OVERVIEW OF WORLD FOOTWEAR MARKET 2015

- World export of leather footwear was US$ 65 billion (declining from $85 bn in 2014)
- Non-leather footwear export was US$ 40 billion

Source: UN Comtrade

Top 10 countries posted the highest positive net exports for leather shoes during 2015:

1. China: US$9.5 billion (net export surplus down -4.9% since 2011)
2. Vietnam: $6.1 billion (up 108.9%)
3. Italy: $4.9 billion (up 1.1%)
4. Indonesia: $2.6 billion (up 21.3%)
5. India: $1.8 billion (up 16.8%)
6. Portugal: $1.6 billion (up 0.8%)
7. Spain: $995.1 million (up 117.1%)
8. Cambodia: $658 million (up 257%)
9. Romania: $574.7 million (down -29.9%)
10. Bangladesh: US$546.6 million (up 140.8%)

Source: http://www.worldstopexports.com/leather-shoes-exports-country/

Highest consumer of footwear products in 2015:
1. China
2. European Union
3. USA
4. India
5. Brazil
6. Japan

Source: World footwear yearbook (world footwear, 2015)
### Fastest-Growing Footwear Exporting Countries 2011-2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cambodia</td>
<td>1.40</td>
<td>17.0</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>15.59</td>
<td>16.0</td>
</tr>
<tr>
<td>3</td>
<td>Indonesia</td>
<td>5.83</td>
<td>9.0</td>
</tr>
<tr>
<td>4</td>
<td>Belgium</td>
<td>5.43</td>
<td>8.0</td>
</tr>
<tr>
<td>5</td>
<td>China</td>
<td>53.61</td>
<td>7.0</td>
</tr>
</tbody>
</table>

### Top 11 leather and non-leather footwear exporters 2015

<table>
<thead>
<tr>
<th>No.</th>
<th>Countries</th>
<th>Value (bn US$)</th>
<th>As a % of World Footwear Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>53.6</td>
<td>38.7</td>
</tr>
<tr>
<td>2</td>
<td>Vietnam</td>
<td>15.6</td>
<td>11.3</td>
</tr>
<tr>
<td>3</td>
<td>Italy</td>
<td>10.5</td>
<td>7.6</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>5.8</td>
<td>4.2</td>
</tr>
<tr>
<td>5</td>
<td>Belgium</td>
<td>5.4</td>
<td>3.9</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>5.3</td>
<td>3.8</td>
</tr>
<tr>
<td>7</td>
<td>Hong Kong</td>
<td>3.9</td>
<td>2.8</td>
</tr>
<tr>
<td>8</td>
<td>Spain</td>
<td>3.4</td>
<td>2.5</td>
</tr>
<tr>
<td>9</td>
<td>Netherlands</td>
<td>3.3</td>
<td>2.4</td>
</tr>
<tr>
<td>10</td>
<td>France</td>
<td>3.2</td>
<td>2.3</td>
</tr>
<tr>
<td>11</td>
<td>India</td>
<td>2.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>

ASIAN SHARE IN GLOBAL FOOTWEAR PRODUCTION & GROWING POSSIBILITIES

- Region accounting for **87%** of the world's footwear production
- Home to six of the top seven footwear producing countries of the world

**Asian countries** accounted for the highest dollar value worth of leather shoes exports with shipments valued at **$26.6 billion or 48.9%** of worldwide export sales.

**European exporters** were close behind, exporting **$25.1 billion worth or 46.2%** of the global total.

North American suppliers accounted for **2.1%**

Source: http://www.worldatlas.com/articles/top-shoe-manufacturing-countries.html

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CHANGING DYNAMICS IN USA FOOTWEAR EXPORT MARKET

- China remains--by far--the dominant supplier
- US$ share of YTD US footwear imports is **58.1%** from China

**BUT** China is on track to fade to the lowest annual share in last nineteen years

- **Vietnam, Cambodia, and India** again are enjoying double-digit year-over-year growth so far in 2016 and continue to take share from China

- Vietnam's **29.9%** advance in rubber/fabric footwear shipments coupled with China's **-9.7% decline** caused shipments from the former to pull ahead of shipments from the latter so far this year, an unprecedented event.

