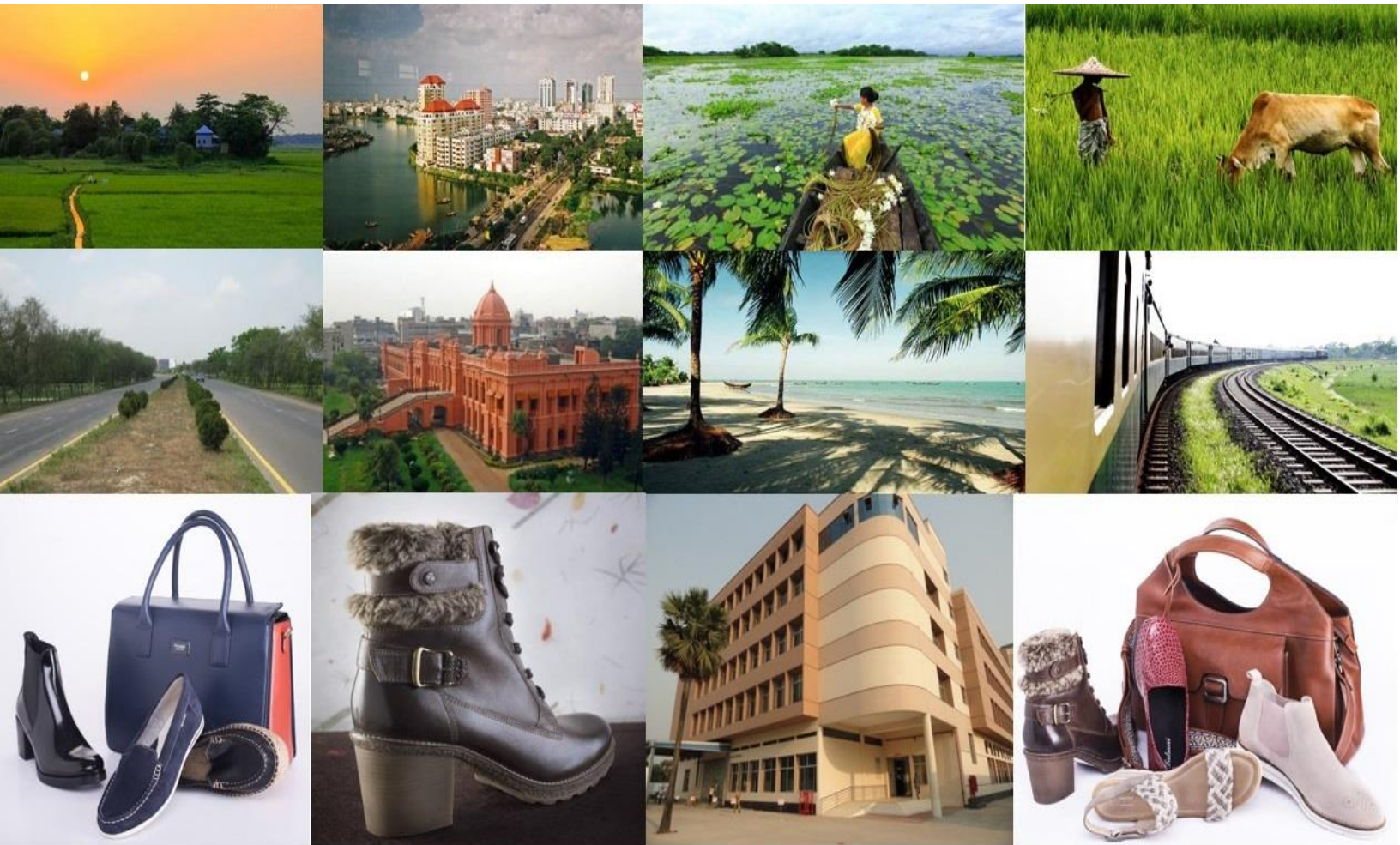


## BANGLADESH LEATHERGOODS AND FOOTWEAR INDUSTRY REPORT 2017



*Report by*  
**Knowledge & Resource Center (KRC),**  
Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

## Bangladesh Country Facts

**Population:** 162 million

**GDP per capita:** 1411 USD

**GDP: 2016:** 228 billion USD

**GDP 2016:** +6.9%

*(Source: World Footwear Yearbook 2017)*



**Languages:** Although Bengali (Bangla) is the official language, English is generally used as a second language.

**Available workforce:** trainable, enthusiastic, hardworking and competitive-cost (even by regional standards) labor force suitable for any labor-intensive industry.

