space to children's shoes, have begun to say, 'Forget it—I'm out of the children's business.' This is the strictest lead standard in the history of mankind."

Nevertheless, he says that the new political regime in Washington has made a small difference, that Congress



now is happier to let the CPSC “do its thing” with less scrutiny and less frenzy. On December 28, the CPSC announced that requirements it intends to impose for third-party testing of products and components will now come into force in February 2011; the original plan was to impose this potentially expensive requirement to send products out to an accredited external third-party laboratory in August 2009, although it had already announced a delayed until February 2010. Companies still have to meet the strict demands of the CPSIA, but are able to self-certify for these extra months, unless particular customers insist on early external testing.

### Push upstream

One result of this that Peter Mangione says he is already able to observe is that big, powerful footwear manufacturing companies are preparing to push responsibility for testing, and for compliance with all CPSIA requirements, further upstream in the supply chain. They will insist that their supply chain partners send them no outsoles, no eyelets, no components or material of any kind unless it's CPSIA-compliant, and if third-party testing is needed, the supply chain partners will have to take care of that too.

All laboratories involved will have to be approved, and although Mr Mangione says none of the big labs will have any trouble gaining accreditation for CPSIA compliance testing, they will have to put themselves through it.

“This law is so complicated it's unbelievable,” he continues. “Each colour you use in your shoes is a separate supply chain. A lot of companies are probably going to have to invest in XRF (X-ray fluorescence) guns, which cost between \$20,000 and \$30,000 each. You point the gun at the product and it gives you an immediate reading for lead. It doesn't prove you've made the lead standard, but it's good for screening. Companies like Coles and Wal-Mart have bought dozens of them. The CPSC has bought 100 of them. And non-

*The US has applied strict controls on the lead content in shoes for children 12 and under. Powerful footwear manufacturers are pushing lots of the responsibility upstream to their suppliers.*

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governmental organisations, who have been very active on this, are going round stores with XRF guns.”

If they want to keep shipping to the US market, companies throughout the footwear supply chain are going to have to equip themselves with good management systems and well managed databases, giving details of all activity involved in producing a shoe, including activity carried out by sub-contractors. The CPSC will want to see these databases in the event of any product recall, which could become a nightmare scenario for manufacturers, importers, brands and retailers alike. Any company finding itself with a warehouse full of problem footwear is going to be in big trouble. It's inventory that cannot be sold in the US, but that cannot be exported from the US either. The only course of action will, probably, be to destroy the shoes.

“The real problem here is for people who dabble in children's shoes,” Mr Mangione continues. “If 2% of your output is children's shoes, you're going to leave the US market. But if you have a huge factory in Dongguan making thousands of pairs of children's shoes per week, you'll be fine—you will cope. You will do what you have to do, pushing responsibility upstream in the supply chain as you go, knowing that you are powerful enough to have your suppliers take the necessary action to keep your shoes CPSIA-compliant.”

And he goes on to say that there is “a big irony” in this. His observation is that, with smaller companies leaving the children's footwear market, the market-share of the big producers in China is only going to increase. “Congress did this thinking it was going to smack China,” he says. “Instead, it has smacked everybody else. Only those with the volume will have the clout to persuade their suppliers upstream to do what they have to do on this.”