Source: july-2016-footwear-imports, FDRA Report
### Export Performance For FY 2015-16

<table>
<thead>
<tr>
<th>Categories</th>
<th>Export Performance for FY 2015-16 (mil US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leather (Chapter 41)</td>
<td>277.90</td>
</tr>
<tr>
<td>Leather Products (42-43)</td>
<td>388.22</td>
</tr>
<tr>
<td>Leather Footwear (6403)</td>
<td>494.83</td>
</tr>
<tr>
<td>Other Footwear (64) (Excluding 6403)</td>
<td>219.18</td>
</tr>
</tbody>
</table>

### Top 10 Bangladesh Footwear Export Destinations 2015

<table>
<thead>
<tr>
<th>Country-Description</th>
<th>Export Value 2015 (mil US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>128.64</td>
</tr>
<tr>
<td>Japan</td>
<td>94.27</td>
</tr>
<tr>
<td>United States</td>
<td>82.33</td>
</tr>
<tr>
<td>Netherlands</td>
<td>62.06</td>
</tr>
<tr>
<td>Spain</td>
<td>57.38</td>
</tr>
<tr>
<td>Italy</td>
<td>36.75</td>
</tr>
<tr>
<td>China</td>
<td>24.70</td>
</tr>
<tr>
<td>France</td>
<td>24.27</td>
</tr>
<tr>
<td>South Korea</td>
<td>16.35</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14.88</td>
</tr>
</tbody>
</table>

Source: EPB
WHERE IS BANGLADESH? (cont’)

Bangladesh in the List of Leather Shoes Exporting Countries 2015

<table>
<thead>
<tr>
<th>Position</th>
<th>Country</th>
<th>Amount (USD mn)</th>
<th>Percentage of World Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Bangladesh</td>
<td>546.6</td>
<td>1%</td>
</tr>
</tbody>
</table>


Among highest positive net exports for leather shoes during 2015

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount (USD mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>546.6</td>
</tr>
</tbody>
</table>


**Growth of Leather Footwear Export (USD mn)**

Source: EPB
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

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
FOOTWEAR EXPORT DESTINATIONS

EU: 32% (around)

Japan: 13% (around)

USA: 12% (around)

CATEGORY OF FOOTWEAR EXPORT

Kinds of footwear are exported:

- Leather shoes.
- Synthetic shoes
- Leather sandals
- Synthetic sandals
- Sports shoes
- Canvas & PVC shoes
- Slippers and Chappals
- Army boots
- Ladies boots
- Jute sandals/chappals
DOMESTIC FOOTWEAR MARKET

- Population of **161.20** million
- Roughly **6.0 million pairs** of leather footwear are sold internally

Source: The Daily Financial Express, June 20, 2016

LOCAL FOOTWEAR UNIT CONCENTRATION

- Apex Footwear Ltd
- Jennys Shoes Ltd.
- Legacy Footwear Ltd.
- Landmark Footwear Ltd.
- Bay Footwear Ltd.
- Tropical Shoes Ind. Ltd.
- Leatherex Footwear Ind. Ltd
- Rimex Footwear Ltd.
- F.B. Footwear Ltd.
- Zeil Wears Limited
- Akij Footwear Ltd.
- Lalmai Footwear Ltd.
- Fortuna Shoes Factory
- Sonali Aansh Group
TYPICAL FOOTWEAR FACTORY IN BANGLADESH (cont’)

Lalmai Footwear Ltd, Comilla
MAJOR LOCAL FOOTWEAR BRANDS

- Apex Footwear
- Jennys Shoes
- Bay Emporium
- Leatherex
- Zeil Wears
- Bata Shoe
WHOLESALE MARKETS

- Gazi Bahaban
- Gulistan Fulbaria Super Market
- Gulistan Hawkers' Market
- Gulistan Trade Centre
- Chalkbazar, Chadnighat, and
- Sadarghat footwear dealers