**Strategic location:** The geographic location of the country is ideal for global trade, with very convenient access to international sea and air routes.

**Growing purchasing power:** in line with economic growth a middle class with over 10% of its population is growing and as a result the purchasing power is growing substantially.

### Bangladesh: Investment Outlook

- Bangladesh can become **28<sup>th</sup> largest economy by 2030**: Pew Research Center study (PwC)
- **Bangladesh as a sourcing hub**: PwC study, Bangladesh has been transformed into the most free-market and **trade-oriented country in South Asia** in recent years.
- Bangladesh has the potential to become the **world's 23<sup>rd</sup> largest economy by 2050**, PwC study.
- Bangladesh offers a truly competitive cost base. Wages and salaries are still competitive in the region, a strong business advantage. Yet this is an increasingly well-educated, adaptive and peaceful population with many skilled workers. JETRO<sup>1</sup>

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<sup>1</sup> January 2010

## Overview of Industry

### Size & Capacity

- Around **220** tanneries, **2500** footwear making units and **90** large firms
- **4%** contribution to country's total export earnings
- Almost **90%** of its finished products is being exported

### Industry Factsheet

- In past 10 years the from 2006-07 to 2016-17 the average yearly growth rate of the overall leather industry were **16.65%**
- In last 10 years from FY'2007-08 to FY'2016-17 the leathergoods industry achieved a growth rate of **513%**
- Now, after RMG, leather industry is in the **2<sup>nd</sup> exporter position of the country**
- In FY'2016-17 the export earning of leather industry was **1.234 billion USD**.
- The overall contribution of the leather, leather footwear and leather products industry in total national export is 3.54% (Leather= 0.67%, Leathergoods= 1.33% and Footwear= 1.54%, FY'2016-17).

### Raw Material is the Natural Advantage

- Bangladesh livestock base: **1.8%** of the world's cattle & **3.7%** of the world's goat
- The annual supply of hides and skins in Bangladesh is estimated - **300 million sft**.
- About **76%** of tanneries in Bangladesh are export-oriented

### Overview of Livestock (from FY' 2009-10 to 2016-17, in million)

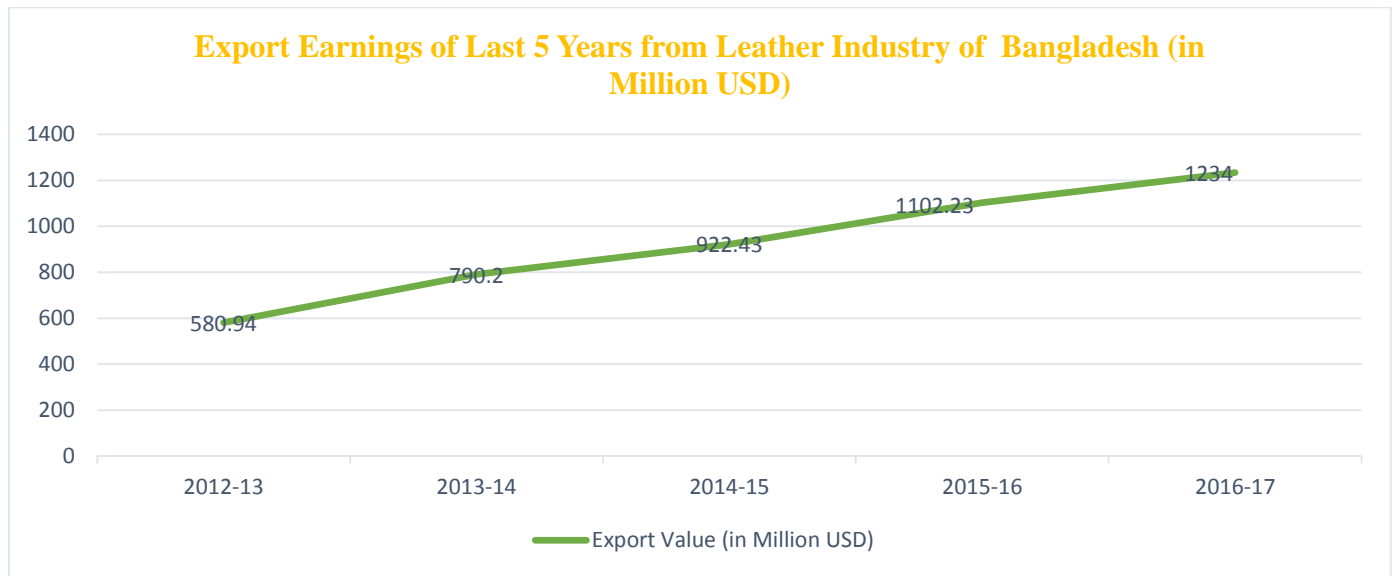
Livestock	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (July-February)
Cow	23.051	23.121	23.195	23.341	23.488	23.636	23.735	<b>23.885</b>
Buffalo	1.349	1.394	1.443	1.45	1.457	1.464	1.471	<b>1.476</b>
Goat	23.275	24.149	25.116	25.276	25.439	25.602	25.766	<b>26.048</b>
Sheep	2.977	3.002	3.082	3.143	3.206	3.27	3.335	<b>3.379</b>
Total Livestock	50.652	51.666	52.836	53.211	53.59	53.972	54.357	<b>54.787</b>

