

BANGLADESH FOOTWEAR INDUSTRY REPORT-2016

Report by
Knowledge & Resource Center (KRC), LFMEAB



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



OVERVIEW OF WOLRD 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)

OVERVIEW OF WOLRD FOOTWEAR MARKET 2015 (cont.)

Fastest-Growing Footwear Exporting Countries 2011-2015

No.	Countries	Export Value 2015 (bn US\$)	Export Growth in value (2011-2015)
1	Cambodia	1.40	17.0
2	Vietnam	15.59	16.0
3	Indonesia	5.83	9.0
4	Belgium	5.43	8.0
5	China	53.61	7.0

Top 11 leather and non-leather footwear exporters 2015

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

Source: Trade Map, International Trade Centre, 2016

Source: Trade Map, International Trade Centre, 2016

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

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

- ❑ **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.worldstopexports.com/leather-shoes-exports-country>

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

WHERE IS BANGLADESH?

Top 10 Bangladesh Footwear Export Destinations 2015

Export Performance For FY 2015-16

Categories	Export Performance for FY 2015-16 (mil US\$)
Leather (Chapter 41)	277.90
Leather Products (42-43)	388.22
<u>Leather Footwear (6403)</u>	494.83
Other Footwear (64) (Excluding 6403)	219.18

Country-Description	Export Value 2015 (mil US\$)
Germany	128.64
Japan	94.27
United States	82.33
Netherlands	62.06
Spain	57.38
Italy	36.75
China	24.70
France	24.27
South Korea	16.35
United Kingdom (Great Britain)	14.88

WHERE IS BANGLADESH? (cont')

Bangladesh in the List of Leather Shoes Exporting Countries 2015

17 (Position)

Bangladesh

US\$546.6 million

1% (% of World Total)

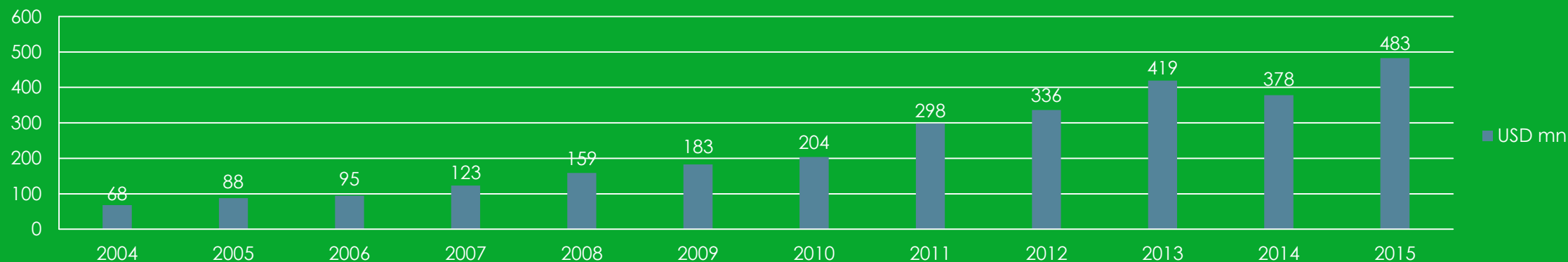
Source: <http://www.worldstopexports.com/leather-shoes-exports-country/>