RETAIL OUTLETS

- Elephant road
- Bashundhara City Shopping Complex
- New Market
- Gulshan City Corporation markets
- Eastern Plaza
- Concord Twin Towers
- Palwell Super Market
- City Heart shopping complex
CURRENT DEVELOPMENT AND PROSPECTS IN INDUSTRY

GROWING SECTORAL IMPORTANCE

- Leather industry is being considered blue-chip by Bangladesh Bank (BB)
- Special focus sector by Bangladesh government

SUSTAINABLE TANNERY ESTATE DHAKA (TED)

- A sustainable Tannery Estate Dhaka (TED) has been developed with Central Effluent Treatment Plant (CETP) & having 155 industrial units.
- All tanneries are being shifted from Hazaribagh to Savar now.
- TED is expected to deliver such as clean treatment system - Process improvements, waste reduction and effluent recycling and solid waste management

GREEN SECTOR

- Increasing production of eco-friendly leather, in which vegetable- and syntan-based materials are used instead of chromium in the tanning process

SME DEVELOPMENT

Established

- 2 Common Facility Centres (CFCs) in Hazaribag and Bakshibazar.
- Knowledge & Research Centre (KRC)
- Design Facility (CAD/CAM)
NATIONAL ADVANTAGE
- A young, industrious workforce growing by roughly 2 million per year and competitive workforce compared to other South Asian Countries

EMPLOYMENT
- The leather sector generates direct and indirect employment for about 850,000 people

SKILL DEVELOPMENT
- Sector based skills trainings: Centre of Excellence for Leather Skill Bangladesh (COEL) has provided training to around 13 thousands young people by 3 years
- Under Skills for Employment Investment Program (SEIP), 5000 workers are being trained
- Women comprise more than 70% in footwear units

Source: Base line study report, Asia Foundation
Exploring new location and establishing production in certain place in the world, such as Cambodia Africa and BANGLADESH will also be important. -Matt Priest, President FDRA, World Footwear, May 26, 2015.

Pew Research Center study reveals, Bangladesh has been transformed into the most free-market and trade-oriented country in South Asia in recent years

Pro-free economy, most liberal FDI regime in south Asia-The Daily Financial Express, February 13, 2016

TED CETP to be in operation soon

The TRANS-Asian highway-will connect the East Asian countries to sea port

**WHY BANGLADESH?**

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**GROWING ECONOMY**

- **6.2%** steady GDP growth over the last 8 years

- Moving into manufacturing based economy

- Achieved lower middle income country

- 8-EPZ in operation, more SEZ in the pipeline
OUR COMPETITIVE ADVANTAGE

- Locally available raw materials needed for leather and footwear production
- Integrated production chain from raw materials to tanneries and footwear available
- Containerized shipment is available from the industry site
- Increased linkage industries – Packing, Lasts, Adhesives, Outsoles
- Tariff and quota free access to the European Union (GSP), Canada, Australia and Japan
- Shipment facilities - both by frequently available air and large sea port
- A perfect sourcing diversification opportunity for manufacturing
- Proactive compliance practice
- Increased middle class purchasing power
- A large domestic market
RENOWNED FOOTWEAR BRANDS SOURCING FROM BANGLADESH
Bangladesh leather industry aims to augment the production and accelerate export growth to USD **5 billion within next 5 years**.

- Taking over 5% global market share by 2020
- Certifications such as ISO 45001 - Occupational health and safety OHSAS
- ISO 14001 for the sector to be standardized accepted globally
- Ecolabelling 20 firms
- Maintaining LWG (Leather Working Group) Protocol
- Establishing Design Studio, and
- Implementing sustainable consumption and production (SCP) in leather sector
Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh

www.lfmeab.org

Centre of Excellence for Leather Skill Bangladesh Limited (COEL)
www.coelbd.com

Knowledge & Resource Center (KRC)
www.lfmeab.org/krc

Bangladesh Investment Development Authority (BIDA)
www.boi.gov.bd