*Source: Department of livestock service, Economic review-2017, Bangladesh*

### Industry Export Performance in 2016-2017<sup>2</sup>

<i>Products</i>	<b>Export Target for FY 2016-2017</b>	<b>Export Performance for July- June. 2016-17</b>	<b>% Change of export Performance Over Export Target</b>
Leather (Chapter 41)	280.00	232.61	-16.93
Leather Products (42-43)	450.00	464.43	3.21
Leather Footwear (6403)	490.00	536.96	9.58
<b>Total Leather, Leather Products and Footwear (41-43 &amp; 6403)</b>	<b>1220.00</b>	<b>1234.00</b>	<b>1.15</b>

### Industry Export Performance in last 5 years (2012-2017)<sup>3</sup>



<sup>2</sup> Export Promotion Bureau (EPB)

<sup>3</sup> Export Promotion Bureau (EPB)

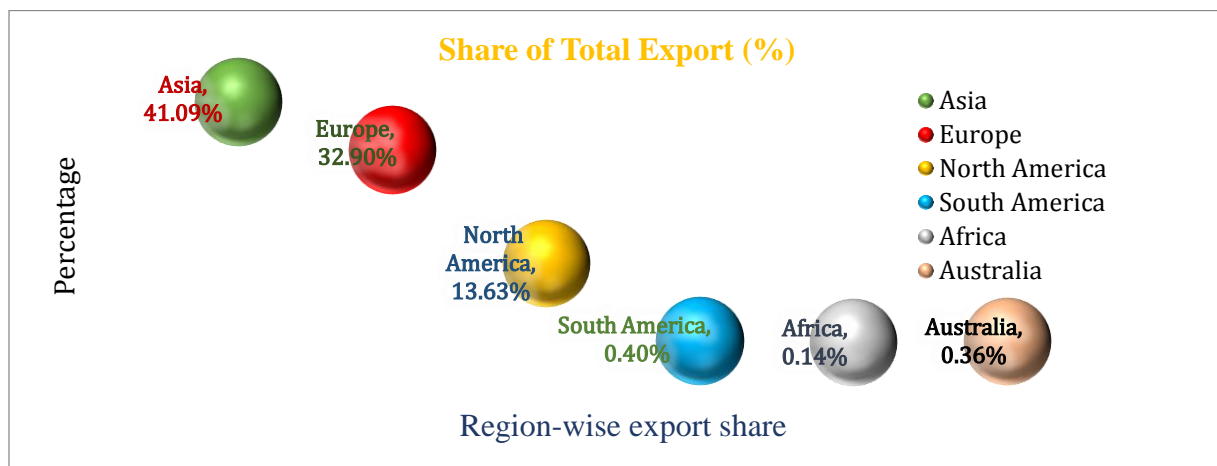
## Export Performance of Leathergoods in last 10 years

Year	Export Earnings (in Million US\$)	Yearly Growth
2007-08	8.87	-
2008-09	16.89	90.4171
2009-10	29.06	72.0545
2010-11	55.42	90.7089
2011-12	99.36	79.2855
2012-13	161.62	62.661
2013-14	240.09	48.5522
2014-15	249.16	3.77775
2015-16	388.22	55.8115
2016-17	464.43	19.6306
<b>The average growth of Leathergoods in last 10 years is 58.10%</b>		

*Source: Export Promotion Bureau (EPB)*

### Region-Wise Industry Export Performance in FY 2016-2017

- Export in South America **US\$4.91** million, which is **0.4%** of total industry export
- Export in North America **US\$168.14** million, which is **13.63%** of total industry export
- Export in Africa is **US\$1.72** million, which is **0.14%** of total industry export
- Export in Europe is **US\$406.55** million, which is **32.9%** of total industry export
- Export in Asia is **US\$507.05** million, which is **41.09%** of total industry export
- Export in Australian continent is **US\$4.45** million, which is **0.36%** of total industry export



*Source: Export Promotion Bureau (EPB)*

## Overview of Footwear Industry 2017

- According to *World Footwear Yearbook 2017*, Bangladeshi footwear Industry is one of the fastest growing in the world increasing export by almost **700%** in the last decade.
- Bangladesh ranked **8<sup>th</sup> position** in terms of footwear production in the world in 2016, with a **production of 378 million pairs** (1.6% World Share)
- In 2016, Bangladesh shares **1.8% (Pairs)** of world consumption, and **6.4% import share** of consumption.