Among highest positive net exports for leather shoes during 2015

10 (Position) Bangladesh: US\$546.6 million

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

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

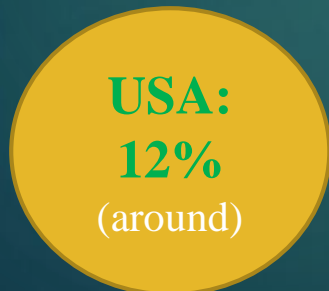
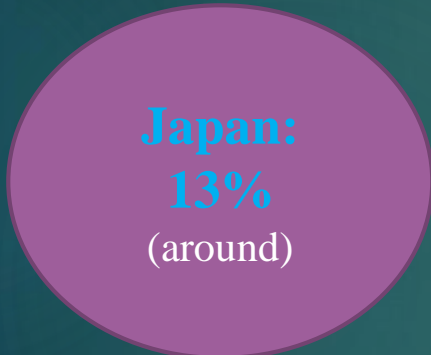
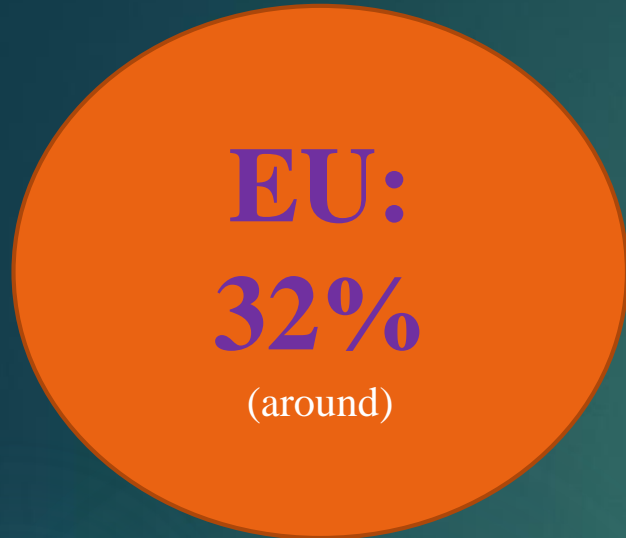


RAW MATERIAL IS THE NATURAL ADVANTAGE

- ❑ 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



CATEGORY OF FOOTWEAR EXPORT

Kinds of footwear are exported:

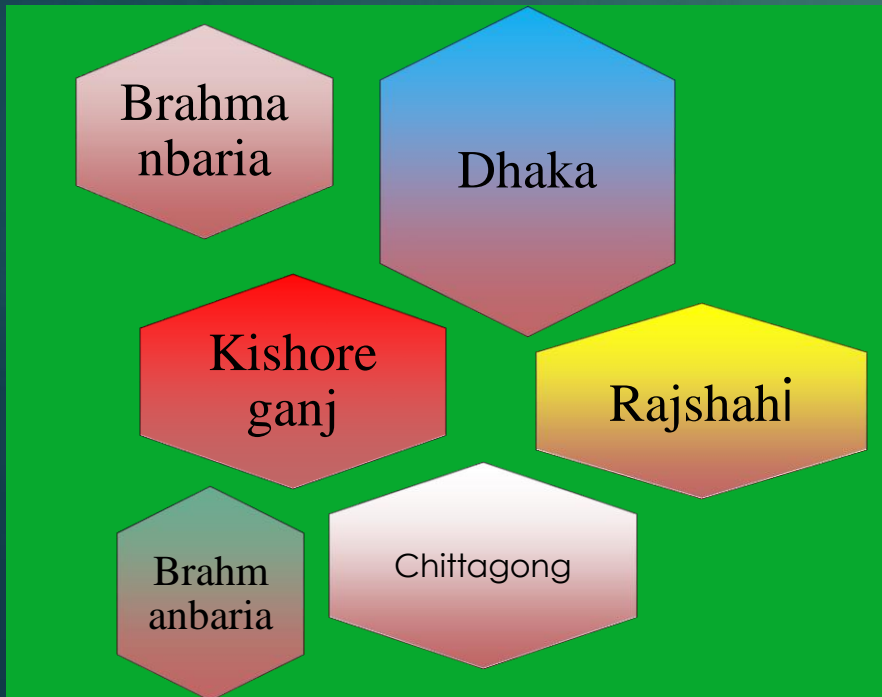
- Leather shoes.
- Synthetic shoes
- Leather sandals
- Synthetic sandals
- Sports shoes
- Canvas & PVC shoes
- Slippers and Chappals
- Army boots
- Ladies boots
- Jute sandals/chappals

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



MAJOR FOOTWEAR EXPORTERS IN BANGLADESH

- ❑ 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



TYPICAL FOOTWEAR FACTORY IN BANGLADESH (cont')