### Export Statistics<sup>4</sup>

- Export value of 2016-17: **760** million US\$
- Export world rank of 2016-17: **22**
- Export quantity: **48** million pairs

### Import Statistics<sup>5</sup>

- Import value of 2016-17: **93** million US\$
- Import world rank of 2016-17: **85**
- Import quantity: **24** million pairs
- Import Price: **3.87** US\$

### Production vs. Consumption<sup>6</sup>

- Production: **399** million pairs (world rank 7)
- Consumption: **375** million pairs (world rank 12)

### Export performance of footwear industry in last 5 years<sup>7</sup>

	Footwear Exports (in mil US\$)	Growth (%)
<b>2011-12</b>	335.51	64.39316
<b>2012-13</b>	419.32	24.97988
<b>2013-14</b>	550.11	31.19098
<b>2014-15</b>	673.27	22.38825
<b>2015-16</b>	714.01	6.051064

**5 years (2011-2016) average growth is 29.8%**

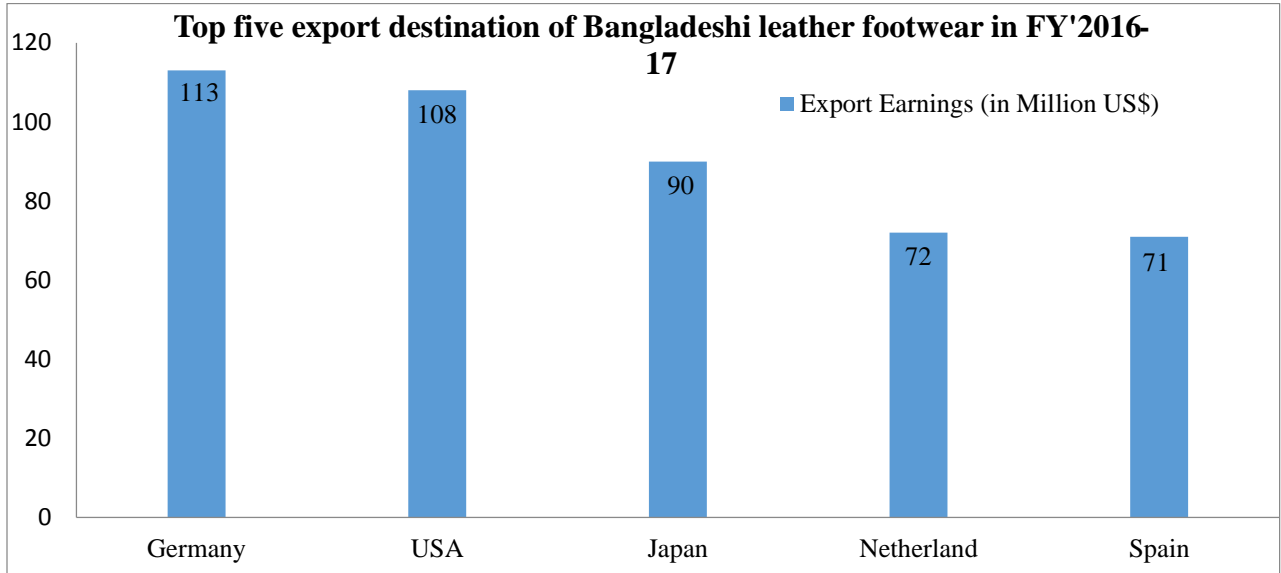
<sup>4</sup> *World Footwear Yearbook 201, P.28*