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



Jamuna Future Park, Dhaka

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

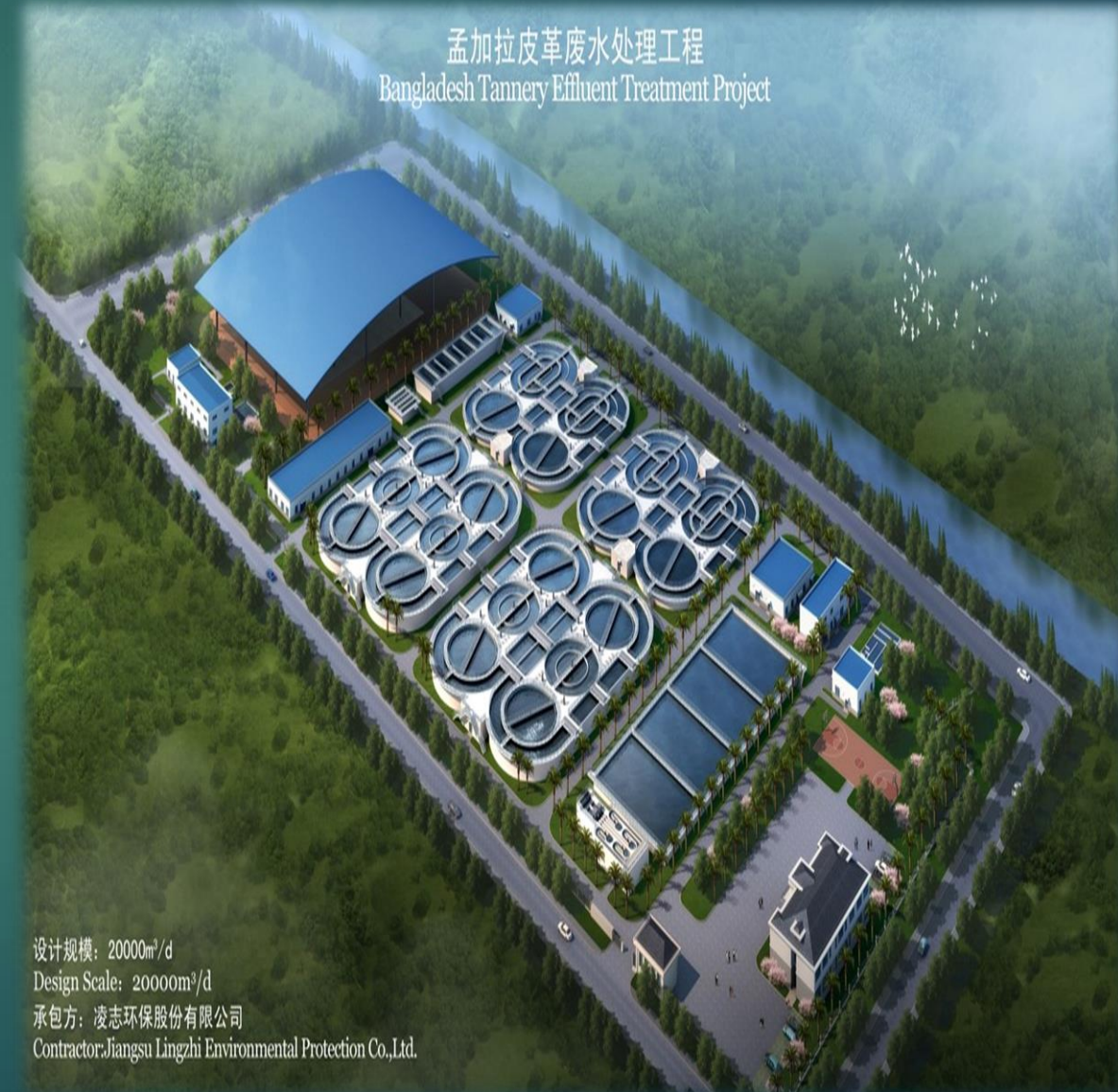
GREEN SECTOR

- ❑ 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)



SECTORAL SKILL DEVELOPMENT

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



WHY BANGLADESH?

- ❑ 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

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

BOSS
HUGO BOSS

T O M M Y

GAP

ck
Calvin Klein




Clarks

ESPIRIT

KORS ★ macy's



RAW

PUMA 

RALPH  LAUREN

H&M

NIKE 



**ABC
MART**


Hush Puppies®

Walmart 

Timberland



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**

THANK YOU



**Leathergoods And Footwear Manufacturers
& Exporters Association of Bangladesh**

IMPORTANT LINKS FOR MORE INFORMATION

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