<sup>5</sup> *Ibid*

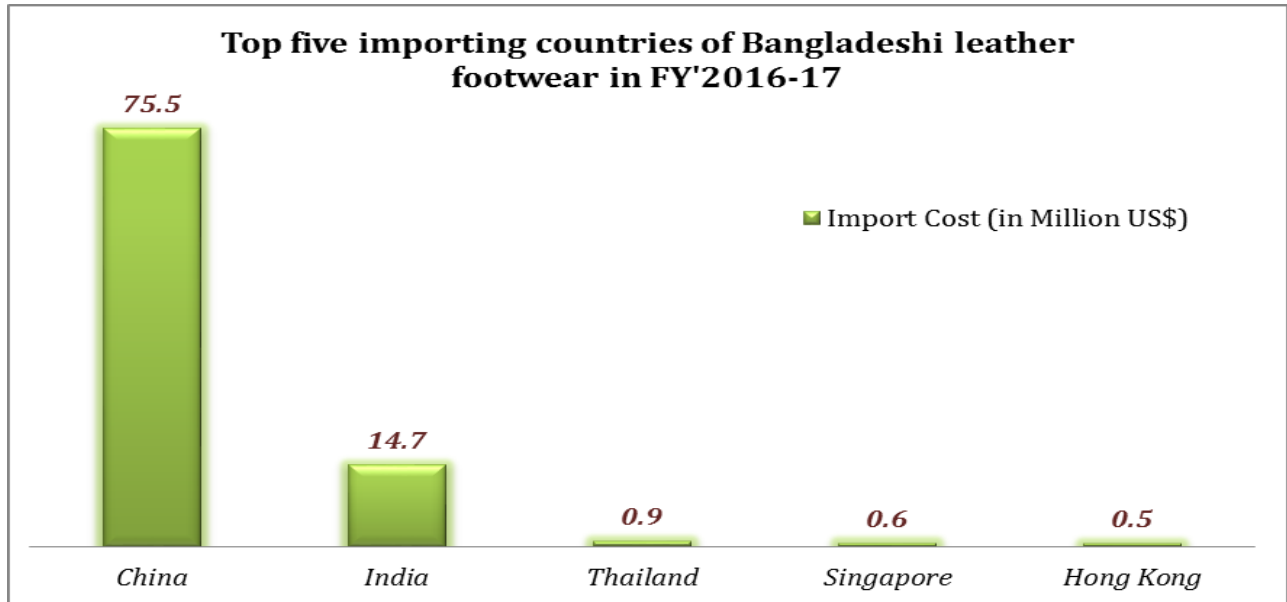
<sup>6</sup> *Ibid*

<sup>7</sup> *Export Promotion Bureau (EPB)*

## Main Trading Partners in Footwear Industry



Source: Export Promotion Bureau (EPB)



Source: Export Promotion Bureau (EPB)

## Local Consumption of Footwear

- The country consumes **300 million pairs** of footwear annually.
- Local footwear market is growing approximately **10-15 percent** per year
- Per capita consumption of footwear, including leather is 3-pairs, five years back it was **1.7 pairs**.<sup>8</sup>
- Renowned local brands are Apex, Bay, Jennys, Zeil's, and Leatherex. Among them apex is the largest with **228 retail** stores country wide.<sup>9</sup>
- Bangladesh imported approximately 24 million pairs of footwear in 2016, which values approximately **93 million US\$** with an average unit price **US\$3.87**.<sup>10</sup>

## Domestic Footwear market

- With a population of **162 million**, Bangladesh's footwear market is fairly large, with domestic production is valued at **Tk 17 billion**. Roughly **6.0 million pairs of leather footwear** are sold internally, while around **45 per cent of local production is exported**.<sup>11</sup>

## Future Vision

- Bangladesh government and industry aim to reach **USD 5 billion** annual export by 2021
- Enhancement of compliance regulations and to acquire sustainable competitive edge
- Bangladesh government and industry target to train at least **15,000 skilled workers** by December 2020 under the implementation of Skills for Employment Investment Program (SEIP) through Ministry of finance in cooperation with Asian Development Bank (ADB)

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<sup>8</sup> <http://www.aplf.com/en-US/leather-fashion-news-and-blog/news/35381/bangladesh-footwear-market-expands-fast-as-demand-rises>, accessed on October 2, 2017

<sup>9</sup> <http://www.aplf.com/en-US/leather-fashion-news-and-blog/news/35381/bangladesh-footwear-market-expands-fast-as-demand-rises>, accessed on October 2, 2017

<sup>10</sup> World Footwear Yearbook, 2017

<sup>11</sup> Ibid



### **Important Links for More Information**

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

[www.lfmeab.org](http://www.lfmeab.org)

Knowledge & Resource Center (KRC)

[www.lfmeab.org/krc](http://www.lfmeab.org/krc)

Bangladesh Investment Development Authority (BIDA)

[www.boi.gov.bd](http://www.boi.gov.bd)

Centre of Excellence for Leather Skill Bangladesh Limited (COEL)

[www.coelbd.com](http://www.coelbd.com)



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